

HALPERIN BATTAGLIA RAICHT, LLP

Alan D. Halperin • Partner
ahalperin@halperinlaw.net

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To: Holders of Claims in Class 5 (General Unsecured Claims) and Class 6 (Trade Unsecured Claims) of Reorganized School Specialty Inc., et al.

I write this letter in my capacity as the “Ombudsman” appointed pursuant to Article V.I.4 of the *Debtors’ Second Amended Joint Plan of Reorganization* (the “Plan”) in the bankruptcy case *In re School Specialty, et al.*, Case No. 13-10125, filed in the United States Bankruptcy Court for the District of Delaware (the “Court”) (School Specialty, Inc. and its affiliates, collectively, the “Company”). The Plan was confirmed on May 23, 2013 and became effective on June 11, 2013 upon the Company’s exit from Chapter 11 (the “Effective Date”).¹

The purpose of this letter is to briefly describe my role and certain aspects of that role regarding the treatment of your claims and payments to be made on account of your claims, all as set forth in the Plan and the School Specialty Ombudsman Plan Supplement (the “Ombudsman Plan Supplement”).²

Treatment of Unsecured Claims and the Trade Election

Part of the Ombudsman’s role is to ensure that the Company complies with its obligations governing the treatment of holders of unsecured claims. Generally, for your purposes, that treatment is as follows:

- *General Unsecured Treatment.*

Holders of Allowed Class 5 (General Unsecured) Claims and holders of Class 6 (Trade Unsecured) Claims who do not elect to make the Trade Election (as described below under Class 6) will receive a **payment in cash of 20% of their allowed claim**, to be paid on the “Payment Date”. The Payment Date is the earliest to occur of (i) six months after the maturity of the Company’s term loan exit financing facility (anticipated to be in December of 2019), (ii) a “Change of Control” as provided in Article V.I.2 of the Plan,³ or (iii) early payment by the

¹ The Plan and accompanying Disclosure Statement are available on the Company’s bankruptcy website (<http://www.kccllc.net/schoolspecialty/>).

² This summary is **not** intended to cover all important aspects of the Plan and related documents; for a complete understanding you should refer to the definitive documents, including the Plan, Disclosure Statement and Ombudsman Plan Supplement.

³ A “Change of Control” will occur if any person or group acquires a majority of the Company’s stock or if the Company sells or all substantially all of its assets.

Company as described below. Interest will accrue quarterly at the rate of five percent (5%) per annum beginning on Effective Date through payment, payable at maturity.

- *Trade Election Treatment.*

Holders of Allowed Class 6 (Trade Unsecured) Claims were given the option to make a “Trade Election” and to receive an increased distribution (the “Trade Payment”) on account of their Allowed Trade Unsecured Claim in exchange for providing Customary Trade Terms to the Company from the date of the Trade Election through **September 31, 2014**, with certain exceptions described below (the “Trade Payment Period”). Holders of Class 6 Allowed Trade Unsecured Claims who make the Trade Election are referred to as “Trade Claimants.” “Customary Trade Terms” are trade terms reasonably equivalent to the historic trade terms in effect in calendar year 2012 between the Company and each holder of an Allowed Trade Unsecured Claim, in respect of, among other things, rebates, credit (including seasonal and normal payment terms and variable discount programs), and pricing, subject to adjustments for market conditions, which are to be agreed upon by the Company and each Trade Claimant. **The Trade Payment is a payment in cash equal to 45% of the Allowed amount of a Trade Unsecured Claim.** Interest will accrue quarterly at the rate of ten percent (10%) per annum beginning on the Effective Date through payment, payable at maturity.

- *Early Payment*

In addition to the acceleration of the Payment Date upon a Change of Control, payments prior to the scheduled Payment Date may occur under the following circumstances: (i) the Company may choose to make the distributions to holders of Allowed General Unsecured Claims or Allowed Trade Unsecured Claims (including the Trade Payment) earlier than the Payment Date, at a cash price equal to the then-accrued amount (including any interest) owing to the holder of the claim, provided this is not otherwise precluded by the Company’s exit financing facilities; and (ii) the Company must make those distributions (or a portion of them) earlier than the Payment Date in the event the Company makes a dividend or other distribution to its shareholders (in which case, pursuant to a provision of the Plan, an amount determined by formula must be paid to the Trade Claimants until the amount owed to Trade Claimants has been reduced from a 45% recovery to a 20% recovery, and thereafter any further amounts payable pursuant to the provision are to be paid pro rata among those holding 20% claims and those holding 45% claims).

- *When Trade Claimants May Cease Providing Customary Trade Terms*

Trade Claimants will be relieved of the obligation to provide Customary Trade Terms to the Company without forfeiting the Trade Payment if the Company: (i) is in payment default or default of any of the financial covenants in its exit financing facilities after the expiration of any applicable cure periods (regardless of whether such defaults are waived or a forbearance

agreement is entered into with respect to such defaults); or (ii) breaches by the Company of the agreed-upon trade terms by failing to comply with its payment obligations to the Trade Claimant.

Disputes Between Claim Holders and the Company

In the event any dispute arises between a Trade Claimant, on one hand, and the Company, on the other hand, with respect to the Trade Election or the negotiation or provision of Customary Trade Terms, the Ombudsman's role is to attempt to resolve that dispute on behalf of the Trade Claimant. (The Ombudsman may also attempt to resolve disputes arising from the Distributions to be made to holders of General Unsecured Claims or Trade Unsecured Claims.) **You should contact the Ombudsman if you have any such disputes that you are unable to resolve with the Company.**

The Ombudsman may attempt to mediate the dispute; the Ombudsman also may bring the dispute before the Court. **You will not bear the Ombudsman's fees for the role he may play in attempting to resolve your dispute, including any costs of bringing the dispute before the court or any of the costs of professionals hired to assist the Ombudsman.** The Company is responsible for all of these costs.

Information From the Company and the Ombudsman

- *What Information Claim Holders May Receive*

So long as the Company remains a public company/a registered company it will continue to make public filings with the Securities and Exchange Commission (including quarterly and annual reports and notices of material events). The Company is also required to provide the Ombudsman with certain information that may affect Trade Claimants. To the extent the Company notifies the Ombudsman of events that, as described above and in the Plan, will accelerate the Payment Date or relieve Trade Claimants of the requirement to continue to provide Customary Trade Terms, the Ombudsman will notify the affected claim holders or will ask that the Company do so. For example, the Ombudsman or the Company will inform claim holders who made the Trade Election if the Company is in default of any of the financial covenants in its exit financing facilities (thereby relieving those claim holders of the obligation to provide Customary Trade Terms).

- *How and Where Information Will Be Provided*

The Ombudsman will make any required notifications via an Ombudsman Website (www.kccllc.net/SSIOmbudsman) maintained for this purpose. Claim holders can sign up to receive automatic notification of any notices posted on the Ombudsman Website. Please note that if a claim holder does not sign up to receive automatic notification of the notices posted on the Ombudsman Website, he or she may not receive the important information contained therein.

Some information provided on the Ombudsman Website may be confidential - in that case, claim holders must agree to certain confidentiality restrictions before they can access that information.

Transferring the Right to Distributions or the Trade Payment

The right to receive the 20% payment described above is fully transferrable upon written notice to both the Company and the Ombudsman. Claim holders may provide such notice to the Company by emailing TradeElection@schoolspecialty.com and to the Ombudsman by emailing ahalperin@halperinlaw.net or dlieberman@halperinlaw.net.

During the Trade Payment Period (i.e., until September 31, 2014), those creditors entitled to receive the 45% payment must obtain the Company's and the Ombudsman's written consent before they sell or otherwise transfer their entitlement to that payment. After the Trade Payment Period expires, Trade Claimants' entitlement to 45% payment will be freely transferrable upon written notice to (as opposed to with the consent of) the Company and the Ombudsman. Claim holders may provide such notice to the Company by emailing TradeElection@schoolspecialty.com and to the Ombudsman by emailing ahalperin@halperinlaw.net or dlieberman@halperinlaw.net.

Website Links

Certain documents have been posted to the Ombudsman Website (www.kccllc.net/SSIOmbudsman) for your reference, including:

- The School Specialty Ombudsman Plan Supplement that outlines my role as Ombudsman in more detail.
- A letter agreement between the Official Committee of Unsecured Creditors (the "Committee") and the Company, which has also been filed with the Court and posted on the Committee's website. The letter is intended to provide prospective Trade Claimants additional information regarding their discussions with the Company about Customary Trade Terms. If you have not yet completed your discussions with the Company as to Customary Trade Terms, I recommend you read this letter.

Links to these documents can be found in the upper left-hand corner of the Ombudsman Website.

How to Contact the Ombudsman

I can be reached by phone (212-765-9100) or by email (ahalperin@halperinlaw.net; dlieberman@halperinlaw.net) with any questions, comments or concerns. Please do not hesitate to contact me.

Sincerely,

/s/ Alan D. Halperin
Alan D. Halperin, as Ombudsman
Halperin Battaglia Raicht, LLP
40 Wall Street, 37th Floor
New York, New York 10005

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