UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re School Specialty, Inc. et al

Case No. **13-10125 (KJC)**
Reporting Period: **September 28, 2014 - December 27, 2014**

POST CONFIMATION 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* — Date: 1/20/15

Printed Name of Authorized Individual: Kevin L. Baehler — Title of Authorized Individual: CAO

*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.

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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 September 28, 2014 to December 27, 2014

Receipts	
Accounts receivable collections	
Lockbox deposits	$ 111,388,500
Credit card receipts	23,543,321
Wires/EFTs/ACHs	12,944,978
Other	
Rent	-
Total Receipts	147,876,799
Disbursements	
Payroll	23,184,870
Rent	1,028,638
Freight	8,257,190
Taxes	2,309,819
Inventory	47,194,480
SG&A and other	26,243,571
Total Operating Expenses	108,218,568
Net Operating Cash Flow	39,658,231
Non-Operating Cash Flows	
ABL Interest Expense	$ 451,860
ABL Amendment Fee	175,000
ABL Closing Fee	-
ABL Fees	103,835
ABL EXIT Annual Agent Fee	-
Term Loan Interest Expense	3,426,313
Term Loan Closing Fee	-
Term Loan Commitment Fee	-
Debtor Professional Fees & Expense	116,756
Secured Lender Early Termination Fee	-
Secured Lenders' Professional Fees and Expenses	-
Expense of Secured Lender	-
US Trustees Fees	30,000
Unsecured Lender Professional Fees	4,654
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	4,308,416
Net Cash Flow	35,349,815

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 September 28, 2014 to December 27, 2014

Debtor Entity	Bankruptcy Case Number	Disbursements (1)
School Specialty, Inc.	13-10125 (KJC)	112,526,984
Total Disbursements		$ 112,526,984

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.

In Re School Specialty, Inc. et al **Chapter 11**

Debtor **Case No. 13-10125 (KJC)**

PCQSR - 1a.1
Disbursements by Legal Entity for Calculating US Trustee Fees
For the period September 28, 2014 to December 27, 2014

Debtor Entity	Disbursements	US Trustee Fees
School Specialty, Inc.	112,526,984	$ 30,000

In Re School Specialty, Inc. et al **Chapter 11**

Debtor **Case No. 13-10125 (KJC)**

MOR - 1a(Dec)
For the period September 28, 2014 to December 27, 2014

Declaration Regarding the Cash Disbursements Schedule
As of December 27, 2014

Kevin Baehler hereby declares under penalty of perjury:

1 I am the Chief Accounting 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 $112,500,000 for post-petition and allowable pre-petition amounts for the period September 28, 2014 through December 27, 2014. Copies of the cash disbursement schedules are available for inspection upon request by the Office of the United States Trustee.

Dated January 20, 2015

Respectfully submitted,

By: Kevin Baehler
Title: Chief Accounting Officer

In Re School Specialty, Inc. et al **Chapter 11**

Debtor **Case No. 13-10125 (KJC)**

PCQSR - 1b
For the period September 28, 2014 to December 27, 2014

Declaration Regarding the Status of Bank Reconciliations of the Debtors
As of December 27, 2014

Kevin Baehler hereby declares under penalty of perjury:

1 I am the Chief Accounting 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 December 27, 2014 have been reconciled in an accurate and timely manner.

Dated January 20, 2015

Respectfully submitted,

By: Kevin Baehler
Title: Chief Accounting Officer

In Re School Specialty, Inc. et al **Chapter 11**

Debtor **Case No. 13-10125 (KJC)**

PCQSR - 1c
Schedule of Bank Accounts with Book Balances
As of December 27, 2014

Bank Account	Debtor	Book Balance
Bank of America Operating XXXXXX7474	School Specialty, Inc.	3,887,236
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 XXXXXX01111	School Specialty, Inc.	-
		$ 3,887,236

In Re School Specialty, Inc. et al — Chapter 11

Debtor — Case No. 13-10125 (KJC)

PCQSR - 2
Consolidated Debtor Income Statement
For the Quarter Ended December 27, 2014

Unaudited	School Specialty
Total Sales	73,995,311
Total COS	46,039,230
Std Cost Variances	188,701
FIFO Revaluation	(110,864)
Product Dev Amort	679,735
Freight-In	2,941,955
Other Variances	916,450
Actual Gross Profit	23,340,104
Actual Gross Margin	33.5%
Administrative Exp	6,616,314
Supply Chain Exp	8,973,190
Total Selling Expense	11,988,795
Marketing & Merch Exp	5,090,093
One time Charges	3,731,850
Other	177,549
Stock Options Expense	140,479
Total Expenses	36,718,269
Direct Contribution Margin	(13,378,165)
Depreciation in COGS	(31,800)
Product Dev Amort in COGS	(679,735)
EBITDA	(12,666,631)
Depreciation	3,161,230
EBITA	(15,827,861)
Intangible Amortization	341,900
Product Dev Amortization	679,735
EBIT	(16,849,496)
Interest	4,822,183
EBT	(21,671,679)
Tax Expense	(223,937)
Net Income	(21,447,742)

In Re School Specialty, Inc. et al

Debtor

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

	SSI
ASSETS	
Cash	3,887,236
Trade Accounts Receivable	44,112,194
Allow for Doubtful Accounts	(24,457)
Bad Debt Recovery	(132,844)
Database Credits	-
Database Debits	-
Allowance for Credits & Returns	(254,664)
Accts Rec Allowances	(411,965)
Net Accounts Receivable	43,700,229
Inventory	51,422,840
Inventory Reserve	(612,453)
Net Inventory	50,810,388
Receivables Other	5,281,149
Net Prepaid Catalog	6,787,967
Other Prepaid Expenses	5,016,754
Prepaid Expense & Other	17,085,870
TOTAL CURRENT ASSETS	115,483,723
Net Fixed Assets	34,646,844
Net Intangibles	18,251,958
Other Long Term Assets	17,063,689
Minority Interest	715,000
TOTAL ASSETS	186,161,213
LIABILITIES	
AP Trade	(21,813,762)
Accrued Accts Payable	1,585,033
Intercompany Charges	(50,267,569)
Accrued Compensation	(3,008,380)
Net Accrued Commissions	(332,299)
Accrued Liabilities	(11,235,375)
TOTAL CURRENT LIABILTIES	(84,082,984)
Convertible Debt 2nd	-
Long Term Debt	(147,442,304)
Post Chapter 11 Loans	(17,165,321)
Total Bank & Convert Debt	(164,607,624)
Intercompany Purchase Price	174,358,396
Deferred Tax Liability	-
Other Long Term Liability	(974,017)
TOTAL LIABILITIES	(75,306,230)
SHAREHOLDERS' EQUITY	
Common Stock	(1,000)
Treasury Stock	-
Paid In Capital	(119,531,996)
Investment by Parent	-
Retained Earnings	(1,828,804)
Current Year Profit	10,601,703
Dividend Paid	-
CTA	(94,886)
Total Shareholders' Equity	(110,854,984)
TOTAL LIABILITIES & EQUITY	(186,161,214)

In Re School Specialty, Inc. et al **Chapter 11**

Debtor **Case No. 13-10125 (KJC)**

Appendix A
Listing of Debtor Entities
For the period September 28, 2014 to December 27, 2014

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