

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

SCHOOL SPECIALTY, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 13-10125 (KJC)

Jointly Administered

Re: Docket Nos. 862, 864, 931, 1026, 1044 & 1056

**NOTICE OF FILING OF THIRD AMENDED SUPPLEMENT TO
DEBTORS' AMENDED JOINT PLAN OF REORGANIZATION UNDER
CHAPTER 11 OF THE BANKRUPTCY CODE**

PLEASE TAKE NOTICE that, on April 23, 2013, the above-captioned debtors and debtors-in-possession (collectively, the "Debtors") filed the *Debtors' Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [Docket No. 862] (the "Plan") and related *Disclosure Statement for Debtors' Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [Docket No. 864] (the "Disclosure Statement").²

PLEASE TAKE FURTHER NOTICE that, on April 24, 2013, the Debtors filed the *Notice of Filing of Solicitation Version of Disclosure Statement for Debtors' Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [Docket No. 931] (the "Revised Disclosure Statement").

PLEASE TAKE FURTHER NOTICE that, on May 9, 2013, the Debtors filed the *Notice of Filing of Supplement to Debtors' Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [Docket No. 1026] (the "Plan Supplement").

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 All terms not otherwise defined herein shall be given the meanings ascribed to them in the Plan.



PLEASE TAKE FURTHER NOTICE that, on May 15, 2013, the Debtors filed the *Notice of Filing of First Amended Supplement to Debtors' Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [Docket No. 1044] (the "First Amended Plan Supplement").

PLEASE TAKE FURTHER NOTICE that, on May 15, 2013, the Debtors filed the *Notice of Filing of Second Amended Supplement to Debtors' Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [Docket No. 1056] (the "Second Amended Plan Supplement").

PLEASE TAKE FURTHER NOTICE that the Plan Supplement is hereby amended (the "Third Amended Plan Supplement," and together with the Plan Supplement, the First Amended Plan Supplement and the Second Amended Plan Supplement, the "Plan Supplements") with respect to the following exhibits:³

Exhibit A: Reserved New SSI Common Stock

Exhibit B: Amended Composition of the Initial Board of Directors and the Initial Senior Executive Officers of the Reorganized Debtors and Related Compensation Disclosure

PLEASE TAKE FURTHER NOTICE that any holder of Claims or Equity Interests who would like to receive copies of any of the exhibits contained in this Third Amended Plan Supplement may receive a copy by contacting Troy Bollman at (302) 573-7796 or tbollman@ycst.com. In addition, copies may also be obtained (a) for a fee through the website of the United States Bankruptcy Court for the District of Delaware,

³ The Debtors expressly reserve the right, at any time prior to the Effective Date, to supplement, modify or amend this Plan Supplements. Defined terms not otherwise defined herein shall have the meaning ascribed to them in the Plan.

<https://ecf.deb.uscourts.gov>, or (b) free of charge through the website established by the Claims Agent for the Debtors' Chapter 11 Cases at www.kccllc.net/SchoolSpecialty.

Dated: May 17, 2013
Wilmington, Delaware

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EXHIBIT A

Reserved New SSI Common Stock

**Anticipated Reserved New SSI Common Stock for
Potential Awards Under the Management Incentive Plan**

As set forth in Article V.H.9 of the *Debtors' Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code*, dated April 24, 2013 [Docket No. 931-1], following the Effective Date, the terms of the Management Incentive Plan shall be determined by the New Board and implemented in accordance with the terms of such plan.

Pursuant to the Management Incentive Plan, Reorganized SSI may grant participating officers, directors and key employees, awards of New SSI Common Stock, options and/or other equity or equity-based awards.

The maximum amount of New SSI Common Stock to be reserved for potential awards under the Management Incentive Plan is anticipated to be up to 8%. For the avoidance of doubt, entry of the Confirmation Order neither approves nor authorizes the terms of the Management Incentive Plan, the participants or the awards thereunder.

EXHIBIT B

Amended Composition of the Initial Board of Directors and the Initial Senior Executive Officers of the Reorganized Debtors and Related Compensation Disclosure

Amended Composition of the Initial Board of Directors and the Initial Senior Executive Officers of the Reorganized Debtors and Related Compensation Disclosure¹

Pursuant to Article V.H.4 of the *Debtors' Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code*, dated April 24, 2013 [Docket No. 931-1] and section 1129(a)(5) of the Bankruptcy Code, and subject to confirmation of the Plan and occurrence of the Effective Date, this Plan Supplement sets forth the identities and affiliations of the initial boards members and the initial senior executive officers of each Reorganized Debtor as of the Effective Date, to the extent known.

Initial Members of the Board of Directors of Reorganized SSI

On the Effective Date, the board of directors of Reorganized SSI (the "Board") shall initially be comprised of five (5) members, constituted as follows: (a) one (1) director shall be the Debtors' Chief Executive Officer, Michael P. Lavelle; (b) three (3) directors shall be designated by the three largest Ad Hoc DIP Lenders (as determined based on outstanding principal amount of the Ad Hoc DIP Loans on the Record Date), and who shall include Madhu Satyanarayana, Justin Lu and a director still subject to selection; and (c) one (1) director, who is anticipated to be independent, shall be designated collectively by all other Ad Hoc DIP Lenders. All Board designees shall be required to satisfy applicable Sarbanes Oxley requirements in order to serve.

1. Michael P. Lavelle; age 42. Mr. Lavelle has served as President and Chief Executive Officer of School Specialty, Inc. since January 2012. He was previously President of the Education Group of Houghton Mifflin Harcourt and prior to that, served as President of the K-12 and elementary education divisions of the company. During an 11-year term at Houghton Mifflin Harcourt, Mr. Lavelle served in a number of leadership positions and led efforts to acquire and combine several leading industry brands to form the largest K-12 education company in the United States. As President of the Education Group, he was responsible for operations and approximately 90% of revenues spanning U.S. and international markets. From 1997

¹ Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the *Debtors' Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code*, dated April 24, 2013.

to 2000, Mr. Lavelle served as Chief Financial Officer for John Zink Company, a portfolio company of Koch Industries.

2. Madhu Satyanarayana; age 31. Mr. Satyanarayana is a Portfolio Manager of J. Goldman & Co., L.P., having been employed in that position since 2011. Prior to joining J. Goldman & Co., L.P., Mr. Satyanarayana was a Vice President at Cerberus Capital Management, L.P. from 2005-2011, investing in distressed securities and special situations. From 2003-2005, Mr. Satyanarayana was an Analyst at UBS Securities, LLC in the Restructuring Group, advising corporate, sovereign and hedge fund clients in distressed situations. Mr. Satyanarayana has previously served on the board of directors of Freedom Group, Inc. as well as certain of its affiliates and subsidiaries, where he chaired the Investment and Benefits Committee, charged with managing the assets of multiple defined benefit pension plans on behalf of their beneficiaries. In addition, Mr. Satyanarayana has served on numerous ad hoc creditor and lender committees as part of the restructuring processes of those companies. Mr. Satyanarayana received a B.A. in Economics from Harvard College in 2003.
3. Justin Lu; age 42. Mr. Lu is a principal and assistant high yield portfolio manager at Zazove Associates, an investment advisory firm focused on convertible securities. Mr. Lu has been employed by Zazove Associates since 2002, when he started as a credit analyst for the high yield convertible portfolios. Prior to joining Zazove Associates, Mr. Lu worked at Merrill Lynch from 1998 to 2001 as an associate in the leveraged finance and technology investment banking groups. Mr. Lu received his B.A. in economics and mathematics from Dartmouth College in 1992, and his J.D./M.B.A. from Columbia University in 1998. Mr. Lu is a CFA charterholder.
4. The two remaining members of the Board have not yet been identified, and shall be disclosed as soon as such members are selected.

Initial Senior Executive Officers of Reorganized SSI

On the Effective Date, the initial senior executive officers of Reorganized SSI shall be substantially the same as those employed as of the Petition Date with the exception of the School Specialty, Inc.'s Executive Vice President & Chief Administrative Officer, Gerald T. Hughes, who resigned from the Debtors prior to the date hereof. It is anticipated that on the Effective Date, the initial senior executive officers of Reorganized SSI shall receive compensation and benefits that are substantially similar to those received by such officers prior to the Effective Date. The initial senior executive officers of Reorganized SSI shall be subject to terminations

and resignations in the ordinary course of business. The chart below sets forth the names and titles of the initial senior executive officers of Reorganized SSI:

<u>Name</u>	<u>Title</u>
Michael P. Lavelle	President & Chief Executive Officer
David N. Vander Ploeg	Executive Vice President, Chief Financial Officer & Treasurer
Kevin L. Baehler	Senior Vice President & Corporate Controller
Richmond Y. Holden	Executive Vice President for Educators Publishing Service
Joseph F. Franzoi IV	Secretary, Chief Legal Officer
Kathryn Pepper-Miller	Executive Vice President & Chief Marketing Officer
Patrick T. Collins	Senior Vice President Sales
Robert C. Grawien	Senior Vice President, Chief Information Officer
Craig K. Timlick	Vice President/General Manager for SS Canada, Senior VP for Premier Agendas
Roscoe Anthony	Senior Vice President for Califone
Thomas A. Dalglish	Senior Vice President Business Services & General Manager for Brodhead Garrett
Deborah Crimmins	Senior Vice President for Learning & Market Strategy
Mark G. Mullins	Group Vice President, Finance for Educational Resources
Michael J. Killoren	Group Vice President, Transportation/Distribution Operations
William R. Seering	Group Vice President Sales
Shantanu Bose	Group Vice President, Supplies & Teaching Materials
Peter Jones	Vice President Sales Northeast, Educational Resources
Scott Dawson	Vice President Sales West, Educational Resources
Duane Puckett	Vice President Sales South, Educational Resources
Kenneth G. Tucker	Vice President Customer Care
Beth Stallings	Vice President – eCommerce
Matti Prima	Vice President Sales for Literacy & Intervention, ALG
Melissa Delay	Vice President, Brand Strategy
Laura Vartanian	Vice President, Human Resources
Karen A. Riching	Assistant Secretary
Paul Andersen	Assistant Secretary

Tim Kerfien	Assistant Secretary
Nathaniel Fieweger	Assistant Secretary
Douglas A. Barnd	Assistant Secretary
Greg Clemens	Assistant Secretary
Scott Kurtzman	Assistant Secretary
Leonard Adkins	Assistant Secretary
Stephen M. Herren	Assistant Secretary
Joseph B. Gooden	Assistant Secretary
Dave Ciommo	Assistant Secretary

Initial Members of the Board of Directors and Senior Executive Officers of Reorganized Subsidiaries

The charts below set forth the names of the initial directors, and the names and titles of the initial senior executive officers of each Reorganized Subsidiary. On the Effective Date, the initial senior executive officers of Reorganized Subsidiaries shall be substantially the same as those employed as of the Petition Date, and shall receive compensation and benefits that are substantially similar to those received prior to the Effective Date. The initial senior executive officers of Reorganized Subsidiaries shall be subject to terminations and resignations in the ordinary course of business.

1. Reorganized Bird-In-Hand Woodworks, Inc.

<u>Name</u>	<u>Title</u>
Michael P. Lavelle	Sole Director, President
David N. Vander Ploeg	Vice President & Treasurer
Joseph F. Franzoi IV	Secretary
Kevin L. Baehler	Assistant Secretary
Steven M. Herren	Assistant Secretary
Karen A. Riching	Assistant Secretary

2. Reorganized Califone International, Inc.

<u>Name</u>	<u>Title</u>
Roscoe Anthony	President
Michael P. Lavelle	Sole Director, Executive Vice President
David N. Vander Ploeg	Vice President & Treasurer

Joseph F. Franzoi IV	Secretary
Kevin L. Baehler	Assistant Secretary
Karen A. Riching	Assistant Secretary
Charles Rosenbach	Assistant Secretary

3. Reorganized Childcraft Education Corp.

<u>Name</u>	<u>Title</u>
Michael P. Lavelle	Sole Director, President
David N. Vander Ploeg	Vice President & Treasurer
Joseph F. Franzoi IV	Secretary
Kevin L. Baehler	Assistant Secretary
Steven M. Herren	Assistant Secretary
Donna Hutchison	Assistant Secretary
Karen A. Riching	Assistant Secretary

4. Reorganized ClassroomDirect.com, LLC

<u>Name</u>	<u>Title</u>
Michael P. Lavelle	President
David N. Vander Ploeg	Vice President & Treasurer
Joseph F. Franzoi IV	Secretary
Kevin L. Baehler	Assistant Secretary
Karen A. Riching	Assistant Secretary

5. Reorganized Delta Education, LLC

<u>Name</u>	<u>Title</u>
Michael P. Lavelle	President
David N. Vander Ploeg	Vice President & Treasurer
Doug Welles	Vice President, Sales
Thomas G. Guetling	Vice President, Sales
Deborah Burns	Vice President, Marketing
Matthew Bacon	Vice President, Product Development
Joseph F. Franzoi IV	Secretary
Kevin L. Baehler	Assistant Secretary
Karen A. Riching	Assistant Secretary
Kent Walker	Assistant Secretary
Trish M. Kookan	Assistant Secretary
Sonia Rye	Assistant Secretary

6. Reorganized Frey Scientific, Inc.

<u>Name</u>	<u>Title</u>
Michael P. Lavelle	Sole Director, President
David N. Vander Ploeg	Vice President & Treasurer
Joseph F. Franzoi IV	Secretary
Kevin L. Baehler	Assistant Secretary
Karen A. Riching	Assistant Secretary
Kent Walker	Assistant Secretary
Trish M. Kookon	Assistant Secretary
Doug Welles	Assistant Secretary
Sonia Rye	Assistant Secretary

7. Reorganized Premier Agendas, Inc.

<u>Name</u>	<u>Title</u>
Craig K. Timlick	President
Michael P. Lavelle	Sole Director, Executive Vice President
David N. Vander Ploeg	Vice President & Treasurer
John Clarkin	Vice President, Sales
S. Harmen (Harry) deBoer	Vice President, Sales
Andreas Kaufmann	Vice President, Marketing
Joseph F. Franzoi IV	Secretary
Kevin L. Baehler	Assistant Secretary
Karen A. Riching	Assistant Secretary
Pam Brandt	Assistant Secretary
Kristeen M. Peterson	Assistant Secretary

8. Reorganized Sax Arts & Crafts, Inc.

<u>Name</u>	<u>Title</u>
Michael P. Lavelle	Sole Director, President
David N. Vander Ploeg	Vice President & Treasurer
Joseph F. Franzoi IV	Secretary
Kevin L. Baehler	Assistant Secretary
Karen A. Riching	Assistant Secretary
Joseph B. Gooden	Assistant Secretary
Stephen M. Herren	Assistant Secretary

9. Reorganized Sportime, LLC

<u>Name</u>	<u>Title</u>
Michael P. Lavelle	President
David N. Vander Ploeg	Vice President & Treasurer
Paul Rosengard	Vice President, SPARK
Joseph F. Franzoi IV	Secretary
Kevin L. Baehler	Assistant Secretary
Stephen M. Herren	Assistant Secretary
Joseph B. Gooden	Assistant Secretary
Kecia Carrasco	Assistant Secretary
Karen A. Riching	Assistant Secretary