

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re School Specialty, Inc. et al

Case No. 13-10125 (KJC)
Reporting Period: December 29, 2013 - March 29, 2014

POST CONFIRMATION QUARTERLY SUMMARY REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month.

	Form No.	Document Attached	Explanation Attached	Affadavit Attached
Schedule of Cash Receipts and Disbursements	PCQSR-1a	X		
Schedule of Cash Disbursements for Calculating US Trustee Fee	PCQSR-1a.a	X		
Bank Reconciliation (or copies of debtor's bank reconciliations)	PCQSR-1b		X	
Schedule of Bank Accounts with Book Balances	PCQSR-1c	X		
Statement of Operations	PCQSR-2	X		
Balance Sheet	PCQSR-3	X		
Listing of Debtor Entities	Appendix A	X		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date



Signature of Authorized Individual*

4/15/14

Date

Kevin L. Baehler

Printed Name of Authorized Individual

Interim CFO

Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.



In Re School Specialty, Inc. et al**Chapter 11****Debtor****Case No. 13-10125 (KJC)**

PCQSR - 1
Schedule of Cash Receipts and Disbursements
For the period December 29, 2013 to March 29, 2014

Receipts

Accounts receivable collections		
Lockbox deposits	\$	50,016,529
Credit card receipts		13,163,796
Wires/EFTs/ACHs		10,266,428
Other		
Rent		-
Total Receipts		73,446,753

Disbursements

Payroll		13,590,241
Rent		1,028,808
Freight		8,032,653
Taxes		1,662,489
Inventory		52,894,378
SG&A and other		16,594,451
Total Operating Expenses		93,803,020
Net Operating Cash Flow		(20,356,267)

Non-Operating Cash Flows

ABL Interest Expense	\$	273,234
ABL Commitment Fee		-
ABL Closing Fee		-
ABL Fees		385
Term Loan Interest Expense		3,443,750
Term Loan Closing Fee		-
Term Loan Commitment Fee		-
Debtor Professional Fees & Expense		674,998
Secured Lender Early Termination Fee		-
Secured Lenders' Professional Fees and Expenses		179,383
Expense of Secured Lender		-
US Trustees Fees		30,000
Unsecured Lender Professional Fees		30,899
Exit Financing Professional Fees & Expenses		-
Exit Financing Fees		-
Exit Financing ABL Commitment Fee		-
Exit Financing ABL Legal Fees		-
Exit Financing Term Loan Commitment Fee		-
Exit Financing Term Loan Underwriting Fee		-
Exit Financing Term Loan Admin Fee		-

Total Non-Operating Cash Flows		4,632,649
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Net Cash Flow		(24,988,916)
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In Re School Specialty, Inc. et al**Chapter 11****Debtor****Case No. 13-10125 (KJC)**

PCQSR - 1a
Schedule of Cash Disbursements by Legal Entity
For the period December 29, 2013 to March 29, 2014

Debtor Entity	Bankruptcy Case Number	Disbursements (1)
School Specialty, Inc.	13-10125 (KJC)	98,435,669
Total Disbursements		<u>\$ 98,435,669</u>

Notes:

- 1 Disbursement amounts include all payments clearing the bank during the period. Intercompany transfers are not included.
- 2 Debtor entity does not have disbursements to report during the period.
- 3 Disbursements for Debtors were estimated based on changes within the corresponding intercompany accounts. This method was utilized in order estimate payments made by the parent entity, School Specialty, Inc., on behalf of other subsidiary debtors. The consolidated entity utilizes a centralized treasury function in which disbursements are paid from a School Specialty, Inc.-owned bank account. The activity in the transactional intercompany accounts is a proxy for cash flow for the non-parent debtors. See Cash Management motion for further details on the Debtors treasury and cash management functions.

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**PCQSR - 1a.1
 Disbursements by Legal Entity for Calculating US Trustee Fees
 For the period December 29, 2013 to March 29, 2014**

<u>Debtor Entity</u>	<u>Disbursements</u>	<u>US Trustee Fees</u>
School Specialty, Inc.	98,435,669	30,000
	<u>98,435,669</u>	<u>\$ 30,000</u>

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MOR - 1a(Dec)

For the period December 29, 2013 to March 29, 2014

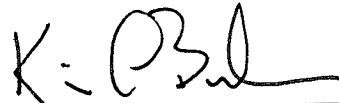
Declaration Regarding the Cash Disbursements Schedule
As of March 29, 2014

Kevin Baehler hereby declares under penalty of perjury:

- 1 I am the Chief Financial Officer for School Specialty, Inc. et al, the above-captioned debtors and debtors in possession (collectively, the "Debtors"). I am familiar with the Debtors day-to-day operations, business affairs and books and records.
- 2 The Debtors submit the Declaration regarding cash disbursements in lieu of providing copies of the cash disbursement schedules.
- 3 All statements in the Declaration are based on my personal knowledge, my review of the relevant documents, my discussions with other employees of the Debtors, or my opinion based upon my experience and knowledge of the Debtors' operations and financial condition. If I were called upon to testify, I could and would testify to each each of the facts set forth herein based on such personal knowledge, review of documents or opinion. I am authorized to submit this Declaration on behalf of the Debtors.
- 4 The Debtors have, on a timely basis, disbursed approximately \$98,500,000 for post-petition and allowable pre-petition amounts for the period December 29, 2013 through March 29, 2014. Copies of the cash disbursement schedules are available for inspection upon request by the Office of the United States Trustee.

Dated April 15, 2014

Respectfully submitted,



By: Kevin Baehler

Title: Interim Chief Financial Officer

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PCQSR - 1b

For the period December 29, 2013 to March 29, 2014

Declaration Regarding the Status of Bank Reconciliations of the Debtors

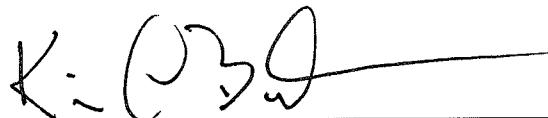
As of March 29, 2014

Kevin Baehler hereby declares under penalty of perjury:

- 1 I am the Chief Financial Officer for School Specialty, Inc. et al, the above-captioned debtors and debtors in possession (collectively, the "Debtors"). I am familiar with the Debtors day-to-day operations, business affairs and books and records.
- 2 All statements in the Declaration are based on my personal knowledge, my review of the relevant documents, my discussions with other employees of the Debtors, or my opinion based upon my experience and knowledge of the Debtors' operations and financial condition. If I were called upon to testify, I could and would testify to each each of the facts set forth herein based on such personal knowledge, review of documents or opinion. I am authorized to submit this Declaration on behalf of the Debtors.
- 3 To the best of my knowledge, all of the Debtors' bank balances as of March 29, 2014 have been reconciled in an accurate and timely manner.

Dated April 15, 2014

Respectfully submitted,



By: Kevin Baehler

Title: Interim Chief Financial Officer

In Re School Specialty, Inc. et al

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PCQSR - 1c
Schedule of Bank Accounts with Book Balances
As of March 29, 2014

<u>Bank Account</u>	<u>Debtor</u>	<u>Book Balance</u>
JPMorgan Operating XXXXX9092	School Specialty, Inc.	706,806
JPMorgan Lockbox Deposit XXXXX2298	School Specialty, Inc.	-
JPMorgan Concentration XXXXX4536	School Specialty, Inc.	-
JPMorgan Credit Card Depository XXXXXX8104	School Specialty, Inc.	-
JPMorgan Working Fund XXXXX1024	School Specialty, Inc.	-
JP Morgan Fee Claim XXXXX8317	School Specialty, Inc.	100,000
Bank of America Operating XXXXXX7474	School Specialty, Inc.	542,975
Bank of America E-Tail Depository XXXXXX7479	School Specialty, Inc.	-
Bank of America Term Loan XXXXXX7493	School Specialty, Inc.	-
Bank of America Disbursements Sales & Use Tax XXXXXX7498	School Specialty, Inc.	-
Bank of America Credit Card Depository XXXXXX7870	School Specialty, Inc.	-
Bank of America Payroll XXXXXX0074	School Specialty, Inc.	-
Bank of America Medical XXXXXX0079	School Specialty, Inc.	-
Bank of America Flexible Spending XXXXXX0093	School Specialty, Inc.	-
Bank of America Disbursements XXXXXX0111	School Specialty, Inc.	-
		<u>\$ 1,349,781</u>

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PCQSR - 2
Consolidated Debtor Income Statement
For the Quarter Ended March 29, 2014

Unaudited	School Specialty
Total Sales	74,767,845
Total COS	45,061,311
Std Cost Variances	(175,648)
FIFO Revaluation	150,349
Product Dev Amort	630,895
Freight-In	2,198,603
Other Variances	508,499
	<hr/>
Actual Gross Profit	26,393,836
Actual Gross Margin	35.3%
Administrative Exp	8,779,739
Supply Chain Exp	8,570,224
Total Selling Expense	12,114,469
Marketing & Merch Exp	3,429,672
One time Charges	3,128,125
Other	(63,515)
Stock Options Expense	-
Total Expenses	35,958,715
Direct Contribution Margin	(9,564,878)
Depreciation in COGS	(6,811)
Product Dev Amort in COGS	(630,895)
EBITDA	(8,927,172)
Depreciation	3,119,460
EBITA	(12,046,632)
Intangible Amortization	952,637
Product Dev Amortization	630,895
EBIT	(13,630,164)
Interest	4,659,718
EBT	(18,289,882)
Tax Expense	1,794
NI from Controlling Int	(18,291,676)
Non-Controlling Interest	-
Tax Expense	-
Net Income	(18,291,676)

In Re School Specialty, Inc. et al

Debtor
PCQSR - 3
Consolidated Debtor Balance Sheet
For the Month Ended March-14
Unaudited

	SSI
ASSETS	
Cash	1,349,781
Trade Accounts Receivable	37,808,693
Allow for Doubtful Accounts	(362,340)
Bad Debt Recovery	(113,416)
Database Credits	-
Database Debits	-
Allowance for Credits & Returns	(646,826)
Accts Rec Allowances	(1,122,583)
Net Accounts Receivable	36,686,110
Inventory	63,794,095
Inventory Reserve	(3,422,537)
Net Inventory	60,371,558
Receivables Other	2,242,883
Net Prepaid Catalog	7,826,410
Other Prepaid Expenses	3,546,428
Prepaid Expense & Other	13,615,720
TOTAL CURRENT ASSETS	112,023,170
Net Fixed Assets	36,261,816
Net Intangibles	19,464,325
Other Long Term Assets	17,790,713
Minority Interest	715,000
TOTAL ASSETS	186,255,024
LIABILITIES	
AP Trade	(23,063,489)
Accrued Accts Payable	(836,228)
Intercompany Charges	(38,141,442)
Sales Leaseback Debt	0
Accrued Compensation	(4,492,128)
Net Accrued Commissions	(1,117,677)
Accrued Liabilities	(7,081,379)
TOTAL CURRENT LIABILITIES	(72,445,201)
Convertible Debt 2nd	-
Long Term Debt	(147,761,667)
Post Chapter 11 Loans	(12,351,783)
Total Bank & Convert Debt	(160,113,450)
Intercompany Purchase Price	174,358,335
Deferred Tax Liability	-
Other Long Term Liability	(1,835,041)
TOTAL LIABILITIES	(60,035,357)
SHAREHOLDERS' EQUITY	
Common Stock	(1,000)
Treasury Stock	-
Paid In Capital	(120,648,463)
Investment by Parent	-
Retained Earnings	-
Current Year Profit	(5,570,765)
Dividend Paid	-
CTA	561
Total Shareholders' Equity	(126,219,667)
TOTAL LIABILITIES & EQUITY	(186,255,024)

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Appendix A

Listing of Debtor Entities

For the period December 29, 2013 to March 29, 2014

<u>Debtor Entity</u>	<u>Bankruptcy Case Number</u>
School Specialty, Inc.	13-10125 (KJC)