

ORIGINAL

**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)

Joint Administration Requested

Re: Docket No. 10

**ORDER AUTHORIZING THE DEBTORS TO HONOR CERTAIN PREPETITION
CUSTOMER OBLIGATIONS AND TO CONTINUE PREPETITION CUSTOMER
PROGRAMS AND PRACTICES IN THE ORDINARY COURSE OF BUSINESS**

Upon the motion (the "Motion")² of School Specialty, Inc. and its affiliated debtors and debtors-in-possession in the above-captioned cases (each a "Debtor" and, collectively, the "Debtors"), requesting entry of an order pursuant to sections 105(a), 363, 1107(a) and 1108 of the Bankruptcy Code, authorizing the Debtors to honor certain prepetition obligations to customers and to continue their prepetition customer programs and practices in the ordinary course of business; and upon consideration of the Declaration of Gerald T. Hughes in Support of Chapter 11 Petitions and First Day Relief (the "First Day Declaration"); and it appearing that this Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated as of February 29, 2012; and it appearing that venue of these cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a

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 capitalized terms used and not defined herein shall have the meaning ascribed to them in the Motion.



core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that adequate and proper notice of the Motion has been given and that no other or further notice need be given; and a hearing having been held to consider the relief requested in the Motion; and upon the record of the hearing and all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors, their estates, their creditors and all other parties in interest; and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED that:

1. The Motion is GRANTED to the extent provided herein.
2. The Debtors are authorized, but not directed, to honor and perform their obligations under the Customer Programs, as described in motion, including obligations arising under any related third party arrangements, in their sole discretion, without regard to whether the Debtors' obligations under any such Customer Programs arose before or after the Petition Date; provided, however, that with respect to outstanding prepetition amounts that that are due and owing as of the Petition Date, such payments shall not exceed \$1.2 million in the aggregate.
3. The Debtors are authorized, but not directed, to revise, extend, renew, supplement or change the Customer Programs, including related third party arrangements, in their sole discretion, to the extent necessary and consistent with the practices and procedures in effect prior to the Petition Date; provided that the Debtors will consult with the DIP Agents in respect of any material change to their overall customer program policies, or implementation thereof.
4. The Debtors are authorized, but not required, to pay all rebates, administrative fees and other obligations arising in respect of the Customer Programs, in their sole discretion, including

those obligations that were due and payable or related to the period prior to the commencement of these Chapter 11 Cases.

5. Nothing in the Motion or this Order, nor the Debtors' payment of claims pursuant to this Order, shall be deemed or construed as: (a) an admission as to the validity of any claim against the Debtors; (b) a waiver of the Debtors' rights to dispute any claim; or (c) an approval or assumption of any agreement, contract or lease, pursuant to section 365 of the Bankruptcy Code.

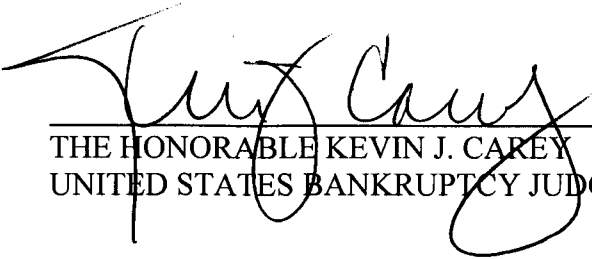
6. Bankruptcy Rule 6003(b) has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors. The requirements of Bankruptcy Rules 6004(a) and 6004(h) are waived.

7. Notwithstanding any provision in the Bankruptcy Rules to the contrary: (a) this Order shall be effective immediately and enforceable upon its entry; (b) the Debtors are not subject to any stay in the implementation, enforcement or realization of the relief granted in this Order; and (c) the Debtors are authorized and empowered, and may in their discretion and without further delay, take any action and perform any act necessary to implement and effectuate the terms of this Order.

8. Notwithstanding anything to the contrary contained in this Order or the Motion, any payment, obligation or other relief authorized by this Order shall be subject to and limited by the requirements imposed on the Debtors under the terms of any interim and/or final orders approving the DIP Financing.

9. This Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the Motion or the implementation of this Order.

Dated: January 30, 2013
Wilmington, Delaware



THE HONORABLE KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE