

HANDLEMAN CO /MI/
Form SC 13D
April 13, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

SCHEDULE 13D

**Under the Securities Exchange Act of 1934
(Amendment No.)***

Handleman Company
(Name of Issuer)

Common Shares
(Title of Class of Securities)

410252100
(CUSIP Number)

Third Avenue Management LLC
Attn: W. James Hall
622 Third Avenue, 32nd Floor
New York, NY 10017
(212) 888-2290

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

April 13, 2007
(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.

* 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).

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

| | | |
|---------------------|--|--|
| CUSIP No. 410252100 | | |
|---------------------|--|--|

| | | |
|--|---|---|
| 1 | NAMES OF REPORTING PERSONS: I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY): Third Avenue Management LLC (01-0690900) | |
| 2 | CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS): (a) <input type="radio"/> (b) <input type="radio"/> | |
| 3 | SEC USE ONLY: | |
| 4 | SOURCE OF FUNDS (SEE INSTRUCTIONS): WC | |
| 5 | CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e): <input type="radio"/> | |
| 6 | CITIZENSHIP OR PLACE OF ORGANIZATION: Delaware | |
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 7 | SOLE VOTING POWER: 3,163,062 shares |
| | 8 | SHARED VOTING POWER: 0 |
| | 9 | SOLE DISPOSITIVE POWER: 3,163,062 shares |
| | 10 | SHARED DISPOSITIVE POWER: 0 |
| 11 | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 3,163,062 shares | |
| 12 | CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="radio"/> (SEE INSTRUCTIONS): | |
| 13 | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 15.6% | |
| 14 | TYPE OF REPORTING PERSON (SEE INSTRUCTIONS): IA | |

Note: All shares identified above are the Issuer's common shares, and the percentage in Row 13 above relates to such common shares.

Item 1. Security and Issuer

This statement on Schedule 13D relates to the shares of common stock, par value \$0.01 per share (the “Common Shares”), of Handleman Company, a Michigan corporation (the “Issuer”), with principal executive offices at 500 Kirts Boulevard, Troy, Michigan 48084.

Item 2. Identity and Background

(a) NAME

This statement is filed by Third Avenue Management LLC (“TAM”). The executive officers of TAM are:

- David Barse: Chief Executive Officer of TAM.
- Vincent J. Dugan: Chief Financial Officer of TAM.
- W. James Hall: General Counsel and Secretary of TAM.

(b) RESIDENCE

The address of the principal business and principal office of TAM and its executive officers is 622 Third Avenue, 32nd Floor, New York, NY 10017.

(c) PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT AND THE NAME, PRINCIPAL BUSINESS AND ADDRESS OF ANY CORPORATION OR OTHER ORGANIZATION IN WHICH SUCH EMPLOYMENT IS CONDUCTED

The principal business of TAM, a registered investment advisor under Section 203 of the Investment Advisors Act of 1940, is to invest funds on a discretionary basis on behalf of investment companies registered under the Investment Company Act of 1940, sub-advised accounts and individually managed separate accounts. The principal occupation of each of its executive officers is to act in the capacity listed above.

(d) CRIMINAL CONVICTIONS

Neither TAM, nor, to the best of its knowledge, any of its executive officers has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) CIVIL PROCEEDINGS

Neither TAM, nor, to the best of its knowledge, any of its executive officers has, during the last five years, been a 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) CITIZENSHIP

TAM is a limited liability company organized under the laws of the State of Delaware. Each of its executive officers is a citizen of the United States.

Item 3. Source and Amount of Funds or Other Consideration

TAM is a registered investment adviser that acts as direct adviser to certain investment companies and other funds, as a sub-adviser to certain other institutions, and as an adviser to separately managed accounts. Certain portfolios of these funds have used working capital to purchase Common Shares upon the orders of TAM acting as adviser or sub-adviser.

Advised Funds:

(i) AEGON/Transamerica Series-Third Avenue Value Portfolio, an investment company registered under the Investment Company Act of 1940, has expended \$7,068,515.03 to acquire 900,336 Common Shares; (ii) Met Investors Series Trust of the Third Avenue Small Cap Portfolio, an investment company registered under the Investment Company Act of 1940, has expended \$20,264,511.46 to acquire 2,072,359 Common Shares; (iii) Touchstone Variable Series Trust-Touchstone Third Avenue Value Fund, an investment company registered under the Investment Company Act of 1940, has expended \$622,543.54 to acquire 80,541 Common Shares; and (iv) various separately managed accounts for which TAM acts as investment advisor have expended a total of \$778,716.62 to acquire 109,826 Common Shares. TAM plans to use the available capital of these funds and accounts in any future purchase of Common Shares.

Item 4. Purpose of Transaction

TAM previously acquired, on behalf of certain investment advisory clients of TAM, Common Shares for investment purposes. TAM currently exercises control or direction over approximately 15.6% of the Common Shares. TAM's purchases of Common Shares were made in the ordinary course of business. The Common Shares over which TAM currently exercises control or direction are beneficially owned by certain investment advisory clients of TAM on whose behalf TAM has discretionary investment authority.

TAM intends to evaluate on an ongoing basis its investment in the Issuer and its options with respect to such investment. From time to time, TAM may consider the feasibility and advisability of various alternative courses of action with respect to its investment in the Issuer including, without limitation, (i) to hold the Common Shares as a passive investor or as an active investor (including as a member of a "group" with other beneficial owners of the Issuer's securities), (ii) to acquire beneficial ownership of additional securities of the Issuer in the open market, in privately negotiated transactions or otherwise, or (iii) to dispose of, or cause to be disposed, any or all of the Common Shares held by it at any time.

In connection with its evaluation, TAM may seek to meet with the board of directors and/or members of senior management or communicate publicly or privately with other stockholders or third parties to indicate its views on issues relating to the strategic direction undertaken by the Issuer and other matters of interest to stockholders generally. As part of any such discussions, TAM may suggest changes in, or take positions relating to, the strategic direction of the Issuer as a means of enhancing shareholder value. Such suggestions or positions may be related to one or more of the transactions specified in clauses (a) through (j) of Item 4 of the Schedule 13D.

TAM intends to review its investment in the Issuer on a continuing basis and, depending upon the price and availability of the Issuer's securities, subsequent developments concerning the Issuer, the Issuer's business and prospects, other investment and business opportunities available to TAM, general stock market and economic conditions, tax considerations and other factors considered relevant, may decide at any time to increase or decrease the size of its investment in the Issuer or to sell any or all of the securities of the Issuer that it holds.

Item 5. Interest in Securities of the Issuer

(a-b) The aggregate number and percentage of Common Shares to which this Schedule 13D relates is 3,163,062 Common Shares, constituting approximately 15.6% of the 20,298,610 Common Shares outstanding.

A. AEGON/Transamerica Series-Third Avenue Value Portfolio

- (a) Amount beneficially owned: 900,336 Common Shares.
- (b) Percent of class: 4.4%
- (c) Number of Common Shares as to which TAM has:

- (i) Sole power to vote or direct the vote: 900,336
- (ii) Shared power to vote or direct the vote: 0
- (iii) Sole power to dispose or direct the disposition: 900,336
- (iv) Shared power to dispose or direct the disposition: 0

B. Met Investors Series Trust of the Third Avenue Small Cap Portfolio

- (a) Amount beneficially owned: 2,072,359 Common Shares.
- (b) Percent of class: 10.2%
- (c) Number of Common Shares as to which TAM has:

- (i) Sole power to vote or direct the vote: 2,072,359
- (ii) Shared power to vote or direct the vote: 0
- (iii) Sole power to dispose or direct the disposition: 2,072,359
- (iv) Shared power to dispose or direct the disposition: 0

C. Touchstone Variable Series Trust-Touchstone Third Avenue Value Fund

- (a) Amount beneficially owned: 80,541 Common Shares.
- (b) Percent of class: 0.4%
- (c) Number of Common Shares as to which TAM has:

- (i) Sole power to vote or direct the vote: 80,541
- (ii) Shared power to vote or direct the vote: 0
- (iii) Sole power to dispose or direct the disposition: 80,541
- (iv) Shared power to dispose or direct the disposition: 0

D. Third Avenue Management Separately Managed Accounts

- (a) Amount beneficially owned: 109,826 Common Shares.
- (b) Percent of class: 0.5%
- (c) Number of Common Shares as to which TAM has:

- (i) Sole power to vote or direct the vote: 109,826
- (ii) Shared power to vote or direct the vote: 0
- (iii) Sole power to dispose or direct the disposition: 109,826
- (iv) Shared power to dispose or direct the disposition: 0

(c) A list of the transactions in the Issuer's Common Shares that were effected by TAM during the past sixty days is attached as Schedule A hereto and is incorporated herein by reference. All of the transactions listed on Schedule A were effected in the open market.

(d) No other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such Common Shares other than the funds and accounts identified above.

(e) Not applicable.

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

Except as otherwise set forth herein, TAM does not have any contract, arrangement, understanding or relationship with any person with respect to any securities of the Issuer.

Item 7. Material to be Filed as an Exhibit

The following documents are filed as exhibits:

Schedule A: List of the transactions in the Issuer's Common Shares that were effected by TAM during the past sixty days.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: April 13, 2007

THIRD AVENUE MANAGEMENT LLC

By: /s/ W. James Hall

Name: W. James Hall

Title: General Counsel

Schedule A

| Fund | Nature of Trade (Purchase or Sell) | Transaction Date | Quantity of Shares | Price per Share or Unit |
|-----------------------------|---|-------------------------|---------------------------|--------------------------------|
| Separately Managed Accounts | PURCHASE | 02/15/07 | 5,000 | 7.53 |
| Separately Managed Accounts | PURCHASE | 02/26/07 | 2,500 | 7.59 |
| Separately Managed Accounts | PURCHASE | 03/02/07 | 2,500 | 6.70 |
| Separately Managed Accounts | PURCHASE | 03/02/07 | 1,000 | 6.71 |
| Separately Managed Accounts | PURCHASE | 03/06/07 | 20,000 | 6.81 |
| Separately Managed Accounts | PURCHASE | 03/08/07 | 7,081 | 7.19 |
| Separately Managed Accounts | PURCHASE | 03/09/07 | 5,000 | 7.14 |
| Separately Managed Accounts | PURCHASE | 03/12/07 | 5,000 | 6.88 |
| Separately Managed Accounts | PURCHASE | 03/15/07 | 5,250 | 6.73 |