

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

SCHOOL SPECIALTY, INC., *et al.*,
Debtors.¹

Chapter 11

Case No. 13-10125(KJC)

Jointly Administered

Re: Doc No. 18, 213, 271, 300, 574

FINAL ORDER UNDER 11 U.S.C. §§ 105(A), 363 AND 365, AND FED. R. BANKR. P. 2002, 6004, 6006 AND 9014: (I) SCHEDULING HEARING ON APPROVAL OF ASSET SALE, ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND ASSUMPTION OF CERTAIN LIABILITIES, AND (II) APPROVING BIDDING PROCEDURES, ASSUMPTION AND ASSIGNMENT PROCEDURES, EXPENSE REIMBURSEMENT, AND FORM AND MANNER OF NOTICE THEREOF

Upon the motion (the "Motion")² of School Specialty, Inc. ("School Specialty") and its affiliated debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors") for entry of (a) an order (i) scheduling a hearing (the "Sale Hearing") on approval of its asset sale and the assumption and assignment of executory contracts to Bayside School Specialty, LLC or its assignee (the "Original Proposed Purchaser") and assumption of certain liabilities; (ii) approving proposed bidding and sale procedures (the "Bidding Procedures") attached hereto as Exhibit 1, proposed assumption and assignment procedures (the "Assumption and Assignment Procedures"), the Breakup Fee and Expense Reimbursement, and form and manner of notice thereof (the "Notice Procedures"); and (b) an order (i) approving an asset

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.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion or the Bidding Procedures, as applicable.



purchase agreement (the "Original Asset Purchase Agreement") for the sale of all or substantially all of the Debtors' assets to the Original Proposed Purchaser or to the Prevailing Bidder to be identified at the Auction,³ (ii) authorizing the sale of all or substantially all of the assets of the Debtors free and clear of all Liens, Claims, Interests or Encumbrances (other than Permitted Liens), (iii) authorizing the assumption and assignment of certain executory contracts and unexpired leases ("Assumed Contracts") to the Original Proposed Purchaser or the Prevailing Bidder, as applicable, and (iv) granting related relief; and the preliminary order under 11 U.S.C. §§105(a), 363 and 365, and Fed. R. Bankr. P. 2002, 6004, 6006, and 9014: (I) scheduling hearing on approval of Asset Sale, assumption and assignment of executory contracts to Bayside School Specialty, LLC (or its assignee) and assumption of certain liabilities, and (II) approving Bidding Procedures, assumption and assignment procedures, expense reimbursement, and form and manner of notice thereof, dated February 15, 2013 [D.I. 213] (the "Preliminary Bidding Procedures Order"); and the Debtors' emergency motion for entry of an interim order and entry of a final order (a) authorizing the Debtors to (i) obtain replacement postpetition secured financing on a superpriority basis, (ii) grant certain equal and ratable liens and priority claims to the Ad Hoc DIP Lenders, and (iii) repay their existing prepetition and postpetition secured debt, (b) granting certain protective relief with regard to the Commitment Letter relating to the Ad Hoc DIP Facility, and (v) scheduling a hearing to consider entry of the Final Order to approve the Ad Hoc DIP Facility, dated February 25, 2013 [D.I. 271] (the "Emergency Motion")⁴; and the order dated February 26, 2013 approving the Emergency Motion on an

³ The Debtors no longer seek approval of a sale of substantially all assets to the Original Proposed Purchaser.

⁴ The Emergency Motion sought approval for the Debtors to enter into the Ad Hoc DIP Facility (as defined in the Emergency Motion) which revised certain deadlines in connection with the Bid Procedures as reflected in the Bidding Procedures attached hereto as Exhibit 1.

interim basis [D.I. 300]; and the Court having reviewed the Motion, as supplemented by the Emergency Motion; and the Court having determined that the relief requested in the Motion, as supplemented by the Emergency Motion, is in the best interests of the Debtors, their estates, their creditors and other parties in interest; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and upon the record herein, the record of the hearing held on February 15, 2013 to approve the Preliminary Bidding Procedures Order, and the record of the hearing held on February 25, 2013 to consider the Emergency Motion; and after due deliberation thereon; and good and sufficient cause appearing therefore, it is hereby

FOUND AND DETERMINED THAT:⁵

A. The Court has jurisdiction to hear and determine the Motion and to grant the relief requested in the Motion pursuant to 28 U.S.C. § 157 and 1334.

B. Venue of this case and the Motion in this district is proper under 28 U.S.C. § 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

C. The statutory and legal predicates for the relief requested in the Motion are Bankruptcy Code sections 105, 363 and 365, and Bankruptcy Rules 2002, 6004, 6006, and 9014, and Local Bankruptcy Rules 6004-1 and 9013-1(m).

D. In the Motion and at the hearing on the Motion, as supplemented by the Emergency Motion and the hearing on the Emergency Motion, the Debtors articulated and exercised good and sufficient basis for the relief granted by this Order, appropriate notice of the relief granted by this Order has been given and no further notice is required. A reasonable

⁵ Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact to the fullest extent of the law. *See* Fed. R. Bankr. P. 7052.

opportunity to object or be heard regarding the relief granted by this Order has been afforded to those parties entitled to notice pursuant to Local Bankruptcy Rule 2002-1(b).

E. The Bidding Procedures, substantially in the form attached hereto as Exhibit 1,⁶ are fair, reasonable, and appropriate and are designed to maximize recovery with respect to the sale by the Debtors of all or a portion of the assets of School Specialty which may be comprised of the following business lines: (i) School Specialty's Educational Resources business and (ii) School Specialty's Accelerated Learning Group business (collectively, the "Assets").

F. The Debtors' proposed revised sale notice, substantially in the form attached hereto as Exhibit 2 (the "Revised Sale Notice")⁷, is appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the Bidding Procedures, the Auction (if necessary), the Sale Hearing, and any and all objection deadlines and no other or further notice is required.

G. The Assumption and Assignment Procedures, including the notice of the proposed Cure Costs in the form attached hereto as Exhibit 3 (the "Assumption Notice")⁸, are reasonable and appropriate and consistent with the provisions of Bankruptcy Code section 365 and Bankruptcy Rule 6006. The Assumption and Assignment Procedures have been tailored to provide adequate opportunity for all non-Debtor counterparties to the Assumed Contracts to raise any objections to the proposed assumption and assignment or to the Cure Costs.

⁶ Attached hereto as Exhibit 1-A is a blackline of the prior Bidding Procedures approved by the Preliminary Bidding Procedures Order.

⁷ Attached hereto as Exhibit 2-A is a blackline of the Revised Sale Notice compared to the version of the Sale Notice approved by the Preliminary Bidding Procedures Order.

⁸ Attached hereto as Exhibit 3-A is a blackline of the Assumption Notice approved by the Preliminary Bidding Procedures Order compared to the amended version of the Assumption Notice attached hereto as Exhibit 3.

H. Entry of this Order is in the best interests of the Debtors and their estates, creditors, and interest holders and all other parties in interest herein; and it is therefore

ORDERED, ADJUDGED AND DECREED THAT:

1. Those portions of the Motion, as modified, seeking approval of the Assumption and Assignment Procedures, the Bidding Procedures and the Notice Procedures, setting the time, date and place of the Sale Hearing, and establishing the process for objecting, as necessary, to each of the foregoing are GRANTED, as set forth herein. That portion of the Motion seeking approval of the Debtors' entry into the Original Asset Purchase Agreement and authorization to pay the Breakup Fee has been withdrawn and is not approved by this Order.

2. Any objections to the Motion with respect to entry of this Order approving the Assumption and Assignment Procedures, the Bidding Procedures and the Notice Procedures, setting the time, date and place of the Sale Hearing that have not be withdrawn, waived or settled, and all reservations of rights included therein, are hereby DENIED and OVERRULED.

3. The dates relevant to the Asset Sale, Auction and Sale Hearing are as follows:

Milestone	Date
Deadline to submit one or more non-binding preliminary indications of interest (each, a "Proposal")	March 28, 2013 at 12:00 p.m. (Prevailing Eastern Time)
Deadline for Debtors to select one or more parties to participate in a second stage diligence process	April 1, 2013 at 5:00 p.m. (Prevailing Eastern Time)
Deadline to send Assumption Notices in Connection with Assumed Contracts	April 15, 2013
Deadline for the Debtors to file the proposed form of Asset Purchase Agreement ⁹	
Deadline to submit Qualified Bids	April 24, 2013 at Noon (Prevailing

⁹ On or before April 15, 2013, the Debtors will file with the Bankruptcy Court a copy of the proposed form of Asset Purchase Agreement to be provided to bidders in accordance with the Bidding Procedures.

Milestone	Date
	Eastern Time)
Objection Deadline to Asset Sale, including objections to proposed assumption and assignment of Assumed Contracts and Cure Costs (to the extent there is no adjustment to Cure Cost after April 15, 2013)	April 29, 2013 at 4:00 p.m. (Prevailing Eastern Time)
Deadline for Debtors to Notify Parties of Qualified Bids and Opening Bid	May 7, 2013 at 5 p.m. (Prevailing Eastern Time)
Auction	May 8, 2013 at 10:00 a.m. (Prevailing Eastern Time)
Deadline for Debtors to Notify Parties of Cancellation of Auction; or To the extent the Auction is Cancelled because only one Qualifying Bidder is Received by the Bid Deadline, deadline for Debtors to File Notice of Prevailing Bidder.	May 8, 2013
To the extent the Auction is not cancelled, deadline for Debtors to File Notice of Prevailing Bidder	One (1) business day after the conclusion of the Auction
Sale Hearing; and Deadline to Object to Assignment of Assumed Contracts Based on Prevailing Bidder's Inability to Demonstrate Adequate Assurance of Future Performance	May 13, 2013 at 10:00 a.m. (Prevailing Eastern Time)

4. Except as expressly provided herein, nothing herein shall be construed as a determination of the rights of any party in interest, including, without limitation, the Debtors, in these chapter 11 cases.

The Bidding Procedures

5. The Bidding Procedures attached hereto as Exhibit 1 are hereby APPROVED to the extent modified and provided herein. The failure to specifically include or reference any particular provision, section or article of the Bidding Procedures in this Order shall not diminish or impair the effectiveness of such procedure, it being the Court's intent that the Bidding

Procedures be authorized and approved in their entirety to the extent modified and provided herein. The Debtors are hereby authorized to conduct a sale by auction of the Assets pursuant to the Bidding Procedures and the terms of this Order.

6. In accordance with the Bidding Procedures, unless otherwise agreed to by the ABL DIP Agent and the Co-Collateral Agents, the Debtors will not seek Bankruptcy Court approval of the Prevailing Bid(s) and Second Highest Bids and will otherwise cancel the Asset Sale and adjourn the Sale Hearing unless all outstanding obligations under the ABL DIP Facility will be paid in full, in cash, upon the closing of one or more Asset Sales.

7. The Bidding Procedures shall apply to the Potential Bidders and the Qualifying Bidders and the conduct of the sale of the Assets and the Auction.

The Assumption and Assignment Procedures

8. The Assumption and Assignment Procedures as set forth in the Motion (as modified by this Order) are hereby authorized, approved and made part of this Order, and are set forth in full below:

(a) On or before **April 15, 2013**, the Debtors shall send a notice of assumption, assignment and cure (the "Assumption Notice"), substantially in the form attached as an exhibit to this Order, to the counterparties to those certain Assumed Contracts the Debtors designates to be assumed and assigned to the Prevailing Bidder subject to the right of the Debtors and the Prevailing Bidder to revise which executory contracts and unexpired leases shall not be included as an Assumed Contract up to three (3) days before the closing date of the Asset Sale approved by the Bankruptcy Court at the Sale Hearing. The Assumption Notice shall include the Debtors' calculation of the cure costs (the "Cure Costs") for such Assumed Contract(s). **Any counterparty to an Assumed Contract may file and serve any objections to (i) the proposed assumption and assignment set forth in the Assumption Notice and (ii) if applicable, the proposed Cure Cost, no later than April 29, 2013 at 4:00 p.m. (Prevailing Eastern Time).** To the extent the Debtors' adjust the Cure Costs noticed as of April 15, 2013, the Debtors will provide fourteen (14) days' notice of such adjustment to affected counterparties, and such counterparties will have seven (7) days from receipt of such notice to object to such adjustment.

(b) Prior to the Sale Hearing, in accordance with paragraphs 15 and 16 of this Order, the Debtors shall file a Notice with the Bankruptcy Court of the Prevailing Bidder.

At the Sale Hearing, only assumption and assignment of those Assumed Contracts (and the corresponding Cure Costs) that have been selected to be assumed and assigned to the Prevailing Bidder at the Auction (the "Selected Contracts") shall be subject to approval by the Bankruptcy Court, and the Debtors shall reserve their rights for all other contracts. If no objections with respect to the Selected Contracts are timely received, (i) the counterparty to a Selected Contract shall be deemed to have consented to the assumption and assignment of the Selected Contract to the Prevailing Bidder and shall be forever barred from asserting any objection with regard to such assumption and assignment, and (ii) the Cure Cost set forth in the Assumption Notice shall be controlling, notwithstanding anything to the contrary in any Selected Contract, or any other document, and the counterparty to a Selected Contract shall be deemed to have consented to the Cure Cost and shall be forever barred from asserting any other claims related to such Selected Contract that arise prior to assumption and assignment thereof to the Prevailing Bidder against the Debtors or the Prevailing Bidder, or the property of any of them.

9. The Debtors' decision to assume and assign the Assumed Contracts to the Prevailing Bidder is subject to Court approval and the consummation of a sale of the Assets. Accordingly, absent the closing of such sale(s), the Assumed Contracts shall not be deemed assumed or assigned, and shall in all respects be subject to further administration under the Bankruptcy Code and the Debtors' right to reject any executory contract or unexpired lease.

10. The inclusion of any contract on an Assumption Notice, which shall be substantially in the form attached as Exhibit 3 to this Order, shall not constitute or be deemed a determination or admission by the Debtors or any other party in interest that such document is, in fact, an executory contract or unexpired lease within the meaning of the Bankruptcy Code (all rights with respect thereto being expressly reserved).

11. The Assumption and Assignment Procedures are appropriate and fair to all non-Debtor counterparties and comply in all respects with the Bankruptcy Code.

Notice Procedures

12. The Revised Sale Notice, in substantially the form attached as Exhibit 2 to this Order, of the Auction, the Sale Hearing, and the Assumption and Assignment Procedures, and the associated objection periods are reasonably calculated to provide notice to any affected party

and afford the affected party the opportunity to exercise any rights affected by the Motion as they relate to the Auction, Sale Hearing and the proposed assignment and assumption of the Assumed Contracts pursuant to Bankruptcy Rules 2002(a)(2), 6004 and 6006, and are hereby approved.

13. Immediately after entry of this Order (or as soon as reasonably practicable thereafter), the Debtors (or their agent) shall serve the Revised Sale Notice, in substantially the form attached hereto as Exhibit 3, by first-class mail, postage prepaid, upon (a) the U.S. Trustee, (b) counsel to the agent under the Prepetition ABL Agreement; (c) counsel to the agent under the Prepetition Term Loan Agreement; (d) counsel to the agent under the ABL DIP Facility; (e) counsel to the agent under the Ad Hoc DIP Facility (as defined in the Emergency Motion); (f) the indenture trustee for the Debtors' convertible debentures; (g) counsel for the official committee of unsecured creditors appointed in these chapter 11 cases (the "Creditors' Committee"); (h) any entity known or reasonably believed to have asserted a security interest in or lien against any of the Assets; (i) any entity that has expressed a bona fide interest in acquiring the Assets; (j) the Internal Revenue Service; (k) the United States Department of Justice; (l) the Securities and Exchange Commission; (m) all relevant state taxing authorities; and (n) the general service list established in these chapter 11 cases pursuant to Bankruptcy Rule 2002 and Local Bankruptcy Rule 2002-1.

14. The Debtors also shall publish the Revised Sale Notice in the *Wall Street Journal* (National Edition) within five (5) days of entry of this Order or as soon as reasonably practicable thereafter. Such publication conforms to the requirements of Bankruptcy Rules 1005, 2002(l), 2002(n) and 9008, and is reasonably calculated to provide notice to any affected party, including any potential bidders for the Assets, and afford the affected party the opportunity to exercise any rights affected by the Motion.

15. In accordance with the Bid Procedures, in the event the Auction is cancelled because no Qualified Bids are received by the Bid Deadline, on or before May 8, 2013, the Debtors shall file and serve a notice of cancellation of the Auction and the Sale Hearing with the Bankruptcy Court. In accordance with the Bid Procedures, in the event the Auction is cancelled because only one Qualified Bid is received by the Bid Deadline, on or before May 8, 2013, in addition to filing the notice of cancellation of the Auction, the Debtors shall (a) file a notice with the Bankruptcy Court announcing the Prevailing Bidder (the "Prevailing Bidder Notice"), (b) serve such notice via email, facsimile, hand delivery or overnight mail on the counterparties to the Assumed Contracts proposed to be assumed and assigned to the Prevailing Bidder (including to Redcay Industrial Development III, LLC ("RID") solely to the extent the Debtors determine that RID's lease is an Assumed Contract and the Debtors send RID an Assumption Notice on or before April 15, 2013 with respect to RID's lease), and (c) provide via email, facsimile, hand delivery or overnight mail information regarding the Prevailing Bidder's ability to provide adequate assurance of future performance, to the counterparties to the Assumed Contracts proposed to be assumed and assigned (including to RID solely to the extent the Debtors determine that RID's lease is an Assumed Contract and the Debtors send RID an Assumption Notice on or before April 15, 2013 with respect to RID's lease) (the "Notice of Adequate Assurance of Future Performance").

16. In the event of an Auction, the Debtors shall, as soon as reasonably practicable after conclusion of the Auction, but in no event later than one (1) business day after the conclusion of the Auction, file the Notice of Prevailing Bidder with the Bankruptcy Court and serve the Notice of Prevailing Bidder and Adequate Assurance of Future Performance to the counterparties to the Assumed Contracts (including to RID solely to the extent the Debtors

determine that RID's lease is an Assumed Contract and the Debtors send RID an Assumption Notice on or before April 15, 2013 with respect to RID's lease).

17. The Assumption Notice is reasonably calculated to provide sufficient, effective notice to all non-Debtor counterparties to Assumed Contracts and any other affected parties of the Debtors' intent to assume and assign some or all of the Assumed Contracts and to afford the non-Debtor counterparty to each Assumed Contract the opportunity to exercise any rights affected by the Motion pursuant to Bankruptcy Rules 2002(a)(2), 6004(a) and 6006(c), and is hereby approved. Each Assumption Notice shall set forth the following information: (i) the name and address of the Counterparty, (ii) notice of the proposed effective date of the assignment; (iii) identification of the Assumed Contract, (iv) the Cure Cost, and (v) the objection deadlines.

18. On or before April 15, 2013, the Debtors (or their agent) shall serve both the Revised Sale Notice and the Assumption Notice on each counterparty (including RID solely to the extent the Debtors determine that RID's lease is an Assumed Contract and the Debtors send RID an Assumption Notice on or before April 15, 2013 with respect to RID's lease) pursuant to the Assumption and Assignment Procedures set forth in the Motion, as amended by this Order.

19. The counterparties to those executory contracts or unexpired leases proposed to be assumed and assigned to the Prevailing Bidder may at any time prior to or at the Sale Hearing assert objections to the Prevailing Bidders' ability to provide adequate assurance of future performance under such executory contract or unexpired lease.

Objection Procedures

20. Any party that seeks to object to the relief requested in the Motion pertaining to approval of the sale of the Assets, including (without limitation) the sale, assumption and assignment of the Assumed Contracts, shall file a formal objection that complies with the

objection procedures as set forth in this Order on or before **April 29, 2013 at 4:00 p.m.**

(Prevailing Eastern Time) (the "Objection Deadline"). To the extent the Debtors' adjust the Cure Costs noticed as of April 15, 2013, counterparties to the Assumed Contracts affected by such adjustment will have seven (7) days from receipt of such notice of adjustment to object to such adjustment.

21. Each objection shall state the legal and factual basis of such objection. To the extent that any party to an Assumed Contract does not timely file an objection to the Motion pursuant to the procedures set forth therein, such party shall be (i) deemed to have stipulated that the Cure Cost(s) set forth in the Assumption Notice as determined in good faith by the Debtors are correct, (ii) shall be forever barred, estopped and enjoined from asserting any additional Cure Cost under the Assumed Contract(s), and (iii) will be forever barred from objecting to the assignment of the Assumed Contracts to the Prevailing Bidder; *provided, however*, that objections to assignment based upon the Prevailing Bidder's inability to demonstrate adequate assurance of future performance under an Assumed Contract may be asserted at any time prior to or at the Sale Hearing.

22. If a timely objection to the assumption and assignment of an Assumed Contract is received and such objection cannot be resolved by the parties, the Court will hear such objection at the Sale Hearing; *provided, however*, that the Debtors, in consultation with the Prevailing Bidder(s), the agent for the Ad Hoc DIP Facility, the ABL Co-Collateral Agents, and the Creditors' Committee, may continue such hearing to a subsequent hearing date. To the extent such hearing is not continued, the objecting non-Debtor counterparty to the Assumed Contract(s) shall be prepared to present evidence to support its asserted Cure Cost at the Sale Hearing.

23. An objection solely to the Cure Cost related to the assumption and assignment of an Assumed Contract may not prevent or delay the Debtors' assumption and assignment of an Assumed Contract. If a party objects solely to a Cure Cost, the Debtors may hold the amount of the Cure Cost asserted by the non-Debtor counterparty in reserve pending further order of the Court or mutual agreement of the parties. So long as the Debtors hold the claimed Cure Cost in reserve, and there are no other unresolved objections to assumption and assignment of the applicable Assumed Contracts, the Debtors can, without further delay, assume and assign the Assumed Contract that is the subject of the objection. Under such circumstances, the objecting non-Debtor counterparty's recourse is limited to the funds held in reserve.

24. Any and all written objections as contemplated by this Order (including, without limitation, any objection to the assumption and assignment of any Assumed Contract or the Cure Cost under any contract) must be: (i) in writing; (ii) signed by counsel or attested to by the objecting party; (iii) in conformity with the Bankruptcy Rules and the Local Bankruptcy Rules; (iv) filed with the Bankruptcy Court; and (v) served in accordance with the Local Bankruptcy Rules so as to be received on or before the appropriate deadline as set forth in this Order upon:

- (a) School Specialty, Inc., Attn: Michael P. Lavelle, Chief Executive Officer (mike.lavelle@schoolspecialty.com), W6316 Design Drive, Greenville, WI 54942;
- (b) (i) Paul, Weiss, Rifkind, Wharton & Garrison LLP, Attn: Alan W. Kornberg, Jeffrey D. Saferstein & Tarun Stewart (akornberg@paulweiss.com, jsaferstein@paulweiss.com, tstewart@paulweiss.com), 1285 Avenue of the Americas, New York, NY 10019 and (ii) Young, Conaway, Stargatt & Taylor, LLP, Attn: Pauline K. Morgan and Joel Waite (pmorgan@ycst.com, jwaite@ycst.com), Rodney Square, 1000 North King Street, Wilmington, DE 19801, attorneys for the Debtors;
- (c) Perella Weinberg Partners, Attn: Derron Slonecker and Agnes Tang (dslonecker@pwpartners.com, atang@pwpartners.com), 767 Fifth Avenue, New York, NY 10153, financial advisors for the Debtors;

- (d) (i) Stroock & Stroock & Lavan LLP, Attn: Kristopher M. Hansen & Jonathan D. Canfield (khansen@stroock.com, jeanfield@stroock.com), 180 Maiden Lane, New York, NY 10038 and (ii) Duane Morris LLP, Attn: Michael R. Lastowski, Christopher M. Winter & Jarret P. Hitchings (mlastowski@duanemorris.com, cmwinter@duanemorris.com, jphitchings@duanemorris.com), 222 Delaware Avenue, Suite 1600, Wilmington, DE 19801, attorneys for the agent under the Debtors' Ad Hoc DIP facility;
- (e) (i) Goldberg Kohn, Attn: Randall Klein & Jeremy Downs (randall.klein@goldbergkohn.com, jeremy.downs@goldbergkohn.com), 55 East Monroe Street, Suite 3300, Chicago, IL 60603 and (ii) Richards, Layton and Finger, P.A., Attn: Paul Heath (heath@RLF.com), One Rodney Square, 920 North King Street, Wilmington, DE 19801, attorneys for the agent under the ABL DIP facility;
- (f) (i) Brown Rudnick LLP, Attn: Robert J. Stark and Aliza Reicher (rstark@brownrudnick.com, areicher@brownrudnick.com), 7 Times Square, New York, NY 10036, (ii) Brown Rudnick LLP, Attn: Steven D. Pohl (SPohl@brownrudnick.com), One Financial Center, Boston, MA 02111, and Venable LLP, Attn: Jamie L. Edmonson (jledmonson@Venable.com), 750 Pratt Street, Suite 900, Baltimore, MD 21202, attorneys for the Creditors' Committee; and
- (g) the U.S. Trustee, Attn: Juliet M. Sarkessian (Juliet.M.Sarkessian@usdoj.gov), 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801.

25. Failure to object on or before the Objection Deadline to the relief requested in the Motion shall be deemed to be "consent" for purposes of Bankruptcy Code section 363(f); *provided, however*, that the consent of the ABL DIP Lenders (as defined in the Bidding Procedures) is subject to payment in full of the Obligations under the ABL Credit Agreement (as defined in the Original Asset Purchase Agreement and as amended) as contemplated by Section 3.1 of the Original Asset Purchase Agreement.

Other Relief Granted

26. Except as otherwise provided in the Bidding Procedures or this Order, the Debtors reserve their rights, with the consent of the Ad Hoc DIP Lenders and the ABL Co-Collateral Agents and after consultation with the Creditors' Committee, as required by the Bidding Procedures, to modify the Bidding Procedures at or prior to the Auction with respect to

extending the deadlines set forth therein, modifying bidding increments, waiving terms and conditions set forth therein with respect to any or all potential bidders, adjourning or cancelling the Auction or the Asset Sale at or prior to the Auction and/or adjourning the Sale Hearing in open court without further notice; *provided, however*, that any modification of the Bidding Procedures shall not be inconsistent with this Bid Procedures Order and shall be disclosed to each Qualifying Bidder at the Auction.

27. The Auction, if necessary, is scheduled for **10:00 a.m. (Prevailing Eastern Time) on May 8, 2013** at the law offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, NY 10019. In the event that no Auction is held, the Debtors shall file a Notice of Cancellation of the Auction with the Court no later than May 8, 2013.

28. Each Qualifying Bidder participating at the Auction will be required to confirm that it has not engaged in any collusion with respect to the bidding or the Sale.

29. The Auction will be conducted openly, but only the Debtors, the Qualifying Bidders, the Ad Hoc DIP Lenders, the ABL Co-Collateral Agents, the Creditors' Committee and advisors to each of these parties may attend the Auction; *provided that* any other creditor may be permitted to attend the Auction if such party requests in writing to the Debtors on or before **April 16, 2013 at 4:00 p.m. (Prevailing Eastern Time)**; *provided further* that the Debtors may seek relief from the Bankruptcy Court in the event that they object to any such creditor's attendance; *provided further, however*, that only Qualifying Bidders will be allowed to submit bids for the Assets at the Auction.

30. Bidding at the Auction shall be transcribed or videotaped.

31. The Sale Hearing shall be held in this Court on **May 13, 2013 at 10 a.m. (Prevailing Eastern Time)**, unless otherwise determined by the Court. The Sale Hearing may be adjourned or rescheduled by the Debtors without further notice by an announcement of the adjourned date at the Sale Hearing or by the filing of a hearing agenda.

32. The Debtors are authorized to conduct the Asset Sale without the necessity of complying with any state or local bulk transfer laws or requirements.

33. In the event there is a conflict between this Order and the Motion, this Order shall control and govern.

34. This Court shall retain jurisdiction with respect to all matters arising or related to the implementation or interpretation of this Order.

35. This Order shall be effective immediately upon entry, and any stay of orders provided for in Bankruptcy Rules 6004 or 6006 or any other provision of the Bankruptcy Code or Bankruptcy Rules is expressly lifted. The Debtors are not subject to any stay in the implementation, enforcement or realization of the relief granted in this Order, and may, in their discretion and without further delay, take any action and perform any act authorized under this Order.

Dated: March 18, 2013
Wilmington, Delaware



THE HONORABLE KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Bidding Procedures

BIDDING PROCEDURES

Set forth below are the bid procedures (the "Bidding Procedures") as approved by order of the Bankruptcy Court dated [March __, 2013] [D.I. __] (the "Final Bid Procedures Order") to be employed by School Specialty, Inc., a debtor and debtor-in-possession ("School Specialty," and together with its affiliated debtors and debtors-in-possession, the "Debtors")¹ in connection with the proposed sale of all or a portion of the Debtors' assets.

ANY PARTY INTERESTED IN BIDDING ON ANY OF THE DEBTORS' ASSETS SHOULD CONTACT THE DEBTORS' ADVISORS, AS FOLLOWS:

Perella Weinberg Partners: Agnes Tang (atang@pwpartners.com, 212-287-3168) or Nikhil Menon (nmenon@pwpartners.com, 212-287-3260), 767 Fifth Avenue, 5th Floor, New York, NY 10153.

1. Assets to be Sold

The Debtors shall offer for sale (the "Asset Sale") all or a portion of the assets of School Specialty which may be comprised of the following business lines, each a "Business Line": (i) School Specialty's Educational Resources business, and (ii) School Specialty's Accelerated Learning Group business (collectively, the "Assets"). A more specific description of the Assets will be posted in the electronic data room.

2. Confidentiality Agreement

Any bidder, including a potential strategic investor and potential financial investor (each a "Potential Bidder" and, collectively, the "Potential Bidders") that wishes to participate in the due diligence process described herein to submit a bid to purchase the Assets must deliver an executed confidentiality agreement substantially in the form of Exhibit A attached hereto.

3. Participation Requirements

Any Potential Bidder² that wishes to participate in the bidding process must become a "Qualifying Bidder" and satisfy the Bid Requirements (as defined below in paragraph 6). As a

¹ The Debtors' chapter 11 bankruptcy cases are pending in the United States Bankruptcy Court for the District of Delaware, Case No. 13-10125(KJC).

² In the event that one or more members of the Creditors' Committee submits a bid for the Assets, such member(s) will be excluded from participating in the consultation and information rights contemplated by these Bidding Procedures. In the event that one or more lenders providing loans to the Debtors pursuant to either the Ad Hoc DIP Facility (as defined below) or the ABL DIP Facility (as defined below) submits a bid for the Assets at the Auction (as defined below in paragraph 9) (including a credit bid), such lender(s) will be excluded from participating in the consultation, information and consent rights contemplated by these Bidding Procedures, but only with respect to the sale of those Assets for which the lender(s) have submitted a bid or bids. For the avoidance of doubt, the lenders providing the loans under the Ad Hoc DIP Facility or the ABL DIP Facility shall retain their consultation, information and consent rights with respect to the sale of any portion of the Assets not subject to such lender(s) bid or bids.

prerequisite to becoming a Qualifying Bidder, a Potential Bidder must, in addition to delivering an executed confidentiality agreement as required by paragraph 2, submit one or more non-binding preliminary indications of interest (each, a "Proposal") by a date no later than the Proposal Deadline (as defined below in paragraph 4) and satisfy each of the following requirements (each, a "Proposal Requirement"):

- (a) identify the prospective purchaser, including its legal name, ownership, and location in your corporate structure, and be submitted by an officer authorized to bind the prospective purchaser to its terms;
- (b) list or describe the Assets that the Potential Bidder wishes to acquire in the Asset Sale;
- (c) set forth the purchase price proposed to be paid for the Assets by such Potential Bidder;
- (d) indicate the source(s) of any debt or equity financing assumed in the Potential Bidder's Proposal, anticipated process and timing involved to secure necessary funds, and confirmation that the Potential Bidder's final acquisition proposal will not be subject to a financing contingency of any kind;
- (e) describe the information the Potential Bidder would need to review in order to make a definitive final acquisition proposal prior to the Bid Deadline (as defined below in paragraph 7), including an outline of specific topics and documents the Potential Bidder would like to review, together with an estimate of the time required for the Potential Bidder to complete its due diligence;
- (f) summarize the level of review and approval reached within the Potential Bidder's organization that the Asset Sale and the Potential Bidder's Proposal have received prior to the submission of the Potential Bidder's Proposal;
- (g) describe any material conditions or contingencies, and any corporate, regulatory or other approvals, with which the Potential Bidder will or may be required to comply in order to execute definitive documentation and any conditions that the Potential Bidder expects would need to be satisfied after execution of definitive documentation prior to closing (in each case, stating how, when and with what degree of certainty such conditions or approvals would be obtained or satisfied);
- (h) identify any outside advisors (*e.g.*, legal, financial, accounting or consultants) that the Potential Bidder has engaged or is planning to engage to assist the Potential Bidder in the Asset Sale, indicating whether or not they have already been engaged; and
- (i) state the names, telephone numbers and email addresses of those persons Perella Weinberg Partners should contact when responding to the Potential Bidder's Proposal.

The Debtors shall provide on a real-time basis, a list of all Potential Bidders and their respective Proposals to counsel for (i) the official committee of unsecured creditors appointed in the Debtors' chapter 11 bankruptcy cases (the "Creditors' Committee"), (ii) the lenders (the "Ad Hoc DIP Lenders") under that certain debtor-in-possession postpetition financing facility approved by order of the Court on an interim basis on February 26, 2013 [D.I. 300] (the "Ad Hoc DIP Facility"), and (iii) the administrative agent (the "ABL DIP Agent") and the collateral agents (the "ABL Co-Collateral Agents") with respect to that certain debtor-in-possession postpetition financing facility approved by order of the Court on a final basis on February 26, 2013 pursuant to that certain Final Order (I) Authorizing Debtors to (A) Obtain Postpetition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 364(C)(1), 364(C)(3), 364(D)(1), 364(E) and 507, (B) Utilize Cash Collateral Pursuant to 11 U.S.C. § 363, (C) Grant Priming Liens and Superpriority Claims to the DIP Lenders, (D) Provide Adequate Protection to Prepetition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362, 363 and 364, and (E) Use Cash Collateral and Proceeds of the ABL DIP Facility to Repay Obligations Arising Under the Prepetition ABL Credit Agreement and (II) Granting Related Relief [D.I. 299] (the "ABL DIP Facility").

4. Proposal Deadline

A bidder that desires to qualify as a Qualifying Bidder so that it may participate in the Auction, must deliver an electronic copy of its Proposal, so as to be received by a date no later than **March 28, 2013 at 12:00 p.m. (Prevailing Eastern Time)** (the "Proposal Deadline"), to:

Perella Weinberg Partners LP
Attention: Agnes Tang, Nikhil Menon
767 Fifth Avenue, 5th Floor
New York, NY 10153

atang@pwpartners.com
nmenon@pwpartners.com

5. Due Diligence

The Debtors may afford reasonable due diligence access and the time and opportunity to conduct reasonable due diligence to the Potential Bidders and Qualifying Bidders.

The initial due diligence period shall extend through and include the Proposal Deadline (the "Stage 1 Diligence Period"). During the Stage 1 Diligence Period, the Potential Bidders will be provided access to an electronic data room containing material non-public information regarding the Debtors.

Following the Proposal Deadline, but no later than **April 1, 2013 at 5:00 p.m. (Prevailing Eastern Time)**, the Debtors may, in consultation with the Ad Hoc DIP Lenders, the ABL Co-Collateral Agents and the Creditors' Committee, select one or more parties to participate in a second stage of diligence, which shall extend from **April 1, 2013** through and including **April 23, 2013** (the "Stage 2 Diligence Period"). During the Stage 2 Diligence Period, the Debtors will issue a further process letter regarding, among other things, additional diligence (including meetings with senior management).

The Debtors and their representatives may but shall not be obligated to furnish any due diligence information after the Bid Deadline.

For any Potential Bidder or Qualifying Bidder who is a competitor of any of the Debtors or is affiliated with any competitor of any of the Debtors, the Debtors reserve the right, in consultation with their advisors, the Ad Hoc DIP Lenders, the ABL Co-Collateral Agents, and the Creditors' Committee, to withhold or limit access to any due diligence information that the Debtors determine is business-sensitive or otherwise not appropriate for disclosure to such Potential Bidder or Qualifying Bidder.

Due diligence access may include such management presentations as may be scheduled by the Debtors, access to the electronic data room, and such other matters which a Potential Bidder or Qualifying Bidder may reasonably request and as to which the Debtors may agree. The Debtors will designate a representative of Perella Weinberg Partners to coordinate all reasonable requests for additional information and due diligence access from Potential Bidders and Qualifying Bidders.

Each bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct sufficient due diligence regarding the Assets prior to submitting its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents in making its bid, and that it did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Assets, or the completeness of any information provided in connection with the bidding process outlined herein, except as expressly stated in the definitive purchase agreement, if any, between such bidder and the Debtors.

6. Bid Requirements

For a Potential Bidder to be considered as a "Qualifying Bidder," and so as to participate in the Auction, such bidder must submit a bid satisfying each of the following requirements (each, a "Bid Requirement") by a date no later than the Bid Deadline:

- (a) be in writing;
- (b) confirm that the Assets the Qualifying Bidder wishes to acquire are identical to the Assets listed or described in such bidder's Proposal, and, if not, list or describe the Assets such bidder wishes, as of the Bid Deadline, to acquire in the Asset Sale, including, if applicable, all inventory and accounts of or related to such Assets or Business Line(s);
- (c) set forth the purchase price to be paid by such bidder;
- (d) not propose payment in any form other than cash in U.S. Dollars; *provided that if* at the time of submission of such bid all of the Debtors' obligations under the Ad Hoc DIP Facility and the ABL DIP Facility have been repaid in full, in cash, in accordance with their terms and all commitments under such facilities have been terminated, the Creditors' Committee may consent to consideration other than cash in U.S. Dollars;

- (e) state the liabilities proposed to be paid or assumed by such bidder;
- (f) state that such Qualifying Bidder offers to purchase all or any portion of the Assets, including one or more Business Lines, upon the terms and conditions substantially as set forth in the form of agreement for the Asset Sale provided to such bidder (the "Asset Purchase Agreement")³ and provide to the Debtors, the Ad Hoc DIP Lenders, the ABL Co-Collateral Agents and the Creditors' Committee (at the addresses set forth in paragraph 4 above) a clean and duly executed purchase agreement (the "Modified Asset Purchase Agreement") and a marked copy of the Modified Asset Purchase Agreement reflecting any variations from the Asset Purchase Agreement;
- (g) state that such Qualifying Bidder's offer is irrevocable as provided for in paragraph 9 of these Bidding Procedures if such Qualifying Bidder is the Prevailing Bidder (as defined below in paragraph 9(p)) or the Second-Highest Bidder (as defined below in paragraph 6(r));
- (h) state that such Qualifying Bidder is financially capable of consummating the Asset Sale contemplated by the Modified Asset Purchase Agreement and provides written evidence in support thereof;
- (i) contain such financial and other information to allow the Debtors to make a reasonable determination as to the Qualifying Bidder's financial and other capabilities to consummate the Asset Sale contemplated by the Modified Asset Purchase Agreement, including, without limitation, such financial and other information setting forth adequate assurance of future performance under contracts and leases to be assumed pursuant to section 365 of title 11 of the United States Code (the "Bankruptcy Code") in a form requested by the Debtors to allow the Debtors to serve, within one (1) business day after such receipt, such information on counter-parties to any contracts or leases being assumed or assumed and assigned in connection with the proposed sale that have requested, in writing, such information;
- (j) identify with particularity each and every executory contract and unexpired lease, the assumption and, as applicable, assignment of which is a condition to closing, provided, however, that the Qualifying Bidder, to the extent such bidder is selected in accordance with these Bidding Procedures as the Prevailing Bidder, shall have until three (3) days prior to the closing date of the Asset Sale approved by the Bankruptcy Court at the Sale Hearing (defined below in paragraph 10) to remove any executory contract or unexpired lease from the list it submitted with its bid;

³ The Debtors will file a copy of the proposed form of Asset Purchase Agreement with the Bankruptcy Court on or before April 15, 2013.

- (k) state the portion of the proposed purchase price that the Qualifying Bidder allocates, in the aggregate, to accounts and inventory subject to such bid;
- (l) acknowledge their understanding that, unless otherwise agreed to by the ABL DIP Agent and the ABL Co-Collateral Agents, as a condition to the closing of such Asset Sale, all amounts outstanding under the ABL DIP Facility must be paid in full, in cash, in accordance with the terms of the ABL DIP Facility, with proceeds of such Asset Sale or with prior or concurrent closing proceeds from such other Asset Sale(s) for Qualified Bids (as defined below), and that if all amounts outstanding under the ABL DIP Facility cannot be paid in full, in cash, then the Debtors shall cancel such Asset Sale;
- (m) not request or entitle such Qualifying Bidder to any break-up fee, "topping," termination, contribution, expense reimbursement or similar type of fee or payment;
- (n) fully disclose the identity of each entity that will be bidding in the Asset Sale or otherwise participating in connection with such bid, and the complete terms of any such participation;
- (o) (i) does not contain any financing contingencies of any kind; and (ii) contains evidence that the Qualifying Bidder has received debt and/or equity funding commitments or has financial resources readily available sufficient in the aggregate to consummate the Asset Sale, which evidence is reasonably satisfactory to the Debtors in consultation with the Creditors' Committee, the Ad Hoc DIP Lenders and the ABL Co-Collateral Agents;
- (p) sets forth each regulatory and third-party approval required for the bidder to consummate its purchase of the Assets, and the time period within which the bidder expects to receive such regulatory and third-party approvals (and in the case that receipt of any such regulatory or third-party approval is expected to take more than 15 days following execution and delivery of the Modified Asset Purchase Agreement, those actions the bidder will take to ensure receipt of such approval(s) as promptly as possible);
- (q) includes a commitment to close on or before May 31, 2013 (the "Projected Closing Date");
- (r) provides for the Qualifying Bidder to serve as a backup bidder (the "Second-Highest Bidder") if it is the next highest and best bid after the Prevailing Bid (the "Second-Highest Bid") in accordance with the terms of the Modified Asset Purchase Agreement;
- (s) includes evidence of authorization and approval from the Qualifying Bidder's board of directors (or comparable governing body) with respect to the submission, execution, and delivery of the Modified Asset Purchase Agreement;

- (t) provides for liquidated damages in the event of the bidder's breach of contract under the Modified Asset Purchase Agreement equal to the Deposit (as defined below in paragraph 6(w)); and
- (u) provides a cash purchase deposit in U.S. Dollars equal to ten percent (10%) of the purchase price contained in the Modified Asset Purchase Agreement (the "Deposit").

A bid satisfying all the above requirements, including the submission of such bid by the Bid Deadline, as determined by the Debtors in their reasonable business judgment and in consultation with the Ad Hoc DIP Lenders, the ABL Co-Collateral Agents, and the Creditors' Committee, shall constitute a "Qualified Bid." Each Potential Bidder submitting a bid shall be deemed to acknowledge and represent that it is bound by these Bidding Procedures. Unless otherwise agreed to by the ABL DIP Agent and the ABL Co-Collateral Agents, to the extent the Debtors in their reasonable business judgment and in consultation with the Ad Hoc DIP Lenders, the ABL Co-Collateral Agent, and the Creditors' Committee determine that the Qualified Bid(s) received will not be sufficient to pay in full, in cash, all amounts outstanding under the ABL DIP Facility, the Debtors will cancel the Asset Sale and adjourn the Sale Hearing.

7. Bid Deadline

A bidder that desires to submit a bid for the Assets for consideration as a Qualified Bid shall deliver a written or electronic copy of its bid, in each case so as to be received by a date no later than **April 24, 2013 at Noon (Prevailing Eastern Time)** (the "Bid Deadline"), to:

- (a) School Specialty, Inc., Attn: Michael P. Lavelle, Chief Executive Officer (mike.lavelle@schoolspecialty.com), W6316 Design Drive, Greenville, WI 54942;
- (b) Paul, Weiss, Rifkind, Wharton & Garrison LLP, Attn: Alan W. Kornberg, Jeffrey D. Saferstein and Tarun Stewart (akornberg@paulweiss.com, jsaferstein@paulweiss.com, tstewart@paulweiss.com), 1285 Avenue of the Americas, New York, NY 10019, attorneys for the Debtors;
- (c) Perella Weinberg Partners, Attn: Derron Slonecker, Agnes Tang and Nikhil Menon (dslonecker@pwpartners.com, atang@pwpartners.com, nmenon@pwpartners.com), 767 Fifth Avenue, New York, NY 10153, financial advisors for the Debtors;
- (d) Stroock & Stroock & Lavan LLP, Attn: Kristopher M. Hansen, Brett Lawrence and Jonathan D. Canfield (khansen@stroock.com, blawrence@stroock.com, jcanfield@stroock.com), 180 Maiden Lane, New York, NY 10038, attorneys for the agent under the Ad Hoc DIP Facility;
- (e) Goldberg Kohn, Attn: Randall Klein and Jeremy Downs (randall.klein@goldbergkohn.com, jeremy.downs@goldbergkohn.com), 55 East Monroe Street, Suite 3300, Chicago, IL 60603, attorneys for the agent under the Debtors' ABL DIP facility; and

- (f) Brown Rudnick LLP, Attn: Robert Stark and Aliza Reicher (rstark@brownrudnick.com, areicher@brownrudnick.com), Seven Times Square, New York, NY 10036, Steven D. Pohl (spohl@brownrudnick.com), One Financial Center, Boston, MA 02111, counsel for the Creditors' Committee.

8. Evaluation of Qualified Bids

The Debtors, in consultation with the Ad Hoc DIP Lenders, the ABL Co-Collateral Agents, and the Creditors' Committee, shall make a determination regarding whether a bid is a Qualified Bid and shall notify bidders whether their bids have been determined to be qualified by **May 6, 2013 at 5:00 p.m. (Prevailing Eastern Time)** or a date no later than two (2) days prior to the Auction Date.

In the event a bid is determined not to be a Qualified Bid, the bidder shall be notified by the Debtors and such bidder shall have until **May 7, 2013 at Noon (Prevailing Eastern Time)** to modify its bid to render it a Qualified Bid. On or before **May 7, 2013 at 5:00 p.m. (Prevailing Eastern Time)**, the Debtors shall determine, in their reasonable judgment and in consultation with the Ad Hoc DIP Lenders, the ABL Co-Collateral Agent and the Creditors' Committee, which of the Qualified Bids, at such time, is the highest or otherwise best for purposes of constituting the opening bid of the Auction (the "Opening Bid") and shall provide notice of the Opening Bid to all Qualifying Bidders who have submitted Qualified Bids.

9. Auction

In the event that the Debtors receive more than one Qualified Bid, the Debtors shall conduct an auction (the "Auction") on **May 8, 2013 at 10:00 a.m. (Prevailing Eastern Time)** (the "Auction Date"). Following the Auction, the Debtors will determine, in consultation with their advisors, the Creditors' Committee, and the ABL Co-Collateral Agents, and with the consent of the Ad Hoc DIP Lenders, which individual bid is in the best interests of the Debtors and their estates. The Debtors will cancel the Auction if, by the Bid Deadline, no Qualified Bids are received or only one Qualified Bid is received. In the event the Auction is cancelled because no Qualified Bids are received by the Bid Deadline or as otherwise provided for in these Bidding Procedures, on or before May 8, 2013, the Debtors shall file and serve a notice of cancellation of the Auction and the Sale Hearing with the Bankruptcy Court. To the extent only one Qualified Bid is received by the Bid Deadline, in addition to filing a notice cancelling the Auction, the Debtors shall deem such Qualified Bid as the Prevailing Bid (as defined below in paragraph 9(p)) and will also file on or before May 8, 2013, a notice announcing the Prevailing Bidder (as defined below in paragraph 9(p)).

The Auction shall be governed by the following procedures:

- (a) The Auction shall be held at the law offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, NY 10019 on **May 8, 2013 beginning at 10:00 a.m. (Prevailing Eastern Time)**;
- (b) only the Qualifying Bidders shall be entitled to make any subsequent bids at the Auction;

- (c) each Qualifying Bidder shall confirm that it has not engaged in any collusion with respect to bidding or the Asset Sale;
- (d) the Qualifying Bidders shall appear in person at the Auction, or through a duly authorized representative;
- (e) only the Debtors, the Qualifying Bidders, the lenders and agents under the ABL DIP facility and the Ad Hoc DIP Facility, the Creditors' Committee and advisors to each of these parties may attend the Auction; *provided that* any other creditor may be permitted to attend the Auction if such party so requests in writing to the Debtors on or before **April 16, 2013 at 4 p.m. (Prevailing Eastern Time)**; *provided further* that the Debtors may seek relief from the Bankruptcy Court in the event that the Debtors object to any such creditor's attendance;
- (f) the Debtors and their professional advisors shall direct and preside over the Auction, and the Auction shall be transcribed or videotaped;
- (g) bidding on the Assets shall commence at the amount of the Opening Bid;
- (h) the first successive bid submitted at the Auction must be at least \$500,000 higher than the Opening Bid, and Qualifying Bidders may submit subsequent successive bids in increments of at least \$500,000 higher than the previous bid; *provided that* (i) each such successive bid must be a Qualified Bid and (ii) the Debtors shall retain the right to modify the bid increment requirements at the Auction in consultation with the Ad Hoc DIP Lenders, the ABL Co-Collateral Agents, and the Creditors' Committee;
- (i) the Auction may include individual negotiations with the Qualifying Bidders and/or open bidding in the presence of all other Qualifying Bidders;
- (j) all material terms of the bid or bids deemed to be the highest and best bid for each round of bidding shall be fully disclosed to all other Qualifying Bidders;
- (k) The Debtors, after consultation with the Ad Hoc DIP Lenders, the ABL Co-Collateral Agents, and the Creditors' Committee, may employ and announce at the Auction additional procedural rules that are reasonable under the circumstances (e.g., the amount of time allotted to make subsequent bids) for conducting the Auction, *provided that* such rules are (i) not inconsistent with the Final Bid Procedures Order, the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules for the District of Delaware, or any order of the Bankruptcy Court entered in connection with these chapter 11 cases, and (ii) disclosed to each Qualifying Bidder.
- (l) all Qualifying Bidders at the Auction shall be deemed to have consented and submitted to the core jurisdiction of the Bankruptcy Court and waived any right to a jury trial in connection with any disputes relating to the marketing process, these Bidding Procedures, the Auction, the Asset Sale and the construction and

enforcement of the Qualifying Bidder's contemplated Asset Sale documents, as applicable;

- (m) subject to the terms of the DIP Intercreditor Agreement (as defined in the Final ABL DIP Order) (i) the agent under the Ad Hoc DIP Facility (the "Ad Hoc DIP Agent") and the ABL Co-Collateral Agents shall be entitled to credit bid under section 363(k) of the Bankruptcy Code for any or all of the Assets, (ii) the Ad Hoc DIP Agent and the ABL Co-Collateral Agents shall be deemed to constitute Qualifying Bidders without regard to the terms of Section 6 of these Bidding Procedures, and (iii) any such credit bid shall be deemed to be a Qualified Bid provided that it otherwise complies with the terms of subsections 6(a), (b), (d)-(g), and (i)-(q)
- (n) all Qualifying Bidders shall have the right to make additional modifications to the Asset Purchase Agreement or Modified Asset Purchase Agreement in conjunction with each Qualified Bid submitted in each round of bidding during the Auction, *provided that* (i) any such modifications to the Asset Purchase Agreement or Modified Asset Purchase Agreement on an aggregate basis and viewed in whole, shall not, in the Debtors' business judgment after consultation with the Ad Hoc DIP Lenders, the ABL Co-Collateral Agents, and Creditors' Committee, be less favorable to the Debtors than the terms of the Asset Purchase Agreement and (ii) each Qualified Bid shall constitute an irrevocable offer and be binding on the Qualifying Bidder submitting such bid until either such party shall have submitted a subsequent Qualified Bid at the Auction or the Auction shall have concluded without such bid being selected as either the Prevailing Bid or the Second-Highest Bid;
- (o) the Debtors shall have the right to request any additional financial information that will allow the Debtors to make a reasonable determination as to the Qualifying Bidder's financial and other capabilities to consummate the Asset Sale contemplated by the Modified Asset Purchase Agreement, as further amended during the Auction, and any further information that the Debtors may believe is reasonably necessary to clarify and evaluate the Qualifying Bidder's bid;
- (p) the Auction shall continue until the Debtors determine, with the consent of the Ad Hoc DIP Lenders and after consultation with the ABL Co-Collateral Agents and the Creditors' Committee, and subject to Bankruptcy Court approval, that the offer or offers for the Assets is or are the highest or otherwise best from among the Qualified Bids submitted at the Auction (the "Prevailing Bid"). In making this decision, the Debtors shall consider, without limitation, the amount of the purchase price, the likelihood of the bidder's ability to close a transaction and the timing thereof, the number, type and nature of any changes to the Asset Purchase Agreement requested by each bidder, and the net benefit to the Debtors' estates. The bidder or bidders submitting such Prevailing Bid shall become the "Prevailing Bidder," and shall have such rights and responsibilities of the purchaser, as set forth in the applicable Asset Purchase Agreement or Modified Asset Purchase Agreement; provided that the Debtors may with the consent of the

Ad Hoc DIP Lenders and after consultation with the ABL Co-Collateral Agents and the Creditors' Committee, designate the Second-Highest Bid (and the corresponding Second-Highest Bidder) to purchase the Assets in the event the Prevailing Bidder does not close the Asset Sale; and

- (q) in the case of the Prevailing Bidder, within one (1) business day after adjournment of the Auction, the Prevailing Bidder shall complete and execute all agreements, contracts, instruments and other documents evidencing and containing the terms and conditions upon which the Prevailing Bid was made; and in the case of the Second-Highest Bidder (if such bidder is deemed the Prevailing Bidder in accordance with paragraph 13), within ten (10) days after adjournment of the Auction, the Second-Highest Bidder shall complete and execute all agreements, contracts, instruments and other documents evidencing and containing the terms and conditions upon which the Second-Highest Bid was made.

EACH OF THE PREVAILING BID AND THE SECOND-HIGHEST BID SHALL CONSTITUTE AN IRREVOCABLE OFFER AND BE BINDING ON THE PREVAILING BIDDER AND THE SECOND-HIGHEST BIDDER, RESPECTIVELY, FROM THE TIME SUCH BID IS SUBMITTED UNTIL (A) IN THE CASE OF THE PREVAILING BIDDER, THE EARLIEST OF (X) TWO (2) BUSINESS DAYS AFTER THE PROJECTED CLOSING DATE, OR (Y) IF THE PROJECTED CLOSING DATE IS EXTENDED, TWO (2) BUSINESS DAYS AFTER THE ASSET SALE HAS CLOSED, OR (Z) THIRTY (30) DAYS AFTER AN ORDER APPROVING THE ASSET SALE IS ENTERED BY THE BANKRUPTCY COURT, AND (B) IN THE CASE OF THE SECOND-HIGHEST BIDDER, THE EARLIEST OF (X) IF THE PREVAILING BIDDER CONSUMMATES THE ASSET SALE, TWO (2) BUSINESS DAYS AFTER THE ASSET SALE HAS CLOSED, OR (Y) IF THE PREVAILING BIDDER HAS NOT CONSUMMATED THE ASSET SALE, TWO (2) BUSINESS DAYS AFTER THE SECOND-HIGHEST BIDDER HAS CONSUMMATED THE ASSET SALE, OR (Z) FORTY (40) DAYS AFTER AN ORDER APPROVING THE ASSET SALE IS ENTERED BY THE BANKRUPTCY COURT. EACH QUALIFIED BID THAT IS NOT THE PREVAILING BID OR THE SECOND-HIGHEST BID SHALL BE DEEMED WITHDRAWN AND TERMINATED AT THE CONCLUSION OF THE SALE HEARING.

10. Sale Hearing

The Prevailing Bid and the Second-Highest Bid will be subject to approval by the Bankruptcy Court. The hearing for the Bankruptcy Court to consider and approve the Prevailing Bid and the Second-Highest Bid (the "Sale Hearing") shall take place on **May 13, 2013 at 10:00 a.m. (Prevailing Eastern Time)**. Notwithstanding anything herein to the contrary, unless otherwise agreed to by the ABL DIP Agent and the Co-Collateral Agents, the Debtors will not seek court approval of the Prevailing Bid(s) and Second Highest Bids and will otherwise cancel the Asset Sale and adjourn the Sale Hearing unless all outstanding obligations under the ABL DIP Facility will be paid in full, in cash, upon the closing of one or more Asset Sales.

11. Return, Application and Forfeiture of Deposits

All Deposits shall be returned to each bidder not selected by the Debtors as the Prevailing Bidder or the Second-Highest Bidder no later than five (5) business days following the substantial consummation of the Asset Sale to the Prevailing Bidder or the Second-Highest Bidder (if such bidder is deemed the Prevailing Bidder in accordance with paragraph 13).

The Deposit of the Prevailing Bidder shall be (a) applied to the Purchase Price at the closing of the Asset Sale, and (b) forfeited to the Debtors if the Prevailing Bidder materially breaches its obligations pursuant to these Bidding Procedures and as set forth in its Modified Asset Purchase Agreement, including its failure to reasonably promptly consummate the Asset Sale because of a breach or failure to perform on the part of the Prevailing Bidder as set forth in these Bidding Procedures and its Modified Asset Purchase Agreement. To the extent the Second-Highest Bidder is deemed the Prevailing Purchaser in accordance with paragraph 13, the Deposit of the Second-Highest Bidder shall be (a) applied to the Purchase Price at the closing of the Asset Sale, and (b) forfeited to the Debtors if the Second-Highest Bidder materially breaches its obligations pursuant to these Bidding Procedures and as set forth in its Modified Asset Purchase Agreement, including its failure to reasonably promptly consummate the Asset Sale because of a breach or failure to perform on the part of the Prevailing Bidder as set forth in these Bidding Procedures and its Modified Asset Purchase Agreement.

If no Auction is held because no Qualified Bids were received by the Bid Deadline or as otherwise provided for in these Bidding Procedures, all Deposits shall be returned to the applicable Potential Bidders no later than five (5) business days following the filing of a notice of cancellation of the Auction with the Bankruptcy Court.

12. Reservation of Rights

Notwithstanding any of the foregoing, as provided for in the Final Bid Procedures Order, the Debtors reserve their rights, with the consent of the Ad Hoc DIP Lenders and the ABL Co-Collateral Agents, and after consultation with the Creditors Committee, to modify these Bidding Procedures at or prior to the Auction with respect to extending the deadlines set forth herein, modifying bidding increments, waiving terms and conditions set forth herein with respect to any or all potential bidders, adjourning or cancelling the Auction or the Asset Sale at or prior to the Auction and/or adjourning the Sale Hearing in open court without further notice; *provided, however*, that any modification of the Bidding Procedures shall not be inconsistent with the Final Bid Procedures Order and shall be disclosed to each Qualifying Bidder at the Auction.

13. Backup Bidder

Notwithstanding any of the foregoing, in the event that the Prevailing Bidder fails to consummate such sale prior to the Projected Closing Date (or such date as may be extended by the Debtors), the Second-Highest Bidder will be deemed to be the Prevailing Bidder and the Debtors will be authorized, with the consent of the Ad Hoc DIP Lenders and after consultation with the ABL Co-Collateral Agents and the Creditors' Committee, but not directed, to effectuate the Asset Sale to the Second-Highest Bidder subject to the terms of the Second-Highest Bid without further order of the Bankruptcy Court.

Exhibit A

School Specialty, Inc.
W6316 Design Drive
Greenville, Wisconsin 54942

February __, 2013

[_____]
[_____]
[_____]

Attention: [_____]

Re: Confidentiality Agreement (the "Agreement")

Ladies and Gentlemen:

In connection with our discussions regarding School Specialty, Inc. and/or its direct and indirect affiliates (collectively, the "Company"), the Company is prepared to provide you with certain Confidential Information (as defined below) with respect to a potential restructuring and/or sale of the Company (the "Transaction"). As a condition to your receipt of the Confidential Information (defined below), you agree to treat the Confidential Information in accordance with the provisions of this Agreement and to take or refrain from taking certain other actions set forth in this Agreement.

1. You hereby agree to keep all of the Confidential Information strictly confidential, and you shall not disclose the Confidential Information directly or indirectly without the prior written consent of the Company, provided that any Confidential Information may be disclosed (a) pursuant to paragraph 4 hereof, and (b) to your affiliates and your and their directors, officers, employees, agents, professional advisors (including, but not limited to, attorneys, accountants, consultants and financial advisors) and potential debt financing sources who (i) need to know the Confidential Information in connection with the Transaction and discussions pertaining thereto, (ii) have been informed of the confidential nature of the Confidential Information and who agree to keep the information confidential or are otherwise bound by an obligation of confidentiality to you sufficient to ensure compliance with the terms of this Agreement (such Persons (as defined below) are referred to as your "Representatives"); provided, further, that the obligations under this paragraph 1 shall terminate at the end of the Restricted Period (as defined below). You hereby agree that you and your Representatives will use the Confidential Information solely for the purpose of evaluating the Transaction. You agree to be responsible for any breach of the confidentiality and use restrictions contained in this Agreement by any of your Representatives. "Restricted Period" shall mean the period beginning on the date hereof and ending one year following the date hereof.
2. The term "Confidential Information" includes (a) all information related to the Company and the Transaction, including, without limitation, the discussions and negotiations between you and the Company relating to the Transaction, (b) all confidential or proprietary information furnished by the Company or any of its representatives in connection with the Transaction, whether furnished before or after the date hereof, whether oral or written or by visual inspection, and regardless of the manner in which it is furnished and (c) those portions of analyses, compilations, forecasts, studies, interpretations or other documents prepared by you or your Representatives that reflect or are based upon, in whole or part, the information furnished to you or your Representatives pursuant to this Agreement. The term "Confidential Information" does not include any information that (i) at the time of disclosure or thereafter is available to or known by the public (other than as a result of its disclosure by you or your Representatives in breach of this Agreement), (ii) is or becomes available to you or any of your Representatives on a non-

confidential basis from a Person who, to your or your Representatives' knowledge (after due inquiry), is not bound by a confidentiality agreement with the Company and or is not otherwise prohibited from disclosing such information to you or your Representatives or (iii) was independently developed by you or your Representatives without use of the Confidential Information. The Confidential Information shall remain the property of the Company. Except as expressly set forth in this Agreement, no rights to use, license or otherwise exploit the Confidential Information are granted to you or your Representatives, by implication or otherwise, and you shall not replicate, decompile or reverse engineer any Confidential Information (except as set forth herein) or make any attempts to do so. Neither you nor your Representatives will acquire any rights with respect to the Confidential Information, all of which rights shall remain exclusively with the Company.

3. Given the competitive value and confidential nature of the Confidential Information, the Company and its affiliates may be irreparably damaged by any disclosure or use of the Confidential Information in breach of this Agreement. Without prejudice to the rights and remedies otherwise available, both parties agree that the Company and any other beneficiary of the obligations hereunder may be entitled, without the requirement of posting a bond or other security, to equitable relief, including an injunction or specific performance, in the event of any breach or threatened breach of the provisions of this Agreement. Such equitable relief shall be available without the obligation to prove any damages underlying such breach or threatened breach. Such remedies shall not be deemed to be exclusive remedies but shall be in addition to all other remedies available at law or equity to the Company or such other beneficiary.
4. In the event that you or any of your Representatives are legally required (whether by applicable law, regulation, deposition, interrogatory, request for documents, subpoena, civil investigation, demand, order, any regulatory authority, or other legal process) to disclose any of the contents of the Confidential Information, the Company agrees that you and your Representatives may do so without liability, provided you (i) promptly notify the Company before any such disclosure to the extent practicable and legally permissible and (ii) reasonably cooperate, at the Company's expense, with the Company in any attempts it may make to obtain a protective order or other appropriate assurance that confidential treatment will be afforded the Confidential Information before any such disclosure. In the event that the Company is unable to obtain such protective order or other appropriate remedy, you and your Representatives will furnish only that portion of the Confidential Information that you and your Representatives are advised by counsel is legally required to be disclosed.
5. The Company may elect at any time to terminate further access by you or your Representatives to the Confidential Information. Upon such termination or at the end of the Restricted Period, upon a request by the Company, you agree to return or destroy all Confidential Information and any other material containing or reflecting any of the Confidential Information in your possession or your Representatives' possession within five business days, including any email or other electronic materials containing or reflecting such Confidential Information, and you and your Representatives will not retain any copies, extracts or other reproductions in whole or in part, mechanical or electronic, of such material, or any computer records, voicemails, documents, memoranda, notes or other writings whatsoever prepared by you or your Representatives, based on the Confidential Information. Promptly following such destruction or return, you shall confirm in writing as to such destruction or return of the aforementioned materials. Notwithstanding the foregoing, you and your Representatives shall each be entitled to retain copies of the Confidential Information necessary to comply with legal, regulatory or professional requirements, or pursuant to your internal document-retention policies and procedures, subject to maintaining the confidentiality of the same in accordance with the terms of this Agreement.

6. You agree that, for a period of two years from the date of this Agreement, you will not, directly or indirectly, solicit for employment any employee of the Company or any of its affiliates with whom you have had contact or who became known to you in connection with your consideration of the Transaction; provided, however, that the foregoing provision will not prevent you from (i) making any general solicitation for employment by use of advertisements in the media that is not specifically directed at employees of the Company or its affiliates and (ii) hiring any such employee who responds to any such general solicitation or contacts you on his or her own initiative without any direct or indirect solicitation by or encouragement from you.
7. You understand and acknowledge that neither the Company nor any of its officers, directors, employees, shareholders, partners, members, affiliates, accountants, attorneys, financial advisors, consultants or other agents or representatives (collectively, the Company's "Related Parties") makes any representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information. You agree that neither the Company nor any of its Related Parties shall have any liability to you or any of your Representatives relating to or resulting from your or their use of the Confidential Information or any errors therein or omissions therefrom. You further understand and agree that (i) the Company (a) shall be free to conduct the disclosure process as it, in its sole discretion, shall determine (including changing or terminating such process, providing any information to any other Person or negotiating with any other Person, in each case, at any time and without notice to you or any other Person) and (b) shall be free at its sole discretion to accept or reject, at any time, any proposal relating to the Company for any reason without notice to you or any other Person, and (ii) you shall have no claim against the Company or any of its Related Parties in connection with any of the foregoing.
8. You hereby represent and warrant that to your knowledge you are not bound by the terms of a confidentiality agreement or other agreement with a third party that would conflict with any of your obligations under this Agreement.
9. Nothing contained in any discussions between you and the Company or in any Confidential Information shall be deemed to constitute a representation or warranty. Except for the matters set forth in this Agreement or in any such binding agreement, neither party shall be entitled to rely on any statement, promise, agreement or understanding, whether oral or written, any custom, usage of trade, course of dealing or conduct.
10. You acknowledge that you and your Representatives may receive material non-public information in connection with the Transaction and discussions pertaining thereto, and you are aware that the United States securities laws impose restrictions on trading in securities when in possession of such information or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities in reliance on such information. You acknowledge that you maintain, and you agree to comply with, your internal compliance policies and procedures with respect to such information.
11. This Agreement shall be governed and construed in accordance with the laws of the State of New York, without giving effect to any law that would cause the laws of any jurisdiction other than the State of New York to be applied. For so long as the Company is subject to the jurisdiction of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), the parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement shall be brought exclusively in the Bankruptcy Court, and each of the parties hereto irrevocably consents to the jurisdiction of the Bankruptcy Court (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in the

Bankruptcy Court or that any such suit, action or proceeding which is brought in the Bankruptcy Court has been brought in an inconvenient forum. After the Company is no longer subject to the jurisdiction of the Bankruptcy Court, the parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement may be brought in any state or federal court located in the State of New York, and each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Each party hereto hereby agrees that service of any process, summons, notice or document by U.S. registered mail addressed to such party shall be effective service of process for any such suit, action or proceeding brought against such party in any such courts. Each party hereto agrees that a final judgment in any such suit, action or proceeding brought in any such courts shall be conclusive and binding upon such party and may be enforced in any other courts to whose jurisdiction such party is or may be subject by suit upon such judgment.

12. This Agreement represents the entire understanding and agreement of the parties hereto and may be modified only by a separate written agreement executed by you and the Company expressly modifying this Agreement. This Agreement is not intended to replace any confidentiality provisions that may exist in any credit agreement with the Company relating to information that may be provided thereunder.
13. In the event that any provision or portion of this Agreement is determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law, and such invalid or unenforceable term or provision shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the Company's intention with respect to such invalid or unenforceable term or provision.
14. The failure or refusal of any party to insist upon strict performance of any provision of this Agreement or to exercise any right in any one or more instances or circumstances shall not be construed as a waiver or relinquishment of such provision or right, nor shall such failures or refusals be deemed a custom or practice contrary to such provision or right.
15. The provisions of this Agreement shall be binding solely upon and inure to the benefit of the parties hereto and their respective successors and assigns. You may not assign any or all of your rights, powers, privileges or obligations under this Agreement without the Company's prior written consent. Any purported assignment without such consent shall be void and unenforceable.
16. For purposes of this Agreement: (a) "affiliate" shall mean, as to any Person, any other Person which, directly or indirectly, controls, is controlled by, or is under common control with, such Person (for this purpose, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a Person, whether through the ownership of securities or partnership or other ownership interests, by contract or otherwise); and (b) "Person" shall be broadly interpreted to include any individual, corporation, company, partnership, limited liability company, trust or other group or entity (including any court, government or agency, commission, board or authority thereof, federal, state or local, domestic, foreign or multinational).

17. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed an original, but such counterparts shall together constitute one and the same Agreement.

Please confirm your agreement with the foregoing by signing and returning to the undersigned a duplicate copy of this Agreement.

Sincerely,

School Specialty, Inc.

By: _____
Name:
Title:

Accepted and agreed as of the date first written above:

_____]

By: _____

Name: _____

Title: _____

Exhibit 1A

Blackline of Bidding Procedures

BIDDING PROCEDURES¹

Set forth below are the bid procedures (the "Bidding Procedures") as approved by order of the Bankruptcy Court dated [March , 2013] [D.I.] (the "Final Bid Procedures Order") to be employed by School Specialty, Inc., a debtor and debtor-in-possession ("School Specialty," and (together with its affiliated debtors and debtors-in-possession, the "Debtors") and all direct and indirect subsidiaries who are guarantors (collectively with the Debtors, the "Sellers") in connection with that certain purchase agreement, dated January 28, 2013 between the Debtors and Bayside School Specialty, LLC, a Delaware limited liability company (the "Proposed Purchaser"), pursuant to which the Proposed Purchaser shall acquire all or substantially all of the Debtors' assets all on the terms and conditions specified therein (the "Asset Purchase Agreement"), a copy of which is attached hereto as Exhibit 1-1 in connection with the proposed sale of all or a portion of the Debtors' assets.

ANY PARTY INTERESTED IN BIDDING ON ANY OF THE DEBTORS' ASSETS SHOULD CONTACT THE DEBTORS' ADVISORS, AS FOLLOWS:

Perella Weinberg Partners: Derron Slonecker (dslonecker@pwpartners.com, 212-287-3361) or Agnes Tang (atang@pwpartners.com, 212-287-3168) or Nikhil Menon (nmenon@pwpartners.com, 212-287-3260), 767 Fifth Avenue, 5th Floor, New York, NY 1015310153.

1. Assets to be Sold

The Debtors shall offer for sale (the "Asset Sale") all or substantially all a portion of the property and assets of the Debtors' businesses (the "Asset Sale") as identified in further detail in the Asset Purchase Agreement (collectively the "Assets"); provided that the Debtors determine that the aggregate consideration offered by any Bid or combination of Bids for all or substantially all of the Debtors' assets satisfies the requirements set forth in section 5(n) below. A list of assets of School Specialty which may be comprised of the following business lines, each a "Business Line": (i) School Specialty's Educational Resources business, and (ii) School Specialty's Accelerated Learning Group business (collectively, the "Assets"). A more specific description of the Assets will be posted in the virtual electronic data room.

2. Confidentiality Agreement

Any bidder, including a potential strategic investor and potential financial investor (each a "Potential Bidder" and, collectively, the "Potential Bidders") that wishes to participate in the due diligence process described herein to submit a bid to purchase the Assets must deliver an executed confidentiality agreement substantially in the form of Exhibit A attached hereto.

¹ On February 15, 2013, the United States Bankruptcy Court for the District of Delaware entered an order approving these bidding procedures [Docket No. 213].

¹ The Debtors' chapter 11 bankruptcy cases are pending in the United States Bankruptcy Court for the District of Delaware, Case No. 13-10125(KJC).

3. ~~2-Participation Requirements~~

Any person~~Potential Bidder~~² that wishes to participate in the bidding process (each, a "Potential Bidder") must become a "Qualifying Bidder" and satisfy the Bid Requirements (as defined below in paragraph 6).² As a prerequisite to becoming a Qualifying Bidder (and, thus, being able to conduct due diligence), a Potential Bidder must, in addition to delivering an executed confidentiality agreement as required by paragraph 2, submit one or more non-binding preliminary indications of interest (each, a "Proposal") by a date no later than the Proposal Deadline (as defined below in paragraph 4) and satisfy each of the following requirements (each, a "Proposal Requirement"):

- must deliver an executed confidentiality agreement substantially in the form of Exhibit 2 attached hereto; and
- must be able, by providing financial statements, bank or investment account statements or such other information as the Debtors deem satisfactory, in their reasonable discretion and in consultation with the official committee of unsecured creditors (the "Creditors' Committee"),² to demonstrate the financial wherewithal to consummate a transaction if selected as the successful bidder for the Assets:
 - (a) identify the prospective purchaser, including its legal name, ownership, and location in your corporate structure, and be submitted by an officer authorized to bind the prospective purchaser to its terms;
 - (b) list or describe the Assets that the Potential Bidder wishes to acquire in the Asset Sale;
 - (c) set forth the purchase price proposed to be paid for the Assets by such Potential Bidder;
 - (d) indicate the source(s) of any debt or equity financing assumed in the Potential Bidder's Proposal, anticipated process and timing involved to secure necessary funds, and confirmation that the Potential Bidder's final acquisition proposal will not be subject to a financing contingency of any kind;

² In the event that one or more members of the Creditors' Committee submits a bid for the Assets, such member(s) will be excluded from participating in the consultation and information rights contemplated by these Bidding Procedures. In the event that one or more lenders providing loans to the Debtors pursuant to either the Ad Hoc DIP Facility (as defined below) or the ABL DIP Facility (as defined below) submits a bid for the Assets at the Auction (as defined below in paragraph 9) (including a credit bid), such lender(s) will be excluded from participating in the consultation, information and consent rights contemplated by these Bidding Procedures, but only with respect to the sale of those Assets for which the lender(s) have submitted a bid or bids. For the avoidance of doubt, the lenders providing the loans under the Ad Hoc DIP Facility or the ABL DIP Facility shall retain their consultation, information and consent rights with respect to the sale of any portion of the Assets not subject to such lender(s) bid or bids.

² In the event that one or more members of the Creditors' Committee submits a bid for the Assets, such member(s) will be excluded from participating in the consultation and information rights contemplated by these Bidding Procedures.

- (e) describe the information the Potential Bidder would need to review in order to make a definitive final acquisition proposal prior to the Bid Deadline (as defined below in paragraph 7), including an outline of specific topics and documents the Potential Bidder would like to review, together with an estimate of the time required for the Potential Bidder to complete its due diligence;
- (f) summarize the level of review and approval reached within the Potential Bidder's organization that the Asset Sale and the Potential Bidder's Proposal have received prior to the submission of the Potential Bidder's Proposal;
- (g) describe any material conditions or contingencies, and any corporate, regulatory or other approvals, with which the Potential Bidder will or may be required to comply in order to execute definitive documentation and any conditions that the Potential Bidder expects would need to be satisfied after execution of definitive documentation prior to closing (in each case, stating how, when and with what degree of certainty such conditions or approvals would be obtained or satisfied);
- (h) identify any outside advisors (e.g., legal, financial, accounting or consultants) that the Potential Bidder has engaged or is planning to engage to assist the Potential Bidder in the Asset Sale, indicating whether or not they have already been engaged; and
- (i) state the names, telephone numbers and email addresses of those persons Perella Weinberg Partners should contact when responding to the Potential Bidder's Proposal.

The Proposed Purchaser is deemed a Qualifying Bidder and the Asset Purchase Agreement constitutes a Qualifying Bid (as defined below) for all purposes. The Debtors shall provide to the Creditors' Committee, on a real time basis, a list of all Potential Bidders and Qualifying Bidders, copies of all executed confidentiality agreements and the documents any bidders provide to the Debtors to establish their financial wherewithal. The Debtors shall provide on a real-time basis, a list of all Potential Bidders and their respective Proposals to counsel for (i) the official committee of unsecured creditors appointed in the Debtors' chapter 11 bankruptcy cases (the "Creditors' Committee"), (ii) the lenders (the "Ad Hoc DIP Lenders") under that certain debtor-in-possession postpetition financing facility approved by order of the Court on an interim basis on February 26, 2013 [D.J. 300] (the "Ad Hoc DIP Facility"), and (iii) the administrative agent (the "ABL DIP Agent") and the collateral agents (the "ABL Co-Collateral Agents") with respect to that certain debtor-in-possession postpetition financing facility approved by order of the Court on a final basis on February 26, 2013 pursuant to that certain Final Order (I) Authorizing Debtors to (A) Obtain Postpetition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 364(C)(1), 364(C)(3), 364(D)(1), 364(E) and 507, (B) Utilize Cash Collateral Pursuant to 11 U.S.C. § 363, (C) Grant Priming Liens and Superpriority Claims to the DIP Lenders, (D) Provide Adequate Protection to Prepetition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362, 363 and 364, and (E) Use Cash Collateral and Proceeds of the ABL DIP Facility to Repay Obligations Arising Under the Prepetition ABL Credit Agreement and (II) Granting Related Relief [D.J. 299] (the "ABL DIP Facility").

3. Form of Agreement

The Asset Purchase Agreement is an offer to purchase all of the Assets. Bidders should reference the Asset Purchase Agreement in connection with their bids. As set forth in section 5 below, Bidders who intend to submit bids must include with their bids (i) a clean asset purchase agreement that contains substantially the same or terms more favorable to the Debtors than those in the Asset Purchase Agreement (provided that, as set forth in section 5(e) of these Bidding Procedures, such asset purchase agreement may contemplate the acquisition of a portion of the Assets) and (ii) a marked modified asset purchase agreement reflecting any variations from the Asset Purchase Agreement executed by the Proposed Purchaser.

4. Proposal Deadline

A bidder that desires to qualify as a Qualifying Bidder so that it may participate in the Auction, must deliver an electronic copy of its Proposal, so as to be received by a date no later than March 28, 2013 at 12:00 p.m. (Prevailing Eastern Time) (the "Proposal Deadline"), to:

Perella Weinberg Partners LP
Attention: Agnes Tang, Nikhil Menon
767 Fifth Avenue, 5th Floor
New York, NY 10153

atang@pwpartners.com
nmenon@pwpartners.com

5. 4- Due Diligence

The Debtors may afford reasonable due diligence access and the time and opportunity to conduct reasonable due diligence to any the Potential Bidders and Qualifying Bidder. Bidders.

The initial due diligence period shall extend through and include the Bid Deadline (as defined below). Proposal Deadline (the "Stage 1 Diligence Period"). During the Stage 1 Diligence Period, the Potential Bidders will be provided access to an electronic data room containing material non-public information regarding the Debtors.

Following the Proposal Deadline, but no later than April 1, 2013 at 5:00 p.m. (Prevailing Eastern Time), the Debtors may, in consultation with the Ad Hoc DIP Lenders, the ABL Co-Collateral Agents and the Creditors' Committee, select one or more parties to participate in a second stage of diligence, which shall extend from April 1, 2013 through and including April 23, 2013 (the "Stage 2 Diligence Period"). During the Stage 2 Diligence Period, the Debtors will issue a further process letter regarding, among other things, additional diligence (including meetings with senior management).

The Debtors and their representatives may but shall not be obligated to furnish any due diligence information after the Bid Deadline.

For any Potential Bidder or Qualifying Bidder who is a competitor of any of the Debtors or is affiliated with any competitor of any of the Debtors, the Debtors reserve the right, in

consultation with their advisors, the Ad Hoc DIP Lenders, the ABL Co-Collateral Agents, and the Creditors' Committee, to withhold or limit access to any due diligence information that the Debtors determine is business-sensitive or otherwise not appropriate for disclosure to such Potential Bidder or Qualifying Bidder.

Due diligence access may include such management presentations as may be scheduled by the Debtors, access to the virtualelectronic data room, and such other matters which a Potential Bidder or Qualifying Bidder may reasonably request and as to which the Debtors may agree. The Debtors will designate a representative of Perella Weinberg Partners to coordinate all reasonable requests for additional information and due diligence access from Potential Bidders and Qualifying Bidders. ~~Qualifying Bidders are advised to exercise their own discretion before relying on any information regarding the Assets provided by anyone other than the Debtors or their representatives.~~

Each bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct ~~any and all~~ sufficient due diligence regarding the Assets prior to submitting its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents in making its bid, and that it did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Assets, or the completeness of any information provided in connection with the bidding process outlined herein, except as expressly stated in the definitive purchase agreement, if any, between such bidder and the Debtors.

6. 5-Bid Requirements

~~To be deemed a "Qualifying Bid," a bid must be received from a Qualifying Bidder by a date no later than the Bid Deadline (as defined below) and satisfy~~ For a Potential Bidder to be considered as a "Qualifying Bidder," and so as to participate in the Auction, such bidder must submit a bid satisfying each of the following requirements (each, a "Bid Requirement") by a date no later than the Bid Deadline:

- (a) be in writing;
- (b) confirm that the Assets the Qualifying Bidder wishes to acquire are identical to the Assets listed or described in such bidder's Proposal, and, if not, list or describe the Assets such bidder wishes, as of the Bid Deadline, to acquire in the Asset Sale, including, if applicable, all inventory and accounts of or related to such Assets or Business Line(s);
- (c) ~~(b)-set forth the purchase price to be paid by such bidder (or in the case of the Proposed Purchaser, the credit bid amount);~~
- (d) ~~(e)-not propose payment in any form other than cash (or in the case of the Proposed Purchaser, a credit bid) in U.S. Dollars; provided that if at the event time of submission of such bid all of the Debtors' prepetition secured obligations are satisfied in full in cash'~~ obligations under the Ad Hoc DIP Facility and the ABL DIP Facility have been repaid in full, in cash, in accordance with

their terms and all commitments under such facilities have been terminated, the Creditors' Committee may consent to consideration other than cash in U.S. Dollars;

- (e) ~~(d)~~-state the liabilities proposed to be paid or assumed by such bidder;
- (f) ~~(e)~~-state that such Qualifying Bidder offers to purchase all or any portion of the Assets, including one or more Business Lines, upon the terms and conditions substantially as set forth in the form of agreement for the Asset Sale provided to such bidder (the "Asset Purchase Agreement" and be accompanied by")³ and provide to the Debtors, the Ad Hoc DIP Lenders, the ABL Co-Collateral Agents and the Creditors' Committee (at the addresses set forth in paragraph 4 above) a clean and duly executed purchase agreement (the "Modified Asset Purchase Agreement") and a marked copy of the Modified Asset Purchase Agreement reflecting any variations from the Asset Purchase Agreement executed by the Proposed Purchaser;
- (g) ~~(f)~~-state that such Qualifying Bidder's offer is irrevocable until the closing of the Asset Sale as provided for in paragraph 9 of these Bidding Procedures if such Qualifying Bidder is the Prevailing Bidder (as defined below in paragraph 9(p)) or the Second-Highest Bidder (as defined below in paragraph 6(r));
- (h) ~~(g)~~-state that such Qualifying Bidder is financially capable of consummating the ~~transactions~~Asset Sale contemplated by the Modified Asset Purchase Agreement and provides written evidence in support thereof;
- (i) ~~(h)~~-contain such financial and other information to allow the Debtors to make a reasonable determination as to the Qualifying Bidder's financial and other capabilities to consummate the ~~transactions~~Asset Sale contemplated by the Modified Asset Purchase Agreement, including, without limitation, such financial and other information setting forth adequate assurance of future performance under contracts and leases to be assumed pursuant to section 365 of title 11 of the United States Code (the "Bankruptcy Code") in a form requested by the Debtors to allow the Debtors to serve, within one (1) business day after such receipt, such information on counter-parties to any contracts or leases being assumed or assumed and assigned in connection with the proposed sale that have requested, in writing, such information;
- (j) ~~(i)~~-identify with particularity each and every executory contract and unexpired lease, the assumption and, as applicable, assignment of which is a condition to closing, provided, however, that the Qualifying Bidder, to the extent such bidder is selected in accordance with these Bidding Procedures as the Prevailing Bidder, shall have until three (3) days prior to the closing date of the Asset Sale approved by the Bankruptcy Court at the Sale Hearing (defined below in paragraph 10) to

³ The Debtors will file a copy of the proposed form of Asset Purchase Agreement with the Bankruptcy Court on or before April 15, 2013.

remove any executory contract or unexpired lease from the list it submitted with its bid;

- (j) commit to, no later than April 11, 2013, (x) repay Bayside Finance, LLC (or the applicable beneficial lender under the Bayside DIP Facility (as defined below)) ("Bayside") by wire transfer of immediately available funds, the full amount of any obligations owed to Bayside under the superpriority debtor in possession financing facility made available by Bayside to the Sellers (the "Bayside DIP Facility"), and (y) assume or arrange for a suitable third party to assume all of the rights and ongoing funding obligations (if any) of Bayside under the Bayside DIP Facility;
- (k) state the portion of the proposed purchase price that the Qualifying Bidder allocates, in the aggregate, to accounts and inventory subject to such bid;
- (l) (k) acknowledge their understanding that, unless otherwise agreed to by Wells the ABL DIP Agent (as defined below) and the ABL Co-Collateral Agent (as defined in the Wells DIP Facility), commit to, no later than April 11, 2013, wire an amount necessary to cause Agents, as a condition to the closing of such Asset Sale, all amounts outstanding under the super-priority revolving debtor in possession credit facility made available to certain of the Sellers in an aggregate principal amount of up to \$175,000,000 (the "Wells DIP Facility") with Wells Fargo Capital Finance, LLC or an affiliate acting as administrative agent (in such capacity, the "Wells DIP Agent") for itself and a syndicate of financial institutions to be paid in full in accordance with the Wells DIP Facility; ABL DIP Facility must be paid in full, in cash, in accordance with the terms of the ABL DIP Facility, with proceeds of such Asset Sale or with prior or concurrent closing proceeds from such other Asset Sale(s) for Qualified Bids (as defined below), and that if all amounts outstanding under the ABL DIP Facility cannot be paid in full, in cash, then the Debtors shall cancel such Asset Sale;
- (m) (l) not request or entitle such Qualifying Bidder to any break-up fee, "topping" termination, contribution, expense reimbursement (other than the expense reimbursement that only the Proposed Purchaser is entitled to receive) or similar type of fee or payment;
- (n) (m) fully disclose the identity of each entity that will be bidding in the Asset Sale or otherwise participating in connection with such bid, and the complete terms of any such participation;
- (n) result in a value to the Debtors' estates that is more than the aggregate of the value of the sum of: (i) the credit bid amount set forth in the Asset Purchase Agreement; plus (ii) the assumed liabilities, as identified in the Asset Purchase Agreement; plus (iii) \$1,650,000 (the "Initial Overbid Amount");
- (o) (i) does not contain any financing contingencies of any kind; (ii) provides for expiration of any due diligence contingency on or before the day that is one (1)

~~day prior to the Auction Date (as defined below); and (iii) and (ii) contains evidence that the Qualifying Bidder has received debt and/or equity funding commitments or has financial resources readily available sufficient in the aggregate to consummate the Asset Sale, which evidence is reasonably satisfactory to the Debtors in consultation with the Creditors' Committee, the Ad Hoc DIP Lenders and the ABL Co-Collateral Agents;~~

- (p) sets forth each regulatory and third-party approval required for the bidder to consummate its purchase of the Assets, and the time period within which the bidder expects to receive such regulatory and third-party approvals (and in the case that receipt of any such regulatory or third-party approval is expected to take more than 15 days following execution and delivery of an ~~asset purchase agreement~~ the Modified Asset Purchase Agreement, those actions the bidder will take to ensure receipt of such approval(s) as promptly as possible);
- (q) includes a commitment to close on or before ~~April 11, May 31, 2013~~ (the "Projected Closing Date") ~~subject to any regulatory approvals;~~
- (r) provides for the Qualifying Bidder to serve as a backup ~~bid~~ bidder (the "Second-Highest Bidder") if it is the next highest and best bid after the Prevailing Bid (the "Second-Highest Bid") in accordance with the terms of the Asset Purchase Agreement or Modified Asset Purchase Agreement, as applicable;
- (s) includes evidence of authorization and approval from the Qualifying Bidder's board of directors (or comparable governing body) with respect to the submission, execution, and delivery of the Modified Asset Purchase Agreement;
- (t) provides for liquidated damages in the event of the bidder's breach of contract under the Modified Asset Purchase Agreement equal to the deposit Deposit (as defined below in paragraph 6(w)); and
- (u) provides a cash purchase deposit in U.S. Dollars equal to ten percent (10%) of the purchase price contained in the Modified Asset Purchase Agreement; provided, however, that the Proposed Purchaser is not required to make a cash deposit (the "Deposit").

~~A competing bid satisfying all the above requirements, including the submission of such bid by the Bid Deadline, as determined by the Debtors in their reasonable business judgment and in consultation with the Ad Hoc DIP Lenders, the ABL Co-Collateral Agents, and the Creditors' Committee, shall constitute a Qualifying Bid. For the avoidance of doubt, no waiver of any Bid Requirement shall be permitted without the consent of the Proposed Purchaser. "Qualified Bid."~~ Each Potential Bidder submitting a bid shall be deemed to acknowledge and represent that it is bound by these Bidding Procedures. Unless otherwise agreed to by the ABL DIP Agent and the ABL Co-Collateral Agents, to the extent the Debtors in their reasonable business judgment and in consultation with the Ad Hoc DIP Lenders, the ABL Co-Collateral Agent, and the Creditors' Committee determine that the Qualified Bid(s) received will not be sufficient to pay in full, in

cash, all amounts outstanding under the ABL DIP Facility, the Debtors will cancel the Asset Sale and adjourn the Sale Hearing.

7. 6-Bid Deadline

A Qualifying Bidder that desires to ~~make a bid~~ submit a bid for the Assets for consideration as a Qualified Bid shall deliver a written or electronic copy of its bid, in each case so as to be received by a date no later than ~~March 19~~ April 24, 2013 at Noon (Prevailing Eastern Time) (the "Bid Deadline"), to:

- (a) School Specialty, Inc., Attn: Michael P. Lavelle, Chief Executive Officer (mike.lavelle@schoolspecialty.com), W6316 Design Drive, Greenville, WI 54942;
- (b) Paul, Weiss, Rifkind, Wharton & Garrison LLP, Attn: Alan W. Kornberg, Jeffrey D. Saferstein ~~&and~~ Tarun Stewart (akornberg@paulweiss.com, jsaferstein@paulweiss.com, tstewart@paulweiss.com), 1285 Avenue of the Americas, New York, NY 10019, attorneys for the ~~Sellers~~ Debtors;
- (c) Perella Weinberg Partners, Attn: Derron Slonecker ~~and~~, Agnes Tang ~~and~~ Nikhil Menon (dslonecker@pwpartners.com, atang@pwpartners.com, nmenon@pwpartners.com), 767 Fifth Avenue, New York, NY 10153, financial advisors for the ~~Sellers~~ Debtors;
- (d) ~~Akin Gump Strauss Hauer & Feld, LLP, Attn: Michael Stamer, Stephen Kuhn & Meredith Lahaie (mstamer@akingump.com, skuhn@akingump.com, mlahaie@akingump.com), One Bryant Park, New York, NY 10036, attorneys for the Proposed Purchaser;~~ Stroock & Stroock & Lavan LLP, Attn: Kristopher M. Hansen, Brett Lawrence and Jonathan D. Canfield (khansen@stroock.com, blawrence@stroock.com, jcanfield@stroock.com), 180 Maiden Lane, New York, NY 10038, attorneys for the agent under the Ad Hoc DIP Facility;
- (e) Goldberg Kohn, Attn: Randall Klein ~~&and~~ Jeremy Downs (randall.klein@goldbergkohn.com, jeremy.downs@goldbergkohn.com), 55 East Monroe Street, Suite 3300, Chicago, IL 60603, attorneys for the ABL Credit Parties (as defined in the Asset Purchase Agreement) agent under the Debtors' ABL DIP facility; and
- (f) Brown Rudnick LLP, Attn: Robert Stark ~~and~~ Aliza Reicher (rstark@brownrudnick.com, areicher@brownrudnick.com), Seven Times Square, New York, NY 10036, ~~proposed~~ Steven D. Pohl (spohl@brownrudnick.com), One Financial Center, Boston, MA 02111, counsel for the official committee of unsecured creditors Creditors' Committee.

8. 7-Evaluation of Qualifying Qualified Bids

The Debtors, in consultation with the Ad Hoc DIP Lenders, the ABL Co-Collateral Agents, and the Creditors' Committee, shall make a determination regarding whether a bid is a

~~Qualifying~~Qualified Bid and shall notify bidders whether their bids have been determined to be qualified by May 6, 2013 at 5:00 p.m. (Prevailing Eastern Time) or a date no later than two (2) days prior to the Auction Date ~~(as defined below)~~.

In the event a bid is determined not to be a ~~Qualifying~~Qualified Bid, the bidder shall be notified by the Debtors and such bidder shall have one (1) day from the date of such notification until May 7, 2013 at Noon (Prevailing Eastern Time) to modify its bid to render it a ~~Qualifying Bid~~. One (1) day prior to the Auction (as defined below) Qualified Bid. On or before May 7, 2013 at 5:00 p.m. (Prevailing Eastern Time), the Debtors shall determine, in their reasonable judgment and in consultation with the Ad Hoc DIP Lenders, the ABL Co-Collateral Agent and the Creditors' Committee, which of the ~~Qualifying~~Qualified Bids, at such time, is the highest or otherwise best for purposes of constituting the opening bid of the Auction (the "Opening Bid") and shall provide notice of the Opening Bid to all ~~Qualifying Bidders who have submitted Qualified Bids.~~

8. No Qualifying Bids

~~If no timely, conforming Qualifying Bids other than the Qualifying Bid submitted by the Proposed Purchaser are submitted by the Bid Deadline, the Debtors shall not hold an Auction (as defined below) and instead shall request at the Sale Hearing (as defined below) that the Bankruptcy Court approve the Asset Purchase Agreement with the Proposed Purchaser.~~

9. Auction

~~In the event that the Debtors timely receive one or more Qualifying Bids other than the Asset Purchase Agreement~~than one Qualified Bid, the Debtors shall conduct an auction (the "Auction") no later than March 25, 2013 on May 8, 2013 at 10:00 a.m. (Prevailing Eastern Time) (the "Auction Date"). Following the Auction, the Debtors will determine, in consultation with their advisors and, the Creditors' Committee, and the ABL Co-Collateral Agents, and with the consent of the Ad Hoc DIP Lenders, which individual bid is in the best interests of the Debtors and their estates. The Debtors will cancel the Auction if, by the Bid Deadline, no Qualified Bids are received or only one Qualified Bid is received. In the event the Auction is cancelled because no Qualified Bids are received by the Bid Deadline or as otherwise provided for in these Bidding Procedures, on or before May 8, 2013, the Debtors shall file and serve a notice of cancellation of the Auction and the Sale Hearing with the Bankruptcy Court. To the extent only one Qualified Bid is received by the Bid Deadline, in addition to filing a notice cancelling the Auction, the Debtors shall deem such Qualified Bid as the Prevailing Bid (as defined below in paragraph 9(p)) and will also file on or before May 8, 2013, a notice announcing the Prevailing Bidder (as defined below in paragraph 9(p)).

The Auction shall be governed by the following procedures:

- (a) The Auction shall be held at the law offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, NY 10019 on ~~March 25, 2013~~ May 8, 2013 beginning at 10:00 a.m. (Prevailing Eastern Time);

- (b) ~~only the Proposed Purchaser and the other Qualifying Bidders shall be entitled to make any subsequent bids at the Auction;~~
- (c) each Qualifying Bidder shall confirm that it has not engaged in any collusion with respect to bidding or the Asset Sale;
- (d) ~~the Proposed Purchaser and the other Qualifying Bidders shall appear in person at the Auction, or through a duly authorized representative;~~
- (e) ~~only the Debtors, the Proposed Purchaser, the Qualifying Bidders, the ABL Credit Parties, the official committee of unsecured creditors, lenders and agents under the ABL DIP facility and the Ad Hoc DIP Facility, the Creditors' Committee and advisors to each of these parties may attend the Auction; provided that any other creditor may be permitted to attend the Auction if such party so advises the Debtors and the Proposed Purchaser in writing by March 11, 2013 requests in writing to the Debtors on or before April 16, 2013 at 4 p.m. (Prevailing Eastern Time); provided further that the Debtors may seek relief from the Bankruptcy Court in the event they that the Debtors object to any such creditor's attendance;~~
- (f) the Debtors and their professional advisors shall direct and preside over the Auction, and the Auction shall be transcribed or videotaped;
- (g) bidding on the Assets shall commence at the amount of the highest Qualifying Bid submitted by the Qualifying Bidders prior to the Auction Opening Bid;
- (h) the first successive bid submitted at the Auction must be at least \$500,000 higher than the Opening Bid, and Qualifying Bidders may submit subsequent successive bids in increments of at least \$500,000 higher than the previous bid; provided that (i) each such successive bid must be a Qualified Bid and (ii) the Debtors shall retain the right to modify the bid increment requirements at the Auction in consultation with the Ad Hoc DIP Lenders, the ABL Co-Collateral Agents, and the Creditors' Committee;
- (i) the Auction may include individual negotiations with the Qualified Qualifying Bidders and/or open bidding in the presence of all other Qualified Qualifying Bidders;
- (j) all material terms of the bid ~~that is or~~ bids deemed to be the highest and best bid for each round of bidding shall be fully disclosed to all other Qualifying Bidders and the Proposed Purchaser;
- (k) The Debtors, after consultation with the Ad Hoc DIP Lenders, the ABL Co-Collateral Agents, and the Creditors' Committee, may employ and announce at the Auction additional procedural rules that are reasonable under the circumstances (e.g., the amount of time allotted to make subsequent bids) for conducting the Auction, *provided* that such rules are (i) not inconsistent with the order approving these Bidding Procedures (the "Final Bid Procedures Order"), the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local

Bankruptcy Rules for the District of Delaware, or any order of the Bankruptcy Court entered in connection with these chapter 11 cases, and (ii) disclosed to each Qualified Qualifying Bidder.

- (l) all Qualifying Bidders, including the Proposed Purchaser, at the Auction shall be deemed to have consented and submitted to the core jurisdiction of the Bankruptcy Court and ~~waived~~ any right to a jury trial in connection with any disputes relating to the marketing process, these Bidding Procedures, the Auction, the Asset Sale and the construction and enforcement of the Qualifying Bidder's contemplated transaction Asset Sale documents, as applicable;
- (m) Pursuant to Bankruptcy Code section 363(k) and except as otherwise set forth in this subsection (m), the Proposed Purchaser shall be entitled to credit bid all or a portion of the obligations then outstanding under (A) the DIP Credit Agreement (as defined in the Asset Purchase Agreement) and (B) the Pre-Petition Credit Agreement (as defined in the Asset Purchase Agreement), together with accrued interest, fees and any other claims in respect thereof; *provided, however*, that the Proposed Purchaser shall only be entitled to credit bid all or a portion of the Early Payment Fee (as defined in the Asset Purchase Agreement) if such Proposed Purchaser has either (i) obtained an order from the Bankruptcy Court allowing the Early Payment Fee in whole or in part (in which case the Proposed Purchaser shall be entitled to credit bid all or any portion of the allowed amount of the Early Payment Fee as set forth in any such order) or (ii) provided cash collateral, a letter of credit or such other form of credit support in respect of the Early Payment Fee reasonably acceptable to the Debtors (in which case the Proposed Purchaser shall be entitled to credit bid all or a portion of the Early Payment Fee equal to the amount of such cash collateral, letter of credit or other credit support); subject to the terms of the DIP Intercreditor Agreement (as defined in the Final ABL DIP Order) (i) the agent under the Ad Hoc DIP Facility (the "Ad Hoc DIP Agent") and the ABL Co-Collateral Agents shall be entitled to credit bid under section 363(k) of the Bankruptcy Code for any or all of the Assets, (ii) the Ad Hoc DIP Agent and the ABL Co-Collateral Agents shall be deemed to constitute Qualifying Bidders without regard to the terms of Section 6 of these Bidding Procedures, and (iii) any such credit bid shall be deemed to be a Qualified Bid provided that it otherwise complies with the terms of subsections 6(a), (b), (d)-(g), and (i)-(q)
- (n) all Qualifying Bidders, including the Proposed Purchaser, shall have the right to make additional modifications to the Asset Purchase Agreement or Modified Asset Purchase Agreement in conjunction with each Qualifying Qualified Bid submitted in each round of bidding during the Auction, *provided that* (i) any such modifications to the Asset Purchase Agreement or Modified Asset Purchase Agreement on an aggregate basis and viewed in whole, shall not, in the Debtors' business judgment after consultation with the Ad Hoc DIP Lenders, the ABL Co-Collateral Agents, and Creditors' Committee, be less favorable to the Debtors than the terms of the Asset Purchase Agreement and (ii) each Qualifying Qualified Bid shall constitute an irrevocable offer and be binding on the Qualified Qualifying Bidder submitting such bid until either such party shall have

submitted a subsequent ~~Qualifying~~Qualified Bid at the Auction or the Auction shall have concluded without such bid being selected as either the Prevailing Bid or the Second-Highest Bid;

- (o) the Debtors shall have the right to request any additional financial information that will allow the Debtors to make a reasonable determination as to the Qualifying Bidder's financial and other capabilities to consummate the ~~transactions~~Asset Sale contemplated by the Modified Asset Purchase Agreement, as further amended during the Auction, and any further information that the Debtors may believe is reasonably necessary to clarify and evaluate the Qualifying Bidder's bid;
- (p) the Auction shall continue until the Debtors determine, with the consent of the Ad Hoc DIP Lenders and after consultation with the ABL Co-Collateral Agents and the Creditors' Committee, and subject to Bankruptcy Court approval, that the offer or offers for the Assets is or are the highest or otherwise best from among the ~~Qualifying~~Qualified Bids submitted at the Auction (the "Prevailing Bid"). In making this decision, the Debtors shall consider, without limitation, the amount of the purchase price, the likelihood of the bidder's ability to close a transaction and the timing thereof, the number, type and nature of any changes to the Asset Purchase Agreement requested by each bidder, and the net benefit to the Debtors' estates. The bidder or bidders submitting such Prevailing Bid shall become the "Prevailing Bidder," and shall have such rights and responsibilities of the purchaser, as set forth in the applicable Asset Purchase Agreement or Modified Asset Purchase Agreement; provided that the Debtors may, in their discretion with the consent of the Ad Hoc DIP Lenders and after consultation with the ABL Co-Collateral Agents and the Creditors' Committee, designate the Second-Highest Bid (and the corresponding Second-Highest Bidder) to purchase the Assets in the event the Prevailing Bidder does not close the Asset Sale; and
- (q) in the case of the Prevailing Bidder, within one (1) business day after adjournment of the Auction, the Prevailing Bidder shall complete and execute all agreements, contracts, instruments and other documents evidencing and containing the terms and conditions upon which the Prevailing Bid was made; and in the case of the Second-Highest Bidder (if such bidder is deemed the Prevailing Bidder in accordance with paragraph 13), within ten (10) days after adjournment of the Auction, the Second-Highest Bidder shall complete and execute all agreements, contracts, instruments and other documents evidencing and containing the terms and conditions upon which the Second-Highest Bid was made.

EACH OF THE PREVAILING BID AND THE SECOND-HIGHEST BID SHALL CONSTITUTE AN IRREVOCABLE OFFER AND BE BINDING ON THE PREVAILING BIDDER AND THE SECOND-HIGHEST BIDDER, RESPECTIVELY, FROM THE TIME THE SUCH BID IS SUBMITTED UNTIL (A) IN THE CASE OF THE PREVAILING BIDDER, THE EARLIEST OF (A) TWO (2) BUSINESS DAYS AFTER THE PROJECTED CLOSING DATE, OR (Y) IF THE PROJECTED CLOSING DATE IS EXTENDED, TWO (2) BUSINESS

DAYS AFTER THE ASSET SALE HAS CLOSED, OR (BZ) THIRTY (30) DAYS AFTER THE SALE ORDER IS ENTERED. EACH QUALIFIED BID (INCLUDING THE BID OF THE PROPOSED PURCHASER) AN ORDER APPROVING THE ASSET SALE IS ENTERED BY THE BANKRUPTCY COURT, AND (B) IN THE CASE OF THE SECOND-HIGHEST BIDDER, THE EARLIEST OF (X) IF THE PREVAILING BIDDER CONSUMMATES THE ASSET SALE, TWO (2) BUSINESS DAYS AFTER THE ASSET SALE HAS CLOSED, OR (Y) IF THE PREVAILING BIDDER HAS NOT CONSUMMATED THE ASSET SALE, TWO (2) BUSINESS DAYS AFTER THE SECOND-HIGHEST BIDDER HAS CONSUMMATED THE ASSET SALE, OR (Z) FORTY (40) DAYS AFTER AN ORDER APPROVING THE ASSET SALE IS ENTERED BY THE BANKRUPTCY COURT. EACH QUALIFIED BID THAT IS NOT THE PREVAILING BID OR THE SECOND-HIGHEST BID SHALL BE DEEMED WITHDRAWN AND TERMINATED AT THE CONCLUSION OF THE SALE HEARING.

10. Sale Hearing

The Prevailing Bid and the Second-Highest Bid (or the Asset Purchase Agreement if no Qualifying Bid other than that of the Proposed Purchaser is received) will be subject to approval by the Bankruptcy Court. The hearing to for the Bankruptcy Court to consider and approve the Prevailing Bid and the Second-Highest Bid (or the Asset Purchase Agreement if no Qualifying Bid other than that of the Proposed Purchaser is received) (the "Sale Hearing") shall take place on March 27, 2013. May 13, 2013 at 10:00 a.m. (Prevailing Eastern Time). Notwithstanding anything herein to the contrary, unless otherwise agreed to by the ABL DIP Agent and the Co-Collateral Agents, the Debtors will not seek court approval of the Prevailing Bid(s) and Second Highest Bids and will otherwise cancel the Asset Sale and adjourn the Sale Hearing unless all outstanding obligations under the ABL DIP Facility will be paid in full, in cash, upon the closing of one or more Asset Sales.

11. Return, Application and Forfeiture of Deposits

All deposits Deposits shall be returned to each bidder not selected by the Debtors as the Prevailing Bidder or the Second-Highest Bidder no later than five (5) business days following the substantial consummation of the sale Asset Sale to the Prevailing Bidder or the Second Highest Bidder (if such bidder is deemed the Prevailing Bidder) in accordance with paragraph 13).

The Deposit of the Prevailing Bidder shall be (a) applied to the Purchase Price at the closing of the Asset Sale, and (b) forfeited to the Debtors if the Prevailing Bidder materially breaches its obligations pursuant to these Bidding Procedures and as set forth in its Modified Asset Purchase Agreement, including its failure to reasonably promptly consummate the Asset Sale because of a breach or failure to perform on the part of the Prevailing Bidder as set forth in these Bidding Procedures and its Modified Asset Purchase Agreement. To the extent the Second-Highest Bidder is deemed the Prevailing Purchaser in accordance with paragraph 13, the Deposit of the Second-Highest Bidder shall be (a) applied to the Purchase Price at the closing of the Asset Sale, and (b) forfeited to the Debtors if the Second-Highest Bidder materially breaches its obligations pursuant to these Bidding Procedures and as set forth in its Modified Asset

Purchase Agreement, including its failure to reasonably promptly consummate the Asset Sale because of a breach or failure to perform on the part of the Prevailing Bidder as set forth in these Bidding Procedures and its Modified Asset Purchase Agreement.

If no Auction is held because no Qualified Bids were received by the Bid Deadline or as otherwise provided for in these Bidding Procedures, all Deposits shall be returned to the applicable Potential Bidders no later than five (5) business days following the filing of a notice of cancellation of the Auction with the Bankruptcy Court.

12. Reservation of Rights

Notwithstanding any of the foregoing, as provided for in the Final Bid Procedures Order, the Debtors reserve their rights, with the consent of the Proposed Purchaser Ad Hoc DIP Lenders and the ABL Co-Collateral Agents, and after consultation with the Creditors Committee, to modify these Bidding Procedures at or prior to the Auction, with respect to extending the deadlines set forth herein, modifying bidding increments, waiving terms and conditions set forth herein with respect to any or all potential bidders, adjourning or cancelling the Auction or the Asset Sale at or prior to the Auction and/or adjourning the Sale Hearing in open court without further notice; *provided, however*, that any modification of the Bidding Procedures shall not be inconsistent with the Final Bid Procedures Order and shall be disclosed to each Qualified Qualifying Bidder at the Auction.

13. Backup Bidder

(a) Notwithstanding any of the foregoing, in the event that the Prevailing Bidder fails to consummate such sale prior to the Projected Closing Date (or such date as may be extended by the Debtors), ~~the Second-Highest Bidder will be deemed to be the back-up bidder at the price of its last bid.~~ The Second-Highest Bidder will be deemed to be the Prevailing Bidder and the Debtors will be authorized, with the consent of the Ad Hoc DIP Lenders and after consultation with the ABL Co-Collateral Agents and the Creditors' Committee, but not directed, to effectuate the Asset Sale to the Second-Highest Bidder subject to the terms of the Second-Highest Bid without further order of the Bankruptcy Court.

(b) ~~For the avoidance of doubt, in the event that there is a Prevailing Bidder other than the Proposed Purchaser and the Proposed Purchaser is the Second-Highest Bidder, the Proposed Purchaser will be deemed to be the back-up bidder at the price of its last credit bid and will be subject to the terms contained Section 13(a) herein.~~

Exhibit 2

Revised Sale Notice

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

SCHOOL SPECIALTY, INC., *et al.*,
Debtors.¹

Chapter 11

Case No. 13-10125 (KJC)

Jointly Administered

NOTICE OF AUCTION AND SALE HEARING

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On January 28, 2013, School Specialty, Inc., and its affiliated debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”), filed their motion (the “Motion”)² for entry of an order (the “Bidding Procedures Order”), among other things, (a) scheduling a hearing (the “Sale Hearing”) on approval of its asset sale, assumption and assignment of executory contracts, to Bayside School Specialty, LLC (or its assignee) (the “Original Proposed Purchaser”) and assumption of certain liabilities; and (b) approving proposed bidding and sale procedures and the Expense Reimbursement and the form and manner of notice thereof. The Motion additionally requests entry of an order, (a) approving an asset purchase agreement (the “Original Asset Purchase Agreement”) for the sale of all or substantially all of the assets of the Debtors to the Original Proposed Purchaser or to the Prevailing Bidder to be identified at the Auction;³ (b) authorizing the sale of all or substantially all of the assets of the Debtors free and clear of all Liens, Claims, Interests or Encumbrances (other than Permitted Liens); (c) authorizing the assumption and assignment of certain executory contracts and unexpired leases (the “Assumed Contracts”) to the Original Proposed Purchaser or the Prevailing Bidder; and (d) granting related relief.

2. By order dated March __, 2013 [D.I. __], the United States Bankruptcy Court for the District of Delaware approved the Bidding Procedures which revised certain deadlines and bidding procedures as originally proposed in the Motion (the “Final Bidding Procedures Order”). Pursuant to the Final Bidding Procedures Order, the Auction for the

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.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion as amended by the Bidding Procedures approved by the Final Bidding Procedures Order (as defined below).

³ As reflected in the Bidding Procedures Order, the Debtors no longer seek approval of a sale of substantially all assets to the Original Proposed Purchaser.

Debtors' assets shall take place on **May 8, 2013 at 10:00 a.m. (Prevailing Eastern Time)** at the offices of counsel to the Debtors, Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10019. The only parties that may submit bids at the Auction will be those parties that have submitted a Qualified Bid in accordance with the Bidding Procedures, attached as **Exhibit 1** to the Final Bidding Procedures Order, by no later than **April 24, 2013 at Noon (Prevailing Eastern Time)** (the "**Bid Deadline**"). Any party that wishes to take part in this process and submit a bid for the Assets must submit a competing bid prior to the Bid Deadline and in accordance with the Bidding Procedures. Parties interested in receiving information regarding the sale of the Assets in accordance with the Bidding Procedures should contact the Debtors' financial advisors, Perella Weinberg Partners: Agnes Tang (atang@pwppartners.com, 212-287-3168) or Nikhil Menon, 767 Fifth Avenue New York, NY 10153. In the event that no Qualified Bids are received in accordance with the Bidding Procedures, and thus, the Auction is cancelled, the Debtors shall file with the Bankruptcy Court and serve a notice of cancellation of the Auction and the Sale Hearing on or before May 8, 2013. To the extent only one Qualified Bid is received by the Bid Deadline, the Debtors shall deem such Qualified Bid as the Prevailing Bid and on or before May 8, 2013, will file a notice of cancellation of the Auction which shall announce the Prevailing Bidder and to the counterparties to the Assumed Contracts, provide information regarding the Prevailing Bidder's ability to provide adequate assurance of future performance.

3. The Auction will be conducted openly, but only the Debtors, the Qualifying Bidders, the agent and lenders of the ABL DIP Facility and the Ad Hoc DIP Facility, the official committee of unsecured creditors and advisors to each of these parties may attend the Auction; *provided that* any other creditor may be permitted to attend the Auction if such party so requests in writing to the Debtors by **April 16, 2013 at 4:00 p.m. (Prevailing Eastern Time)**; *provided further* that the Debtors may seek relief from the Bankruptcy Court in the event that the Debtors object to any such creditor's attendance. Only Qualifying Bidders will be allowed to submit bids for the Debtors' Assets at the Auction, however. In the event of an Auction, the Debtors shall, as soon as reasonably practicable after conclusion of the Auction, but in no event later than one (1) business day after the conclusion of the Auction, file a notice to announce the Prevailing Bidder and serve such notice via email, facsimile, hand delivery or overnight mail to the counterparties to the Assumed Contracts and provide the counterparties to the Assumed Contracts information regarding the Prevailing Bidder's ability to provide adequate assurance of future performance via email, facsimile, hand delivery or overnight mail.

4. The Sale Hearing to consider approval of the sale of the Debtors' assets to a Prevailing Bidder (as defined in the Bidding Procedures) free and clear of all liens, claims and encumbrances will be held before the Honorable Judge Kevin J. Carey, United States Bankruptcy Judge, 824 North Market Street, 5th Floor, Courtroom No. 5, Wilmington, Delaware 19801 on **May 13, 2013 at 10:00 a.m. (Prevailing Eastern Time)**. The Sale Hearing may be continued from time to time without further notice to creditors or parties in interest other than by announcement of the continuance in open court on the date scheduled for the Sale Hearing (or in agenda).

5. **Except to the extent provided for in paragraph 6 of this notice, objections, if any, to the sale of the Assets, or other relief requested in the Motion in connection with the sale of the Assets, including without limitation to the sale, assumption**

and assignment of the Assumed Contracts (as defined in the Final Bidding Procedures), must file a formal objection: (a) be in writing; (b) comply with the Bankruptcy Rules and the Local Bankruptcy Rules; (c) be filed with the clerk of the Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, DE 19801 (or filed electronically via CM/ECF), on or before 4:00 p.m. (Prevailing Eastern Time) on April 29, 2013, and (d) be served, so as to be received no later than 4:00 p.m. (Prevailing Eastern Time) on the same day, upon the following ("Notice Parties"):

- (a) School Specialty, Inc., Attn: Michael P. Lavelle, Chief Executive Officer (mike.lavelle@schoolspecialty.com), W6316 Design Drive, Greenville, WI 54942;
- (b) (i) Paul, Weiss, Rifkind, Wharton & Garrison LLP ("Paul Weiss"), Attn: Alan W. Kornberg, Jeffrey D. Saferstein & Tarun Stewart (akornberg@paulweiss.com, jsaferstein@paulweiss.com, tstewart@paulweiss.com), 1285 Avenue of the Americas, New York, NY 10019 and (ii) Young, Conaway, Stargatt & Taylor, LLP, Attn: Pauline K. Morgan and Joel Waite (pmorgan@ycst.com, jwaite@ycst.com), Rodney Square, 1000 North King Street, Wilmington, DE 19801, attorneys for the Debtors;
- (c) Perella Weinberg Partners, Attn: Derron Slonecker and Agnes Tang (dslonecker@pwppartners.com, atang@pwppartners.com), 767 Fifth Avenue, New York, NY 10153, financial advisors for the Debtors;
- (d) (i) Kristopher M. Hansen and Jonathan D. Canfield (khansen@stroock.com, jcanfield@stroock.com), 180 Maiden Lane, New York, NY 10038 and (ii) Duane Morris LLP, Attn: Michael R. Lastowski, Christopher M. Winter and Jarrett P. Hitchings (mlastowski@duanemorris.com, cmwinter@duanemorris.com, jphitchings@duanemorris.com), 222 Delaware Avenue, Suite 1600, Wilmington, DE 19801, attorneys for the agent under the Debtors' Ad Hoc DIP Facility (as defined in the Bidding Procedures).
- (e) (i) Goldberg Kohn, Attn: Randall Klein & Jeremy Downs (randall.klein@goldbergkohn.com, jeremy.downs@goldbergkohn.com), 55 East Monroe Street, Suite 3300, Chicago, IL 60603 and (ii) Richards, Layton and Finger, P.A., Attn: Paul Heath (heath@RLF.com), One Rodney Square, 920 North King Street, Wilmington, DE 19801, attorneys for the agent of ABL DIP Facility (as defined in the Bidding Procedures).
- (f) (i) Brown Rudnick LLP, Attn: Robert J. Stark and Aliza Reicher (rstark@brownrudnick.com, areicher@brownrudnick.com), 7 Times Square, New York, NY 10036, (ii) Brown Rudnick LLP, Attn: Steven D. Pohl (SPohl@brownrudnick.com), One Financial Center, Boston, MA 02111, and (iii) Venable LLP, Attn: Jamie L. Edmonson (jedmonson@Venable.com), 750 Pratt Street, Suite 900, Baltimore, MD 21202, attorneys for the Committee; and

- (g) the U.S. Trustee, Attn: Juliet M. Sarkessian (Juliet.M.Sarkessian@usdoj.gov), 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801.

6. Counterparties to those certain executory contracts or unexpired leases proposed to be assumed and assigned to the Prevailing Bidder may assert objections in writing to the Prevailing Bidders' ability to provide adequate assurance of future performance under such executory contract or unexpired lease. Such objections, if any, must: (a) be in writing; (b) comply with the Bankruptcy Rules and the Local Bankruptcy Rules; (c) be filed with the clerk of the Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, DE 19801 (or filed electronically via CM/ECF), at any time prior to or at the Sale Hearing, and (d) be served upon the Notice Parties set forth in paragraph 5.

7. **PLEASE TAKE NOTICE THAT THE FAILURE TO ABIDE BY THE PROCEDURES AND DEADLINES SET FORTH IN THE BIDDING PROCEDURES ORDER AND THE BIDDING PROCEDURES MAY RESULT IN THE FAILURE OF THE BANKRUPTCY COURT TO CONSIDER A COMPETING BID OR AN OBJECTION TO THE PROPOSED SALE TRANSACTION.**

8. This Notice and the Sale Hearing are subject to the fuller terms and conditions of the Motion, the Final Bidding Procedures Order and the Bidding Procedures, which shall control in the event of any conflict and the Debtors encourage parties in interest to review such documents in their entirety. Copies of the Motion, the Asset Purchase Agreement, the Bidding Procedures, and/or the Final Bidding Procedures Order may be obtained free of charge at the website maintained by the Debtors' notice and claims agent at <http://www.kccllc.net/schoolspecialty> or by written request to counsel to the Debtors, Paul Weiss. In addition, copies of the aforementioned pleadings may be found on the Pacer's website, <http://ecf.deb.uscourts.gov>.

Dated: Wilmington, Delaware
_____, 2013

Pauline K. Morgan
YOUNG CONAWAY STARGATT & TAYLOR, LLP
The Brandywine Building
1000 West Street, 17th Floor
Wilmington, Delaware 19801
Telephone: (302) 571-6600
Facsimile: (302) 576-3312

Jeffrey D. Saferstein
**PAUL, WEISS, RIFKIND, WHARTON & GARRISON
LLP**
1285 Avenue of the Americas
New York, New York 10019
Telephone: (212) 373-3000
Facsimile: (212) 492-0158

Attorneys for the Debtors and the Debtors in Possession

Exhibit 2A

Blackline of Revised Sale Notice

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

SCHOOL SPECIALTY, INC., *et al.*,

Debtors.¹

Chapter 11

Case No. 13-10125 (KJC)

Jointly Administered

NOTICE OF AUCTION AND SALE HEARING

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On January 28, 2013, School Specialty, Inc., and its affiliated debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors"), filed their motion (the "Motion")² for entry of an order (the "Bidding Procedures Order"), among other things, (a) scheduling a hearing (the "Sale Hearing") on approval of its asset sale, assumption and assignment of executory contracts, to Bayside School Specialty, LLC (or its assignee) (the "Original Proposed Purchaser") and assumption of certain liabilities; and (b) approving proposed bidding and sale procedures (the "Bidding Procedures") and the Expense Reimbursement and the form and manner of notice thereof. The Motion additionally requests entry of an order (the "Sale Order"), (a) approving an asset purchase agreement (the "Original Asset Purchase Agreement") for the sale of all or substantially all of the assets of the Debtors to the Original Proposed Purchaser or to the Prevailing Bidder to be identified at the Auction;³ (b) authorizing the sale of all or substantially all of the assets of the Debtors free and clear of all Liens, Claims, Interests or Encumbrances (other than Permitted Liens); (c) authorizing the assumption and assignment of certain executory contracts and unexpired leases (the "Assigned Assumed Contracts") to the Original Proposed Purchaser or the Prevailing Bidder; and (d) granting related relief.

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.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion as amended by the Bidding Procedures approved by the Final Bidding Procedures Order (as defined below).

³ As reflected in the Bidding Procedures Order, the Debtors no longer seek approval of a sale of substantially all assets to the Original Proposed Purchaser.

2. ~~On~~By order dated March , 2013 [D.I.], 2013, the United States Bankruptcy Court for the District of Delaware entered the approved the Bidding Procedures which revised certain deadlines and bidding procedures as originally proposed in the Motion (the "Final Bidding Procedures Order [~~Docket No.~~]"). Pursuant to the Final Bidding Procedures Order, the Auction for the ~~Acquired Assets~~ Debtors' assets shall take place on ~~March 25~~ May 8, 2013 at 10:00 a.m. (prevailing Prevailing Eastern Time) at the offices of counsel to the Debtors, Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10019. ~~Only~~ The only parties that may submit bids at the Auction will be those parties that have submitted a Qualified Bid in accordance with the Bidding Procedures, attached as Exhibit 1 to the Final Bidding Procedures Order as Exhibit 1, by no later than March 19 April 24, 2013 at Noon (Prevailing Eastern Time) (the "Bid Deadline") may bid at the Auction. Any party that wishes to take part in this process and submit a bid for the ~~Acquired Assets~~ must submit a competing bid prior to the Bid Deadline and in accordance with the Bidding Procedures. Parties interested in receiving information regarding the sale of the ~~Acquired Assets~~ in accordance with the Bidding Procedures should contact the Debtors' financial advisors, Perella Weinberg Partners: ~~Derron Stonecker~~ (~~dstonecker~~ Agnes Tang (atang@pwppartners.com, 212-287-3364 3168) or Nikhil Menon, 767 Fifth Avenue New York, NY 10153. In the event that no Qualified Bids other than that of the ~~Proposed Purchaser~~ are received in accordance with the Bidding Procedures, and thus, the Auction is cancelled, the Debtors shall file a Notice of Cancellation of the Auction with the Bankruptcy Court within one (1) business day of such decision and serve a notice of cancellation of the Auction and the Sale Hearing on or before May 8, 2013. To the extent only one Qualified Bid is received by the Bid Deadline, the Debtors shall deem such Qualified Bid as the Prevailing Bid and on or before May 8, 2013, will file a notice of cancellation of the Auction which shall announce the Prevailing Bidder and to the counterparties to the Assumed Contracts, provide information regarding the Prevailing Bidder's ability to provide adequate assurance of future performance.

3. The Auction will be conducted openly, but only the Debtors, the ~~Proposed Purchaser~~, the Qualifying Bidders, the ABL Credit Parties agent and lenders of the ABL DIP Facility and the Ad Hoc DIP Facility, the official committee of unsecured creditors and advisors to each of these parties may attend the Auction; *provided that* any other creditor may be permitted to attend the Auction if such party so advises the Debtors and the ~~Proposed Purchaser~~ requests in writing to the Debtors by ~~March 10~~ April 16, 2013 at 4:00 p.m. (Prevailing Eastern Time); *provided further* that the Debtors may seek relief from the Bankruptcy Court in the event ~~they~~ that the Debtors object to any such creditor's attendance. Only Qualifying Bidders will be allowed to submit bids for the ~~Acquired~~ Debtors' Assets at the Auction, however. In the event of an Auction, the Debtors shall, as soon as reasonably practicable after conclusion of the Auction, but in no event later than one (1) business day after the conclusion of the Auction, file a notice to announce the Prevailing Bidder and serve such notice via email, facsimile, hand delivery or overnight mail to the counterparties to the Assumed Contracts and provide the counterparties to the Assumed Contracts information regarding the Prevailing Bidder's ability to provide adequate assurance of future performance via email, facsimile, hand delivery or overnight mail.

4. The Sale Hearing to consider approval of the sale of the ~~Acquired Assets to the Proposed Purchaser or any of the Debtors' assets to a Prevailing Bidder (as~~

defined in the Bidding Procedures) free and clear of all liens, claims and encumbrances will be held before the Honorable Judge Kevin J. Carey, United States Bankruptcy Judge, 824 North Market Street, ~~5th Floor, Courtroom No. 5,~~ Wilmington, Delaware 19801 on ~~March 27~~ May 13, 2013 at 10:00 p.m. (prevailing Eastern Time). The Sale Hearing may be continued from time to time without further notice to creditors or parties in interest other than by announcement of the continuance in open court on the date scheduled for the Sale Hearing (or in agenda).

5. ~~Objections~~ Except to the extent provided for in paragraph 6 of this notice, objections, if any, to the sale of the Acquired Assets contemplated by the Asset Purchase Agreement, or the, or other relief requested in the Motion in connection with the sale of the Assets, including without limitation to the sale, assumption and assignment of the Assumed Contracts (as defined in the Final Bidding Procedures), must file a formal objection: (a) be in writing; (b) comply with the Bankruptcy Rules and the Local Bankruptcy Rules; (c) be filed with the clerk of the Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, DE 19801 (or filed electronically via CM/ECF), on or before 4:00 p.m. (prevailing Eastern Time) on April 29, 2013, and (d) be served, so as to be received no later than 4:00 p.m. (prevailing Eastern Time) on the same day, upon the following ("Notice Parties"):

- (a) School Specialty, Inc., Attn: Michael P. Lavelle, Chief Executive Officer (mike.lavelle@schoolspecialty.com), W6316 Design Drive, Greenville, WI 54942;
- (b) (i) Paul, Weiss, Rifkind, Wharton & Garrison LLP ("Paul Weiss"), Attn: Alan W. Kornberg, Jeffrey D. Saferstein & Tarun Stewart (akornberg@paulweiss.com, jsaferstein@paulweiss.com, tstewart@paulweiss.com), 1285 Avenue of the Americas, New York, NY 10019 and (ii) Young, Conaway, Stargatt & Taylor, LLP, Attn: Pauline K. Morgan and Joel Waite (pmorgan@ycst.com, jwaite@ycst.com), Rodney Square, 1000 North King Street, Wilmington, DE 19801, attorneys for the ~~Sellers~~ Debtors;
- (c) Perella Weinberg Partners, Attn: Derron Slonecker and Agnes Tang (dslonecker@pwpartners.com, atang@pwpartners.com), 767 Fifth Avenue, New York, NY 10153, financial advisors for the ~~Sellers~~ Debtors;
- (d) (i) ~~Akin Gump Strauss Hauer & Feld, LLP, Attn: Michael Stamer, Stephen Kuhn & Meredith Lahaie (mstamer@akingump.com, skuhn@akingump.com, mlahae@akingump.com)~~ Kristopher M. Hansen and Jonathan D. Canfield (khansen@stroock.com, jcanfield@stroock.com), ~~One Bryant Park~~ 180 Maiden Lane, New York, NY ~~10036~~ 10038 and (ii) ~~Pepper Hamilton~~ Duane Morris LLP, Attn: David Stratton & David Fournier (strattond@pepperlaw.com, fournierd@pepperlaw.com) ~~Michael R. Lastowski, Christopher M. Winter and Jarrett P. Hitchings (mlastowski@duanemorris.com, cmwinter@duanemorris.com, jphitchings@duanemorris.com), Hercules Plaza~~ 222 Delaware Avenue, Suite 5100, 1313 N. Market Street 1600, Wilmington, DE 19801, attorneys for the

Proposed Purchaser; agent under the Debtors' Ad Hoc DIP Facility (as defined in the Bidding Procedures).

- (e) (i) Goldberg Kohn, Attn: Randall Klein & Jeremy Downs (randall.klein@goldbergkohn.com, jeremy.downs@goldbergkohn.com), 55 East Monroe Street, Suite 3300, Chicago, IL 60603 and (ii) Richards, Layton and Finger, P.A., Attn: Paul Heath (heath@RLF.com), One Rodney Square, 920 North King Street, Wilmington, DE 19801, attorneys for the agent of ABL Credit Parties DIP Facility (as defined in the Asset Purchase Agreement Bidding Procedures);
- (f) (i) Brown Rudnick LLP, Attn: Robert J. Stark and Aliza Reicher (rstark@brownrudnick.com, areicher@brownrudnick.com), 7 Times Square, New York, NY 10036, (ii) Brown Rudnick LLP, Attn: Steven D. Pohl (SPohl@brownrudnick.com), One Financial Center, Boston, MA 02111, and (iii) Venable LLP, Attn: Jamie L. Edmonson (jedmonson@Venable.com), 750 Pratt Street, Suite 900, Baltimore, MD 21202, attorneys for the Committee; and
- (g) the U.S. Trustee, Attn: Juliet M. Sarkessian (Juliet.M.Sarkessian@usdoj.gov), 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801.

6. Counterparties to those certain executory contracts or unexpired leases proposed to be assumed and assigned to the Prevailing Bidder may assert objections in writing to the Prevailing Bidders' ability to provide adequate assurance of future performance under such executory contract or unexpired lease. Such objections, if any, must: (a) be in writing; (b) comply with the Bankruptcy Rules and the Local Bankruptcy Rules; (c) be filed with the clerk of the Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, DE 19801 (or filed electronically via CM/ECF), at any time prior to or at the Sale Hearing, and (d) be served upon the Notice Parties set forth in paragraph 5.

7. 6- PLEASE TAKE NOTICE THAT THE FAILURE TO ABIDE BY THE PROCEDURES AND DEADLINES SET FORTH IN THE BIDDING PROCEDURES ORDER AND THE BIDDING PROCEDURES MAY RESULT IN THE FAILURE OF THE BANKRUPTCY COURT TO CONSIDER A COMPETING BID OR AN OBJECTION TO THE PROPOSED SALE TRANSACTION.

8. 7- This Notice and the Sale Hearing are subject to the fuller terms and conditions of the Motion, the Final Bidding Procedures Order and the Bidding Procedures, which shall control in the event of any conflict and the Debtors encourage parties in interest to review such documents in their entirety. Copies of the Motion, the Asset Purchase Agreement, the Bidding Procedures, and/or the Final Bidding Procedures Order may be obtained free of charge at the website maintained by the Debtors' notice and claims agent at <http://www.kccllc.net/schoolspecialty> or by written request to counsel to the Debtors, Paul Weiss. In addition, copies of the aforementioned pleadings may be found on the Pacer's website, <http://ecf.deb.uscourts.gov>.

Dated: Wilmington, Delaware
_____, 2013

Pauline K. Morgan
YOUNG CONAWAY STARGATT & TAYLOR, LLP
The Brandywine Building
1000 West Street, 17th Floor
Wilmington, Delaware 19801
Telephone: (302) 571-6600
Facsimile: (302) 576-3312

Jeffrey D. Saferstein
**PAUL, WEISS, RIFKIND, WHARTON &
GARRISON LLP**
1285 Avenue of the Americas
New York, New York 10019
Telephone: (212) 373-3000
Facsimile: (212) 492-0158

*~~Proposed~~ Attorneys for the Debtors and the Debtors in
Possession*

Exhibit 3

Assumption Notice

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

SCHOOL SPECIALTY, INC., *et al.*,
Debtors.¹

Chapter 11

Case No. 13-10125 (KJC)

Jointly Administered

**NOTICE REGARDING (A) EXECUTORY CONTRACTS AND UNEXPIRED LEASES
PROPOSED TO BE ASSUMED AND ASSIGNED; (B) CURE AMOUNTS, IF ANY; AND
(C) RELATED PROCEDURES IN CONNECTION THEREWITH**

**TO: ALL COUNTERPARTIES TO THE DEBTORS' EXECUTORY CONTRACTS
AND UNEXPIRED LEASES THAT ARE PROPOSED TO BE ASSUMED AND
ASSIGNED, PLEASE TAKE NOTICE OF THE FOLLOWING:**

PLEASE TAKE NOTICE THAT upon the Debtors' motion (the "Sale Motion"), the United States Bankruptcy Court for the District of Delaware (the "Court") entered an order (the "Final Bidding Procedures Order")² on [March __, 2013] [D.I. __] approving certain procedures (the "Assumption and Assignment Procedures") for the assumption and assignment of certain of the Debtors' executory contracts and unexpired leases ("Contracts") designated by the Debtors to be assumed and assigned to the Prevailing Bidder (the "Assumed Contracts") in connection with the sale of substantially all of the Debtors' assets (the "Asset Sale").

The Debtors determination to assume and assign any Contract is subject to the rights of the Prevailing Bidder and the Debtors to revise which Contracts shall not be included as an Assumed Contract up to three (3) days prior to the closing of the Asset Sale approved by the Bankruptcy Court at the Sale Hearing. Additionally, the cure amounts reflected herein were calculated as of April 15, 2013 and may be subject to upward or downward adjustment, in which case the Debtors will provide fourteen (14) days' notice of such adjustment to affected counterparties, and such counterparties will have seven (7) days from receipt of such notice to object to such adjustment.

PLEASE TAKE FURTHER NOTICE THAT the Assumption and Assignment Procedures approved pursuant to the Final Bidding Procedures Order are as follows:

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.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Final Bidding Procedures Order.

(a) On or before **April 15, 2013**, the Debtors shall send a notice of assumption, assignment and cure (the "**Assumption Notice**"), substantially in the form attached as an exhibit to the Final Bidding Procedures Order, to those counterparties to the Assumed Contracts subject to the rights of the Prevailing Bidder and the Debtors to revise which Contracts shall not be included as Assumed Contracts up to three (3) days prior to the closing of the Asset Sale approved by the Bankruptcy Court at the Sale Hearing. The Assumption Notice shall include the Debtors' calculation of the cure costs (the "**Cure Costs**") for each such Assumed Contract.³ **Any counterparty to an Assumed Contract may file and serve any objections to (i) the proposed assumption and assignment set forth in the Assumption Notice and (ii) if applicable, the proposed Cure Cost, no later than April 29, 2013 at 4:00 p.m. (Prevailing Eastern Time); provided, however, objections based upon the Prevailing Bidder's inability to demonstrate adequate assurance of future performance under an Assumed Contract may be asserted at any time prior to or at the Sale Hearing.**

(b) At the Sale Hearing, only the assumption and assignment of those Assumed Contracts (and the corresponding Cure Costs) that have been selected by the Prevailing Bidder and the Debtors at the Auction to be assumed and assigned at the Sale Hearing (the "**Selected Contract**") shall be subject to approval by the Bankruptcy Court, and the Debtors shall reserve their rights for all other contracts. If no objections with respect to the Selected Contracts are timely received, (i) the counterparty to a Selected Contract shall be deemed to have consented to the assumption and assignment of the Selected Contract to the Prevailing Bidder and shall be forever barred from asserting any objection with regard to such assumption and assignment, and (ii) the Cure Cost set forth in the Assumption Notice shall be controlling, notwithstanding anything to the contrary in any Selected Contract, or any other document, and the counterparty to a Selected Contract shall be deemed to have consented to the Cure Cost and shall be forever barred from asserting any other claims related to such Selected Contract that arise prior to assumption and assignment thereof to the Prevailing Bidder against the Debtors or the Prevailing Bidder, or the property of any of them.

PLEASE TAKE FURTHER NOTICE that the Debtors are proposing to assume the designated Assumed Contract(s) listed below to which you are counterparty.⁴

Counterparty Name	Description of Contract	Amount Required to Cure All Defaults Thereunder, if any
		\$ _____

³ For certain Assumed Contracts in which the counterparty is the same, the Debtors will list the aggregate cure cost for such Assumed Contracts.

⁴ The designation of a contract or lease as an Assumed Contract shall not constitute an admission by the Debtors that any such contract or lease is in fact an executory contract or unexpired lease capable of assumption or that such executory contract or unexpired lease is necessarily a binding and enforceable agreement. Further, the Debtors expressly reserve the right to (i) reject any Assumed Contract as permitted under the Bankruptcy Code and (ii) contest any claim (or claim amount) asserted in connection with assumption of any Assumed Contract.

PLEASE TAKE FURTHER NOTICE THAT you are receiving this notice because the Debtors' records reflect that you are counterparty to a Contract with one or more Debtors that has not been assumed or rejected as of April 15, 2013. Pursuant to the Assumption and Assignment Procedures, the Debtors *may* elect to assume or reject your Contract(s) at any time prior to the Sale Hearing. **Accordingly, if you are a counterparty to a Contract with the Debtors, your contract or lease may be assumed by the Debtors and assigned to the Prevailing Bidder at the Sale Hearing.**

PLEASE TAKE FURTHER NOTICE that you are advised to review carefully the information contained in this notice and the related provisions of the Assumption and Assignment Procedures. If you would like to obtain a copy of the Sale Motion, the Final Bidding Procedures Order or any other pleadings filed in these chapter 11 cases, you should contact Kurtzman Carson Consultants ("KCC" or the "Claims Agent") by: (a) calling the Debtors' restructuring hotline at (877) 709-4758 / (424) 236-7236 (for callers outside the United States and Canada); (b) visiting the Debtors' restructuring website at www.kccllc.net/SchoolSpecialty, (c) e-mailing the Debtors at SSInfo@kccllc.com and/or (d) writing to School Specialty, Inc., c/o KCC, 2335 Alaska Avenue El Segundo, CA 90245. You may also obtain copies of any pleadings filed in these chapter 11 cases for a fee at the Court's website at <http://www.nysb.uscourts.gov> for registered users of the Public Access to Court Electronic Records (PACER) System.

PLEASE TAKE FURTHER NOTICE THAT Bankruptcy Code section 365(b)(1) requires a chapter 11 debtor to cure, or provide adequate assurance that it will promptly cure, any defaults under executory contracts and unexpired leases at the time of assumption. Accordingly, the Debtors have conducted a thorough review of their books and records and have determined the amounts required to cure defaults, if any, under the Assumed Contract(s), which amounts are listed in the table above.

PLEASE TAKE FURTHER NOTICE THAT absent any pending dispute, the monetary amounts required to cure any existing defaults arising under the Contract(s) identified above will be satisfied, pursuant to Bankruptcy Code section 365(b)(1), by the Debtors in cash in U.S. Dollars upon Closing of the Asset Sale or as otherwise agreed by the Debtors and the counterparty to any such Contract. In the event of a dispute, if the Debtors prevail with respect to the cure amount set forth above, payment of that amount shall be made no later than ten (10) business days following the entry of a final order resolving the dispute and approving the assumption. If an objection to the proposed assumption or related cure amount is sustained by the Court, however, the Debtors may elect to reject such Contract in lieu of assuming it.

PLEASE TAKE FURTHER NOTICE THAT in accordance with the Bid Procedures, in the event the Auction is cancelled because no Qualifying Bids are received by the Bid Deadline, on or before May 8, 2013, the Debtors shall file and serve a notice of cancellation of the Auction and the Sale Hearing with the Bankruptcy Court. In the event the Auction is cancelled because only one Qualified Bid is received by the Bid Deadline, on or before May 8, 2013, in addition to filing the notice of cancellation of the Auction, the Debtors shall (a) file a notice with the Bankruptcy Court announcing the Prevailing Bidder (the "Prevailing Bidder Notice"), (b) serve such notice via email, facsimile, hand delivery or overnight mail on the counterparties to those Assumed Contracts proposed to be assumed and assigned to the

Prevailing Bidder, and (c) provide information regarding the Prevailing Bidder's ability to provide adequate assurance of future performance, to the counterparties to the Assumed Contracts proposed to be assumed and assigned (the "Notice of Adequate Assurance of Future Performance") via email, facsimile, hand delivery or overnight mail.

PLEASE TAKE FURTHER NOTICE THAT in the event of an Auction, as soon as reasonably practicable after conclusion of the Auction, but in no event later than one (1) business day after the conclusion of the Auction, the Debtors will (a) file the Prevailing Bidder Notice, (b) serve such notice via email, facsimile, hand delivery or overnight mail on the counterparties to the Assumed Contracts proposed to be assumed and assigned to the Prevailing Bidder, and (c) provide the Notice of Adequate Assurance of Future Performance to the counterparties to the Assumed Contracts proposed to be assumed and assigned via email, facsimile, hand delivery or overnight mail.

PLEASE TAKE FURTHER NOTICE THAT the hearing at which the Court will consider approval of the Asset Sale (the "Sale Hearing") will commence at **10:00 a.m. (Prevailing Eastern Time) on May 13, 2013**, before the Honorable Kevin J. Carey, in the United States Bankruptcy Court for the District of Delaware, located at 824 N Market St., Wilmington, DE 19801 (5th Floor, Courtroom #5) and may be continued from time to time without further notice. Any objection to the assumption of the Contract(s) identified above and/or any proposed cure amounts related thereto must be **actually received on or before April 29, 2013 at 4:00 p.m. (Prevailing Eastern Time)** (the "Cure Objection Deadline"). Any Cure Objection must: (a) be in writing; (b) conform to the Bankruptcy Rules and the Local Bankruptcy Rules; (c) state the name and address of the objecting party and the amount and nature of the claim of such entity; (d) state with specificity the nature of the objection and, if the objection pertains to the proposed cure amount, the correct cure amount alleged by the objecting counterparty, together with any applicable and appropriate documentation in support thereof; and (e) be filed, contemporaneously with a proof of service, with the Court and served so that it is actually received no later than the Cure Objection Deadline by the following parties:

SCHOOL SPECIALTY, INC.

Attn: Michael P. Lavelle, Chief Executive Officer
mike.lavelle@schoolspecialty.com,
W6316 Design Drive, Greenville, WI 54942

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP

Attn: Alan W. Kornberg, Jeffrey D. Saferstein & Tarun Stewart
akornberg@paulweiss.com, jsaferstein@paulweiss.com, tstewart@paulweiss.com
1285 Avenue of the Americas, New York, NY 10019

YOUNG, CONAWAY, STARGATT & TAYLOR LLP

Attn: Pauline K. Morgan and Joel Waite (pmorgan@ycst.com, jwaite@ycst.com)
Rodney Square, 1000 North King Street, Wilmington, DE 19801,

Counsel to the Debtors and Debtors in Possession

BROWN RUDNICK LLP

Attn: Robert Stark, Aliza Reicher

rstark@brownrudnick.com, areicher@brownrudnick.com
Seven Times Square,
New York, NY 10036
Attn: Steven D. Pohl
SPohl@brownrudnick.com)
One Financial Center, Boston, MA 02111

VENABLE LLP

Attn: Jamie L. Edmonson
(jledmonson@Venable.com)
750 Pratt Street, Suite 900, Baltimore, MD 21202

Counsel to the Official Committee of Unsecured Creditors

STROOCK & STROOCK & LAVAN LLP

Attn: Kristopher M. Hansen & Jonathan D. Canfield
(khansen@stroock.com, jcanfield@stroock.com)
180 Maiden Lane, New York, NY 10038

DUANE MORRIS LLP

Attn: Michael R. Lastowski, Christopher M. Winter & Jarret P. Hitchings
(mlastowski@duanemorris.com, cmwinter@duanemorris.com, jphitchings@duanemorris.com),
222 Delaware Avenue, Suite 1600, Wilmington, DE 19801

Counsel for the agent under the Debtors' Ad Hoc DIP Facility

GOLDBERG KOHN

Attn: Randall Klein & Jeremy Downs
(randall.klein@goldbergkohn.com, jeremy.downs@goldbergkohn.com)
55 East Monroe Street, Suite 3300, Chicago, IL 60603

RICHARDS, LAYTON AND FINGER, P.A.

Attn: Paul Heath (heath@RLF.com)
One Rodney Square, 920 North King Street, Wilmington, DE 19801

Counsel for the agent under the ABL DIP Facility

**THE OFFICE OF THE UNITED STATES TRUSTEE
FOR THE DISTRICT OF DELAWARE**

Attn: Juliet M. Sarkessian, Esq.
Juliet.M.Sarkessian@usdoj.gov
J. Caleb Boggs Federal Building
844 King Street, Room 2207, Lockbox 35
Wilmington, DE 19801

PLEASE TAKE FURTHER NOTICE THAT any objections to the assumption and assignment of the Assumed Contract(s) identified above and/or related cure or adequate assurances proposed that remain unresolved as of the Sale Hearing will be heard at the Sale Hearing *(or such other date as fixed by the Court)*.

PLEASE TAKE FURTHER NOTICE THAT any counterparty to a Contract that fails to object timely to the proposed assumption or cure amount will be deemed to have assented to such assumption and cure amount.

PLEASE TAKE FURTHER NOTICE THAT ASSUMPTION OF ANY CONTRACT SHALL RESULT IN THE FULL RELEASE AND SATISFACTION OF ANY CLAIMS OR DEFAULTS, WHETHER MONETARY OR NONMONETARY, INCLUDING DEFAULTS OF PROVISIONS RESTRICTING THE CHANGE IN CONTROL OR OWNERSHIP INTEREST COMPOSITION OR OTHER BANKRUPTCY-RELATED DEFAULTS, ARISING UNDER ANY ASSUMED CONTRACT AT ANY TIME BEFORE THE DATE OF THE DEBTORS ASSUME SUCH CONTRACT. ANY PROOFS OF CLAIM FILED WITH RESPECT TO A CONTRACT THAT HAS BEEN ASSUMED SHALL BE DEEMED DISALLOWED

AND EXPUNGED, WITHOUT FURTHER NOTICE TO OR ACTION, ORDER OR APPROVAL OF THE BANKRUPTCY COURT.

Wilmington, Delaware

Dated _____, 2013

Pauline K. Morgan
YOUNG CONAWAY STARGATT & TAYLOR, LLP
The Brandywine Building
1000 West Street, 17th Floor
Wilmington, Delaware 19801
Telephone: (302) 571-6600 / Facsimile: (302) 576-3312

Jeffrey D. Saferstein
**PAUL, WEISS, RIFKIND, WHARTON & GARRISON
LLP**

1285 Avenue of the Americas
New York, New York 10019
Telephone: (212) 373-3000 / Facsimile: (212) 492-0158

Attorneys for the Debtors and the Debtors in Possession

Exhibit 3A

Blackline of Assumption Notice

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

SCHOOL SPECIALTY, INC., *et al.*,

Debtors.¹

Chapter 11

Case No. 13-10125 (KJC)

Jointly Administered

**NOTICE REGARDING (A) EXECUTORY CONTRACTS AND UNEXPIRED LEASES
PROPOSED TO BE ASSUMED AND ASSIGNED; (B) CURE AMOUNTS, IF ANY;
AND (C) RELATED PROCEDURES IN CONNECTION THEREWITH**

**TO: ALL COUNTERPARTIES TO THE DEBTORS' EXECUTORY CONTRACTS
AND UNEXPIRED LEASES THAT ARE PROPOSED TO BE ASSUMED AND
ASSIGNED, PLEASE TAKE NOTICE OF THE FOLLOWING:**

PLEASE TAKE NOTICE THAT upon the Debtors' motion (the "Sale Motion"),² the United States Bankruptcy Court for the District of Delaware (the "Court") entered an order (the "Final Bidding Procedures Order")² on [DATE March, 2013] [D.I.] approving certain procedures (the "Assumption and Assignment Procedures") for the assumption and assignment of certain of the Debtors' executory contracts and unexpired leases (collectively, the "Agreements/Contracts") designated by the Debtors to be assumed and assigned to the Prevailing Bidder (the "Assumed Contracts") in connection with the sale of substantially all of the Debtors' assets (the "Asset Sale").

The Debtors' determination to assume the ~~Agreements identified on the Assumption Schedule (as defined below) was made as of [DATE] and is subject to revision and assign any Contract is subject to the rights of the Prevailing Bidder and the Debtors to revise which Contracts shall not be included as an Assumed Contract up to three (3) days prior to the closing of the Asset Sale approved by the Bankruptcy Court at the Sale Hearing.~~ Additionally, the cure amounts reflected herein ~~and on the Assumption Schedule~~ were

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.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Sale Motion or the Asset Purchase Agreement, attached as Exhibit C to the Sale Motion, as applicable.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Final Bidding Procedures Order.

calculated as of ~~[DATE]~~ April 15, 2013 and may be subject to upward or downward adjustment, in which case the Debtors will provide fourteen (14) days' notice of such adjustment to affected counterparties, and such counterparties will have seven (7) days from receipt of such notice to object to such adjustment.

PLEASE TAKE FURTHER NOTICE THAT the Assumption and Assignment Procedures approved pursuant to the Final Bidding Procedures Order are as follows:

(a) ~~No later than March 6, 2013 (the "Initial Designated Contract Deadline")~~ On or before **April 15, 2013**, the Debtors shall (i) ~~file with the Court a schedule (the "Initial Designated Contracts Schedule") of the executory contracts and unexpired leases initially designated by the Proposed Purchaser for assumption by the Debtors and assignment to the Proposed Purchaser (the "Designated Contracts") and~~ (ii) ~~serve each counterparty to such Designated Contracts with~~ send a notice of assumption, assignment and cure (the "Assumption Notice"), substantially in the form attached as an exhibit to this Order. ~~The Initial Designated Contracts Schedule and the Final Bidding Procedures Order, to those counterparties to the Assumed Contracts subject to the rights of the Prevailing Bidder and the Debtors to revise which Contracts shall not be included as Assumed Contracts up to three (3) days prior to the closing of the Asset Sale approved by the Bankruptcy Court at the Sale Hearing. The Assumption Notice shall include the Debtors' calculation of the cure cost for each such Designated Contract costs (the "Cure Costs") for each such Assumed Contract.³ Any counterparty to a Designated and Assumed Contract on the Initial Designated Contract Schedule may file and serve any objections to (i) the proposed assumption and assignment set forth in the Assumption Notice and (ii) if applicable, the proposed Cure Cost, no later than March 20 April 29, 2013 at 4:00 p.m. (ET) Prevailing Eastern Time); provided, however, objections based upon the Prevailing Bidder's inability to demonstrate adequate assurance of future performance under an Assumed Contract may be asserted at any time prior to or at the Sale Hearing.~~

(b) ~~To the extent the schedule of Designated Contracts submitted by any other Qualified Bidder includes Designated Contracts other than those set forth on the Initial Designated Contracts Schedule (such Designated Contracts, the "Supplemental Designated Contracts"), within two (2) business days after receiving such Designated Contracts schedule from any other Qualified Bidder (and no later than six (6) days before the Sale Hearing, subject to adjustment as provided below), the Debtors shall file an amended schedule of Designated Contracts with the Court and serve by overnight courier service an Assumption Notice on each counterparty to any Supplemental Designated Contract. Such counterparties to any Supplemental Designated Contracts may assert any objection to (i) the proposed assumption and~~

³ For certain Assumed Contracts in which the counterparty is the same, the Debtors will list the aggregate cure cost for such Assumed Contracts.

~~assignment set forth in the Assumption Notice and (ii) if applicable, the proposed Cure Cost at any time up until and at the Sale Hearing.~~

(b) ~~(e)~~ At the Sale Hearing, only the assumption and assignment of those Designated Assumed Contracts (and the corresponding Cure Costs) that have been selected by the Prevailing Bidder and the Debtors at the Auction to be assumed and assigned to the Prevailing Bidder at the Auction Sale Hearing (the "Selected Contracts Contract") shall be subject to approval by the Bankruptcy Court, and the Debtors shall reserve their rights for all other contracts. If no objections with respect to the Selected Contracts are timely received, (i) the counterparty to a Selected Contract shall be deemed to have consented to the assumption and assignment of the Selected Contract to the Prevailing Bidder and shall be forever barred from asserting any objection with regard to such assumption and assignment, and (ii) the Cure Cost set forth in the Assumption Notice shall be controlling, notwithstanding anything to the contrary in any Selected Contract, or any other document, and the counterparty to a Selected Contract shall be deemed to have consented to the Cure Cost and shall be forever barred from asserting any other claims related to such Selected Contract that arise prior to assumption and assignment thereof to the Prevailing Bidder against the Debtors or the Prevailing Bidder, or the property of any of them.

~~(d) At the direction of the Prevailing Bidder (and subject to approval by the Bankruptcy Court), the Debtors may supplement the Designated Contracts list at any time prior to the Designation Deadline, provided that the Debtors must serve an Assumption Notice on the counterparties to any supplemental Designated Contracts and provide such counterparties at least seven (7) days' notice to object to the assumption and assignment of the supplemental Designated Contracts.~~

~~PLEASE TAKE FURTHER NOTICE THAT the Debtors filed the [Schedule of Designated and Assumed Executory Contracts and Unexpired Leases] (the "Assumption Schedule") with the Court on March 6, 2013 as contemplated under the Assumption and Assignment Procedures.~~

PLEASE TAKE FURTHER NOTICE that the Debtors are proposing to assume the Agreement (designated Assumed Contract(s)) listed below to which you are counterparty.²⁴

Counterparty Name	Description of Contract	Amount Required to Cure All Defaults Thereunder, if
-------------------	-------------------------	---

²⁴ Neither the exclusion nor inclusion of any Agreement on the Assumption Schedule shall constitute an admission by the Debtors that any such contract or lease is in fact an executory contract or unexpired lease capable of assumption or that such Agreement executory contract or unexpired lease is necessarily a binding and enforceable agreement. Further, the Debtors expressly reserve the right to (i) remove any Agreement from the Assumption Schedule and reject such Agreement, and (ii) contest any claim (or claim amount) asserted in connection with assumption of any Agreement Assumed Contract.

		EDM
		\$ _____

PLEASE TAKE FURTHER NOTICE THAT you are receiving this notice because the Debtors' records reflect that you are counterparty to an ~~Agreement~~ Contract with one or more Debtors that has not been assumed or rejected as of ~~[DATE]~~ April 15, 2013. Pursuant to section 2.5 of the ~~Asset Purchase Agreement and the~~ Assumption and Assignment Procedures, the Debtors *may* elect to assume or reject your ~~Agreement~~ Contract(s) at any time prior to the ~~Designation Deadline~~ Sale Hearing. Accordingly, if you are a counterparty to an ~~Agreement~~ Contract with the Debtors, your contract or lease *may* be assumed by the Debtors and assigned to the Prevailing Bidder at the ~~Auction~~ Sale Hearing.

PLEASE TAKE FURTHER NOTICE that you are advised to review carefully the information contained in this notice and the related provisions of the Assumption and Assignment Procedures, including the ~~Assumption Schedule~~. If you would like to obtain a copy of the ~~Assumption Schedule~~, as well as the Sale Motion, the Final Bidding Procedures Order, the ~~Asset Purchase Agreement~~ or any other pleadings filed in these chapter 11 cases, you should contact Kurtzman Carson Consultants ("KCC" or the "Claims Agent") by: (a) calling the Debtors' restructuring hotline at (877) 709-4758 / (424) 236-7236 (for callers outside the United States and Canada); (b) visiting the Debtors' restructuring website at www.kccllc.net/SchoolSpecialty, (c) e-mailing the Debtors at SSIinfo@kccllc.com and/or (d) writing to School Specialty, Inc., c/o KCC, 2335 Alaska Avenue El Segundo, CA 90245. You may also obtain copies of any pleadings filed in these chapter 11 cases for a fee at the Court's website at <http://www.nysb.uscourts.gov> for registered users of the Public Access to Court Electronic Records (PACER) System.

PLEASE TAKE FURTHER NOTICE THAT Bankruptcy Code section 365(b)(1) requires a chapter 11 debtor to cure, or provide adequate assurance that it will promptly cure, any defaults under executory contracts and unexpired leases at the time of assumption. Accordingly, the Debtors have conducted a thorough review of their books and records and have determined the amounts required to cure defaults, if any, under the ~~Agreement~~ Assumed Contract(s), which amounts are listed in the table above. ~~Additionally, information regarding the Proposed Purchaser's ability to provide adequate assurance of future performance is available from Debtors' counsel upon request.~~

PLEASE TAKE FURTHER NOTICE THAT absent any pending dispute, the monetary amounts required to cure any existing defaults arising under the ~~Agreement~~ Contract(s) identified above will be satisfied, pursuant to Bankruptcy Code section 365(b)(1), by the Debtors in cash in U.S. Dollars upon Closing of the Asset Sale or as otherwise agreed by the Debtors and the counterparty to any such ~~Agreement~~ Contract. In the event of a dispute, if the Debtors prevail with respect to the cure amount set forth above, payment of that amount shall be made no later than ten (10) business days following the entry of a final order resolving the dispute and approving the assumption. If an objection to the proposed assumption or related cure amount is sustained by the Court, however, the Debtors,

with the consent of the Proposed Purchaser, may elect to reject such ~~Agreement~~Contract in lieu of assuming it.

PLEASE TAKE FURTHER NOTICE THAT in accordance with the Bid Procedures, in the event the Auction is cancelled because no Qualifying Bids are received by the Bid Deadline, on or before May 8, 2013, the Debtors shall file and serve a notice of cancellation of the Auction and the Sale Hearing with the Bankruptcy Court. In the event the Auction is cancelled because only one Qualified Bid is received by the Bid Deadline, on or before May 8, 2013, in addition to filing the notice of cancellation of the Auction, the Debtors shall (a) file a notice with the Bankruptcy Court announcing the Prevailing Bidder (the "Prevailing Bidder Notice"), (b) serve such notice via email, facsimile, hand delivery or overnight mail on the counterparties to those Assumed Contracts proposed to be assumed and assigned to the Prevailing Bidder, and (c) provide information regarding the Prevailing Bidder's ability to provide adequate assurance of future performance, to the counterparties to the Assumed Contracts proposed to be assumed and assigned (the "Notice of Adequate Assurance of Future Performance") via email, facsimile, hand delivery or overnight mail.

PLEASE TAKE FURTHER NOTICE THAT in the event of an Auction, as soon as reasonably practicable after conclusion of the Auction, but in no event later than ~~twelve~~one (121) ~~hours~~business day after the conclusion of the Auction, the Debtors will (a) file a ~~notice~~ with the Bankruptcy Court announcing the Prevailing Bidder and ~~Notice~~, (b) serve such notice via email ~~or~~, facsimile ~~on~~, hand delivery or overnight mail on the counterparties to ~~executory contracts and unexpired leases~~ the Assumed Contracts proposed to be assumed and assigned to the Prevailing Bidder, and (c) provide the Notice of Adequate Assurance of Future Performance to the counterparties to the Assumed Contracts proposed to be assumed and assigned via email, facsimile, hand delivery or overnight mail.

PLEASE TAKE FURTHER NOTICE THAT the hearing at which the Court will consider approval of the Asset Sale (the "Sale Hearing") will commence at ~~10:00 p.m.~~ **(ET Prevailing Eastern Time) on March 27 May 13, 2013**, before the Honorable Kevin J. Carey, in the United States Bankruptcy Court for the District of Delaware, located at 824 N Market St., Wilmington, DE 19801 (5th Floor, Courtroom #5) and may be continued from time to time without further notice. Any objection to the assumption of the ~~Agreement~~(Contract(s)) identified above and/or any proposed cure amounts related thereto must be **actually received on or before ~~DATE~~ April 29, 2013 at 4:00 p.m. (ET Prevailing Eastern Time)** (the "Cure Objection Deadline"). ⁴—Any Cure Objection must: (a) be in writing; (b) conform to the Bankruptcy Rules and the Local Bankruptcy Rules; (c) state the name and address of the objecting party and the amount and nature of the claim of such entity; (d) state with specificity the nature of the objection and, if the objection pertains to the proposed cure amount, the correct cure amount alleged by the objecting counterparty, together with any applicable and appropriate documentation in support thereof; and (e) be filed, contemporaneously with a

⁴ In the event the Proposed Purchaser is not the Prevailing Bidder at the Auction, contract counterparties whose executory contract or unexpired lease is proposed to be assumed pursuant to the Sale Order may object at any time before or at the Sale Hearing to the ability of the Prevailing Bidder to provide adequate assurance of future performance.

proof of service, with the Court and served so that it is actually received no later than the Cure Objection Deadline by the following parties:

<p align="center"><u>SCHOOL SPECIALTY, INC.</u> Attn: Michael P. Lavelle, Chief Executive Officer <u>mike.lavelle@schoolspecialty.com</u> W6316 Design Drive, Greenville, WI 54942</p>	
<p align="center">PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP Attn: Alan W. Kornberg, Jeffrey D. Saferstein & Tarun Stewart akornberg@paulweiss.com, jsaferstein@paulweiss.com, tstewart@paulweiss.com 1285 Avenue of the Americas, New York, NY 10019</p> <p align="center"><u>YOUNG, CONAWAY, STARGATT & TAYLOR LLP</u> Attn: Pauline K. Morgan and Joel Waite (pmorgan@ycst.com, jwaite@ycst.com) Rodney Square, 1000 North King Street, Wilmington, DE 19801,</p> <p align="center"><i>Counsel to the Debtors and Debtors in Possession</i></p>	
<p align="center">BROWN RUDNICK LLP Attn: Robert Stark, Aliza Reicher rstark@brownrudnick.com, areicher@brownrudnick.com Seven Times Square, New York, NY 10036 Attn: Steven D. Pohl SPohl@brownrudnick.com) One Financial Center, Boston, MA 02111</p> <p align="center"><u>VENABLE LLP</u> Attn: Jamie L. Edmonson (jledmonson@Venable.com) 750 Pratt Street, Suite 900, Baltimore, MD 21202</p> <p align="center"><i>Counsel to the Official Committee of Unsecured Creditors</i></p>	<p align="center">AKIN GUMP STRAUSS HAUER & FELD LLP Attn: Michael Stamer, Stephen Kuhn & Meredith Lahaie mstamer@akingump.com, skuhn@akingump.com, mlahaie@akingump.com One Bryant Park, New York, New York 10036</p> <p align="center"><i>Counsel to the Proposed Purchaser</i></p>
<p align="center"><u>STROOCK & STROOCK & LAVAN LLP</u> Attn: Kristopher M. Hansen & Jonathan D. Canfield (khansen@stroock.com, jcanfield@stroock.com) 180 Maiden Lane, New York, NY 10038</p> <p align="center"><u>DUANE MORRIS LLP</u> Attn: Michael R. Lastowski, Christopher M. Winter & Jarret P. Hitchings (mlastowski@duanemorris.com, cmwinter@duanemorris.com, jphitchings@duanemorris.com), 222 Delaware Avenue, Suite 1600, Wilmington, DE 19801</p> <p align="center"><i>Counsel for the agent under the Debtors' Ad Hoc DIP Facility</i></p>	

GOLDBERG KOHN

Attn: Randall Klein & Jeremy Downs
(randall.klein@goldbergkohn.com, jeremy.downs@goldbergkohn.com)
55 East Monroe Street, Suite 3300, Chicago, IL 60603

RICHARDS, LAYTON AND FINGER, P.A.

Attn: Paul Heath (heath@RLF.com)
One Rodney Square, 920 North King Street, Wilmington, DE 19801

Counsel for the agent under the ABL DIP Facility

**THE OFFICE OF THE UNITED STATES TRUSTEE
FOR THE DISTRICT OF DELAWARE**

Attn: Juliet M. Sarkessian, Esq.
Juliet.M.Sarkessian@usdoj.gov
J. Caleb Boggs Federal Building
844 King Street, Room 2207, Lockbox 35
Wilmington, DE 19801

PLEASE TAKE FURTHER NOTICE THAT any objections to the assumption and assignment of the Agreement(~~Assumed Contract~~(s) identified above and/or related cure or adequate assurances proposed that remain unresolved as of the Sale Hearing will be heard at the Sale Hearing (*or such other date as fixed by the Court*).

PLEASE TAKE FURTHER NOTICE THAT any counterparty to an ~~Agreement~~
Contract that fails to object timely to the proposed assumption or cure amount will be deemed to have assented to such assumption and cure amount.

PLEASE TAKE FURTHER NOTICE THAT ASSUMPTION OF ANY ~~AGREEMENT~~CONTRACT SHALL RESULT IN THE FULL RELEASE AND SATISFACTION OF ANY CLAIMS OR DEFAULTS, WHETHER MONETARY OR NONMONETARY, INCLUDING DEFAULTS OF PROVISIONS RESTRICTING THE CHANGE IN CONTROL OR OWNERSHIP INTEREST COMPOSITION OR OTHER BANKRUPTCY-RELATED DEFAULTS, ARISING UNDER ANY ASSUMED ~~AGREEMENT~~CONTRACT AT ANY TIME BEFORE THE DATE OF THE DEBTORS ASSUME SUCH ~~AGREEMENT~~CONTRACT. ANY PROOFS OF CLAIM FILED WITH RESPECT TO AN ~~AGREEMENT~~A CONTRACT THAT HAS BEEN ASSUMED SHALL BE DEEMED DISALLOWED

AND EXPUNGED, WITHOUT FURTHER NOTICE TO OR ACTION, ORDER OR APPROVAL OF THE BANKRUPTCY COURT.

Wilmington, Delaware

Dated _____, 2013

Pauline K. Morgan
YOUNG CONAWAY STARGATT & TAYLOR, LLP
The Brandywine Building
1000 West Street, 17th Floor
Wilmington, Delaware 19801
Telephone: (302) 571-6600 / Facsimile: (302) 576-3312

Jeffrey D. Saferstein
**PAUL, WEISS, RIFKIND, WHARTON &
GARRISON LLP**
1285 Avenue of the Americas
New York, New York 10019
Telephone: (212) 373-3000 / Facsimile: (212) 492-0158

*Proposed Attorneys for the Debtors and the Debtors in
Possession*