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): **September 19, 2013**

SCHOOL SPECIALTY, INC.
(Exact name of registrant as specified in its charter)

Wisconsin	000-24385	39-0971239
(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))

Item 7.01. Regulation FD Disclosure.

School Specialty, Inc. intends to distribute the information contained in the attached exhibits to its stockholders on or about September 19, 2013,

The information in this Item 7.01, including the exhibits attached hereto, is furnished solely pursuant to Item 7.01 of Form 8-K. Consequently, such information and exhibits are not deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise, subject to the liabilities of that section. Further, the information in this Item 7.01, including the exhibits, shall not be deemed to be incorporated by reference into the filings of the registrant under the Securities Act of 1933.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Letter to School Specialty, Inc. Stockholders dated September 19, 2013
99.2	Fiscal 2014 First Quarter Update dated September 19, 2013

Forward-Looking Statements

This report and the information furnished herewith may contain statements concerning future results of operations, expectations, plans or prospects. Such statements are forward-looking statements. Forward-looking statements also include those preceded by or followed by words like "anticipate," "believes," "could," "expect," "intend," "may," "should," "plan," "targets" or similar expressions. These forward-looking statements are based on School Specialty's estimates and assumptions as of the date of the information presented, and as such involve uncertainty and risks. These statements are not guarantees of future performance and actual results may differ materially from those contemplated by the forward-looking statements due to a number of factors including those described in Item 1A. of School Specialty's fiscal 2013 annual report on Form 10-K. Those factors are incorporated by reference. Except as required under the federal securities laws, School Specialty does not intend to update or revise the forward-looking statements.

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: September 19, 2013

By: /s/ David N. Vander Ploeg
David N. Vander Ploeg
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
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99.2	Fiscal 2014 First Quarter Update dated September 19, 2013

Exhibit 99.1

School Specialty
The power of teaching. The wonders of learning.

W6316 Design Drive, Greenville, WI 54942
P.O. Box 1579, Appleton, WI 54912-1579

September 19, 2013

To all School Specialty, Inc. Stockholders,

It has been less than two months since I took over as Interim President and CEO, and approximately three months since our emergence from Chapter 11 reorganization. I've taken this time to meet with employees at our various locations and have gathered feedback from the field. In this brief period, I can say with certainty – challenges are ahead, but at the same time, the market is ripe with opportunity.

I say this because despite the declines in our industry and business over the past several years, our brands remain top of choice with our customers and we still possess one of the strongest distribution networks servicing the education market. While we provide a wide array of innovative products, programs and solutions, it is our strength in distribution and our commitment to service our customers that set us apart. This is our core competency and my main observation to date is that we must become more efficient in how we operate: how we leverage distribution, sourcing, merchandising and manufacturing, and how we bring products to market.

Earlier this week, we announced our fiscal 2014 first quarter results and filed our Form 10-Q for the period ended July 27, 2013. In our press release, we discussed some of the key factors that impacted our first quarter results, some positive indicators moving into the second quarter and the launch of a company-wide Process Improvement Program. We also provided updates on our financial outlook for the remainder of the year. As we won't be hosting quarterly conference calls yet, I wanted to take this opportunity to provide more details around what's taking place, and what we anticipate the result will be as we move into fiscal 2015. As such, we've prepared a presentation on our results, our outlook and business updates, which we trust will address many of your questions. Next quarter, it's our intent to share more financial and operational updates with you and how we're progressing to plan.

The following items represent key elements emerging from our Process Improvement Program:

- **Distribution Center and Warehouse Consolidation / Reconfiguration**. We'll be consolidating our current Educational Resources business from four distribution centers to two, closing our Fresno, CA and Salina, KS facilities later this year. We intend to build out our Mansfield, OH distribution center and make that our core hub to better service our nationwide customers. Greenville, WI will continue to serve as a distribution hub, and will be leveraged during peak-selling seasons. These transitions will be executed after the heavy selling season has concluded so as to ensure there is no disruption in our ability to exceed customer requirements.

- **Sales & Operational Planning.** We will be implementing LEAN processes and aligning our supply chain teams behind business segments and dedicated planning/forecasting teams in order to provide greater efficiencies in our sourcing, purchasing and procurement. These areas will be integrated directly with our sales teams to ensure better control over pricing, product

development and inventory management, as well as leverage our global sourcing company-wide. It also is expected to keep freight, warehouse and related costs down.

- **Product Management / SKU Rationalization**. We have already begun SKU rationalization programs to identify and remove many of the lower-performing, outdated SKU's which will result in cost savings in sourcing, procurement and marketing, particularly associated with catalog and distribution functions. It's an essential part of our ability to reduce complexity and cost throughout our entire supply chain and enable the consolidation of distribution centers to occur more efficiently, reducing risk and improving productivity. We also intend to develop better processes for collecting and analyzing customer data and feedback so that we can more effectively address our customers' requirements.

- **Customer Care and Service Functions.** We'll be streamlining administrative functions and seeking to improve our data-capture capabilities as there is a lot of domain expertise in this area that needs to be integrated into other areas of our operations. Our Greenville, WI facility will become our consolidated Customer Care Center of Excellence.

- **Expanding our Digital Platform**. We will be transitioning our marketing spend to enhance our digital capabilities. This includes a robust e-commerce platform, various branded web redesigns to drive traffic and online sales, search engine optimization and social media. All of the investments for the information technology spend were part of our FY14 budget and new investments are anticipated to be offset by lower costs in other marketing areas.

- **Continuous Improvement and Project Management Alignment**. We have set up a Project Management Office with the support of experts in the field and a Steering Committee that is comprised of team leaders to establish greater accountability. I will personally serve on the Steering Committee as Chairman, irrespective of how long I retain the role as President and CEO. I am committed to making this work and driving improved and sustainable profitability.

We will continue to report as two operating segments, although the segments will be renamed Distribution and Curriculum and the composition of each may change slightly. What we're focused on is realigning the back-end functions within each, to have more ownership, accountability and cross-functional teams with Shared Service use. This will enable us to have better leverage for the sales and marketing process and more control over purchasing, customer care, distribution and overall supply chain management.

In summary, School Specialty has an infrastructure that supports peak sales almost year-round and we have to get faster and better, while becoming leaner. Nothing we are doing as part of this Program is expected to negatively impact sales. Phase I is focused on our back-end support and fulfillment functions to become more efficient and reduce our fixed cost structure. Phase II will focus more on our go-to-market approach as we look to realign our customer-facing functions in order to reverse historical sales declines and grow earnings. Throughout both phases, we are highly focused on improving our balance sheet.

I wear two hats: one as your Chairman and the other as the company's most senior leader. But my mission in both capacities is the same and that is to drive stockholder value. We've been hard hit by the harsh realities of the economy and a depressed school spending environment. We've had some past acquisitions with little integration into our core operations. My goal is to stabilize our business and put the right infrastructure in place now, on a lower and more efficient cost base, so we're positioned for growth moving into FY15 and beyond. Our financial position is much stronger, our debt position has

been cut in half, and we have the financial resources to invest in the business to achieve the operational goals we have set forth. We intend to deleverage the company over time, both through free cash flow generation and earnings growth, creating value for stockholders and our lenders. It will take time to execute this strategy and there will be added restructuring costs this year. But we will be a more efficient and profitable company next year, if we can stabilize, right-size and grow.

On behalf of the Board of Directors and all employees at School Specialty, I want to thank you for your continued patience and support.

Sincerely,

/s/ James R. Henderson

James R. Henderson
Chairman of the Board
Interim President and CEO

Financial and Legal Disclaimers

Non-GAAP Financial Information

The Company adopted fresh start accounting and reporting effective June 11, 2013, the Fresh Start Reporting Date. The financial statements as of the Fresh Start Reporting Date report the results of the Successor Company with no beginning retained earnings or accumulated deficit. Any financial statement presentation of the Successor Company represents the financial position and results of operations of a new reporting entity and is not comparable to prior periods presented by the Predecessor Company. The financial statements for periods ended prior to the Fresh Start Reporting Date do not include the effect of any changes in the Predecessor Company's capital structure or changes in the fair value of assets and liabilities as a result of fresh start accounting.

Accordingly, this letter includes non-GAAP financial information that combines GAAP results of the Successor Company for the seven weeks ended July 27, 2013 and GAAP results of the Predecessor Company for the six weeks ended June 11, 2013 and compares the combined results to the Predecessor Company's GAAP results for the three months ended July 28, 2012.

Management believes that the presentation of the combined results offers a useful non-GAAP normalized comparison to GAAP results of the Predecessor Company for the three months ended July 27, 2013.

This letter also includes a presentation of Adjusted EBITDA, a non-GAAP financial measure. Adjusted EBITDA is used by management as a measure for judging the company's operating performance and for estimating the company's earnings growth prospects. Adjusted EBITDA does not represent, and should not be considered, an alternative to net income or operating income as determined by GAAP, and our calculation may not be comparable to similarly titled measures reported by other companies.

A reconciliation of the combined results to the most directly comparable GAAP measures and of Adjusted EBITDA to combined net income is included in the accompanying Fiscal 2014 First Quarter Update dated September 19, 2013.

Statement Concerning Forward-Looking Information

Any statements made in this letter about future financial conditions, results of operations, expectations, plans, or prospects, including the information in the heading FY14 Outook, constitute forward-looking statements. Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "should," "plans," "targets" and/or similar expressions. These forward-looking statements are based on School Specialty's current estimates and assumptions and, as such, involve uncertainty and risk. Forward-looking statements are not guarantees of future performance, and actual results may differ materially from those contemplated by the forward-looking statements because of a number of factors, including the factors described in Item 1A of School Specialty's Annual Report on Form 10-K for the fiscal year ended April 27, 2013, which factors are incorporated herein by reference. Except to the extent required under the federal securities laws, School Specialty does not intend to update or revise the forward-looking statements.

Exhibit 99.2

School Specialty, Inc.

Fiscal 2014 First Quarter Update
September 19, 2013

Safe Harbor Statement/Non-GAAP Financial Information

Safe Harbor Statement

This presentation contains statements about future financial conditions, results of operations, expectations, plans, or prospects, including the information in the heading "FY14 Financial Outlook", that constitute forward-looking statements. Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "should," "plans," "targets" and/or similar expressions. These forward-looking statements are based on School Specialty's current estimates and assumptions as of the date of the information presented and, as such, involve uncertainty and risk. Forward-looking statements are not guarantees of future performance, and actual results may differ materially from those contemplated by the forward-looking statements because of a number of factors, including the factors described in Item 1A of School Specialty's Annual Report on Form 10-K for the fiscal year ended April 27, 2013, which factors are incorporated herein by reference. Except to the extent required under the federal securities laws, School Specialty does not intend to update or revise the forward-looking statements.

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Fiscal 2014 – 1Q Corporate Highlights

June 2013

- **Successful emergence from Chapter 11 with new financing and significant new equity investment**
  - New ownership and financing facilities
  - Improved capital position with stronger balance sheet
  - New equity investment in the form of equitization of DIP term loan upon emergence from Chapter 11

July 2013

- **Change in Senior Leadership**
  - Jim Henderson, Chairman, replaces Mike Lavelle and named Interim President and CEO
  - Dave Vander Ploeg, CFO to retire at year-end

August 2013

- **Process Improvement Program Begins**
  - Plans set for Distribution and Curriculum realignment
  - Distribution Center consolidation plans approved; Project Management Office and Steering Committee established

Emergence from Chapter 11 Reorganization

- Court approved plan of reorganization on May 23, 2013
- Completed financial restructuring and emerged from Chapter 11 on June 11, 2013
- Company raises $320 million in exit financing
  - 5-year $175 million Asset Based Loan led by Bank of America, N.A. and SunTrust Bank
  - 6-year $145 million Senior Secured Term Loan led by Credit Suisse Securities (USA) LLC
- More flexible capital structure in place to fund corporate strategy and operational realignment
- Working with vendors to set terms and secure deliveries for customers
- New ownership structure – issuance of approximately 1 million shares of new common stock to pre-petition DIP lenders and convertible bondholders

School Specialty

Changes in Senior Leadership

- **Jim Henderson, Chairman of the Board, replaces Michael Lavelle as Interim President and CEO**
  - Appointed by SSI Board of Directors
  - Significant financial, operational and turnaround expertise
  - Former COO, CFO and CEO of both public and private companies
  - Previously a Managing Director and operating partner of Steel Partners LLC
  - Currently serves as a Director of GenCorp and previously a director with DGT Holdings Corp., SL Industries, Inc., Point Blank Solutions, Inc., Angelica Corporation and WebFinancial Corporation

- **Dave Vander Ploeg, CFO, announces retirement**
  - Vander Ploeg to stay on with company through year-end to support transition

- **Board of Directors has retained Heidrick & Struggles**
  - Comprehensive search for CEO underway to find candidate with the right mix of industry knowledge, distribution expertise and turnaround experience
  - Search for new Board member and CFO to continue following CEO retention

School Specialty

Process Improvement Program Initiated

- Board of Directors has conducted operational assessment with support of Synergetics Worldwide
- Program reviewed and approved – officially commenced in September 2013
- Project Management Office and Steering Committees formed (led by Jim Henderson)
- Intended to drive operational process improvements and customer and supply chain efficiencies
- Expected to positively impact FY14 results without impacting customer-facing initiatives
- Annualized savings anticipated to be between $12-$15 million
  - One-time cash generation expected to be in excess of $20 million, primarily from inventory reduction due to consolidation of DCs
- Expect to launch additional phases in Process Improvement Program as Company reaches project milestones

Fiscal First Quarter Comparisons

Period Ended July 27, 2013 vs. Period Ended July 28, 2012

Consolidated Combined Statement of Operations

In Thousands, Except Per Share Amounts
Unaudited / Non-GAAP

	Successor Company	Predecessor Company	Non-GAAP Combined	Predecessor Company
	Seven Weeks Ended July 27, 2013	Six Weeks Ended June 11, 2013	Three Months Ended July 27, 2013	Three Months Ended July 28, 2012
Revenues	$ 143,499	$ 58,697	$ 202,196	$ 252,139
Cost of revenues	83,741	35,079	118,820	148,542
Gross profit	59,758	23,618	83,376	103,597
Selling, general and administrative expenses	35,867	27,473	63,340	75,116
Bankruptcy related restructuring charges	2,595	-	2,595	-
Operating income	21,296	(3,855)	17,441	28,481
Other expense:				
Interest expense	2,821	3,235	6,056	9,966
Reorganization items, net	1,280	(106,174)	(104,894)	-
Income before provision for income taxes	17,195	99,054	116,279	18,515
Provision for income taxes	252	1,641	1,893	259
Income before income of unconsolidated aff	16,943	97,443	114,386	18,256
Income of unconsolidated affiliate	-	-	-	119
Net income	$ 16,943	$ 97,443	$ 114,386	$ 18,375

School Specialty

Adjusted EBITDA Comparisons

In Thousands, Except Per Share Amounts
Unaudited / Non-GAAP

	Non-GAAP Combined		Predecessor Company	
	Three Months Ended July 27, 2013		Three Months Ended July 28, 2012	
Adjusted Earnings before interest, taxes, depreciation, amortization, banruptcy-related restructuring and impairment charges (EBITDA) reconciliation:				
Net income	$	114,386	$	18,375
Equity in (income) losses of unconsolidated affiliate		-		(119)
Provision for income taxes		1,893		259
Reorganization items, net		(104,894)		-
Bankruptcy related restructuring costs		2,595		-
Share-based compensation expense		-		119
Depreciation and amortization expense		5,849		7,016
Amortization of development costs		2,396		2,068
Net interest expense		6,056		9,966
Adjusted EBITDA	$	28,281	$	37,684

FY14 1Q Results Review

- **Combined revenue of $202.2 million, down $49.9 million or $19.8% YoY**
  - However, additional $22 million of orders received in Q1 were shifted into Q2
  - Order flow and bookings tempo have increased during Q2
  - Q1 revenues were -13% vs. forecast due to issues described above, Q2 revenues expected to be +10% vs. forecast
- **Combined gross profit margins increase 10 basis points to 41.2%**
  - Educational Resources margins increase due to product mix; Accelerated Learning margins decline due to product development costs
- **Combined SG&A of $63.3 million, down $11.8 million or 15.7%**
  - Cost control measures instituted in Q1 drive declines
  - New programs initiated in Q2 intended to drive incremental savings in FY14 and lower fixed cost base in FY15
- **Company records $104.9 million net restructuring gain related to cancellation of indebtedness, offset by reorganization, financing, professional services fee and fresh start accounting**
- **Q1 Adjusted EBITDA of $28.2 million and net income of $114.4 million**
  - Adjusted EBITDA affected by "timing" impact of orders which flowed into Q2

School Specialty

Condensed Consolidated Balance Sheet Comparison

In Thousands, Except Per Share Data

	Successor Company	Predecessor Company	
	July 27, 2013	April 27, 2013	July 28, 2012
ASSETS			
Current assets:			
Cash and cash equivalents	$ 9,787	$ 20,769	$ 5,542
Restricted cash	25,820	26,302	2,708
Accounts receivable, less allowance for doubtful accounts of $2,176, $926 and $2,597, respectively	138,879	58,942	178,293
Inventories	104,868	92,582	112,467
Deferred catalog costs	5,793	8,924	7,773
Prepaid expenses and other current assets	26,667	29,901	11,050
Refundable income taxes	5,334	9,793	3,580
Deferred taxes	-	-	4,797
Total current assets	317,148	247,213	326,210
Property, plant and equipment, net	46,309	39,209	54,238
Goodwill	23,661	-	41,010
Intangible assets, net	47,427	110,306	121,627
Development costs and other	38,042	30,079	40,274
Deferred taxes long-term	51	51	390
Investment in unconsolidated affiliate	715	715	10,019
Total assets	$ 473,353	$ 427,573	$ 593,768

Consolidated Balance Sheet Comparison (Cont'd)

In Thousands, Except Per Share Data

	Successor Company	Predecessor Company	
	July 27, 2013	April 27, 2013	July 28, 2012
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)			
Current liabilities:			
Current maturities - long-term debt	$ 62,229	$ 198,302	$ 79,444
Accounts payable	49,124	22,897	103,099
Accrued compensation	7,597	7,197	10,723
Deferred revenue	2,605	2,237	3,354
Accrued fee for early termination of long-term debt	25,582	25,000	-
Other accrued liabilities	34,467	21,905	26,027
Total current liabilities	181,604	277,538	222,647
Long-term debt - less current maturities	152,932	-	285,508
Other liabilities	925	925	587
Liabilities subject to compromise	-	228,302	-
Total liabilities	335,461	506,765	508,742
Commitments and contingencies			
Stockholders' equity (deficit):			
Predecessor preferred stock, $0.001 par value per share, 1,000,000 shares authorized; none outstanding	-	-	-
Predecessor common stock, $0.001 par value per share, 150,000,000 shares authorized; 24,599,159 and 24,597,856 shares issued, respectively	-	24	24
Predecessor capital in excess of par value	-	440,232	444,456
Predecessor treasury stock, at cost, 5,420,210 and 5,420,210 shares, respectively	-	(156,637)	(156,637)
Successor preferred stock, $0.001 par value per share, 500,000 shares authorized, none outstanding	-	-	-
Successor common stock, $0.001 par value per share, 2,000,000 shares authorized, 1,000,004 shares outstanding	1	-	-
Successor capital in excess of par value	120,955	-	-
Accumulated other comprehensive income (loss)	(7)	22,381	22,308
Retained earnings (accumulated deficit)	16,943	(361,192)	(195,125)
Total stockholders' equity (deficit)	137,892	(79,192)	85,026
Total liabilities and stockholders' equity (deficit)	$ 473,353	$ 427,573	$ 593,768

School Specialty

Balance Sheet Review

- Recapitalization has de-levered the Company with total debt down by approximately $160 million from year-end and approximately $150 million from Q1 last year
- Successor company assets restated to fair value as of June 11, 2013
- ABL balance of $60.8 million at end of Q1-14 versus $123.4 million at end of Q1-13
  - Expect this to be peak ABL draw in fiscal year 2014
  - Significant availability in excess of ABL balance at quarter end
- Accounts payable balances down $53 million YoY as Company continues efforts to restore trade credit with all vendors
  - Approximately 50% of trade vendors have returned to normal credit terms
  - Prepaid inventory is up approximately $15 million YoY
- Management focused on efforts to unlock "trapped cash" in working capital

School Specialty

Consolidated Statement of Cash Flows

In Thousands, Except Per Share Data

	Successor Company	Predecessor Company	Non-GAAP Combined	Predecessor Company
	Seven Weeks Ended July 27, 2013	Six Weeks Ended June 11, 2013	Three Months Ended July 27, 2013	Three Months Ended July 28, 2012
Cash flows from operating activities:				
Net income	$ 16,945	$ 97,443	$ 114,388	$ 18,373
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and intangible asset amortization expense	2,366	2,983	5,349	7,016
Amortization of development costs	1,475	915	2,390	2,065
Non-cash reorganization items	-	(121,043)	(121,043)	-
Amortization of debt fees and other	392	9	401	3,037
(Income) loss of unconsolidated affiliate	-	-		(119)
Share-based compensation expense	-	-	-	119
Non-cash convertible debt interest expense	-	-		2,222
Changes in current assets and liabilities:				
Accounts receivable	(72,185)	(8,011)	(80,199)	(115,495)
Inventories	(2,182)	(18,255)	(20,437)	(11,966)
Deferred catalog costs	1,377	1,754	3,131	2,964
Prepaid expenses and other current assets	5,010	722	5,732	49
Accounts payable	10,879	11,012	21,891	28,324
Accrued liabilities	(5,067)	12,488	6,421	9,492
Net cash used in operating activities	(41,492)	[illegible]	(51,472)	[illegible]
Cash flows from investing activities:				
Additions to property, plant and equipment	(514)	(243)	(757)	(1,133)
Change in restricted cash	482	-	482	(2,705)
Investment in product development costs	(880)	(465)	(1,345)	(1,718)
Net cash used in investing activities	(912)	(708)	(1,619)	(5,611)
Cash flows from financing activities:				
Proceeds from bank borrowings, net	37,042	7,561	44,603	476,658
Repayment of debt and capital leases	-	(149,619)	(149,619)	(406,623)
Issuance of debt	-	165,924	165,924	-
Payment of debt fees and other	(385)	(2,415)	(2,800)	[illegible]
Net cash provided by financing activities	36,657	[illegible]	58,108	[illegible]
Net increase (decrease) in cash and cash equivalents	(5,747)	(5,255)	(10,952)	5,025
Cash and cash equivalents, beginning of period	15,334	20,749	20,749	434
Cash and cash equivalents, end of period	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
Supplemental disclosures of cash flow information:				
Interest paid	$ 2,132	$ 601		$ 4,504
Income taxes paid	$ -	$ -		$ 371

School Specialty

Process Improvement Program

Companywide efficiency driven programs focused on processes

- Phase I:
  - LEAN Process Implementations
  - Product Management and S&OP
  - Warehouse and Distribution Center Configuration
  - SKU Rationalization
- Phase II:
  - Sales, Marketing and Merchandising Alignment
  - SKU Rationalization (ongoing)
  - Customer Care Process Management
  - Corporate Consolidation Programs

School Specialty

Operational Updates

- **Distribution Center consolidation**
  - Two distribution centers to be closed by December 2013
  - Company to invest in Mansfield, OH operations with Greenville, WI providing surge capacity
  - Proximity to customers and key suppliers drive moves

- **Exiting of Commercial Printing operations**
  - Sale of Premier Graphics to local company who becomes Print Partner
  - Closing of Hammond and Stephens Print Plant in Salina, KS
  - Transition to outsourced model; resources placed behind sales and brands

- **Companywide realignment**
  - Back-end realignment around Distribution business model
  - Planned integration of Science and Reading groups into Curriculum segment

Expected FY14 cost savings:	***$3-$5 million***
Expected Annualized cost savings:	***$12-$15 million***

School Specialty

FY14 Financial Outlook

- **Net revenues expected to be between \$620 - \$630 million; Business conditions improving and revenue tracking in line with FY14 plan post-reorganization**
  - Core supplies business expected to exceed forecast for first half and full year of Fiscal '14
- **Gross profit margins to be comparable with prior years**
- **Restructuring charges anticipated to be \$12-\$14 million**
- **Cap Ex to be approximately \$16-17 million (budgeted at \$19 million)**
- **EBITDA expected to be \$40-\$44 million, which includes \$2 million of public company costs not originally included in disclosure statement forecast**
  - EBITDA excluding public company costs expected to be in line with disclosure statement forecast
- **Process Improvement Programs expected to reduce FY14 costs by \$3-\$5 million; anticipate lower fixed costs in FY15; Company expects annualized recurring savings of \$12-15 million**
  - Programs to generate one-time cash savings in excess of \$20 million

Top Corporate Priorities

- ✓ Stabilize revenue
- ✓ Align organization and footprint to reflect current sales
- ✓ Drive sustainable and improved earnings and cash flow
- ✓ Put a foundation in place for long-term growth

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