

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

n re:	)	
	)	Chapter 11
SCHOOL SPECIALTY, INC. <i>et al.</i> , <sup>1</sup>	)	
Debtors.	)	Case No. 13-10125 (KJC )
	)	Jointly Administered
	)	
	)	<b>RE: Docket Nos. 12, 86, 208, 211, 219 and</b>
	)	<b>220</b>

**JOINDER OF 3M COMPANY TO CERTAIN OBJECTIONS TO DEBTORS'  
MOTION FOR FINAL APPROVAL TO OBTAIN POSTPETITION FINANCING**

3M Company (“3M”), by and through its undersigned counsel, hereby files this joinder (the “Joinder”) in to certain objections filed in connection with the *Debtors' Motion for Entry of Final Order (I) Authorizing Debtors (A) to Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(3), 364(d)(1), 364(e) and 507, (B) to Utilize Cash Collateral Pursuant to 11 U.S.C. § 363, (C) to Grant Priming Liens and Superpriority Claims to the DIP Lenders, (D) to Provide Adequate Protection to Prepetition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362, 363 and 364, and (E) to Repay in Full Amounts Owed in Connection with the Prepetition Secured Loans or Otherwise Converting the Prepetition Secured Obligations into Postpetition Secured Obligations (D.I. 12) (the “DIP Motion”).* In support of its Joinder, 3M avers as follows:

<sup>1</sup> 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.; 88110), 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.



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1. 3M supports the alternative financing proposal of the ad hoc committee of holders (the “Ad Hoc Committee”) of certain 3.75% Convertible Subordinated Notes Due 2026 (the “Alternative Proposal”). Unlike the postpetition facility proposed by Bayside Finance, LLC (the “Bayside Facility”), the Alternative Proposal allows for a dual-track marketing/plan of reorganization process with a longer timeline that offers the greatest chance for recovery to the estate.

2. If, as seems to be the case, the value of the Debtors’ assets far exceeds Bayside’s stalking horse purchase price, a longer sale process (which can only be accomplished under the Alternative Proposal) minimizes the risk that potential cash purchasers will limit their bids because of questions that remain unanswered due to the shortened due diligence process necessitated by the Bayside Facility and the no-shop provision in Bayside’s asset purchase agreement with the Debtors. While there can be no guarantee that a longer marketing process will achieve a greater recovery to the Debtors’ estates, assuming that the Alternative Financing replaces the Bayside Facility, the sale timelines previously approved by the Court should be extended to reflect the greater flexibility provided by the Alternative Financing.

3. Accordingly, 3M joins in the objections of the Creditors’ Committee (D.I. 219) and the Ad Hoc Committee (D.I. 220) to final approval of the Bayside Facility.

4. Additionally, 3M joins in the limited objection filed by American Art Clay Co., Inc., ACCO Brands USA LLC and Mead Products, LLC (D.I. 208) to clarify that nothing in the Final DIP Order shall alter or affect any right, claim or defense of any creditor or party to an executory contract constituting or based upon reclamation, setoff or recoupment, and asserts that such clarification should also include such protections for reclamation, setoff or recoupment for creditors that are not parties to an executory contract.

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5. 3M also joins in the limited objection filed by Dixon Ticonderoga Company (D.I. 211). To the extent the Debtors' budgets in these cases do not provide for payment of administrative claims pursuant to 11 U.S.C. § 503(b)(9), such budgets need to be adjusted to reflect the inclusion of such claims prior to approval of any postpetition financing on a final basis.

6. Finally 3M joins in the objection of the Creditors' Committee (D.I. 219) to the extent that any final order: (a) grants liens on avoidance actions; (b) provides an inadequate carve-out for the Creditors' Committee; (c) contains provisions that are too restrictive with respect to the Creditors' Committee's ability to challenge Bayside's or the ABL Lenders' prepetition liens or Bayside's "make whole" provision; or (d) contains a waiver of the Debtor's ability to surcharge the collateral under 506(c).

WHEREFORE, 3M respectfully requests this Court: (a) deny final approval to the Bayside Facility; (b) grant final approval to the Alternative Proposal; (c) extend the sale timeline; (d) modify any final order as set forth above; and (e) grant any further or other relief as this Court deems just and proper.

Dated: February 19, 2013  
Wilmington, DE

**ELLIOTT GREENLEAF**

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**CERTIFICATE OF SERVICE**

I, Rafael X. Zahralddin-Aravena, hereby certify that I caused a true and correct copy of *Joinder of 3M Company to Certain Objections to Debtors' Motion for Final Approval to Obtain Postpetition Financing* to be served on February 19, 2013, upon those parties listed on the attached service list via First Class Mail.

Dated: February 19, 2013  
Wilmington, DE

ELLIOTT GREENLEAF

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