

SCHOOL SPECIALTY INC
Form SC 13D
June 21, 2013

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

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.

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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)

June 11, 2013

(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.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A
GROUP*

(a)

2

(b)
SEC USE ONLY
SOURCE OF FUNDS

3

4

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

5

6

DELAWARE

NUMBER OF

SHARES 7

BENEFICIALLY

SOLE
VOTING
POWER

OWNED BY
EACH 8
REPORTING

- 0 -
SHARED
VOTING
POWER

PERSON WITH 9

75,593
SOLE
DISPOSITIVE
POWER

10

- 0 -
SHARED
DISPOSITIVE
POWER

75,593

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

75,593

12

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
SHARES
PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

7.6%

TYPE OF REPORTING PERSON

14

CO

NAME OF REPORTING PERSONS

1

STEEL PARTNERS HOLDINGS L.P.
CHECK THE APPROPRIATE BOX IF A MEMBER OF A
GROUP*

(a)

2

(b)
SEC USE ONLY
SOURCE OF FUNDS

3

4

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

5

6

NUMBER OF DELAWARE
SHARES SOLE VOTING POWER

7

BENEFICIALLY - 0 -
OWNED BY SHARED VOTING POWER

EACH 8
REPORTING

75,593
SOLE DISPOSITIVE POWER

PERSON WITH 9

- 0 -
SHARED DISPOSITIVE POWER

10

75,593
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

75,593
CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
SHARES

12

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

7.6%

TYPE OF REPORTING PERSON

14

PN

NAME OF REPORTING PERSONS

1

SPH GROUP LLC
CHECK THE APPROPRIATE BOX IF A MEMBER OF A
GROUP*

(a)

2

(b)

3 SEC USE ONLY
4 SOURCE OF FUNDS

4

5 AF
CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEM 2(d) OR 2(e)
6 CITIZENSHIP OR PLACE OF ORGANIZATION

6

NUMBER OF DELAWARE
7 SOLE VOTING POWER

SHARES 7

BENEFICIALLY - 0 -
OWNED BY SHARED VOTING POWER

EACH 8

REPORTING 75,593
SOLE DISPOSITIVE POWER

PERSON WITH 9

- 0 -
SHARED DISPOSITIVE POWER

10

75,593
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

75,593
CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
12 SHARES

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

7.6%

TYPE OF REPORTING PERSON

14

OO

NAME OF REPORTING PERSONS

1

SPH GROUP HOLDINGS LLC
 CHECK THE APPROPRIATE BOX IF A MEMBER OF A
 GROUP*

(a)

2

3 SEC USE ONLY
 4 SOURCE OF FUNDS

4

5 AF
 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
 ITEM 2(d) OR 2(e)
 CITIZENSHIP OR PLACE OF ORGANIZATION

6

NUMBER OF DELAWARE
 SHARES SOLE VOTING POWER

7

BENEFICIALLY OWNED BY - 0 -
 SHARED VOTING POWER

8

REPORTING 75,593
 SOLE DISPOSITIVE POWER

PERSON WITH 9

- 0 -
 SHARED DISPOSITIVE POWER

10

75,593
 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

12 75,593
 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
 SHARES

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

7.6%

TYPE OF REPORTING PERSON

14

OO

NAME OF REPORTING PERSONS

1

STEEL PARTNERS HOLDINGS GP INC.
CHECK THE APPROPRIATE BOX IF A MEMBER OF A
GROUP*

(a)

2

(b)
SEC USE ONLY
SOURCE OF FUNDS

3

4

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

5

6

NUMBER OF DELAWARE
SHARES 7 SOLE VOTING POWER

REPORTING BENEFICIALLY - 0 -
SHARED VOTING POWER

OWNED BY 8

EACH 75,593
SOLE DISPOSITIVE POWER

PERSON WITH 9

- 0 -
SHARED DISPOSITIVE POWER

10

75,593
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

75,593
CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
SHARES

12

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

7.6%

TYPE OF REPORTING PERSON

14

CO

The following constitutes the Schedule 13D filed by the undersigned (the "Schedule 13D").

Item 1. Security and Issuer.

This statement relates to the Common Stock, par value \$0.001 per share (the "Shares"), of School Specialty, Inc. (the "Issuer"). The address of the principal executive offices of the Issuer is W6316 Design Drive, Greenville, Wisconsin 54942.

Item 2. Identity and Background.

(a) This statement is filed by Steel Excel Inc., a Delaware corporation ("Steel Excel"), Steel Partners Holdings L.P., a Delaware limited partnership ("Steel Holdings"), SPH Group LLC, a Delaware limited liability company ("SPHG"), SPH Group Holdings LLC, a Delaware limited liability company ("SPHG Holdings"), and Steel Partners Holdings GP Inc., a Delaware corporation ("Steel Holdings GP"). Each of the foregoing is referred to as a "Reporting Person" and collectively as the "Reporting Persons."

SPHG Holdings beneficially owns approximately 51% of the outstanding shares of Common Stock of Steel Excel. Steel Holdings owns 99% of the membership interests of SPHG. SPHG is the sole member of SPHG Holdings. Steel Holdings GP is the general partner of Steel Holdings, the managing member of SPHG and the manager of SPHG Holdings. Accordingly, for purposes of this Schedule 13D, each of SPHG Holdings, SPHG, Steel Holdings and Steel Holdings GP may be deemed to beneficially own the Shares owned directly by Steel Excel. Each of SPHG Holdings, SPHG, Steel Holdings and Steel Holdings GP disclaims beneficial ownership of the Shares owned directly by Steel Excel except to the extent of their pecuniary interest therein.

Set forth on Schedule A annexed hereto ("Schedule A") is the name and present principal business, occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted of (i) the executive officers and directors of Steel Excel and (ii) the executive officers and directors of Steel Holdings GP. To the best of the Reporting Persons' knowledge, except as otherwise set forth herein, none of the persons listed on Schedule A beneficially owns any securities of the Issuer or is a party to any contract, agreement or understanding required to be disclosed herein.

(b) The principal business address of each Reporting Person other than Steel Excel is 590 Madison Avenue, 32nd Floor, New York, New York 10022. The principal business address of Steel Excel is 1133 Westchester Avenue, Suite N222, White Plains, New York 10604.

(c) Steel Excel is a company whose business consists primarily of capital redeployment and identification of new, profitable operations in the oilfield services, sports, training, education, entertainment and lifestyle businesses. Steel Holdings is a global diversified holding company that engages or has interests in a variety of operating businesses through its subsidiary companies. Steel Holdings may seek to obtain majority or primary control, board representation or other significant influence over the businesses in which it holds an interest. The principal business of SPHG Holdings is holding securities for the account of Steel Holdings. The principal business of SPHG is serving as the sole member of SPHG Holdings and other affiliates. The principal business of Steel Holdings GP is serving as the general partner of Steel Holdings, the managing member of SPHG and the manager of SPHG Holdings.

(d) No Reporting Person nor any person listed on Schedule A has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) No Reporting Person nor any person listed on Schedule A has, during the last five years, been party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Each of the entities who are Reporting Persons are organized under the laws of the State of Delaware. Each of the individuals who are listed on Schedule A other than Gary W. Ullman are citizens of the United States of America. Gary W. Ullman is a citizen of Canada.

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

As further described in Item 4 below, the Steel Excel acquired the Shares reported herein pursuant to the Plan (as defined below) and Confirmation Order (as defined below).

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.

Item 4. Purpose of Transaction.

On January 28, 2013, School Specialty, Inc., a Wisconsin corporation, and certain of its subsidiaries (collectively, the "Debtors") filed voluntary petitions (Case No. 13-10125) in the United States Bankruptcy Court for the District of

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Delaware (the “Bankruptcy Court”) seeking relief under the provisions of Chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”). On May 23, 2013, (i) the Debtors filed the Second Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code (the “Plan”) with the Bankruptcy Court, and (ii) the Bankruptcy Court entered an order confirming the Plan, and a corrected copy of such order was entered by the Bankruptcy Court on June 3, 2013 (such order, the “Confirmation Order”).

Pursuant to the Plan and Confirmation Order, the existing equity interests of the Debtors were cancelled as of the Effective Date, and as reported in the Issuer's Current Report on Form 8-K filed with the Securities Exchange Commission on June 17, 2013, a total of 1,000,004 Shares of the Issuer were issued as of the Effective Date.

As disclosed in Item 3 above, Steel Excel received 75,593 Shares upon the Issuer’s emergence from bankruptcy on account of the DIP Loans and Notes it previously held which were cancelled as of the Effective Date.

As disclosed in the Plan (including the plan supplements thereto), and pursuant to the Plan and Confirmation Order, Steel Excel, as one of the three largest holders of DIP Loans prior to the Effective Date, designated James R. Henderson to serve as a director on the board of directors of the Issuer (the "Board") on the Effective Date. The Plan and Confirmation Order provide solely for the composition of the initial directors on the Board as of the Effective Date. Should Mr. Henderson cease to be a director on the Board, none of the Reporting Persons has any contractual right to designate his replacement or any future directors to the Board.

Item 5. Interest in Securities of the Issuer.

(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 11, 2013, as reported in the Issuer's Current Report on Form 8-K filed with the Securities Exchange Commission on June 17, 2013.

As of the date hereof, Steel Excel owns directly 75,593 Shares, constituting approximately 7.6% 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) Except as described above, the Reporting Persons have not engaged in any transactions with respect to the Issuer's Common Stock in the past sixty (60) days.

(d) No person other than the Reporting Persons is known to have the right to receive, or the power to direct the receipt of dividends from, or proceeds from the sale of, the Shares.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

Pursuant to Rule 13d-1(k) promulgated under the Exchange Act, the Reporting Persons have entered into an agreement with respect to the joint filing of this statement, and any amendment or amendments thereto.

Except as set forth herein, there are no contracts, arrangements, understandings or relationships among the Reporting Persons, or between the Reporting Persons and any other person, with respect to the securities of the Issuer.

Item 7. Material to be Filed as Exhibits.

99.1 Joint Filing Agreement by and among Steel Excel Inc., Steel Partners Holdings L.P., SPH Group LLC, SPH Group Holdings LLC and Steel Partners Holdings GP Inc., dated June 21, 2013.

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: June 21, 2013

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

SCHEDULE A

Executive Officers and Directors of Steel Excel Inc.

| <u>Name and Position</u> | <u>Present Principal Occupation</u> | <u>Business Address</u> |
|---|---|--|
| Warren G. Lichtenstein, Director | Chairman and Chief Executive Officer of Steel Partners Holdings GP Inc., the General Partner of Steel Partners Holdings L.P., a global diversified holding company | c/o Steel Partners LLC 590 Madison Avenue, 32 nd Floor New York, NY 10022 |
| Jack L. Howard, Vice Chairman, principal executive officer and Director | President of Steel Partners Holdings GP Inc., the General Partner of Steel Partners Holdings L.P., a global diversified holding company, and a principal of Mutual Securities, Inc., a registered broker dealer | c/o Steel Partners LLC 590 Madison Avenue, 32 nd Floor New York, NY 10022 |
| John J. Quicke, Director | Managing Director and operating partner of Steel Partners LLC, a subsidiary of Steel Partners Holdings L.P., a global diversified holding company | c/o Steel Partners LLC 590 Madison Avenue, 32 nd Floor New York, NY 10022 |
| Gary W. Ullman, Director | Chief Executive Officer of Connies Naturals, a corporation that delivers pre-made food products to sports stadiums, theme parks and the military | 420 Woodland Acres, Maple, Ontario, Canada L6A1G2 c/o Beyond Trust |
| John Mutch, Director | President and Chief Executive Officer of BeyondTrust Software, a privately held security software company | 2173 Salk Avenue Carlsbad, CA 92008 |
| Robert J. Valentine, Director | Sports commentator and owner of Bobby V's Sports Gallery Café | 225 Main Street |

James F. McCabe, Jr., Vice
President, Chief Financial Officer
and Assistant Secretary

Chief Financial Officer of Steel Excel Inc., Handy & Harman
Ltd. and Steel Partners Holdings GP Inc. President of SP
Corporate Services LLC.

Leonard J. McGill, Vice
President, General Counsel and
Secretary

Senior Vice President, General Counsel and Secretary of Steel
Partners Holdings GP Inc. Senior Vice President, Chief Legal
Officer and Assistant Secretary of Handy & Harman Ltd.

Stamford,
Connecticut
06901
c/o Steel
Partners LLC
590 Madison
Avenue, 32nd
Floor
New York,
NY 10022
c/o Steel
Partners LLC
590 Madison
Avenue, 32nd
Floor
New York,
NY 10022

Executive Officers and Directors of Steel Partners Holdings GP Inc.

| <u>Name and Position</u> | <u>Present Principal Occupation</u> | <u>Business Address</u> |
|--|---|---|
| Warren G. Lichtenstein, Chairman, Chief Executive Officer and Director | Chairman and Chief Executive Officer of Steel Partners Holdings GP Inc., the General Partner of Steel Partners Holdings L.P., a global diversified holding company | c/o Steel Partners LLC 590 Madison Avenue, 32 nd Floor New York, NY 10022 |
| Jack L. Howard, President and Director | President of Steel Partners Holdings GP Inc., the General Partner of Steel Partners Holdings L.P., a global diversified holding company, and a principal of Mutual Securities, Inc., a registered broker dealer | c/o Steel Partners LLC 590 Madison Avenue, 32 nd Floor New York, NY 10022 |
| James F. McCabe, Jr., Chief Financial Officer | Chief Financial Officer of Steel Partners Holdings GP Inc., the General Partner of Steel Partners Holdings L.P., a global diversified holding company | c/o Steel Partners Holdings L.P. 590 Madison Avenue, 32 nd Floor New York, NY 10022 |
| Anthony Bergamo, Director | Vice Chairman of MB Real Estate, a property management company | c/o MB Real Estate 335 Madison Avenue, 14 th Floor New York, NY 10017 |
| John P. McNiff, Director | Partner of Mera Capital Management LP, a private investment partnership | c/o Mera Capital Management LP 161 Washington Street, Suite 1560 Conshohocken, PA 19428 |
| Joseph L. Mullen, Director | Managing Partner of Li Moran International, Inc., a management consulting company | c/o Li Moran International 611 Broadway, Suite 722 New York, NY 10012 |
| General Richard I. Neal, Director | President of Sisvel US, Inc. and Audio MPEG, Inc., licensors of intellectual property | c/o Sisvel US, Inc. 66 Canal Center Plaza, Suite 750 Alexandria, VA 22314 |
| Allan R. Tessler, Director | Chairman and Chief Executive Officer of International Financial Group, Inc., an international merchant banking firm | c/o International Financial Group, Inc. 2500 North Moose |

Leonard J. McGill, Senior
Vice President, General
Counsel and Secretary

Senior Vice President, General Counsel and Secretary of Steel
Partners Holdings GP Inc., the General Partner of Steel Partners
Holdings L.P., a global diversified holding company

Wilson Road
Wilson, WY 83014
c/o Steel Partners
Holdings L.P.
590 Madison
Avenue, 32nd Floor
New York, NY
10022