UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
SCHOOL SPECIALTY, INC., *et al.*,	Case No. 13-10125 (___)
Debtors. [1]	Joint Administration Requested

DEBTORS' MOTION FOR 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

School Specialty, Inc. and its affiliated debtors and debtors-in-possession (each a "Debtor" and, collectively, the "Debtors"), hereby move this Court for entry of an order substantially in the form attached hereto as Exhibit A (the "Proposed Order "), pursuant to sections 105(a), 363(b), 541, and 507(a)(8) of title 11 of the United States Code (the "Bankruptcy Code") and rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), authorizing, but not requiring, the Debtors to remit and pay sales and use, income and franchise, property, unemployment and other taxes and fees, in their discretion, to various federal, state, county and city taxing and licensing authorities (the "Authorities") and authorizing the Debtors' banks and financial institutions (the "Banks") to receive, process and honor all checks and electronic payment requests relating to the foregoing. In support of this motion (the "Motion"), the Debtors rely upon the Declaration of Gerald T. Hughes in Support of

[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.

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Chapter 11 Petitions and First Day Relief (the "First Day Declaration")[2] and respectfully state as follows:

JURISDICTION

1. This Court has jurisdiction to consider this matter 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 is proper before this court pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. §157(b).

2. The statutory and legal predicates for the relief requested herein are sections 105(a), 363(b), 541, and 507(a)(8) of the Bankruptcy Code.

BACKGROUND

3. On the date hereof (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code thereby commencing the instant cases (the "Chapter 11 Cases"). The Debtors continue to manage and operate their businesses as debtors-in-possession under sections 1107 and 1108 of the Bankruptcy Code.

4. No trustee, examiner or official committee has been appointed in the Chapter 11 Cases.

5. Information regarding the Debtor's businesses, their capital and debt structure, and the events leading to the filling of the Chapter 11 Cases is contained in the First Day Declaration.

[2] The First Day Declaration is being filed contemporaneously with this Motion and is incorporated herein by reference. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the First Day Declaration.

THE DEBTORS' TAXES AND FEES

6. In the ordinary course of business, the Debtors incur or collect and remit a variety of taxes, including (i) sales and use, (ii) income, (iii) franchise, (iv) net worth, (v) property, (vi) unemployment and (vii) miscellaneous taxes (collectively, the "Taxes"). The Debtors also incur various business license, permit and other fees and assessments (collectively, the "Fees") in connection with obtaining the licenses and permits that are necessary to operate their businesses. The Debtors remit such Taxes and Fees to various state and local taxing, licensing, and other governmental authorities (collectively, the "Authorities") in accordance with applicable laws. A list of the Tax Authorities is attached as Exhibit B.[3] The Taxes and Fees are paid monthly, quarterly or annually to the respective Authorities, depending on the given Taxes or Fees and the Authority to which they are paid.

A. Sales and Use Taxes

7. While many of the Debtors' customers are tax exempt organizations, namely, schools and school districts, the Debtors nevertheless incur or collect and remit an assortment of sales, use and other similar taxes in connection with the operation of their businesses. The Debtors generally incur and collect use taxes when they purchase taxable products for which no sales tax was charged by the vendors. Additionally, the Debtors may be required to collect sales taxes from purchasers of their products on a per sale basis and periodically remit sales taxes to the applicable Taxing Authority. The sales and use taxes collected or incurred are typically remitted to the Authorities in the month or quarter following the month or quarter in which the related transactions occurred. In general, sales taxes accrue as the Debtors' products are sold and

[3] As described below, the Debtors pay a variety of *de minimis* business licensing and permit Fees in almost every jurisdiction in which they operate. Given the vast number of such Authorities and the small amounts of such Fees paid, Exhibit B is limited only to Authorities to whom the Debtors remit Taxes. Notwithstanding the foregoing, notice of this Motion will be provided to such Authorities; a list of these Authorities can also be made available to the U.S. Trustee upon request.

are calculated based upon a statutory percentage of the sale price. The Debtors paid approximately $10.5 million in sales and use taxes in 2012. Because the Debtors are current on all their use and sales tax payments, only *de minimis* amounts (approximately $1.0 million), if any, have accrued and are unpaid as of the Petition Date.

B. Income, Franchise and Net Worth Taxes

8. The Debtors pay income, franchise, net worth and similar types of taxes to certain Authorities to operate their business in the applicable taxing jurisdictions. The various Authorities assess income, franchise and net worth taxes in a variety of ways (minimum tax, tax on income, tax on capital, tax on gross receipts or margin, etc.). The Debtors generally make estimated payments for income, franchise and net worth taxes on a quarterly basis. The Debtors typically file the majority of their tax returns in January and February following the year for which taxes were paid; accordingly, in the weeks immediately prior to the Petition Date, the Debtors filed a number of their fiscal 2012 tax returns, and expect to file additional fiscal 2012 tax returns in the near term. The Debtors expect that the balance due in respect of these returns, if any, is *de minimis* (less than $200,000).

9. Due to previous overpayments and tax losses, the Debtors paid no federal income tax in calendar year 2012. The Debtors' combined tax liability for other income, franchise and net worth taxes imposed by other taxing authorities was approximately $1.0 million in calendar year 2012. The Debtors believes that only *de minimis* amounts in income, franchise and net worth taxes (less than $500,000), if any, have accrued and are unpaid as of the Petition Date.

C. Personal and Real Property Taxes

10. The Debtors incur real and personal property taxes in many of the jurisdictions in which they operate. To avoid the imposition of statutory liens on their personal and real properties, the Debtors typically pay these taxes in the ordinary course on an annual or semi-

annual basis, depending on the jurisdiction. In 2012, the Debtors paid approximately $1.0 million in personal and real property taxes. The Debtors estimate that less than $1.0 million in personal and real property taxes have accrued and are unpaid as of the Petition Date.

D. Unemployment Taxes

11. The Debtors are required by law to withhold from domestic employees' wages, or pay directly various amounts related to federal, state and local taxes, including without limitation, payroll taxes, Federal Insurance Contribution Act ("FICA") taxes, unemployment taxes and other taxes that accrue on wages, benefits, disability and workers' compensation paid to the Debtors' employees.[4] These taxes are typically assessed on a percentage of a Debtor's payroll in the given jurisdiction. In 2012, the Debtors paid approximately $28.5 million in such taxes. The Debtors estimate that approximately $250,000 of such taxes have accrued and are unpaid as of the Petition Date.

E. Business License, Permits, and Other Fees

12. Many Authorities require the payment of Fees for the right to conduct business within their jurisdictions. Those charges may include fees for business licenses, annual reports, permits, health and fire inspections; they are computed in a variety of ways, but are generally flat rate and nominal fees of $100 or less, which are paid on a monthly, quarterly or annual basis, depending on the requirements of the particular jurisdiction. The Debtors pay hundreds of these Fees per year to different state and local Authorities, and are frequently required to obtain licenses and permits – and pay associated Fees – for each Debtor entity that conducts business in a given jurisdiction. In calendar year 2012, the aggregate cost of the total Fees paid in respect of such business licenses, permits, and similar authorizations was approximately $200,000. The

[4] Details with respect to, and additional relief in respect of, the workers' compensation programs are set forth in the Employee Wage Motion.

Debtors estimate that approximately $20,000 in Fees have accrued and are unpaid as of the Petition Date.

F. Federal and State Audits

13. The Debtors are subject to certain ongoing federal and state audit investigations of prior year tax returns, and may be subject to further investigations (the "Audits") during the pendency of these Chapter 11 Cases. These Audits may result in additional prepetition Taxes being assessed against the Debtors (such additional Taxes, "Audit Amounts"). As of the Petition Date, the Debtors believe authorities have assessed approximately $800,000 in additional tax liabilities arising from these Audits; however, this amount includes certain preliminary assessments and is subject to change. The Debtors seek authority, in their discretion, to satisfy any such Audit Amounts in the ordinary course of business.[5]

RELIEF REQUESTED

14. By this Motion, the Debtors seek authority to pay all prepetition Taxes and Fees in the ordinary course of business that were owed to the Authorities prepetition, but were not in fact paid or processed prepetition, or that were paid prepetition in an amount less than is actually owed, or to the extent any such payments made prepetition were rejected, lost or otherwise not received in full by any Authority. Furthermore, the Debtors seek authority to pay any prepetition Tax or Fee that arose prior to the Petition Date that became due and owing during the pendency of the Chapter 11 Cases in the ordinary course of business.[6] Finally, to the extent that any checks, drafts, deposits or transfers issued or initiated by the Debtors on account of prepetition

[5] Nothing contained herein or in the order approving this Motion constitutes or should be construed as an admission of liability by the Debtors with respect to any Audit or Audit Amount. The Debtors expressly reserve all rights with respect to any Audit. Furthermore, the Debtors reserve the right to contest the Audit Amounts, if any, claimed to be due as a result of the Audits.

[6] Nothing in this Motion or any related order affects or shall be deemed to affect the Debtors' ability to contest the amount or basis of any Taxes or Fees that may be due to the various Taxing Authorities, or to require the Debtors to pay any of the applicable Taxes or Fees. The Debtors expressly reserve all of their rights and defenses related thereto.

Taxes and Fees have not cleared as of the Petition Date, the Debtors also seek an order directing banks and other financial institutions to honor and process such payments.

BASIS FOR RELIEF

A. The Court Should Permit the Debtors, in their Discretion, to Pay Outstanding Taxes and Fees.

15. Numerous grounds justify granting the relief requested herein. First, a portion or all of the Taxes and Fees may be entitled to priority status under section 507(a)(8) of the Bankruptcy Code and, therefore, must be paid in full under any chapter 11 plan. See 11 U.S.C. § 1129(a)(9)(c). Thus, the Debtors submit that the payment of such Taxes and Fees as requested by this Motion will likely affect only the timing of the payments and not the amounts that would ultimately be received by the applicable Authorities. Further, paying such Taxes and Fees will give the Authorities no more than that to which they otherwise are entitled under a chapter 11 plan, and will save the Debtors the potential interest expense (and penalties) that might otherwise accrue.

16. Second, the Debtors' failure to pay the Taxes and Fees could have a material adverse impact on their ability to operate in the ordinary course of business and, thus, harm the Debtors' chapter 11 efforts to the detriment of all constituents. For example, Authorities could initiate audits of the Debtors if the Taxes and Fees are not paid on time, which would unnecessarily divert the Debtors' attention away from the chapter 11 process and result in unnecessary expenses. Moreover, if the Debtors do not pay such amounts in a timely manner, the Authorities may attempt to suspend the Debtors' operations, file liens, seek to lift the automatic stay, seek payment from the Debtors' directors and officers or pursue other remedies that could materially harm the Debtors' estates.

17. Third, certain Authorities might assert that the Taxes are so-called "trust fund" taxes that the Debtors are required to collect from third parties and hold in trust for the benefit of such Authorities. To the extent that the Debtors collect sales, use and other Taxes on behalf of the Authorities, such Taxes may not constitute property of the Debtors' estates. See Begier v. Internal Revenue Service, 496 U.S. 53, 57-60 (1990) (holding that any prepetition payment of trust fund taxes is not an avoidable preference because such funds are not property of the debtor's estate). As a consequence, the Debtors would not have an equitable interest in such Taxes and, assuming they could be identified and traced, such amounts would not constitute property of the Debtors' estates and would not be subject to the automatic stay. See City of Farrell v. Sharon Steel Corp., 41 F.3d 92, 95 (3d Cir. 1994). Accordingly, because the Debtors have no equitable interest in trust fund Taxes, payment does not prejudice the rights of any of the Debtors' other creditors. See 11 U.S.C. § 541(d). The Debtors should therefore be able to pay any Taxes that constitute trust fund taxes as they become due and payable.

18. Fourth, even if some of the Taxes would not ordinarily be considered "trust fund" taxes in a particular jurisdiction, sections 105(a) and 363(b) of the Bankruptcy Code authorize the requested relief. Section 105(a) of the Bankruptcy Code allows the Court to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code.]" 11 U.S.C. § 105(a). It permits a bankruptcy court to take whatever action "is appropriate or necessary in aid of the exercise of its jurisdiction." 2 COLLIER ON BANKRUPTCY ¶ 105.01, at 105-5 (16th ed. rev. 2011). Similarly, section 363(b)(1) of the Bankruptcy Code authorizes a debtor to use property of the estate other than in the ordinary course of business after notice and a hearing. 11 U.S.C. § 363(b)(1).

19. The well-settled "necessity of payment" doctrine also supports the requested relief. This rule authorizes postpetition payment of prepetition obligations where necessary to preserve or enhance the value of a debtor's estate for the benefit of all creditors. See, e.g., Miltenberger v. Logansport, C. & S.W. Ry. Co., 106 U.S. 286, 311 (1882) (articulating a legal theory later termed the "doctrine of necessity" or the "'necessity of payment' doctrine" and holding that payment of a pre-receivership claim prior to reorganization was permitted to prevent stoppage of crucial business relations); In re Lehigh & N. E. R. Co., 657 F.2d 570 (3d Cir. 1981) (adopting the "necessity of payment" doctrine for the Third Circuit); In re Boston and Me. Corp., 634 F.2d 1359, 1382 (1st Cir. 1980) (recognizing the existence of a judicial power to authorize trustees to pay claims for goods and services that are indispensably necessary to the debtors' continued operation); Southern Ry. Co. v. Flournoy, 301 F.2d 847, 852 (4th Cir. 1962) ("The principle of necessity of payment [espoused in Miltenberger] has since been carried into different factual surroundings as the basis for granting superiority to business-operating accounts."); In re Just For Feet, Inc., 242 B.R. 821, 824 (D. Del. 1999) (granting approval to pay prepetition claims of certain trade vendors which were critical to the debtors' reorganization); In re Columbia Gas Sys., Inc., 171 B.R. 189, 191-92 (Bankr. D. Del. 1994) (noting that debtors may pay prepetition claims that are essential to continued operation of business).

20. Debtors frequently invoke the necessity of payment doctrine early in a chapter 11 case when preservation of the estates is most critical. Bankruptcy courts routinely invoke their equitable powers to authorize a debtor to pay certain critical prepetition claims under section 105(a) of the Bankruptcy Code if "authorizing the payment of the prepetition debt creates 'the greatest likelihood of . . . payment of creditors in full or at least proportionately.'" In re Structurelite Plastics Corp., 86 B.R. 922, 932 (Bankr. S.D. Ohio 1988); see also In re Sharon

Steel Corp., 159 B.R. 730, 737 (Bankr. W.D. Pa. 1993) (stating that to justify payment of a prepetition claim "the Debtor is required to show that the payment is necessary to avert a serious threat to the Chapter 11 process"); In re Ionosphere Clubs, Inc., 98 B.R. 174, 176 (Bankr. S.D.N.Y. 1989) (stating that the "necessity of payment" rule "recognizes the existence of the judicial power to authorize a debtor in a reorganization case to pay prepetition claims where such payment is essential to the continued operation of the debtor").

21. Fifth, some states hold corporate officers personally liable for unpaid sales, use and other taxes in certain circumstances. See, e.g., JOHN F. OLSEN, DIRECTOR & OFFICER LIABILITY: INDEMNIFICATION AND INSURANCE § 3:21 (2003) (stating "some states hold corporate officers personally liable for any sales tax and penalty owed and not paid by the corporation regardless of cause"). To the extent that any such "trust fund" taxes remain unpaid by the Debtors, their officers could be subject to lawsuits or criminal prosecution during the pendency of these Chapter 11 Cases. Even the possibility of any such lawsuit or criminal prosecution would most certainly distract the Debtors and their officers from their efforts in these Chapter 11 Cases.

22. Substantial precedent exists for authorizing payment of prepetition Taxes and Fees. In numerous chapter 11 cases in this district, courts have exercised their equitable powers under section 105(a) of the Bankruptcy Code to authorize debtors to pay prepetition tax obligations in light of the foregoing considerations. See, e.g., In re THQ Inc., Case No. 12-13398 (MFW) (Bankr. D. Del. Dec. 20, 2012); In re A123 Systems Inc., Case No. 12-12859 (KJC) (Bankr. D. Del. Oct. 18, 2012) (authorizing debtors to pay certain prepetition tax obligations); In re Bicent Holdings LLC, Case No. 12-11304 (KG) (Bankr. D. Del. April 24, 2012) (authorizing debtors to pay certain prepetition tax obligations); In re Buffets Holdings,

Inc., Case No. 12-10237 (MFW) (Bankr. D. Del. Jan. 19, 2012) (authorizing debtors to pay certain prepetition tax obligations); Perkins & Marie Callender's Inc., Case No. 11-11795 (KG) (Bankr. D. Del. June 14, 2011) (same); In re Allen Family Foods, Inc., Case No. 11-11764 (KJC) (Bankr. D. Del. June 10, 2011) (same); In re Jackson Hewitt Tax Service, Inc., Case No. 11-11587 (MFW) (Bankr. D. Del. June 8, 2011) (same); In re Harry & David Holdings, Inc., Case No. 11-10884 (MFW) (Bankr. D. Del. March 29, 2011) (same); In re Summit Business Media Holding Co., Case No. 11-10231 (PJW) (Bankr. D. Del. Jan. 28, 2011) (same); In re Atrium Corp., Case No. 10-10150 (BLS) (Bankr. D. Del. Feb 23, 2010) (same). The Debtors submit that the circumstances of these Chapter 11 Cases warrant granting similar relief, and that doing so is in the best interests of the Debtors, their estates and creditors, and therefore should be granted.

B. The Court Should Authorize the Debtors' Banks and Financial Institutions to Honor Payments in respect of the Taxes and Fees.

23. The Debtors also request that the Court authorize the Debtors' Banks, 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 obligations described herein, whether such checks or other requests were submitted prior to or after the Petition Date. The Debtors further request that all such Banks be authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved pursuant to this Motion.

24. Any delay in paying the outstanding Taxes and Fees would be detrimental to the Debtors, their creditors, and their estates. Indeed, the Debtors' ability to manage and run their business operations with as little disruption as possible requires, in part, that they remain in good stead with the Authorities in respect of their Tax and Fee obligations. Accordingly, for the reasons set forth herein, the Debtors submit that cause exists for granting the requested relief.

SATISFACTION OF BANKRUPTCY RULE 6003 AND WAIVER OF BANKRUPTCY RULE 6004

25. The Debtors seek immediate authorization for the relief requested in this Motion. Pursuant to Bankruptcy Rule 6003(b), the Court cannot grant "a motion to use, sell, lease or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition" within twenty-one (21) days of the filing of the petition unless the relief is "necessary to avoid immediate and irreparable harm." Fed. R. Bankr. P. 6003(b). For the reasons set forth above, the Debtors submit that the requirements of Bankruptcy Rule 6003(b) are met and that the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates.

26. In addition, by this Motion, the Debtors seek a waiver of any stay of the effectiveness of the order approving this Motion. Pursuant to Bankruptcy Rule 6004(h), "[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." Fed. R. Bankr. P. 6004(h). For the reasons set forth above, the Debtors submit that ample cause exists to justify a waiver of the fourteen (14) day stay imposed by Bankruptcy Rule 6004(h).

NOTICE

27. Notice of this Motion will be provided to: (i) the U.S. Trustee; (ii) counsel to the agent under the Debtors' ABL Agreement; (iii) counsel to the agent under the Debtors' Term Loan Agreement; (iv) the indenture trustee for the Debtors' convertible debentures; (v) counsel for the *ad hoc* group of convertible debenture holders; (vi) the holders of the forty (40) largest unsecured claims against the Debtors, on a consolidated basis; (vii) the Internal Revenue Service; (viii) the Authorities; and (ix) the Debtors' Banks. Notice of this Motion and any order entered hereon will be served in accordance with Rule 9013-1(m) of the

Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

WHEREFORE, the Debtors respectfully request that this Court enter an order substantially in the form attached hereto as Exhibit A granting the requested relief and such other and further relief as it deems just and proper.

Dated: January 28, 2013
Wilmington, Delaware

YOUNG CONAWAY STARGATT & TAYLOR, LLP

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Proposed Counsel for the Debtors and Debtors-in-Possession

Exhibit A

Proposed Order

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: SCHOOL SPECIALTY, INC., *et al.*, Debtors. [1]	Chapter 11 Case No. 13-10125 (___) Joint Administration Requested **Re: Docket No. ___**

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 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(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 and Fees relating to the period prior to the commencement of their Chapter 11 Cases (the "Petition Date"), including all those Taxes and Fees subsequently determined upon audit, or otherwise, to be owed for periods prior to the Petition Date, to the Authorities.

3. 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.

4. 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.

5. 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.

6. 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.

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

8. 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.

9. 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____, 2013
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE

Exhibit B

List of Taxing Authorities[1]

[1] The Debtors have endeavored to identify all of the Taxing Authorities and list them on Exhibit B hereto. However, inadvertent omissions may have occurred, and the omission from Exhibit B hereto of any Taxing Authority shall not be construed as an admission, waiver, acknowledgement or consent that this Order does not apply to such entity. If the Debtors identify any entity that was inadvertently excluded from Exhibit B hereto, they will promptly provide such entity with a copy of this Order. Moreover, for the reasons set forth in the Motion, Exhibit B is limited only to Authorities to whom the Debtors remit Taxes. Notwithstanding the foregoing, notice of the Motion and this Order will be provided to all Authorities, including Authorities to whom the Debtors remit Fees; a list of these Authorities can also be made available to the U.S. Trustee upon request.

TAX AUTHORITY	CITY/STATE/ZIP CODE
Alabama Department of Revenue	Montgomery, AL 36132-7004
Arizona Department of Revenue	Phoenix, AZ 85038-9089
Arkansas Department of Finance and Administration	Little Rock, AR 72203-1275
California State Board of Equalization	Sacramento, CA 94279-004
Colorado Department of Revenue	Denver, CO 80263
Connecticut Department of Revenue Services	Hartford, CT 06106-5034
Florida Department of Revenue	Tallahassee, FL 32304-2719
Georgia Department of Revenue	Atlanta, GA 30345-3207
Illinois Department of Revenue	Springfield, IL 62794-9046
Indiana Department of Revenue	Indianapolis, IN 46206
Iowa Department of Revenue	Des Moines, IA 50306-0460
Kansas Department of Revenue	Topeka, KS 66615
Kentucky Department of Revenue	Frankfort, KY 40604
Louisiana Department of Revenue	Baton Rouge, LA 70821-3141
Maine Department of Revenue Services	Augusta, ME 04332-1608
Comptroller of Maryland	Annapolis, MD 21403
Massachusetts Department of Revenue	Boston, MA 02206
Michigan Department of Treasury	Lansing, MI 48923
Minnesota Department of Revenue	St. Paul, MN 55104
Mississippi State Tax Commission	Jackson, MS 39215-1035
Missouri Department of Revenue	Jefferson City, MO 65105-3302
Nebraska Department of Revenue	Lincoln, NE 68509-4818
New Jersey Division of Taxation	Trenton, NJ 08695-0283
New York State Department of Taxation and Finance	Albany, NY 12229
North Carolina Department of Revenue	Raleigh, NC 27640-0643
Ohio Department of Taxation	Columbus, OH 43218
Oklahoma Tax Commission	Oklahoma City, OK 73126-0802
Pennsylvania Department of Revenue	Harrisburg, PA 17128-0904
Rhode Island Division of Taxation	Providence, RI 02910
South Carolina Department of Revenue	Columbia, SC 29217
Tennessee Department of Revenue	Nashville, TN 37242-1102
Texas Comptroller of Public Accounts	Austin, TX 78711-3530
Virginia Department of Taxation	Richmond, VA 23218-1117
Washington State Department of Revenue	Olympia, WA 98504-7479
West Virginia State Tax Department	Charleston, WV 25303

TAX AUTHORITY	CITY/STATE/ZIP CODE
Wisconsin Department of Revenue	Madison, WI 53711
Wyoming Department of Revenue	Cheyenne, WY 82002-0113
Alabama Department of Industrial Relations	Montgomery, AL 36131
Arizona Department of Commerce	Phoenix, AZ 85007
Arkansas Department of Workforce Services	Telephone (501) 682-3200
California Unemployment Insurance	Sacramento, CA 94280-0001
Colorado Department of Labor and Employment	Denver, CO 80202-3660
Connecticut Labor Department	Wethersfield, CT 06109
Delaware Department of Labor	Wilmington, DE 19802
Florida Depart. of Labor and Employment Security	Tallahassee, FL 32399-4120
Georgia Department of Labor	Atlanta, GA 30303-1751
Illinois Department of Employment Security	Chicago, IL 60603
Indiana Workforce Development	Indianapolis, IN 46204
Iowa Workforce Development	Des Moines, IA 50319-0209
Kansas Department of Labor	Topeka, KS 66603-3182
Kentucky Office of Employment and Training	Frankfort, KY 40601
Louisiana Workforce Commission	Baton Rouge, LA 70804-9094
Maine Department of Labor	Augusta, ME 04333
Maryland Department of Labor, Licensing and Regulation	Baltimore, MD 21201
Massachusetts Depart. of Workforce Development	Boston, MA 02114
Michigan Department of Labor and Economic Growth	Grand Rapids, MI 49501-0169
Minnesota Depart. of Employment and Economic Development	St. Paul, MN 55101-1351
Mississippi Department of Employment Security	Jackson, MS 39215-1699
Missouri Department of Labor and Industrial Relations	Jefferson City, MO 65102-0059
New Jersey Depart. of Labor and Workforce Development	Trenton, NJ 08625-0058
New York Unemployment Insurance	Albany, NY 12240-0339
North Carolina Employment Security Commission	Raleigh, NC 27611-5903
Ohio Department of Job and Family Services	Columbus, OH 43215
Oklahoma Employment Security Commission	Oklahoma City, OK 73152-2003
Oregon Employment Department	Salem, OR 97311
Pennsylvania Department of Labor and Industry	Harrisburg, PA 17121
Rhode Island Unemployment Insurance	Cranston, RI 02920

TAX AUTHORITY	CITY/STATE/ZIP CODE
South Carolina Employment Security Commission	Columbia, SC 29202
Tennessee Depart. of Labor and Workforce Development	Nashville, TN 37245-3555
Texas Workforce Commission	Austin, TX 78701
Washington Employment Security Department	Olympia, WA 98507-9046
West Virginia Bureau of Employment Programs	Charleston, WV 25330-2753
Wisconsin Department of Workforce Development	Madison, WI 53707-7946
Wyoming Department of Employment	Casper, WY 82602
Alabama Department of Revenue	Montgomery, AL 36132-7430
Arkansas Corporation Income Tax	Little Rock, AR 72203-0919
Arizona Department of Revenue	Phoenix AZ 85038-9079
California Franchise Tax Board	Sacramento, CA 94257-0500
Colorado Department of Revenue	Denver, CO 80261-0006
Connecticut Depart of Revenue Services	Hartford, CT 06115-0406
Delaware Division of Revenue	Wilmington, DE 19899-2044
Florida Department of Revenue	Tallahassee, FL 32399-0135
Georgia Department of Revenue	Atlanta, GA 30374-0397
Iowa Corporate Tax Return Proc.	Des Moines, IA 50306-0468
Illinois Department of Revenue	Springfield, IL 62794-9008
Indiana Department of Revenue	Indianapolis, IN 46204-2253
Kansas Corporate Tax	Topeka, KS 66699-4000
Kentucky Department of Revenue	Frankfort, KY 40620
Louisiana Department of Revenue	Baton Rouge, LA 70821–9011
Massachusetts DOR	Boston, MA 02204–7000
Maryland Department of Revenue	Annapolis, MD 21411–0001
Maine Revenue Services	Augusta, ME 04332–1064
Michigan Department of Treasury	Lansing, MI 48909
Minnesota Revenue	St. Paul, MN 55145–1250
Missouri Department of Revenue	Jefferson City, MO 65105–0700
Mississippi Office of Revenue	Jackson, MS 39225–3050
NC Department of Revenue	Raleigh, NC 27640–0500
New Jersey Division of Taxation	Trenton, NJ 08646–0666
NYS Corporation Tax	Albany, NY 12201-2095
Ohio Department of Taxation	Columbus, Ohio 43216-0027.
Oklahoma Tax Commission	Oklahoma City, OK 73126-0800
Oregon Dept of Revenue	Salem, OR 97309-0960
PA Department of Revenue	Harrisburg, PA 17128-0708
Rhode Island Division of Taxation	Providence, RI 02908-5811
SC Department Of Revenue	Columbia, SC 29214-0033
Tennessee Department of Revenue	Nashville, TN 37242
Texas Comptroller Of Public Accounts	Austin, TX 78714-9348
Virginia Department of Taxation	Virginia 23218-1500

TAX AUTHORITY	CITY/STATE/ZIP CODE
Wisconsin Department of Revenue	Madison, WI 53708-8908
West Virginia State Tax Department	Charleston, WV 25324-1202