

THIS AGREEMENT IS NOT, AND SHALL NOT BE DEEMED, A SOLICITATION FOR CONSENTS TO ANY CHAPTER 11 PLAN OF REORGANIZATION PURSUANT TO SECTIONS 1125 AND 1126 OF THE BANKRUPTCY CODE OR A SOLICITATION TO TENDER OR EXCHANGE ANY OF THE CLAIMS REFERENCED HEREIN. THIS AGREEMENT IS NOT AN OFFER TO SELL ANY SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY ANY SECURITIES.

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (this “Agreement”) is entered into as of June 6 2020 (the “Agreement Effective Date”) between the claimant specified on the signature page hereto (the “Claimant”) and School Specialty, Inc. (the “Company”). The Claimant and the Company shall be referred to herein each as a “Party” and collectively, as the “Parties.”

RECITALS

A. The Claimant and the Company are parties to that certain Agreement to Extend Due Date of Claim (as in effect on the date hereof, the “Extension Agreement”). Capitalized terms used but not otherwise defined in this Agreement shall have the meanings ascribed such terms in the Extension Agreement;

B. As of May 31, 2020, under the Extension Agreement the Company owes the Claimant the amount set forth on the signature page hereto (the “Claim”);

C. In accordance with the terms of the Extension Agreement, payment of the Claim is due on December 12, 2020 (the “Due Date”);

D. In connection with the Extension Agreement and to secure payment of the Claim and the claims of certain other claimants of the Company, pursuant to that certain Third Lien Security Agreement dated as of January 6, 2020 (as amended or modified from time to time, the “Third Lien Security Agreement”), among the Company, the grantors party thereto, and U.S. Bank National Association, as third lien agent (the “Third Lien Agent”), the Company and certain of its subsidiaries granted to the Third Lien Agent, for the benefit of, *inter alia*, itself and the Claimant, a security interest in, and third lien on, all of the same personal property collateral subject to a first priority security interest in favor of TCW Asset Management, LLC, as agent (the “Term Loan Agent”) for the lenders (the “Term Loan Lenders”) under that certain Loan Agreement, dated as of April 7, 2017 (as amended, restated, supplemented or otherwise modified and in effect from time to time, the “Term Loan Agreement”), by and among the Company, as borrower, certain of the Company’s subsidiaries, as guarantors, the Term Loan Lenders, and the Term Loan Agent, but excluding any collateral subject to a first priority security interest in favor of Bank of America, N.A., as agent (the “ABL Agent”) for the lenders (the “ABL Lenders”) under that certain Loan Agreement, dated as of June 11, 2013 (as amended, restated, supplemented or otherwise modified and in effect from time to time, the “ABL Loan”);



Agreement”), by and among the Company and certain of its subsidiaries as borrowers and guarantors, the ABL Agent, and the ABL Lenders;

E. The liens and security interests securing the Claim and other obligations as evidenced by the Third Lien Security Agreement, and the Claim, are subject to the provisions of that certain Third Lien Intercreditor Agreement dated as of January 6, 2020, by and among the Term Loan Agent, the ABL Agent, and the Third Lien Agent, and acknowledged by the Company and certain of its subsidiaries;

F. The Company anticipates implementing a restructuring on the terms and conditions set forth in a that certain Restructuring Support Agreement dated as of May 11, 2020 (the “RSA”), by and among the Company, the Term Loan Agent, and the Consenting Term Lenders (as defined in the RSA) through either (i) consummation of a consensual out-of-court transaction (the “Consensual Out-of-Court Transaction”) or (ii) a proposed consensual Section 363 sale under chapter 11 involving the Company and certain of its affiliates and subsidiaries (the “Chapter 11 Transaction” and together with the Consensual Out-of-Court Transaction, the “Restructuring Transactions”);

G. In connection with the Restructuring Transactions, the Company and the Claimant desire to resolve the Claim in full and final satisfaction, settlement, release, and discharge thereof, subject to and upon the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the foregoing, the representations, warranties, and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

1. Recitals. The Recitals are incorporated herein and made a part of this Agreement.
2. Settlement Payment. As soon as reasonably practical following the earlier of (a) the closing date of the Consensual Out-of-Court Transaction (the “Out-Of-Court Closing Date”) or (b) the closing date of the Chapter 11 Transaction (the “Chapter 11 Closing Date”), the purchaser under a Restructuring Transaction will assume the Claim and the Claimant will be paid a cash payment (the “Settlement Payment”) equal to ten percent (10%) of the Claim, in full and final satisfaction, settlement, release and discharge of the Claim and in exchange for a full release of any other liability or obligation in respect of the Claim in favor of the Term Loan Agent, the Term Loan Lenders and the purchaser under the Restructuring Transaction.
3. Affirmative Covenants of the Claimant. From and after the Agreement Effective Date and subject to Section 2 above, the Claimant shall:
 - (a) timely vote or cause to be voted all of its Claim to accept the Chapter 11 Transaction and not to change or withdraw (or cause to be changed or withdrawn) any such vote prior to any applicable voting deadline;

(b) to the extent applicable, (A) not opt-out of any third party release contemplated by the Chapter 11 Transaction or (B) opt-in to any third party release contemplated by the Chapter 11 Transaction;

(c) consent to the applicable Restructuring Transaction, including any applicable bid procedures motion, bid procedures, sale motion and related orders;

(d) consent to any use of cash collateral or financing incurred by the Company in order to consummate the applicable Restructuring Transactions;

(e) consent to the assumption and payment by the purchaser under the Restructuring Transaction of the portion of the Claim equal to the Settlement Payment in order to enable the purchaser to cause such payment to be made on the Out-of-Court Closing Date or Chapter 11 Closing Date, as applicable;

(f) direct the Third Lien Agent to comply with all of its obligations, waiver, consents and covenants as set forth in the Third Lien Intercreditor Agreement;

(g) upon the Out-of-Court Closing Date or Chapter 11 Closing Date, as applicable and subject to receipt of the Settlement Payment, release any and all claims against the purchaser under the applicable Restructuring Transaction, including any remaining portion of the Claim and any other claim based upon "successor liability" or any other doctrine or theory; and

(h) take such other actions and provide such other closing documents as deemed reasonably necessary by Company, Term Loan Agent or the purchaser under the Restructuring Transaction in order to enable the consummation of the applicable Restructuring Transaction or otherwise carry out the intent of this Agreement.

4. Negative Covenants of the Claimant. From and after the Agreement Effective Date, and subject to Section 2 of this Agreement, the Claimant shall not:

(a) object to, delay, impede, vote its Claim to reject, or take any action to interfere with the acceptance or implementation of, any Restructuring Transaction, or any action taken by the Company in order to consummate the Restructuring Transaction, including any use of cash collateral or incurring any financing in respect of such Restructuring Transaction;

(b) exercise or direct the Third Lien Agent, or any other individual, partnership, joint venture, limited liability company, corporation, trust, unincorporated organization, group, governmental or regulatory authority, or any legal entity or other person to exercise any right or remedy for the enforcement, collection, or recovery of the Claim against the assets, or interests of, the Company, its subsidiaries or affiliates, the Term Loan Agent, the Term Loan Lenders or the purchaser under the Restructuring Transaction;

(c) directly or indirectly solicit, encourage, propose, file, negotiate, enter into, consummate or otherwise participate in, or vote its Claim in favor of, any proposal that is not a Restructuring Transaction;

(d) directly or indirectly, take any action, or fail to take any action, where such taking or failing to take actions would be, in either case, (A) inconsistent with this Agreement or (B) otherwise inconsistent with, or would reasonably be expected to prevent, interfere with, delay or impede the implementation or consummation of, the Restructuring Transactions;

(e) assert, directly or indirectly, any claim or cause of action against the Term Loan Agent or Term Loan Lenders, or the purchaser under the applicable Restructuring Transaction, arising from or relating to the Claim;

(f) directly or indirectly take any action that is in contravention of the Third Lien Intercreditor Agreement or that may not be taken by the Third Lien Agent thereunder;

(g) commence, directly or indirectly, or encourage any other creditor to commence an involuntary bankruptcy case against the Company;

(h) transfer, directly or indirectly, any interest in the Claim unless such transferee provides notice to the Company and Term Loan Agent and agrees to be bound by all of the terms and provisions of this Agreement; or

(i) directly or indirectly, encourage any other person to undertake any action prohibited by this Section 4.

5. Release of Claims. Effective upon and as of the Out-of-Court Closing Date or the Chapter 11 Closing Date (as applicable), the Claimant, on behalf of itself and all of its current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), affiliated investment funds or investment vehicles, managed accounts or funds, predecessors, participants, successors, assigns, subsidiaries, affiliates, partners, limited partners, general partners, principals, members, management companies, fund advisors or managers, employees, agents, trustees, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals and advisors, in each case in its capacity as such (collectively as the “Releasing Parties” and each individually as a “Releasing Party”), hereby knowingly and voluntarily, unconditionally and irrevocably, and absolutely, finally, and forever, releases, acquits, and discharges each of, and in each case in its capacity as such: (a) the Company and its subsidiaries and affiliates; (b) the reorganized Company and its subsidiaries and affiliates; (c) the ABL Agent and each ABL Lender; (d) the Term Loan Agent and each Term Loan Lender; (e) the Third Lien Agent; (f) the purchaser under the applicable Restructuring Transaction; (g) each current and former affiliate of each of the foregoing in clauses (a) through (f); and (h) each of the current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), affiliated investment funds or investment vehicles, managed accounts or funds, predecessors, participants, successors, assigns, subsidiaries, affiliates, partners, limited partners, general partners, principals, members, management companies, fund advisors or managers, employees, agents, trustees, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other

professionals and advisors of each of the foregoing in clauses (a) through (g) (collectively, the “Released Parties”), from any and all causes of action, whether known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereafter arising, in law, equity, contract, tort, or otherwise, including any derivative claims asserted on behalf of the Company or any of its affiliates or subsidiaries, that such entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part: (i) the Company or any of its affiliates or subsidiaries; (ii) the Claim or this Agreement, or both; (iii) the ABL Loan Agreement; (iv) the Term Loan Agreement and any related loan documents, liens or debt related to the Term Loan Agreement; (v) the Third Lien Security Agreement or Third Lien Intercreditor Agreement; (vi) the in-court or out-of-court restructuring efforts of the Company and the Company’s affiliates or subsidiaries, and/or the efforts of the Term Loan Agent and the Term Loan Lenders; (vii) the chapter 11 cases of the Company and the Company’s affiliates or subsidiaries; (viii) any contract, instrument, release, or other agreement or document relating to the foregoing (including, without limitation, any bid procedures, bid procedures order, sale motion, sale order, asset purchase agreement, debtor in possession financing, any disclosure statement, any chapter 11 plan, and any chapter 11 exit financing); (ix) the formulation, preparation, dissemination, negotiation, or filing of any of the foregoing; (x) any preference, fraudulent transfer, or other avoidance claim arising pursuant to chapter 5 of title 11 of the United States Code (the “Bankruptcy Code”) or other applicable law; (xi) the Restructuring Transactions or any actions or transactions in connection with or related to the Restructuring Transactions, or (xii) or upon any other related act or omission, transaction, agreement, event, or other occurrence related to or relating to any of the foregoing, in each case from the beginning of the world through the later of the Out-of-Court Closing Date, the Chapter 11 Closing Date or the effective date of any plan in the chapter 11 cases of the Company and its affiliates and subsidiaries (as applicable) (collectively, the “Released Claims”). For the avoidance of doubt, (aa) every Released Claim shall include any and all unknown claims encompassed within the definition thereof, and (bb) the Released Claims specifically exclude the obligations of the Released Parties under this Agreement.

Without limiting the generality of the foregoing or any other provision of this Agreement, the Claimant agrees that, upon the Out-of-Court Closing Date or the Chapter 11 Closing Date (as applicable), the Claimant shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

The Parties acknowledge that the foregoing waiver was separately bargained for and a key element of the transactions of which this release is a part.

6. Covenant Not to Sue. Each Releasing Party hereby absolutely, unconditionally and irrevocably covenants and agrees with and in favor of each Released Party that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Released Party on the basis of any Released Claim released, remised and discharged by any Releasing Party pursuant to Section 5 above. If any Releasing Party violates the foregoing covenant, any Released Party, for itself and its successors and assigns, and its present and former members, managers, shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents, legal representatives and other representatives, agrees to pay, in addition to such other damages as any Released Party may sustain as a result of such violation, all attorneys' fees and costs incurred by any Released Party as a result of such violation.

7. Effectiveness. This Agreement shall become effective and binding as to each Party upon the Agreement Effective Date, provided, however, if the settlement payment under Section 2 hereof is not made on or within three (3) business days after the Out-of-Court Closing Date or the Chapter 11 Closing Date (as applicable), then this Agreement shall be null and void in its entirety *ab initio*, and the Parties shall return to the status quo prior to entry into this Agreement.

8. Representations and Warranties. Each Party hereby represents and warrants that as of the Agreement Effective Date, such undersigned has full power and authority to enter into this Agreement and that this Agreement has been duly authorized (if applicable), executed and delivered by such Party, is a valid and binding agreement of such Party, and is enforceable against such Party in accordance with its terms subject to: (a) applicable bankruptcy, insolvency, and similar laws and applicable equitable principles; and (b) any limitations or approvals arising from, or required by, the commencement of the chapter 11 cases of the Company and the Company's affiliates or subsidiaries. The Parties hereto acknowledge that they are relying on no written or oral agreement, representation, warranty, or undertaking of any kind except as otherwise expressly set forth in this Agreement.

9. Amendments, Etc. The provisions of this Agreement from time to time may be amended, modified or waived only if such amendment, modification, or waiver is in writing and consented to by the Party sought to be bound thereby and the Term Loan Agent, and any such modification made without the consent of the Term Loan Agent will be null and void *ab initio*. Without limiting the generality of the foregoing, no failure or delay on the part of any Party hereto in exercising any right, power, or remedy under this Agreement or applicable law shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, or remedy preclude any other or further exercise thereof or the exercise of any other right, power, or remedy. No notice to or demand upon any of the Parties hereto shall entitle them to any notice or demand in similar or other circumstances. No waiver or approval by a Party under this Agreement shall, except as may be otherwise expressly stated in such waiver or approval, be applicable to subsequent transactions or events. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

10. Counterparts. This Agreement may be executed in counterparts (and by different Parties hereto on different counterparts), each of which shall constitute an original but all of which, when taken together, shall constitute a single instrument. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

11. Headings. The Section headings used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

12. Third Party Beneficiaries. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns, and nothing herein, express or implied, is intended to or shall confer upon any other person, including any creditor of either Party, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement. Without limiting the generality of the foregoing, each of the ABL Agent, Term Loan Agent, and Third Lien Agent are express third party beneficiaries of this Agreement.

13. Integration. This Agreement constitutes the entire agreement between the Parties on the subject matter hereof. There are no agreements, restrictions, promises, representations, warranties, covenants, written or oral, other than those expressly set forth herein. This Agreement supersedes all prior agreements and understandings between the Parties (if any) with respect to the subject matter hereof.

14. General Interpretation. References herein to sections or provisions without reference to the document in which they are contained are references to this Agreement. The use of the masculine, feminine or neuter gender or the singular or plural form of words herein shall not limit any provision of this Agreement. The use of the terms “including” or “include” shall in all cases herein mean “including, without limitation,” “include, without limitation,” “including but not limited to,” or “include but not limited to,” respectively. Reference to any person or entity includes such person’s or entity’s successors and assigns. Reference to any agreement (including this Agreement), document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof. Underscored references to sections, clauses, exhibits or schedules shall refer to those portions of this Agreement, and any underscored references to a clause shall, unless otherwise identified, refer to the appropriate clause within the same section in which such reference occurs. The use of the terms “hereunder”, “hereof”, “hereto” and words of similar import shall refer to this Agreement as a whole and not to any particular section or clause of or exhibit or schedule to this Agreement. This Agreement and the other documents relating to this Agreement are the result of negotiations among and are the products of all of the Parties. Accordingly, they shall not be construed against (or in favor of) any Party merely because of such Party’s involvement (or non-involvement, as the case may be) in their preparation, but instead they will be construed as drafted jointly by the Parties, no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of authorship of any of their provisions, and the Parties agree that any rule of law or

legal decision that would require interpretation of any ambiguities in them against the Party who or that has drafted the pertinent document will not be applicable and otherwise will be waived.

15. Applicable Law. This Agreement is governed by New York law, without regard to any conflicts of law provision which would require the application of the law of any other jurisdiction, and is enforceable in any New York court. Without limiting the generality of the foregoing, if any proceeding is commenced under the Bankruptcy Code, nothing herein shall limit the authority of the bankruptcy court to hear any matter related to or arising out of this Agreement, and each Party irrevocably and unconditionally consents to the jurisdiction and venue of the bankruptcy court to hear and determine such matters during the pendency of any such proceeding.

16. Remedies. It is understood and agreed by the Parties that, without limiting any other remedies available at law or equity, money damages would be an insufficient remedy for any breach of this Agreement by the Claimant and the Company shall be entitled to specific performance and injunctive or other equitable relief (including attorney's fees and costs) as a remedy of any such breach, including, without limitation, an order of the bankruptcy court or other court of competent jurisdiction requiring the Claimant to comply promptly with any of its obligations hereunder, without the necessity of proving the inadequacy of money damages as a remedy. The Claimant hereby waives any defense that a remedy at law is adequate and any requirement to post bond or other security in connection with actions instituted for injunctive relief, specific performance, or other equitable remedies.

17. Jury Trial Waiver. EACH PARTY HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING, BASED ON ANY THEORY OF RECOVERY OF ANY NATURE WHATSOEVER (INCLUDING CONTRACT, TORT, EQUITY, STATUTORY, OR OTHERWISE), RELATING IN ANY MANNER WHATSOEVER TO THE SUBJECT MATTER OF THIS AGREEMENT (INCLUDING THE NEGOTIATION, EXECUTION, OR PERFORMANCE THEREOF), OR ANY NOTICE OR INSTRUMENT DELIVERED IN CONNECTION WITH THIS AGREEMENT AND HEREBY AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE REQUIRED TO BE TRIED BEFORE A COURT AND NOT A JURY.

18. Settlement Discussions. This Agreement is part of a proposed settlement of matters that could otherwise be the subject of litigation among the Parties hereto. Nothing herein shall be deemed an admission of any kind. Pursuant to Federal Rule of Evidence 408 and any applicable state rules of evidence, this Agreement and all negotiations relating hereto shall not be admissible into evidence in any proceeding other than to prove the existence of this Agreement or in a proceeding to enforce the terms of this Agreement.

19. Company Fiduciary Duties. Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall require a Company entity or the board of directors, board of managers, or similar governing body of a Company entity, after consulting with counsel, to take any action or to refrain from taking any action with respect

to the Restructuring Transactions to the extent taking or failing to take such action would be inconsistent with applicable law or its fiduciary obligations under applicable law, and any such action or inaction pursuant to such exercise of fiduciary duties shall not be deemed to constitute a breach of this Agreement.

20. No Solicitation; Adequate Information. THIS AGREEMENT IS NOT AND SHALL NOT BE DEEMED TO BE A SOLICITATION FOR CONSENTS TO A PLAN. THE VOTES OF THE HOLDERS OF ANY CLAIM AGAINST THE COMPANY WILL NOT BE SOLICITED UNTIL SUCH HOLDERS WHO ARE ENTITLED TO VOTE ON THE PLAN HAVE RECEIVED THE PLAN, THE DISCLOSURE STATEMENT AND RELATED BALLOTS, AND OTHER REQUIRED SOLICITATION MATERIALS. IN ADDITION, THIS AGREEMENT DOES NOT CONSTITUTE AN OFFER TO ISSUE OR SELL SECURITIES TO ANY PERSON OR ENTITY, OR THE SOLICITATION OF AN OFFER TO ACQUIRE OR BUY SECURITIES, IN ANY JURISDICTION WHERE SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL.

Signature Page Follows

SCHOOL SPECIALTY, INC.
("Company")

("Claimant")

By: _____

By: _____

Title: _____

Title: _____

Amount due to the Claimant: \$

[Signature Page to Settlement Agreement and Release]