

SCHOOL SPECIALTY INC
Form SC 13D/A
July 17, 2014
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D

(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO § 240.13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO
§ 240.13d-2(a)

(Amendment No. 1)¹

SCHOOL SPECIALTY, INC.

(Name of Issuer)

Common Stock, par value \$0.001

(Title of Class of Securities)

807864103

(CUSIP Number)

Warren G. Lichtenstein

Steel Partners Holdings L.P.

590 Madison Avenue, 32nd Floor

New York, New York 10022

(212) 520-2300

(Name, Address and Telephone Number of Person

Authorized to Receive Notices and Communications)

July 11, 2014

(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box .

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. *See* § 240.13d-7 for other parties to whom copies are to be sent.

¹ The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, *see* the *Notes*).

NAME OF REPORTING PERSONS

1

STEEL EXCEL INC.

2

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)

(b)

3

SEC USE ONLY

4

SOURCE OF FUNDS

WC

5

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS
REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

CITIZENSHIP OR PLACE OF ORGANIZATION

6

DELAWARE

SOLE VOTING POWER

NUMBER OF 7

SHARES

- 0 -

BENEFICIALLY

SHARED VOTING POWER

OWNED BY 8

EACH

86,802

REPORTING

SOLE DISPOSITIVE POWER

PERSON 9

WITH

- 0 -

SHARED DISPOSITIVE POWER

10

86,802

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

86,802

12

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11)
EXCLUDES CERTAIN SHARES

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

8.7%

TYPE OF REPORTING PERSON

14

CO

NAME OF REPORTING PERSONS

1

STEEL PARTNERS HOLDINGS L.P.

2

CHECK THE APPROPRIATE BOX IF (a)
A MEMBER OF A GROUP* (b)

3

SEC USE ONLY

4

SOURCE OF FUNDS

AF

5

CHECK BOX IF DISCLOSURE OF
LEGAL PROCEEDINGS IS
REQUIRED PURSUANT TO ITEM
2(d) OR 2(e)

6

CITIZENSHIP OR PLACE OF
ORGANIZATION

DELAWARE

NUMBER OF	SOLE VOTING POWER
SHARES	7
BENEFICIALLY	- 0 -
OWNED BY	SHARED VOTING POWER
EACH	8
REPORTING	86,802
PERSON	SOLE DISPOSITIVE POWER
WITH	9
	- 0 -
10	SHARED DISPOSITIVE POWER

86,802

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PERCENT OF CLASS REPRESENTED BY
AMOUNT IN ROW (11)

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8.7%

TYPE OF REPORTING PERSON

14

PN

NAME OF REPORTING PERSONS

1

SPH GROUP LLC

2

CHECK THE APPROPRIATE BOX IF (a)
A MEMBER OF A GROUP* (b)

3

SEC USE ONLY

4

SOURCE OF FUNDS

AF

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CITIZENSHIP OR PLACE OF
ORGANIZATION

DELAWARE

SOLE VOTING POWER

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AF

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CITIZENSHIP OR PLACE OF
ORGANIZATION

DELAWARE

SOLE VOTING POWER

NUMBER OF

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TYPE OF REPORTING PERSON

14

OO

NAME OF REPORTING PERSONS

1

STEEL PARTNERS HOLDINGS GP INC.

2

CHECK THE APPROPRIATE BOX IF (a)
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SEC USE ONLY

4

SOURCE OF FUNDS

AF

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2(d) OR 2(e)

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CITIZENSHIP OR PLACE OF
ORGANIZATION

DELAWARE

NUMBER OF

SOLE VOTING POWER

SHARES

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BENEFICIALLY

- 0 -

OWNED BY

SHARED VOTING POWER

EACH

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REPORTING

86,802

PERSON

9 SOLE DISPOSITIVE POWER

WITH

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SHARED DISPOSITIVE POWER

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TYPE OF REPORTING PERSON

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CO

The following constitutes Amendment No. 1 to the Schedule 13D filed by the undersigned ("Amendment No. 1"). This Amendment No. 1 amends the Schedule 13D as specifically set forth herein.

Item 3. Source and Amount of Funds or Other Consideration.

Item 3 is hereby amended and restated to read as follows:

Steel Excel acquired 75,593 Shares pursuant to the Issuer's Second Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code (the "Plan") and the order confirming the Plan entered by the Bankruptcy Court on June 3, 2013 (such order, the "Confirmation Order").

Pursuant to the Plan and Confirmation Order, (i) each lender holding loans ("DIP Loans") under the Ad Hoc DIP Facility (as defined in the Plan) received its pro rata portion (based on its holdings of DIP Loans) of 65% of the Shares to be issued when the Issuer emerged from bankruptcy, and (ii) each holder of Notes (as defined in the Plan) received its pro rata portion (based on its holdings of Notes) of 35% of the Shares to be issued when the Issuer emerged from bankruptcy on June 11, 2013 (the "Effective Date"). As of the Effective Date and immediately prior to the Issuer's emergence from bankruptcy, Steel Excel held approximately \$4,327,332 of DIP Loans and approximately \$11,906,000 of Notes. Steel Excel received 75,593 Shares upon the Issuer's emergence from bankruptcy. As provided for in the Plan and Confirmation Order, the DIP Loans and Notes were cancelled. The source of funds used to acquire the DIP Loans and Notes was the working capital of Steel Excel.

Steel Excel purchased 11,209 Shares with working capital. The aggregate purchase price of such shares is approximately \$1,296,097, including brokerage commissions.

Item 4. Purpose of Transaction.

Item 4 is hereby amended to add the following:

The Reporting Persons originally purchased the DIP Loans, Notes and Shares based on the Reporting Persons' belief that each of the DIP Loans, Notes and Shares, when purchased, were undervalued and represented an attractive investment opportunity. Depending upon overall market conditions, other investment opportunities available to the Reporting Persons, and the availability of Shares at prices that would make the purchase or sale of Shares desirable,

the Reporting Persons may endeavor to increase or decrease their position in the Issuer through, among other things, the purchase or sale of Shares on the open market or in private transactions or otherwise, on such terms and at such times as the Reporting Persons may deem advisable.

No Reporting Person has any present plan or proposal which would relate to or result in any of the matters set forth in subparagraphs (a) - (j) of Item 4 of Schedule 13D except as set forth herein or such as would occur upon or in connection with completion of, or following, any of the actions discussed herein. The Reporting Persons intend to review their investment in the Issuer on a continuing basis. Depending on various factors including, without limitation, the Issuer's financial position and investment strategy, the price levels of the Shares, conditions in the securities markets and general economic and industry conditions, the Reporting Persons may in the future take such actions with respect to their investment in the Issuer as they deem appropriate including, without limitation, continuing to engage in communications with management and the board of directors of the Issuer, engaging in discussions with stockholders of the Issuer and others about the Issuer and the Reporting Persons' investment, including in connection with making recommendations or proposals to the Issuer concerning changes to the capitalization, corporate structure, ownership structure, board structure (including board composition) or operations of the Issuer, purchasing additional Shares, selling some or all of their Shares, engaging in short selling of or any hedging or similar transaction with respect to the Shares, or changing their intention with respect to any and all matters referred to in Item 4.

Item 5. Interest in Securities of the Issuer.

Item 5(a)-(c) is hereby amended and restated to read as follows:

(a) The aggregate percentage of Shares reported owned by each person named herein is based upon 1,000,004 Shares outstanding, which is the total number of Shares outstanding as of June 12, 2014, as reported in the Issuer's Annual Report on Form 10-K filed with the Securities Exchange Commission on July 9, 2014.

As of the date hereof, Steel Excel owns directly 86,802 Shares, constituting approximately 8.7% of the Shares outstanding. By virtue of their relationships with Steel Excel discussed in further detail in Item 2, each of SPHG Holdings, Steel Holdings, SPHG and Steel Holdings GP may be deemed to beneficially own the Shares owned directly by Steel Excel.

(b) Each of Steel Excel, SPHG Holdings, SPHG, Steel Holdings and Steel Holdings GP is deemed to have shared power to vote and dispose of the Shares owned directly by Steel Excel.

(c) On July 11, 2014 Steel Excel purchased 11,209 Shares, at a purchase price of \$115.5500 per share, in the open market.

SIGNATURES

After reasonable inquiry and to the best of his knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: July 16, 2014 STEEL EXCEL INC.

By: /s/ James F. McCabe, Jr.
James F. McCabe, Jr., Chief
Financial Officer

STEEL PARTNERS HOLDINGS
L.P.

By: Steel Partners Holdings GP Inc.
General Partner

By: /s/ Jack L. Howard
Jack L. Howard, President

SPH GROUP LLC

By: Steel Partners Holdings GP Inc.
Managing Member

By: /s/ Jack L. Howard
Jack L. Howard, President

SPH GROUP HOLDINGS LLC

By: Steel Partners Holdings GP Inc.
Manager

By: /s/ Jack L. Howard
Jack L. Howard, President

STEEL PARTNERS HOLDINGS
GP INC.

By: /s/ Jack L. Howard

Jack L. Howard, President