

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)

Jointly Administered

Re: Docket No. 8

**ORDER (I) APPROVING CONTINUED USE OF THE DEBTORS' EXISTING
CASH MANAGEMENT SYSTEM, (II) AUTHORIZING USE OF EXISTING
BANK ACCOUNTS AND CHECKS, (III) WAIVING THE REQUIREMENTS OF
11 U.S.C. 345(b) ON AN INTERIM BASIS, AND (IV) GRANTING ADMINISTRATIVE
EXPENSE STATUS TO POSTPETITION INTERCOMPANY CLAIMS**

Upon consideration of the motion (the "Motion")² of the Debtors, pursuant to sections 105(a), 345(b), 363(c) and 503(b)(1) of the Bankruptcy Code, Bankruptcy Rule 6004 and Local Rules 2015-2(a) and (b); this Court having jurisdiction to consider the Motion 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; venue of these Chapter 11 Cases and the Motion in this district being proper pursuant to 28 U.S.C. §§ 408 and 1409; this matter being a core proceeding pursuant to 28 U.S.C. § 157(b); proper and adequate notice having been given and no other or further notice being required; 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

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 defined herein shall have the meanings ascribed to them in the Motion.



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, ADJUDGED, and DECREED that:

1. The Motion is GRANTED to the extent provided herein.
2. The Debtors are authorized and empowered, pursuant to sections 105(a), 345(b), 363(c), and 503(b)(1) of the Bankruptcy Code, to continue to maintain, operate and make transfers under their Cash Management System, and to continue all Intercompany Claims between and among the Debtors in a manner consistent with the Debtors' prepetition practices.
3. The Debtors may continue all Intercompany Transactions between and among the Debtors and non-Debtor subsidiaries in a manner consistent with the Debtors' prepetition practices; provided, however, that no Debtor shall make any intercompany loan to a non-debtor affiliate absent further order of the Court.
4. The Debtors are authorized to continue to maintain the Bank Accounts with the same account numbers following the commencement of the Chapter 11 Cases.
5. The Banks are authorized and directed to continue to treat, service, and administer the Bank Accounts as accounts of the respective Debtor as a debtor-in-possession without interruption and in the usual and ordinary course and to receive, process and honor and pay any and all postpetition checks, drafts, wires, or ACH transfers drawn on the Bank Accounts by the holders or makers thereof, as the case may be.
6. The Banks are authorized to (a) charge and continue to charge in the ordinary course of business certain service charges and other fees, costs and expenses, including any portion of the fee attributable to pre-petition services, and (b) chargeback returned items to the

Bank Accounts, whether such items are dated prior to, on, or subsequent to the Petition Date, in the ordinary course of business.

7. The Debtors are authorized to make and implement such modifications to the Cash Management System as may be necessary or appropriate in their discretion to the extent permitted by this Order and any financing orders entered in these Chapter 11 Cases, including, but not limited to, the establishment of new bank accounts; provided that the Debtors shall not establish any new bank accounts without the consent of the DIP Agents; provided, further, however, that the Debtors shall give notice within 15 days to the Office of the United States Trustee for the District of Delaware and any statutory committees appointed in these chapter 11 cases of the opening or closing of any bank accounts; provided, further, however that the Debtors shall open any such new bank accounts only at banks located in the United States which have executed a Uniform Depository Agreement with the Office of the United States Trustee for the District of Delaware, or at such banks that are willing to immediately execute such an agreement, and which are ^{insured} by the FDIC and organized under the laws of the United States or any State therein. Subject to the foregoing, the Banks are authorized and directed to honor the Debtors' requests to open or close, as the case may be, such bank accounts or additional bank accounts effective as of the Petition Date.

8. For banks at which the Debtors hold bank accounts that are party to a Uniform Depository agreement with the Office of the United States Trustee for the District of Delaware, within 15 days of the date of entry of this Order the Debtors shall (a) contact each bank, (b) provide the bank with each of the Debtors' employer identification numbers and (c) identify each of their bank accounts held at such banks as being held by a debtor in possession in a bankruptcy case.

9. For banks at which the Debtors hold accounts that are not party to a Uniform Depository agreement with the Office of the United States Trustee for the District of Delaware, the Debtors shall use their good-faith efforts to cause the banks to execute a Uniform Depository agreement in a form prescribed by the Office of the United States Trustee within 45 days of the date of this Order. The U.S. Trustee's rights to seek further relief from this Court on notice in the event that the aforementioned banks are unwilling to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee are fully reserved.

10. The Debtors are authorized, but not obligated or directed, in the reasonable exercise of their business judgment and in the ordinary course of business, to pay and honor amounts on account of the Cash Management Fees.

11. Notwithstanding anything to the contrary in any other order of this Court, the Banks (a) are authorized to accept and honor all representations from the Debtors as to which checks, drafts, wires or ACH transfers should be honored or dishonored, consistent with any order of this Court and governing law, whether such checks, drafts, wires, or ACH transfers are dated prior to, on, or subsequent to the Petition Date, and (b) have no duty to independently inquire as to whether such payments are authorized by an order of this Court.

12. Notwithstanding anything herein to the contrary, those existing deposit agreements between the Debtors and the Banks shall continue to govern the post-petition Cash Management System between the Debtors and the Banks, and all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect.

13. Notwithstanding anything herein to the contrary, the Banks shall not provide any provisional credit to the Debtors and shall limit the honoring of checks, drafts, wires or ACH transfers to the extent of available funds.

14. The Banks shall not be liable to any party on account of (a) following the Debtors' instructions or representations as to any order of this Court, (b) the honoring of any prepetition check or item in a good faith belief that the Court has authorized such prepetition check or item to be honored, or (c) an innocent mistake made despite implementation of reasonable item handling procedures.

15. The Debtors are authorized to continue to use their preprinted checks, substantially in the form existing immediately before the Petition Date, without reference to their status as debtors-in-possession; provided, however; that once the Debtors' existing checks have been used, the Debtors shall, when reordering checks, require the designation "Debtor-in-Possession" and the corresponding bankruptcy case number on all checks; provided further that, with respect to checks which the Debtors or their agents print themselves, the Debtors shall begin printing the "Debtor-in-Possession" legend on such items within 20 days of the date of entry of this Order.

16. The Debtors are authorized to deposit and invest their cash and cash equivalents in the Bank Accounts consistent with their prepetition practices and the Cash Management System. The requirements provided in 11 USC § 345(b), and the U.S. Trustee Guidelines related thereto, are hereby WAIVED for an interim period of sixty (60) days, without prejudice to the Debtors' rights to seek a further waiver

17. All Intercompany Claims arising from postpetition intercompany transfers among Debtors and among the Debtors and their non-Debtor subsidiaries shall be entitled to

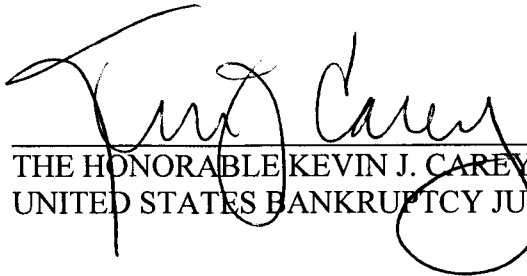
administrative expense priority pursuant to section 503(b)(1) of the Bankruptcy Code, as long as the Debtors maintain accurate and detailed records with respect to all post-petition transfers so that all transactions, including intercompany transactions, may be readily ascertained, traced, and recorded properly on applicable intercompany accounts; provided that such Intercompany Claims shall, at all times, be junior to the DIP Superpriority Claims, adequate protection claims and prepetition lender claims as described in the DIP Motion. The Debtors shall distinguish between prepetition and postpetition intercompany transactions.

18. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

19. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

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

Dated: Jun 30, 2013
Wilmington, Delaware



THE HONORABLE KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE