

**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): **November 7, 2018**

SCHOOL SPECIALTY, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-24385
(Commission
File Number)

39-0971239
(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))

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 financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On November 7, 2018, and effective as of September 29, 2018, School Specialty, Inc. (the “Company”) entered into the Second Amendment of its Loan Agreement dated April 7, 2017 (the “Term Loan Agreement”) among the Company, as borrower, certain of its subsidiaries, as guarantors, the financial parties party thereto, as lenders (the “Term Loan Lenders”) and TCW Asset Management Company LLC, as the agent (the “Term Loan Amendment”) in order to: (1) reduce its fixed charge coverage ratio in Section 10.3.1 for the five fiscal quarters ending December 29, 2018 through December 28, 2019, (2) reduce the number of days set forth in Section 10.2.3, for fiscal 2018, during which the Company may have no revolving loans outstanding from 60 to 14 and adjust the time period of such reduction to be between December 15, 2018 and January 31, 2019, (3) to give effect to ASC Topic 606, “*Revenue from Contracts with Customers*” under Section 1.2 for the purpose of the computation of any financial covenant retroactive to December 31, 2017 and for all other purposes effective as of the date of the Term Loan Amendment, (4) changing the delayed draw term loan commitment termination date from April 7, 2019 to the effective date of the Term Loan Amendment, and (5) providing that the Applicable Margin shall assume a net senior leverage ratio of greater than 3.75x from the date of the Term Loan Amendment until the Company delivers its financial statements for fiscal 2018 and the related compliance certificate.

Also on November 7, 2018, and effective as of September 29, 2018, the Company entered into the Fifth Amendment to Loan Agreement dated June 11, 2013(the “ABL Agreement”) among the Company, certain of its subsidiary borrowers, Bank of America, N.A. and Bank of Montreal as lenders (the “ABL Lenders”), and Bank of America, N.A., as agent for the ABL Lenders (the “ABL Amendment”) in order to: (1) give effect to ASC Topic 606, “*Revenue from Contracts with Customers*” for the purpose of the computation of any financial covenant retroactive to December 31, 2017 and for all other purposes effective as of the date of the ABL Amendment, and (2) substitute the LIBOR Screen Rate (as defined in the ABL Amendment) with the LIBOR Successor Rate (as defined in the ABL Amendment) in the event that the LIBOR Screen Rate is not available or published on a current basis, it was announced that LIBOR or LIBOR Screen Rate will no longer be made available or a new benchmark interest rate has been adopted to replace LIBOR.

The Term Loan Amendment and the ABL Amendment are filed as exhibits herewith and incorporated herein by reference. The foregoing descriptions of the Term Loan Amendment and the ABL Amendment do not purport to be complete and are qualified in their entirety by the full text of such agreements.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|----------------------|---|
| 10.1 | Second Amendment, dated as of November 7, 2018, 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. |
| 10.2 | Fifth Amendment, dated as of November 7, 2018, to the Loan Agreement dated as of June 11, 2013, by and among School Specialty, Inc. and certain of its subsidiaries, as borrowers, Bank of America, N.A. and Bank of Montreal, as lenders, Bank of Montreal as syndication agent, and Bank of America, N.A., as agent for the lenders |

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: November 9, 2018

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

SECOND AMENDMENT TO
LOAN AGREEMENT

THIS SECOND AMENDMENT TO LOAN AGREEMENT (this "Amendment"), with an effective date as of September 29, 2018, is made by and among SCHOOL SPECIALTY, INC., a Delaware corporation ("Borrower"), each Guarantor (as defined in the Loan Agreement) party hereto, the Lenders identified on the signature pages hereof and TCW ASSET MANAGEMENT COMPANY LLC, as agent for the Lenders ("Agent").

WHEREAS, Borrower, the Guarantors from time to time party thereto, Agent, and the Lenders from time to time party thereto are parties to that certain Loan Agreement dated as of April 7, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"); and

WHEREAS, Borrower has requested that Agent and the Lenders amend the Loan Agreement in certain respects as set forth herein, and Agent and the Lenders have agreed to the foregoing, on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the premises and mutual agreements herein contained, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Loan Agreement.

2. Amendments to Loan Agreement. Subject to the satisfaction of the conditions set forth in Section 5 below and in reliance upon the representations and warranties of Borrower and the Guarantors party hereto set forth in Section 6 below, the Loan Agreement is amended as follows:

(A) The defined term "Applicable Margin" set forth in Section 1.1 of the Loan Agreement is hereby amended and restated in its entirety, as follows:

Applicable Margin: the applicable rate per annum corresponding to the applicable Net Senior Leverage Ratio, all as set forth in the following table:

| <i>Net Senior Leverage Ratio</i> | <i>Prime Rate Loans</i> | <i>LIBOR Rate Loans</i> |
|----------------------------------|-------------------------|-------------------------|
| ≥ 3.75x | 6.00% | 7.00% |
| ≥ 3.50x, but < 3.75x | 5.50% | 6.50% |
| ≥ 3.00x, but < 3.50x | 5.25% | 6.25% |
| < 3.00x | 5.00% | 6.00% |

The Applicable Margin shall be adjusted quarterly, to the extent applicable, as of the first Business Day of the month following the date on which financial statements are required to be delivered pursuant to Section 10.1.2 hereof

(including with respect to the last Fiscal Quarter of each Fiscal Year) after the end of each related Fiscal Quarter based on the Net Senior Leverage Ratio as of the last day of such Fiscal Quarter. Notwithstanding the foregoing, (a) during the period commencing on the Second Amendment Effective Date and ending on the first Business Day of the month following the date on which financial statements for the Fiscal Year ending December 29, 2018 have been delivered in accordance with Section 10.1.2(a) hereof, the Applicable Margin shall be (i) 6.00% with respect to Prime Rate Loans and (ii) 7.00% with respect to LIBOR Rate Loans, (b) if Borrower fails to deliver the financial statements required by Section 10.1.2 hereof, and the related Compliance Certificate required by Section 10.1.2 hereof, by the respective date required thereunder after the end of any related Fiscal Quarter, if requested in writing by Agent or Required Lenders, the Applicable Margin shall be the rates corresponding to the Net Senior Leverage Ratio of $\geq 3.75x$ in the foregoing table until such financial statements and Compliance Certificate are delivered (plus, if requested by Agent or Required Lenders, the Default Rate), and (c) no reduction to the Applicable Margin shall become effective at any time when an Event of Default has occurred and is continuing; provided, that such a reduction shall occur on the date all such Events of Default have been cured or waived in accordance with Section 14.1 hereof.

If, as a result of any restatement of or other adjustment to the financial statements of Borrower and its Subsidiaries or for any other reason, Agent determines that (a) the Net Senior Leverage Ratio as calculated by Borrower as of any applicable date was inaccurate and (b) a proper calculation of the Net Senior Leverage Ratio would have resulted in different pricing for any period, then (i) if the proper calculation of the Net Senior Leverage Ratio would have resulted in higher pricing for such period, Borrower shall automatically and retroactively be obligated to pay to Agent, for the benefit of the applicable Lenders, promptly on demand by Agent, an amount equal to the excess of the amount of interest that should have been paid for such period over the amount of interest actually paid for such period; and (ii) if the proper calculation of the Net Senior Leverage Ratio would have resulted in lower pricing for such period, neither Agent nor any Lender shall have any obligation to repay any interest or fees to Borrower; provided, that, if as a result of any restatement or other event a proper calculation of the Net Senior Leverage Ratio would have resulted in higher pricing for one or more periods and lower pricing for one or more other periods (due to the shifting of income or expenses from one period to another period or any similar reason), then (x) the amount payable by Borrower pursuant to clause (i) above shall be based upon the excess, if any, of the amount of interest that should have been paid for all applicable periods over the amount of interest paid for all such periods and (y) the amount credited to Borrower pursuant to clause (ii) above shall be based upon the excess, if any, of the amount of interest paid by Borrower for all applicable periods over the amount of interest that should have been paid for all such periods.

(B) The defined term "Delayed Draw Term Loan Commitment Termination Date" set forth in Section 1.1 of the Loan Agreement is hereby amended and restated in its entirety, as follows:

Delayed Draw Term Loan Commitment Termination Date: November 7, 2018.

(C) Section 1.1 of the Loan Agreement is hereby amended by adding the following defined terms in their proper alphabetical order:

FASB ASC: the Accounting Standards Codification of the Financial Accounting Standards Board.

Second Amendment Effective Date: September 29, 2018.

(D) Section 1.2 of the Loan Agreement is hereby amended and restated in its entirety as follows:

1.2 **Accounting Terms.** Under the Loan Documents (except as otherwise specified therein), all accounting terms shall be interpreted, all accounting determinations shall be made, and all financial statements shall be prepared, in accordance with GAAP applied on a basis consistent with the most recent audited financial statements of Borrower delivered to Agent before the Closing Date and using the same inventory valuation method as used in such financial statements, except for any change required or permitted by GAAP if Borrower's certified public accountants concur in such change, the change is disclosed to Agent, and all relevant provisions of the Loan Documents are amended in a manner satisfactory to Required Lenders to take into account the effects of the change; provided that, notwithstanding the foregoing, GAAP shall include the application of FASB ASC 606 with retroactive effect as of December 31, 2017 for purposes of the computation of any financial covenant contained herein and for all other purposes of the Loan Documents, with effect on the Second Amendment Effective Date.

(E) Section 10.2.3 of the Loan Agreement is hereby amended and restated in its entirety as follows:

10.2.3 **Revolver Usage.** Permit the aggregate amount of outstanding Revolving Loans to exceed \$0 on (x) the last Saturday of December of each Fiscal Year and (y) each day during a sixty (60) day period that includes the last Saturday of December of such Fiscal Year (provided, however, that clauses (x) and (y) shall not apply with respect to the Fiscal Year ending December 29, 2018, provided further that the aggregate amount of outstanding Revolving Loans shall not exceed \$0 each day during a fourteen (14) consecutive day period that begins on or after December 15, 2018 and ends on or before January 31, 2019).

(F) Section 10.3.1 of the Loan Agreement is hereby amended and restated in its entirety as follows:

10.3.1 Fixed Charge Coverage Ratio. Maintain as of the end of each Fiscal Quarter, a Fixed Charge Coverage Ratio of not less than the ratio set forth below for each four (4) consecutive Fiscal Quarter period then ended set forth below:

| <u>Applicable Ratio</u> | <u>Applicable Period</u> |
|-------------------------|--|
| 1.25:1.0 | For the four (4) consecutive Fiscal Quarter periods ending December 29, 2018, March 30, 2019 and June 29, 2019 |
| 1.35:1.0 | For the four (4) consecutive Fiscal Quarter period ending September 28 2019 |
| 1.45:1.0 | For the four (4) consecutive Fiscal Quarter period ending December 28 2019 |
| 1.50:1.0 | For the four (4) consecutive Fiscal Quarter periods ending March 28, 2020, June 27, 2020 and September 26, 2020 |
| 1.55:1.0 | For the four (4) consecutive Fiscal Quarter periods ending December 26, 2020 and March 27, 2021 |
| 1.60:1.0 | For the four (4) consecutive Fiscal Quarter periods ending June 26, 2021, September 25, 2021, December 25, 2021 and March 26, 2022 |

3. Continuing Effect. Except as expressly set forth in Section 2 of this Amendment, nothing in this Amendment shall constitute a modification or alteration of the terms, conditions or covenants of the Loan Agreement or any other Loan Document, or a waiver of any other terms or provisions thereof, and the Loan Agreement and the other Loan Documents shall remain unchanged and shall continue in full force and effect, in each case as amended hereby.

4. Reaffirmation and Confirmation. Each of Borrower and each Guarantor party hereto hereby ratifies, affirms, acknowledges and agrees that the Loan Agreement and the other Loan Documents represent the valid, enforceable and collectible obligations of Borrower and the Guarantors, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Loan Agreement or any other Loan Document. Each of Borrower and each Guarantor party hereto hereby agrees that this Amendment in no way acts as a release or relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed by Borrower and the Guarantors party hereto in all respects.

5. Conditions to Effectiveness of Amendment. This Amendment shall become effective as of the date first written above upon the satisfaction of each of the following conditions precedent:

(a) Each party hereto shall have executed and delivered this Amendment to Agent;

(b) Agent shall have received a fully executed copy, in form and substance reasonably satisfactory to Agent, of a conforming amendment to the Revolving Loan Agreement;

(c) All proceedings taken in connection with the transactions contemplated by this Amendment and all documents, instruments and other legal matters incident thereto shall be reasonably satisfactory to Agent and its legal counsel;

(d) Agent shall have received the Second Amendment Fee referred to below;

(e) Borrower shall have paid all costs and expenses of Agent (including attorneys' fees) incurred in connection with the preparation, negotiation, execution, delivery and administration of this Amendment and all other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith that have been invoiced on or before the date hereof; and

(f) No Default or Event of Default shall have occurred and be continuing.

6. Representations and Warranties. In order to induce Agent and Lenders to enter into this Amendment, each of Borrower and each Guarantor party hereto hereby represents and warrants to Agent and Lenders that, after giving effect to this Amendment:

(a) All representations and warranties contained in the Loan Agreement and the other Loan Documents are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date of this Amendment, in each case as if made on and as of such date, other than representations and warranties that expressly relate solely to an earlier date (in which case such representations and warranties were true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of such earlier date);

(b) No Default or Event of Default has occurred and is continuing; and

(c) This Amendment and the Loan Agreement, as amended hereby, constitute legal, valid and binding obligations of Borrower and the Guarantors and are enforceable against Borrower and the Guarantors in accordance with their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

7. Second Amendment Fee. Borrowers shall pay to Agent, for the ratable benefit of the Lenders, a fee in an amount equal to \$279,310 (the "Second Amendment Fee"), which shall be fully earned and due and payable on the date hereof.

8. Miscellaneous.

(a) Expenses. Borrower agrees to pay on demand all expenses of Agent in connection with the preparation, negotiation, execution, delivery and administration of this Amendment in accordance with the terms of the Loan Agreement.

(b) Governing Law. This Amendment shall be a contract made under and governed by, and construed in accordance with the internal laws of the State of New York.

(c) Counterparts. This Amendment may be executed in any number of counterparts, and by the parties hereto on the same or separate counterparts, and each such counterpart, when executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment. Delivery of an executed signature page of this Amendment by facsimile transmission or electronic photocopy (i.e. "pdf") shall be effective as delivery of a manually executed counterpart hereof.

9. Release. In consideration of the agreements of Agent and Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each of Borrower and each Guarantor party hereto, on behalf of itself and its respective successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges Agent and Lenders, and their successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (Agent, each Lender and all such other Persons being hereinafter referred to collectively as the "Releasees" and individually as a "Releasee"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a "Claim" and collectively, "Claims") of every name and nature, known or unknown, suspected or unsuspected, as of the date of this Amendment, both at law and in equity, which Borrower or any Guarantor, or any of their respective successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Amendment, in each case for or on account of, or in relation to, or in any way in connection with any of the Loan Agreement, or any of the other Loan Documents or transactions thereunder or related thereto.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized and delivered on November 7, 2018, with an effective date as of September 29, 2018.

BORROWER:

SCHOOL SPECIALTY, INC.

By: /s/ Joseph M. Yorio
Name: Joseph M. Yorio
Title: President & CEO

GUARANTORS:

CLASSROOMDIRECT.COM, LLC, a Delaware limited liability company

By: /s/ Joseph M. Yorio
Name: Joseph M. Yorio
Title: President

SPORTIME, LLC, a Delaware limited liability company

By: /s/ Joseph M. Yorio
Name: Joseph M. Yorio
Title: President

DELTA EDUCATION, LLC, a Delaware limited liability company

By: /s/ Joseph M. Yorio
Name: Joseph M. Yorio
Title: President

PREMIER AGENDAS, LLC, a Delaware limited liability company

By: /s/ Joseph M. Yorio
Name: Joseph M. Yorio
Title: President

CHILDCRAFT EDUCATION, LLC, a Delaware limited liability company

By: /s/ Joseph M. Yorio
Name: Joseph M. Yorio
Title: President

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

By: /s/ Joseph M. Yorio
Name: Joseph M. Yorio
Title: President

CALIFONE INTERNATIONAL, LLC, a Delaware limited liability company

By: /s/ Joseph M. Yorio
Name: Joseph M. Yorio
Title: President

SSI GUARDIAN, LLC, a Delaware limited liability company

By: /s/ Joseph M. Yorio
Name: Joseph M. Yorio
Title: President

AGENT:

TCW ASSET MANAGEMENT COMPANY LLC,
as Agent

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

LENDERS:

TCW DIRECT LENDING LLC,
as a Lender
By TCW Asset Management Company LLC
Its Investment Advisor

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

**TCW DIRECT LENDING STRATEGIC VENTURES
LLC,**
as a Lender

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

WEST VIRGINIA DIRECT LENDING LLC,
as a Lender
By: TCW Asset Management Company LLC,
its Investment Advisor

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

TCW BRAZOS FUND LLC,

as a Lender

By: TCW Asset Management Company LLC,
its Investment Advisor

By: /s/ Suzanne Grosso

Name: Suzanne Grosso

Title: Managing Director

TCW SKYLINE LENDING, L.P.,

as a Lender

By: TCW Asset Management Company LLC,
its Investment Advisor

By: /s/ Suzanne Grosso

Name: Suzanne Grosso

Title: Managing Director

CERBERUS AUS LEVERED HOLDINGS III LLC, as
a Lender

By: /s/ Daniel E. Wolf
Name: Daniel E. Wolf
Title: Vice President

CERBERUS AUS LEVERED HOLDINGS LP, as a
Lender

By: CAL I GP Holdings LLC
Its: General Partner

By: /s/ Daniel E. Wolf
Name: Daniel E. Wolf
Title: Senior Managing Director

CERBERUS AUS LEVERED II LP, as a Lender

By: CAL II GP Holdings, LLC
Its: General Partner

By: /s/ Daniel E. Wolf
Name: Daniel E. Wolf
Title: Vice President

CERBERUS ICQ OFFSHORE LEVERED LP, as a
Lender

By: Cerberus ICQ Offshore GP LLC
Its: General Partner

By: /s/ Daniel E. Wolf
Name: Daniel E. Wolf
Title: Senior Managing Director

**CERBERUS ICQ OFFSHORE LOAN
OPPORTUNITIES MASTER FUND, L.P.** as a Lender
By: Cerberus ICQ Offshore Levered GP, LLC
Its: General Partner

By: /s/ Daniel E. Wolf
Name: Daniel E. Wolf
Title: Senior Managing Director

CERBERUS LOAN FUNDING XXI L.P.,
as a Lender
By: Cerberus LFGP XXI, LLC
Its: General Partner

By: /s/ Daniel E. Wolf
Name: Daniel E. Wolf
Title: Senior Managing Director

**CERBERUS OFFSHORE LEVERED LOAN
OPPORTUNITIES MASTER FUND III, L.P.**
as a Lender
By: Cerberus Offshore Levered Opportunities III GP, LLC
Its: General Partner

By: /s/ Daniel E. Wolf
Name: Daniel E. Wolf
Title: Senior Managing Director

CERBERUS REDWOOD LEVERED A LLC,
as a Lender

By: /s/ Daniel E. Wolf
Name: Daniel E. Wolf
Title: Vice President

CERBERUS REDWOOD LEVERED B LLC,
as a Lender

By: /s/ Daniel E. Wolf
Name: Daniel E. Wolf
Title: Vice President

**CERBERUS REDWOOD LEVERED LOAN
OPPORTUNITIES FUND A, L.P.**
as a Lender
By: Cerberus Redwood Levered Opportunities GP A, LLC
Its: General Partner

By: /s/ Daniel E. Wolf
Name: Daniel E. Wolf
Title: Senior Managing Director

**CERBERUS REDWOOD LEVERED LOAN
OPPORTUNITIES FUND B, L.P.**

as a Lender

By: Cerberus Redwood Levered Opportunities GP B, LLC

Its: General Partner

By: /s/ Daniel E. Wolf

Name: Daniel E. Wolf

Title: Senior Managing Director

CERBERUS SWC LEVERED II LLC,

as a Lender

By: /s/ Daniel E. Wolf

Name: Daniel E. Wolf

Title: Vice President

**CERBERUS SWC LEVERED LOAN OPPORTUNITIES
MASTER FUND, L.P.**

as a Lender

By: Cerberus SWC Levered Opportunities GP, LLC

Its: General Partner

By: /s/ Daniel E. Wolf

Name: Daniel E. Wolf

Title: Senior Managing Director

FIFTH AMENDMENT TO
LOAN AGREEMENT

THIS FIFTH AMENDMENT TO LOAN AGREEMENT (this "Amendment") is entered into as of November 7, 2018 by and among **SCHOOL SPECIALTY, INC.**, a Delaware corporation ("Company"), **CLASSROOMDIRECT.COM, LLC**, a Delaware limited liability company ("Classroom"), **SPORTIME, LLC**, a Delaware limited liability company ("Sportime"), **DELTA EDUCATION, LLC**, a Delaware limited liability company ("Delta"), **PREMIER AGENDAS, LLC**, a Delaware limited liability company (as successor in interest to Premier Agendas, Inc., a Washington corporation, "Premier"), **CHILDCRAFT EDUCATION, LLC**, a Delaware limited liability company (as successor in interest to Childcraft Education Corp., a New York corporation, "Childcraft"), **BIRD-IN-HAND WOODWORKS, LLC**, a Delaware limited liability company (as successor in interest to Bird-In-Hand Woodworks, Inc., a New Jersey Corporation, "Bird"), **CALIFONE INTERNATIONAL, LLC**, a Delaware limited liability company (as successor in interest to Califone International, Inc., a Delaware corporation, "Califone"), **SSI GUARDIAN, LLC**, a Delaware limited liability company ("SSI"), and together with Classroom, Sportime, Delta, Premier, Childcraft, Bird and Califone collectively, "Subsidiary Borrowers" and each, individually, a "Subsidiary Borrower", the Lenders party hereto, and **BANK OF AMERICA, N.A.**, as agent for the Lenders (in such capacity, "Agent").

WHEREAS, Company, Subsidiary Borrowers from time to time party thereto, Agent, and the Lenders from time to time party thereto are parties to that certain Loan Agreement, dated as of June 11, 2013 (as amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the "Loan Agreement"); and

WHEREAS, Company has requested that Agent and the Lenders amend the Loan Agreement in certain respects as set forth herein, and Agent and the Lenders party hereto have agreed to the foregoing, on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the premises and mutual agreements herein contained, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Loan Agreement.

2. Amendments to Loan Agreement. Subject to the satisfaction of the conditions set forth in Section 5 below and in reliance upon the representations and warranties of Borrowers and the Guarantors party hereto set forth in Section 6 below, the Loan Agreement is amended as follows:

(A) Section 1.1 of the Loan Agreement is hereby amended by adding the following defined terms in their proper alphabetical order:

Beneficial Ownership Certification: a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation, in form and substance satisfactory to Agent.

Beneficial Ownership Regulation: 31 C.F.R. § 1010.230.

FASB ASC: the Accounting Standards Codification of the Financial Accounting Standards Board.

Fifth Amendment: that certain Fifth Amendment to Loan Agreement, dated as of November 7, 2018, and effective as of the Fifth Amendment Effective Date, among the Borrowers party thereto, the Lenders party thereto and the Agent.

Fifth Amendment Effective Date: as defined in the Fifth Amendment.

LIBOR Screen Rate: as defined in **Section 1.5**.

LIBOR Successor Rate: as defined in **Section 1.5**.

LIBOR Successor Rate Conforming Changes: with respect to any proposed LIBOR Successor Rate, any conforming changes to this Agreement, including changes to Base Rate, Interest Period, timing and frequency of determining rates and payments of interest and other administrative matters as may be appropriate, in Agent's discretion, to reflect the adoption of such LIBOR Successor Rate and to permit its administration by Agent in a manner substantially consistent with market practice (or, if Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as Agent determines in consultation with Borrowers). Such changes shall provide that the LIBOR Successor Rate cannot be less than zero for purposes of this Agreement.

Scheduled Unavailability Date: as defined in **Section 1.5**.

(B) Section 1.2 of the Loan Agreement is hereby amended and restated in its entirety as follows:

1.2 Accounting Terms. Under the Loan Documents (except as otherwise specified therein), all accounting terms shall be interpreted, all accounting determinations shall be made, and all financial statements shall be prepared, in accordance with GAAP applied on a basis consistent with the most recent audited financial statements of Borrowers delivered to Agent before the Closing Date and using the same inventory valuation method as used in such financial statements, except for any change required or permitted by GAAP if Borrowers' certified public accountants concur in such change, the change is

disclosed to Agent, and all relevant provisions of the Loan Documents are amended in a manner satisfactory to Required Lenders to take into account the effects of the change; provided that, notwithstanding the foregoing, GAAP shall include the application of FASB ASC 606 with retroactive effect as of December 31, 2017 for purposes of the computation of any financial covenant contained herein and for all other purposes of the Loan Documents, with effect on the Fifth Amendment Effective Date.

(C) Section 1.5 of the Loan Agreement is hereby amended and restated in its entirety as follows:

“1.5 LIBOR Amendment. Notwithstanding anything to the contrary in this Agreement or any other Loan Documents, if Agent determines (which determination shall be conclusive absent manifest error), or Borrower Agent or Required Lenders notify Agent (with, in the case of the Required Lenders, a copy to Borrower Agent) that Borrowers or Required Lenders (as applicable) have determined, that:

(a) adequate and reasonable means do not exist for ascertaining LIBOR for any applicable interest period, because the LIBOR quote on the applicable screen page (or other source) used by Agent to determine LIBOR (“LIBOR Screen Rate”) is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(b) the administrator of the LIBOR Screen Rate or a Governmental Authority having jurisdiction over the Agent has made a public statement identifying a specific date (“Scheduled Unavailability Date”) after which LIBOR or the LIBOR Screen Rate shall no longer be made available, or used for determining the interest rate of loans; or

(c) syndicated loans currently being executed, or that include language similar to that contained in this Section, are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace LIBOR;

then, reasonably promptly after such determination by Agent or receipt by Agent of such notice, as applicable, Agent and Borrower Agent may amend this Agreement to replace LIBOR with an alternate benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein), giving due consideration to any evolving or then existing convention for similar Dollar denominated syndicated credit facilities for such alternative benchmarks (“LIBOR Successor Rate”), together with any proposed LIBOR Successor Rate Conforming Changes and the amendment shall be effective at 5:00 p.m. on the fifth Business Day after Agent posts the amendment to all Lenders and Borrowers unless, prior to such time, Required Lenders notify

Agent that they do not accept the amendment.

If no LIBOR Successor Rate has been determined and the circumstances under clause (a) above exist or the Scheduled Unavailability Date has occurred, Agent will promptly notify Borrowers and Lenders. Thereafter, (i) the obligation of Lenders to make or maintain LIBOR Loans shall be suspended (to the extent of the affected LIBOR Loans or Interest Periods), and (ii) the LIBOR component shall no longer be used in determining Base Rate. Upon receipt of such notice, Borrower Agent may revoke any pending request for funding, conversion or continuation of a LIBOR Loan (to the extent of the affected LIBOR Loans or Interest Periods) or, failing that, will be deemed to have requested a Base Rate Loan.”.

(D) Section 9.1.1 of the Loan Agreement is hereby amended by adding the following sentence at the end of such Section:

“As of the Fifth Amendment Effective Date, all information included in any Beneficial Ownership Certification is true and complete in all respects.”.

(E) Section 10.1.2 of the Loan Agreement is hereby amended to (i) delete “and” from the end of clause (j) thereof, (ii) delete the period at the end of clause (k) thereof and replace it with “; and”, and add the following clause (l) at the end thereof:

“(l) promptly following any request therefor, provide information and documentation reasonably requested by Agent or any Lender for purposes of compliance with applicable “know your customer” and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act and the Beneficial Ownership Regulation.”.

(F) Section 14.1.1 of the Loan Agreement is hereby amended by deleted “No” at the beginning of such Section and replacing it with the phrase “Except as provided in **Section 1.5**, no”.

(G) Section 14.1.1(c) of the Loan Agreement is hereby amended and restated in its entirety as follows:

“(c) without the prior written consent of each affected Lender, including a Defaulting Lender, no modification shall (i) increase the Commitment of such Lender; (ii) reduce the amount of, or waive or delay payment of, any principal, interest or fees payable to such Lender (except as provided in **Section 4.2**); *provided* that no modification or amendment entered into pursuant to the terms of **Section 1.5** shall constitute a reduction in the rate of interest or fees for purposes of this **clause (c)**; (iii) extend the Revolver Termination Date; or (iv) amend this **clause (c)**.”.

(H) Section 14.16 of the Loan Agreement is hereby amended by adding the phrase “, including the Patriot Act and Beneficial Ownership Regulation” immediately before the period at the end of such Section.

3. Continuing Effect. Except as expressly set forth in Section 2 of this Amendment, nothing in this Amendment shall constitute a modification or alteration of the terms, conditions or covenants of the Loan Agreement or any other Loan Document, or a waiver of any other terms or provisions thereof, and the Loan Agreement and the other Loan Documents shall remain unchanged and shall continue in full force and effect, in each case as amended hereby.

4. Reaffirmation and Confirmation. Each of Company, each Subsidiary Borrower and each Guarantor party hereto hereby ratifies, affirms, acknowledges and agrees that the Loan Agreement and the other Loan Documents represent the valid, enforceable and collectible obligations of Borrowers and the Guarantors, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Loan Agreement or any other Loan Document. Each of Company, each Subsidiary Borrower and each Guarantor party hereto hereby agrees that this Amendment in no way acts as a release or relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed by Borrowers and the Guarantors party hereto in all respects.

5. Conditions to Effectiveness of Amendment. This Amendment shall become effective as of September 29, 2018 upon the satisfaction of each of the following conditions precedent (the “Fifth Amendment Effective Date”):

(a) Each party hereto shall have executed and delivered this Amendment to Agent;

(b) Agent shall have received a fully executed copy, in form and substance reasonably satisfactory to Agent, of an amendment to the Term Loan Agreement;

(c) At least one (1) Business Day prior to the Fifth Amendment Effective Date, any Borrower that qualifies as a “legal entity customer” under the Beneficial Ownership Regulation (as defined in the Loan Agreement, as amended hereby) shall have delivered to each Lender that so requests a Beneficial Ownership Certification (as defined in the Loan Agreement, as amended hereby) in relation to such Borrower;

(d) All proceedings taken in connection with the transactions contemplated by this Amendment and all documents, instruments and other legal matters incident thereto shall be reasonably satisfactory to Agent and its legal counsel; and

(e) No Default or Event of Default shall have occurred and be continuing.

6. Representations and Warranties. In order to induce Agent and Lenders to enter into this Amendment, each Borrower and each Guarantor party hereto hereby represents and warrants to Agent and Lenders that, after giving effect to this Amendment:

(a) All representations and warranties contained in the Loan Agreement and the other Loan Documents are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date of this Amendment, in each case as if made on and as of such date, other than representations and warranties that expressly relate solely to an earlier date (in which case such representations and warranties were true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of such earlier date);

(b) No Default or Event of Default has occurred and is continuing; and

(c) This Amendment and the Loan Agreement, as amended hereby, constitute legal, valid and binding obligations of each Borrower and the Guarantors and are enforceable against each Borrower and the Guarantors in accordance with their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

7. Miscellaneous.

(a) Expenses. Borrowers agree to pay on demand all expenses of Agent (including expenses of its legal counsel) in connection with the preparation, negotiation, execution, delivery and administration of this Amendment in accordance with the terms of the Loan Agreement.

(b) Governing Law. This Amendment shall be a contract made under and governed by, and construed in accordance with the internal laws of the State of New York.

(c) Counterparts. This Amendment may be executed in any number of counterparts, and by the parties hereto on the same or separate counterparts, and each such counterpart, when executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment. Delivery of an executed signature page of this Amendment by facsimile transmission or electronic photocopy (i.e. "pdf") shall be effective as delivery of a manually executed counterpart hereof.

8. Release. In consideration of the agreements of Agent and Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Borrower and each Guarantor party hereto, on behalf of itself and its respective successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges Agent

and Lenders, and their successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (Agent, each Lender and all such other Persons being hereinafter referred to collectively as the “Releasees” and individually as a “Releasee”), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a “Claim” and collectively, “Claims”) of every name and nature, known or unknown, suspected or unsuspected, as of the date of this Amendment, both at law and in equity, which any Borrower or any Guarantor, or any of their respective successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Amendment, in each case for or on account of, or in relation to, or in any way in connection with any of the Loan Agreement, or any of the other Loan Documents or transactions thereunder or related thereto.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized and delivered on November 7, 2018, with an effective date as of September 29, 2018.

SCHOOL SPECIALTY, INC.,
as a Borrower and a Guarantor

By: /s/ Joseph M. Yorio
Name: Joseph M. Yorio
Title: President & CEO

CLASSROOMDIRECT.COM, LLC,
as a Borrower and as a Guarantor

By: /s/ Joseph M. Yorio
Name: Joseph M. Yorio
Title: President

SPORTIME, LLC,
as a Borrower and as a Guarantor

By: /s/ Joseph M. Yorio
Name: Joseph M. Yorio
Title: President

DELTA EDUCATION, LLC,
as a Borrower and as a Guarantor

By: /s/ Joseph M. Yorio
Name: Joseph M. Yorio
Title: President

[Signature page to Fifth Amendment to ABL]

PREMIER AGENDAS, LLC,
as a Borrower and as a Guarantor

By: /s/ Joseph M. Yorio
Name: Joseph M. Yorio
Title: President

CHILDCRAFT EDUCATION, LLC,
as a Borrower and as a Guarantor

By: /s/ Joseph M. Yorio
Name: Joseph M. Yorio
Title: President

BIRD-IN-HAND WOODWORKS, LLC,
as a Borrower and as a Guarantor

By: /s/ Joseph M. Yorio
Name: Joseph M. Yorio
Title: President

CALIFONE INTERNATIONAL, LLC,
as a Borrower and as a Guarantor

By: /s/ Joseph M. Yorio
Name: Joseph M. Yorio
Title: President

SSI GUARDIAN, LLC,
as a Borrower and as a Guarantor

By: /s/ Joseph M. Yorio
Name: Joseph M. Yorio
Title: President

[Signature page to Fifth Amendment to ABL]

BANK OF AMERICA, N.A.,
as Agent and as a Lender

By: /s/ Robert J. Lund
Name: Robert J. Lund
Title: Senior Vice President

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[Signature page to Fifth Amendment to ABL]

BANK OF MONTREAL,
as a Lender

By: /s/ Terrence Mc. Kenna Jr.
Name: Terrence McKenna Jr.
Title: Director

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