Docket #0849 Date Filed: 4/21/2013

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
SCHOOL SPECIALTY, INC., *et al.*,[1]	)	Case No. 13-10125 (KJC)
	)	
Debtors.	)	(Jointly Administered)
	)	
	)	**Re: Docket Nos. 838, 839, 847**

OBJECTION AND RESERVATION OF RIGHTS OF AMERICAN ART CLAY CO., INC. TO THE REVISED PROPOSED ORDER APPROVING DISCLOSURE STATEMENT AND RELATED PROCEDURES AND TO THE DISCLOSURE STATEMENT FOR DEBTORS' AMENDED JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE AND JOINDER IN THE OBJECTION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

American Art Clay Co., Inc. ("AMACO"), by and through its counsel, Barnes & Thornburg LLP, submits this objection and reservation of rights (the "Objection") to the Revised Proposed Order Approving Disclosure Statement and Related Procedures, dated April 19, 2013 [D.I. 839] and the Disclosure Statement (the "Disclosure Statement") for Debtors' Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (the "Plan") (each as amended) [D.I. 838] and joins in the Objection and Reservation of Rights of the Official Committee of Unsecured Creditors to the Revised Proposed Order Approving the Disclosure Statement and Related Procedures and to the Disclosure Statement for Debtors' Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (the "Committee Objection") [D.I. 847]. In support of its Objection, AMACO states as follows:

[1] The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: School Specialty, Inc. (1239); Bird-In-Hand Woodworks, Inc. (8811); Califone International, Inc. (3578); Childcraft Education Corp. 9818); ClassroomDirect.com, LLC (2425); Delta Education, LLC (8764); Frey Scientific, Inc. (3771); Premier Agendas, Inc. (1380); Sax Arts & Crafts, Inc. (6436); and Sportime, LLC (6939).

1. AMACO is a trade creditor of the Debtors and was listed as the 12th largest creditor within the Debtors' list of top 40 unsecured creditors which accompanied their Chapter 11 petitions. AMACO has filed a proof of claim in the amount of $690,715.43.

2. AMACO shares the concerns of the Official Committee of Unsecured Creditors (the "Committee") expressed in the Committee Objection. Like the Committee, AMACO has had little time to evaluate the extensive revisions to the Disclosure Statement and Plan filed on Friday, April 19.

3. AMACO shares the Committee's questions about the valuation of the Reorganized Debtors, and correspondingly has concerns about the proposed distribution of equity in the Reorganized SSI,[2] which, until Friday, included holders of Class 5A General Unsecured Claims such as AMACO. Under the amended version of the Plan, for Trade Claimants holding General Unsecured Claims, there would be a cash distribution ranging from 10% to 20% (not including a convenience election), unaccompanied by any of the New SSI Common Stock.

4. In contrast, although the Unsecured Claims within Class 5A and Class 5B have the same priority, the Class 5B Noteholder Unsecured Claims are proposed to be treated differently and would obtain a share of the New SSI Common Stock. There is no explanation of why Trade Claimants are not accorded the possibility of an election to participate in the New SSI Common Stock.

5. AMACO joins in the Committee's position that the Disclosure Statement does not provide adequate information about the details and mechanics for Trade Claimants to make a Trade Election and to qualify for a Trade Payment.

[2] Capitalized terms that are not otherwise defined herein shall have the meaning given to such terms in the Disclosure Statement.

6. AMACO reserves the right to supplement this Objection and to raise these issues and any other issues that may come to light as a result of AMACO's review of the Disclosure Statement revisions at the hearing on Monday, April 22, 2013, or any future hearing on the Disclosure Statement, and at any hearing(s) on confirmation of the Plan.

7. For the foregoing reasons, AMACO respectfully requests that the Court (a) sustain this Objection, (b) deny approval of the Disclosure Statement, and (c) grant to AMACO such other and further relief as the Court deems appropriate under the circumstances.

Dated: April 21, 2013

BARNES & THORNBURG LLP

/s/ Kevin G. Collins

Mark R. Owens (No. 4364)
Kevin G. Collins (No. 5149)
1000 N. West Street, Suite 1500
Wilmington, DE 19801
Telephone: (302) 300-3434
Facsimile: (302) 300-3456
mark.owens@btlaw.com
kevin.collins@btlaw.com

Counsel for American Art Clay Co., Inc.