Docket #1148 Date Filed: 5/23/2013

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)
	(Jointly Administered)
Debtors.	Re: Docket No. 862

NOTICE OF FILING OF LETTER WITH RESPECT TO THE TRADE ELECTION BETWEEN DEBTORS AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

PLEASE TAKE NOTICE that on May 23, 2013, the Official Committee of Unsecured Creditors (the "Committee") filed a letter (the "Letter") between the Debtors and the Committee in connection with the trade election under the *Debtors' Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code*. [D.I. 862] A copy of the Letter is attached hereto as Exhibit A.

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[1] The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number and state of incorporation, are: School Specialty, Inc. (Wisc.; 1239), Bird-In-Hand Woodworks, Inc. (N.J.; 8811), Califone International, Inc. (Del.; 3578), Childcraft Education Corp. (N.Y.; 9818), ClassroomDirect.com, LLC (Del.; 2425), Delta Education, LLC (Del.; 8764), Frey Scientific, Inc. (Del.; 3771), Premier Agendas, Inc. (Wash.; 1380), Sax Arts & Crafts, Inc. (Del.; 6436), and Sportime, LLC (Del.; 6939). The address of the Debtors' corporate headquarters is W6316 Design Drive, Greenville, Wisconsin 54942.

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Dated: Wilmington, Delaware
May 23, 2013

/s/ Jamie L. Edmonson

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EXHIBIT A



May 3, 2013

Official Committee of Unsecured Creditors
c/o Brown Rudnick LLP
7 Times Square
New York, NY 10036

Re: School Specialty, Inc., *et al*, Chapter 11 Case No. 13-10125

Pursuant to the terms of the *Debtors' Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* dated April 24, 2013 filed by School Specialty, Inc., *et al.* (collectively, the "Debtors" or the "Company") in Chapter 11 Case No. 13-10125 (the "Plan"), holders of Trade Unsecured Claims[1] (Class 6 Claims), who hold claims arising from the holder's prepetition provision of goods and/or services to the Debtors, with whom the Reorganized Debtors will continue to do business after the Effective Date, may elect (a "Trade Election") to provide the Reorganized Debtors with trade terms reasonably equivalent to the trade terms in effect between the Debtors and such holder in calendar year 2012 ("2012 Trade Terms"), from the date of the Trade Election until September 30, 2014. If a holder of a Trade Unsecured Claim makes a Trade Election and provides 2012 Trade Terms (or their reasonable equivalent) to the Reorganized Debtors for the required period of time, the holder will receive a "Trade Payment" equal to forty-five percent (45%) of its allowed claim, plus interest that accrues quarterly at a rate of ten percent (10%) per annum from the Effective Date through payment. Class 6 holders of Trade Unsecured Claims who do not agree to provide the Reorganized Debtors with 2012 Trade Terms and do not make the Trade Election, will be entitled to receive a payment equal to twenty percent (20%) of their allowed claim, plus interest that accrues quarterly at a rate of five percent (5%) per annum beginning on Effective Date through payment.

The Official Committee of Unsecured Creditors (the "Committee") understands that certain holders of Trade Unsecured Claims have been notified that their executory contracts with the Company will be rejected and their claims put in Class 5 and treated as General Unsecured Claims, with the result that holders of these claims will be entitled to receive a payment equal to twenty percent (20%) of their allowed claim, plus interest that accrues quarterly at a rate of five percent (5%) per annum beginning on Effective Date through payment, **if** the Company believes that (A) (i) more competitive pricing terms than a particular holder's pricing terms can be provided by an alternative vendor (the "Alternative Vendor") in the marketplace; and (ii) the Alternative Vendor also will provide other trade terms reasonably consistent with the particular holder's 2012 Trade Terms ("Situation A") or (B) more competitive or similar pricing terms than a particular holder's pricing terms can be provided an Alternative Vendor; and (ii) the Alternative Vendor will provide other material trade terms that are objectively, materially better than the particular holder's 2012 Trade Terms ("Situation B"). The Committee understands that the Company may also take the same position as to holders of Trade Unsecured Claims without executory contracts. The Committee has requested that the Company agree to certain procedures to address the Committee's concerns that the aspects of the Plan addressed above are carried out in good faith and the Company has agreed, subject to the terms herein.

[1] Capitalized terms used but not otherwise defined in this letter shall have the meanings assigned to them in the Disclosure Statement or the Plan.

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In the event that the Company believes that, as per above, more competitive trade terms can be provided by an Alternative Vendor such that either Situation A or Situation B applies, the Company must provide written documentation to holder of the Trade Unsecured Claim that identifies and confirms said pricing and other terms and confirms in writing that said terms are available from a bona fide third party provider and if the holder of the Trade Unsecured Claim has any doubt about said bona fides, the holder of the Trade Unsecured Claim may request that the Company disclose such identity (and said terms) to the Ombudsman for confirmation. (If the Ombudsman does not believe such disclosure has been made in good faith, or the Ombudsman believes the disclosure to be otherwise intentionally misleading, the Ombudsman may petition a court of competent jurisdiction for determination of whether such disclosure was actually made in good faith or was intentionally misleading.) **The holder of the Trade Unsecured Claim then will have the following options:**

1) In the case of situation A, match the pricing of the Alternative Vendor and continue to supply the Company based on the alternative pricing and other 2012 Trade Terms agreed upon with the Company. In such case, the holder of the Trade Unsecured Claim will be entitled to the Class 6 treatment for Trade Claimants.

2) In the case of situation B, match the proposal of the Alternative Vendor and continue to supply the Company based on the alternative pricing and trade terms, or such other terms as agreed upon with the Company. In such case, the holder of the Trade Unsecured Claim will be entitled to the Class 6 treatment for Trade Claimants.

3) Not to match the Alternative Vendor's proposal, in which case the Company may decline to resume a trade relationship with the holder of the Trade Unsecured Claim, and the Company will be entitled to take the offer of the Alternative Vendor over that of the holder of the Trade Unsecured Claim. In such case, the holder of the Trade Unsecured Claim will then be entitled to Class 5 treatment or Class 6 treatment for holders of Trade Unsecured Claims that do not make the Trade Election, as the case may be.

The Company shall inform its employees and advisors responsible for handling these matters of all of the above mentioned terms and conditions, and will monitor the same for compliance.

SCHOOL SPECIALTY, INC.

By: its counsel
Jeffrey D. Saferstein
Paul, Weiss, Rifkind, Wharton & Garrison LLP
Dated: May 16, 2013

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AGREED AND ACKNOWLEDGED:

OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: its counsel
Robert J. Stark
Brown Rudnick, LLP
Dated: May 17, 2013

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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

CERTIFICATE OF SERVICE

I hereby certify that on the 23rd day of May 2013, true and correct copies of the **Notice of Filing of Side Letter Between Debtors and the Official Committee of Unsecured Creditors** was served on the attached Notice Parties Service List via hand delivery to all local parties and First Class U.S. mail to all remaining parties.

Dated: May 23, 2013

VENABLE LLP

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[1] The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number and state of incorporation, are: School Specialty, Inc. (Wisc.; 1239), Bird-In-Hand Woodworks, Inc. (N.J.; 8811), Califone International, Inc. (Del.; 3578), Childcraft Education Corp. (N.Y.; 9818), ClassroomDirect.com, LLC (Del.; 2425), Delta Education, LLC (Del.; 8764), Frey Scientific, Inc. (Del.; 3771), Premier Agendas, Inc. (Wash.; 1380), Sax Arts & Crafts, Inc. (Del.; 6436), and Sportime LLC (Del.; 6939). The address of the Debtors' corporate headquarters is W6316 Design Drive, Greenville, Wisconsin 54942.

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