

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

In re)	
)	Chapter 11
SCHOOL SPECIALTY, INC., <i>et al.</i> ,)	Case No.: 13-10125 (KJC)
)	Jointly Administered
Debtors.)	
)	
)	Re: D.I. 1159

NOTICE OF COMPLIANCE WITH CONFIRMATION ORDER

3M Corporation ("3M"), by and through its undersigned counsel, hereby files this notice (the "Notice") of 3M's compliance with the requirements of the confirmation order (D.I. 1159) (the "Confirmation Order"), and in support thereof, states as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (B) and (O).
2. Venue of this proceeding and this Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

3. On January 28, 2013, each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code (the "Bankruptcy Code") thereby commencing the instant cases (the "Chapter 11 Cases").
4. On February 25, 2013, the Court entered an order [Docket No. 287] (the "Bar Date Order") establishing various bar dates for filing proofs of claim and requests for allowance of certain administrative expenses. The Court has established April 1, 2013 at 5:00 p.m. (prevailing Pacific Time) (the "General Bar Date"), as the general claims bar date for filing



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proofs of claim, including claims pursuant to Section 503(b)(9) of the Bankruptcy Code, in the Chapter 11 Cases for all persons and entities other than governmental units, and July 29, 2013, at 5:00 p.m. (prevailing Pacific Time) (the “Government Bar Date”) as the bar date for governmental units to file proofs of claim in the Chapter 11 Cases.

5. On February 15, 2013, 3M filed a Notice of (the “Reclamation Demand”) [Docket No. 218].¹ Pursuant to the Reclamation Demand, 3M asserted an administrative claim in the amount of \$491,795.63 (the “Reclamation Amount”). The Debtors’ claims agent, Kurtzman Carson Consultants, designated the Reclamation Demand as Claim No. 1207 of the Debtors’ claims register and the Reclamation Demand is classified as an administrative claim.

6. On or about March 1, 2013, 3M filed a proof of claim (“Claim No. 371”), which claim asserted, among other things a claim for payment of administrative expenses pursuant to Section 503(b)(9) of the Bankruptcy Code in the amount of \$456,026.46 (the “503(b)(9) Claim Amount”).

7. On April 23, 2013, the Debtors filed the *Debtors’ Amended Joint Plan of reorganization Under Chapter 11 of the Bankruptcy Code* [Docket No. 862] (the “Plan”) and the *disclosure Statement for the Debtors’ Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [Docket No. 864] (the “Disclosure Statement”). Conditional approval of the Disclosure Statement was granted by the Court on April 24, 2013 [Docket No. 902]. A hearing to consider confirmation of the Plan was scheduled for May 20, 2013.

8. Among other things the Plan provides that:

The Confirmation Order will establish a bar date for *filing applications* for allowance of Administrative Claims [including 503(b)(9) claims] . . . which date will be the first Business Day that is thirty (30) days after service of notice of the Effective Date. Holders of Administrative Claims, not paid prior to the Confirmation Date shall *submit requests for payment* on or before

¹ The Reclamation Demand has been assigned claim number 1207 by the Debtors’ claims agent.

the applicable Administrative Claims Bar Date or forever be barred, stopped and estopped from doing so and such Administrative Claim shall be deemed discharges as of the Effective Date.

Plan § III.A (emphasis added).

7. On May 23, 2013, this Court entered the Confirmation Order. Paragraph 30 of the Confirmation Order provides that “All holders of asserted Administrative Claims ... not paid prior to Confirmation Date shall submit proofs of such Administrative Claims on or before the first business date that is 30 days after service of notice of the Effective Date ... or forever be barred from doing so and from receiving payment thereof.

8. On June 11, 2013, the Debtors filed a notice of the Effective Date (D.I. 1258).

NOTICE

9. By this Notice 3M seeks to have the Reclamation Demand and Claim No. 371 acknowledged as “requests for payment” and proof of 3M’s administrative claims in accordance with the requirements of Plan Section III.A and Paragraph 30 of the Confirmation Order. 3M does not object to the Confirmation Orders procedures regarding payment of administrative expenses, including 503(b)(9) claims, but files this Notice out of an abundance of caution given the language of Plan Section III.A and Paragraph 30 of the Confirmation Order.

10. 3M is entitled to an administrative priority claim under 11 U.S.C. § 503(b)(9) in the 503(b)(9) Claim Amount.

11. Section 503(b) of the Bankruptcy Code provides:

After notice and a hearing, there shall be allowed administrative expenses . . . [for] the value of any goods received by the debtor within 20 days before the date of commencement of a case under this title in which goods have been sold to debtor in the ordinary course of business. 11 U.S.C. § 503(b)(9).

12. The transactions giving rise to the 3M 503(b)(9) amount claim satisfy the requirements of 11 U.S.C. § 503(b)(9).

13. First, as is evidenced by the invoices attached to Claim No. 371, 3M provided materials to School Specialty during the ordinary course of business. The materials were also sold within 20 days before January 28, 2013, the date of commencement of a case. These materials are considered goods as opposed to services for purposes of 11 U.S.C. § 503(b)(9).

14. Second, the materials were supplied to School Specialty for use in furtherance of its businesses and operational endeavors, *i.e.*, for use by School Specialty in supplying merchandise to the education sector including an education facility, various high schools and elementary schools.

15. Thus, the expenses incurred by School Specialty pursuant to 3M's post-petition delivery of goods benefited the School Specialty estate in the operation of its business and constitutes an administrative expense.

16. Additionally, the Reclamation Demand should be deemed a proof of administrative claim in satisfaction of the requirements of Paragraph 30 of the Confirmation Order. As noted above, the Debtors' claims agent, designated the Reclamation Demand as Claim No. 1207 of the Debtors' claims register and the Reclamation Demand is classified as an administrative claim.

CONCLUSION

Based on the foregoing, 3M asserts that Reclamation Demand and Claim No. 371 are "requests for payment" and proof of 3M's administrative claims in accordance with the requirements of Plan Section III.A and Paragraph 30 of the Confirmation Order and that the

503(b)(9) Claim Amount and Reclamation Amount are properly designated as administrative claims entitled to payment in full under the terms of the Debtors' Plan.

Dated: July 5, 2013
Wilmington, DE

ELLIOTT GREENLEAF

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Chapter 11

Case No.: 13-10125 (KJC)

Jointly Administered

Re: D.I. 1159

CERTIFICATE OF SERVICE

I hereby certify that on July 5, 2013, a true and correct copy of the *Notice of Compliance with Confirmation Order*, was served via first class mail to the attached service list.

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Dated: July 5, 2013

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