

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. 6

**ORDER PURSUANT TO SECTIONS 105(a), 363(b), 541, AND
507(a)(8) OF THE BANKRUPTCY CODE AUTHORIZING (I) PAYMENT
OF CERTAIN PREPETITION TAXES AND FEES, AND (II) FINANCIAL
INSTITUTIONS TO PROCESS AND CASH RELATED CHECKS AND TRANSFERS**

Upon the Motion² 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(b), 541, and 507(a)(8) of title 11 of the United States Code (the “Bankruptcy Code”) (i) authorizing the Debtors to pay prepetition Taxes and Fees, including but not limited to, sales and use, income and franchise, property, unemployment and other taxes and fees necessary to operate their businesses, including, but not limited to, any taxes subsequently determined upon audit to be owed for the periods prior to the commencement of the Debtors’ Chapter 11 Cases, to various federal, state, county and city taxing and licensing authorities (the “Authorities”), and (ii) authorizing the Debtors’ banks and financial institutions (the “Banks”), when requested by the Debtors in their sole discretion, to process, honor, and pay any and all checks and electronic fund transfers related to the prepetition Taxes, all as more fully described in the Motion; and it appearing that this Court has jurisdiction

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 meanings ascribed to them in the Motion.



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; 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 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 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, in their sole discretion, to pay, in the ordinary course of their businesses, all prepetition Taxes relating to the period prior to the commencement of their Chapter 11 Cases (the "Petition Date") in an amount not to exceed \$4 million in the aggregate.
3. The Debtors are authorized, but not directed, in their sole discretion, to pay, in the ordinary course of their businesses, all prepetition Fees relating to the period prior to the Petition Date and Fees in an amount not to exceed \$30,000 in the aggregate.
4. The Debtors are authorized, but not directed, in their sole discretion, to pay, in the ordinary course of their businesses, all prepetition Taxes and Fees subsequently determined upon audit, or otherwise, to be owed for periods prior to the Petition Date, to the Authorities, in an

amount not to exceed \$1 million in the aggregate without prejudice to the Debtors' right to file a motion in the future should such additional prepetition tax liability arise.

5. The Debtors' Banks shall be, and hereby are, authorized, when requested by the Debtors in their sole discretion, to process, honor, and pay any and all checks or electronic fund transfers drawn on the Debtors' bank accounts to pay all prepetition Taxes and Fees owed to the Authorities, whether those checks were presented prior to or after the Petition Date, provided that sufficient funds are available in the applicable accounts to make the payments.

6. The Debtors' Banks may rely on the representations of the Debtors with respect to whether any check or other transfer drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to this Order, and any such Bank shall not have any liability to any party for relying on such representations by the Debtors as provided for in this Order.

7. Nothing in the Motion or this Order shall be construed as impairing the Debtors' right to contest the validity or amount of any Taxes and Fees allegedly due or owing to any Authorities or priority or any claim or lien against the Debtors and all of the Debtors' rights with respect thereto are hereby reserved.

8. Nothing in the Motion or this Order, nor as a result of any payment made pursuant to this Order, shall be deemed or construed as (a) an admission as to the validity or priority of any claim or lien against the Debtors or an approval or assumption of any agreement, contract or lease pursuant to section 365 of the Bankruptcy Code, or (b) a waiver of the right of the Debtors, or shall impair the ability of the Debtors, to contest the validity and amount of any payment made pursuant to this Order.

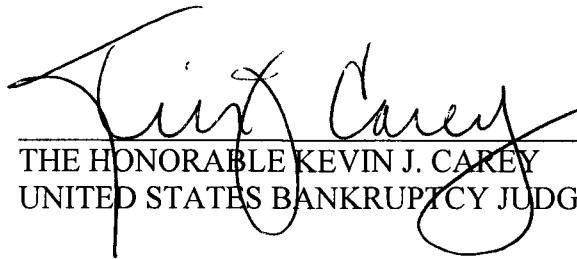
9. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

10. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied because the relief sought by the Motion is necessary to avoid immediate and irreparable harm.

11. 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.

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

Dated: January 30, 2013
Wilmington, Delaware



THE HONORABLE KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE