http://online.wsj.com/article/SB10001424127887323981504578176623328890896.html
Danone Considers Job Cuts in Europe

By RUTH BENDER

PARIS—Danone SA BN.FR -1.26% said Thursday it is considering whether to cut jobs in Europe as part of a plan to save about €200 million ($260 million) over the next two years, as the world's biggest yogurt maker contends with weakened sales in the recession-hit region.
The job cuts are to be limited to managerial and support functions and will be based on voluntary departures, while factories are excluded from the layoffs for now, said Danone, producer of Activia yogurt and Evian water. It declined to say how many positions would be affected. More details on the cost-saving plan will be given in March, after executives meet with workers' unions, Danone said.
Danone, which makes products such as Actimel yoghurt drink, has been facing pressure from activist investor Nelson Peltz.
The move is the latest evidence of the challenges to large companies posed by Europe's three-year-old, sovereign-debt crisis. Danone, along with other corporations, has been struggling, particularly in southern Europe, as shoppers cut spending even on food as unemployment soars and governments impose austerity measures.
Companies have moved operations out of parts of southern Europe, including French retailer Carrefour SA, CA.FR -0.05% which has pulled out of Greece and is focusing on high-growth emerging markets. Carrefour is the world's second-largest retailer, after U.S.-based Wal-Mart Stores Inc. WMT -0.42%
In the third quarter, Danone posted a 1.5% drop in third-quarter like-for-like sales for Europe, dragged down by a 10% decline in its fresh-dairy business in southern Europe.
"We aren't accepting the idea that Europe is doomed to a decline. We want to find a new dynamic," said Laurent Sacchi, a Danone spokesman. "The aim of the plan is to give us room for maneuver to reinvest."
In addition to job cuts, Danone is seeking to simplify decision-making processes across Europe and cut costs on areas such as travel and back-office work. The plan adds to the €500 million in annual production-cost savings already in place. In an effort to boost sales in Spain, a key market for Danone, the group has lowered prices and launched products and promotions in the market during recent months.
Out of Danone's global workforce of roughly 100,000 people, about 27,000 are in Europe and approximately 9,000 are in managerial positions.
"The decision to reduce staff—which is quite exceptional for the group—highlights the seriousness of the situation on European markets," said Jean-Marie L'Home, an analyst at brokerage Aurel BGC.
The savings plan might not be enough to get Danone back on track though, analysts said.
"They probably aren't being as aggressive as they could have been and there is a big question mark over how much of the savings will be reinvested and how much will go to the bottom line," said Jamie Isenwater, an analyst at Deutsche Bank DBK.XE -2.08% .
Danone has faced pressure from activist investor Nelson Peltz, who last month said he took a 1% stake in Danone through his investment firm Trian Fund Management LP, and called on the group to improve profitability. Mr. Peltz couldn't be reached for comment.
Mr. Sacchi said the decision to pursue a cost-cutting plan had nothing to do with Mr. Peltz's involvement in Danone. "We have thought for several weeks, if not months, about a way to regain a competitive edge," he said.
He declined to comment further on Mr. Peltz's holding.
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http://news.yahoo.com/danone-lance-plan-d%C3%A9conomie-additionnel-073510570.html

Danone lance un plan d'économie additionnel 200 millions d'euros
Reuters – Thu, Dec 13, 2012

Un mois après l'entrée de l'activiste Nelson Peltz dans son capital, Danone a annoncé jeudi de nouvelles mesures d'économies en Europe pour faire face à une dégradation de la conjoncture économique qu'il juge durable.
D'un montant d'environ 200 millions d'euros, ce plan s'étalera sur 2013 et 2014.
Dans une interview accordée à Reuters, Laurent Sacchi, directeur délégué à la présidence du groupe, a précisé que le plan ne prévoyait aucune fermeture d'usine et qu'il s'ajoutait aux économies d'environ 500 millions que le groupe réalise depuis plusieurs années dans le monde.
Le projet, qui sera soumis aux représentants du personnel d'ici mars 2013, devrait toucher toutes les activités de Danone et plusieurs pays d'Europe, a-t-il ajouté.
Les fonctions d'encadrement, principalement celles concernant les finances et les ressources humaines, seront "potentiellement" impactées par ce plan qui ne concerne pas en revanche les sites industriels, a poursuivi Laurent Sacchi.
Ce volet social sera engagé sur la base du volontariat et en privilégiant la mobilité interne.
Danone emploie 102.000 salariés dans le monde, dont 27.000 en Europe parmi lesquels 9.000 sont des cadres supérieurs.
Prié de dire si cette annonce était une réponse aux appels à la réduction des coûts lancés par Nelson Peltz, Laurent Sacchi a répondu: "Ce n'est pas l'effet Peltz; ce genre de décision est mûrement réfléchie et prend plus d'un mois à être mise en place".
Il a confirmé que le milliardaire avait acquis près de 1% du capital du groupe et s'est refusé à tout autre commentaire.
S'agissant des craintes des analystes d'une nouvelle baisse de 50 points de base de la marge opérationnelle de Danone en 2013, Laurent Sacchi a simplement répété que le groupe serait confronté en 2013 aux mêmes types de pressions qu'en 2012.
L'action Danone a clôturé mercredi à 50,36 euros. Depuis le début 2012, le titre progresse d'à peine 3,7%, alors que le CAC 40 a crû de 15% et l'indice sectoriel européen de 21%.

Noëlle Mennella, édité par Wilfrid Exbrayat

http://www.reuters.com/article/2012/12/13/danone-costs-idUSL5E8ND13220121213

UPDATE 2-Danone seeks more savings in austerity Europe

Thu Dec 13, 2012 7:05am EST

* Plans to save 200 mln euros over next two years
* Adds to annual productivity savings of 500 mln euros
* No plans to close factories in Europe
* Job cuts to focus on managerial, support functions
* Follows pressure from activist Peltz (Adds analyst comments, Danone comments, detail, shares)

By Dominique Vidalon

PARIS, Dec 13 (Reuters) - French food group Danone will cut more costs and could shed staff to cope with the economic downturn in Europe that is the main drag on its core dairy business.
The world's largest yoghurt maker, which faces pressure from U.S. activist shareholder Nelson Peltz to improve its performance, said it planned to save around 200 million euros ($261 million) in Europe - roughly 2 percent of group annual sales.

The maker of Activia and Actimel yoghurt faces a sales slump in Southern Europe, particularly at its dairy division in Spain where cash-strapped shoppers are switching to cheaper private labels as the country struggles with its second recession in three years.
Danone warned in June that its operating profit margin would fall by 50 basis points to 14.1 percent this year and investors have been bracing themselves for a similar decline next year as economies deteriorate. Danone has yet to give its official outlook for 2013.
By 1154 GMT, Danone shares were up 1.5 percent at 51.12 euros as investors welcomed the move to cut costs. Its shares have lost 2.8 percent since the June profit warning, underperforming a 12 percent gain in the European sector .
"This news is the first positive one since the profit warning in June and demonstrates that the top management is highly focused on fixing the business in Europe," said Natixis analyst Pierre Tegner.
The plan, which may involve cutting administrative and managerial jobs, will be in addition to ongoing annual productivity savings of 500 million euros.
Danone has a global workforce of 102,000 people, including 27,000 in Europe, of which a third occupy managerial functions, Laurent Sacchi, senior vice president, communications said.
Aurel BGC analysts said any job losses would be "rather exceptional for the group" and "reflects the seriousness of the situation on European markets".
Some analysts, who say Danone lags its peers in terms of productivity measures such as sales per factory and sales per employee, had suggested savings could be made by closing factories in Spain where the group has six dairy plants out of 77 worldwide.
Danone said on Thursday it does not intend to close plants.
The company has started to cut its prices, notably in Spain which generates 8 percent of its sales and 11 percent of profits, in response to falling demand.
But Danone, which competes with Nestle and Unilever, has also been suffering from a steady weakening of its dairy market share in Europe as innovation has slowed and it has cut advertising.
To regain market share, Danone has vowed to focus on product innovation and renewal to justify the brand premium it commands over private labels, but this strategy will require money and time, analysts say.

PELTZ PRESSURE

Last month Peltz, co-founder of U.S. investment firm Trian Fund Management LP, said he had bought a 1 percent stake in Danone for 310 million euros.
Sacchi would not say whether Peltz and Danone had been in contact but commented: "This (cost-cut) plan has nothing to do with Peltz. It takes more than a month to make this sort of decision."
The billionaire businessman, who often challenges management at companies he considers undervalued or poorly managed, said Danone's stock had the potential to rise by more than 60 percent to 78 euros by the end of 2014.
Peltz has said he supports Danone's management but improvements were possible through boosting operating margins, cutting more costs and abstaining from mergers.
He wants Danone to boost its profit margin by 1 percentage point by 2015 from an expected 14.1 percent in 2012.
Natixis' Tegner estimated that the additional savings Danone announced on Thursday would represent the bulk of this target.
But a key question was what proportion of the savings Danone would reinvest to boost sales growth and how much it would use to support margins, Tegner said.
Details of the cuts, which will be spread over 2013 and 2014, were not disclosed as Danone has yet to submit the plan to its works councils. Talks with staff are due to take place by March 2013.
($1 = 0.7669 euros) (Reporting by Dominique Vidalon; Additional reporting by Noelle Mennella Editing by Christian Plumb and Erica Billingham)

http://www.reuters.com/article/2012/12/13/danone-brief-idUSWEB172920121213?type=company
News

BRIEF-Danone shares rise after cost savings plan

PARIS | Thu Dec 13, 2012 3:01am EST

Dec 13 (Reuters) - DANONE : * Shares open up 1.5 percent after it unveils additional cost savings to cope
with European woes

http://finance.danone.com/phoenix.zhtml?c=95168&p=irol-newsArticle&ID=1766863&highlight=

12/13/12
Danone prepares a plan to generate savings and regain its competitive edge in Europe

To address a lasting downturn in the European economy and consumer trends that have led to a significant decline in its sales in the region, Danone is preparing a cost reduction and adaptation plan to win back its competitive edge.
The plan will be deployed over two years and is aimed at adjusting costs to this new context and generating savings of around €200 million in Europe. It will seek to reduce general and administrative costs for the group and its European subsidiaries, and adapt management organization in Europe, which was designed for a growth environment.
Combined with ongoing productivity programs, this plan will free up resources to make Danone products and brands more competitive.
At organizational level, the plan will address management structures and support functions. It will be based on voluntary measures and internal mobility will be the priority. This project will be submitted to Works Councils by March 2013.

About Danone
Danone is one of the fastest-growing food companies in the world. Its mission is to bring health through food to as many people as possible.
The group, whose products are sold on five continents, has more than 180 production plants and around 100,000 employees. In 2011, Danone generated sales of €19 billion, of which more than half were in emerging markets. The group holds top positions in healthy food through four businesses: Fresh Dairy Products, Baby Nutrition, Bottled Water, and Medical Nutrition. Listed on Euronext Paris, Danone is a component stock of leading social responsibility indexes including the Dow Jones Sustainability Indexes, ASPI Eurozone and the Ethibel Sustainability Index.

http://online.wsj.com/article/SB10001424127887324894104578105060231359302.html

Peltz Takes Stake in Danone

By SHARON TERLEP And RUTH BENDER

DanoneBN.FR +0.26%DanoneDanone SA, Danone

Mr. Peltz's firm, Trian Fund Management LP, has acquired a 1% stake in the world's largest yogurt maker, which has a market capitalization of around $37 billion, the firm said Wednesday.

Enlarge Image

Economic woes in Southern Europe, especially Spain, have hurt Danone. Above, Fantasia yogurt is packed at a Danone factory in Germany.

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- Heard: Peltz Gives Danone Food for Thought

Danone shares are undervalued and "targeted strategies to improve performance, such as a leaner cost structure and refraining from dilutive mergers, could generate significant shareholder value," Trian said in a statement.

It said Danone's 2012 operating margin, expected to be around 14%, should be close to that of rivals that have margins in the mid- to-high teens.

The firm will push for cost cuts to help bolster margins, particularly in its bottled water business that includes the high-end Evian brand, according to a person familiar with the situation. Mr. Peltz doesn't plan to push for a breakup, sale or management shakeup, as he has pursued at some other companies, the person said.

Trian said it discourages the company from making costly acquisitions even if they make strategic sense for the company.

Nelson Peltz

A Danone spokeswoman, reached earlier Wednesday, said the company had not yet been notified of Trian's acquisition.

Danone faces some daunting challenges. It has been struggling in its key Southern European market as consumers turn to cheaper brands amid the tough economic climate. In June, the yogurt maker issued a profit warning, cautioning that Spain was particularly hard hit in the face of austerity measures and rising unemployment.

In the third quarter, European sales, which account for close to 60% of the business, fell 1.5%, not including gains from acquisitions and exchange rates, dragged down by a worse-than-expected performance from Southern Europe.

Compared with rivals, Danone is most exposed to this suffering market. Spain is the group's third-largest European market with around 7% of sales. At rival Nestlé SA, NESN.VX +0.33% Spain accounts for only about 2% of its sales. The group has been forced to lower prices in markets such as Spain to try to lure back customers.

The company's cost of doing business has risen year after year, and it has higher costs and lower operating margins relative to Nestlé, according to financial information on the companies.

Danone has been successful in reducing its reliance on Europe for its business, and has grown said both in the U.S. and Asia.

Mr. Peltz, who co-founded Trian with Peter May and Edward Garden, has been among the activist investors who have pushed companies to consider breaking up, selling assets or other changes.

This is his latest foray into the food industry after shakeups at H.J. Heinz Co., HNZ -0.28% where Mr. Peltz remains on the board, and at Kraft Foods Inc., MDLZ +0.35% where Trian was one of several investors that pushed the company to spin off its North American grocery unit to focus on its global snacks business.

Mr. Peltz generally favors a more collaborative approach with companies, although he hasn't shied away from waging proxy fights in the past.

Danone shares closed at €48.06, down 8 European cents, in Wednesday trading in Paris. Back in the spring, the shares were trading close to €55.

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A version of this article appeared November 8, 2012, on page B3 in the U.S. edition of The Wall Street Journal, with the headline: Peltz Stirs Up Danone.

http://www.ft.com/cms/s/0/667558c0-29e4-11e2-9a46-00144feabdc0.html#axzz2FWSC76sO

November 9, 2012 5:17 pm

Peltz lays out mild remedies for Danone

By Dan McCrum in New York

A 70-year-old American billionaire with 10 children might be expected to go to France to take the cleansing waters. Nelson Peltz, the activist investor, has loftier ambitions.

The investor has turned his sights on Danone, a food company whose well-known brands had French politicians rushing to defend a jewel of Gallic industry in 2005 when it seemed possible that an American group might buy "the symbol of dairy products and French quality".

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That year also saw Mr Peltz team up with longtime collaborator Peter May, and

Edward Garden, to found Trian Partners, the investment company that this week announced it had taken a 1 per cent stake in Danone worth about €300m.

The investor laid out Trian's plans for the maker of Activia yoghurts and Evian water at a conference in Chicago on Wednesday, a relatively mild set of prescriptions from a group that normally likes to detail a company's problems, and the solution, in dense reports calling for action.

Trian fought its way into the boardroom of Heinz in 2006, and the year after arrived on the shareholder list at UK confectioner Cadbury in time to see it split itself in two. Mr Peltz ultimately helped to push what was left into the arms of US food group Kraft in 2010.

He had also left his stamp on the buyer, having joined several investors in calling for Kraft to spin out its grocery business in favour of snacks. At Danone though, he would like to see a little more attention on costs, and a bit more of the group's cash flow coming back to shareholders.

Indeed, conscious of French sensibilities, Trian's argument is largely that the stock market fails to appreciate the quality of Danone's four businesses – water, dairy, baby food and medical nutrition – where management has done a good job and should continue to do so.

Trian, which has about $4bn in assets under management, according to people familiar with the group, is a long-term investor that aims for collaboration over agitation and one with just 11 stocks in its portfolio. Mr Peltz has in effect appointed himself head consultant and stock broker in chief to the French company.

It marks another turn in the career of an operator and an investor who started driving trucks for his grandfather's frozen-food distribution business after dropping out of the Wharton Business School in 1962. A decade later, with Mr May as chief financial officer, he took the business public.

After selling that company the pair entered the 1980s looking for another challenge and became part of the group of original corporate raiders that used the "junk" bonds provided by Michael Milken's Drexel Burnham Lambert to fund their deals, building on Triangle, a vending machine business picked up in 1983.

At Danone, they face another veteran dealmaker in Franck Riboud, the architect of the company who has shaped it deal by deal over 16 years as chief executive. However, Mr Riboud's last big purchase, paying €13.4bn for baby-food maker Numico, left the group so saddled with debt that it took an unpopular and expensive fundraising during the financial crisis to resolve.

Danone shareholders have not fared well since Numico was acquired. The question now is what will France make of Mr Peltz?

Peltz Gets $1 Billion as Activist Strategy Impresses

By Katherine Burton & Sree Vidya Bhaktavatsalam - Sep 20, 2012 3:00 PM GMT+0200

Mark FettingLegg Mason Inc. (LM)Mark Fetting, chief executive officer of Legg Mason Inc. (LM)Mark Fetting

His biggest investor, Nelson Peltz, had watched for three years as Fetting struggled to increase profit at the Baltimore- based money manager and halt $135 billion in fund redemptions.

Billionaire investor Nelson Peltz said in an interview this month, “Our timing isn’t always perfect, sometimes it takes longer to create value, but if the companies generate more earnings, the stocks will ultimately reflect that.” Photographer: Kevin Lorenzi/Bloomberg

At Peltz’s behest, Fetting cut costs by as much as $150 million a year and bought back at least $1 billion in stock. Still, the shares hadn’t gained much since Peltz’s hedge fund bought its stake in mid-2009. With a standstill agreement set to end in November, allowing Peltz to raise his holdings or propose a slate of directors, Fetting quit.

“Patience was clearly running out,” Jeff Hopson, an analyst at Stifel Nicolaus & Co. Inc. in St. Louis, said in a telephone interview. “The odds of a dramatic corporate change have increased at Legg Mason.”

Legg Mason is typical of the investments made by Peltz and partners Peter May and Ed Garden, who target underperforming companies including H.J. Heinz Co. (HNZ) and Wendy’s Co. (WEN) and nudge them to cut costs, spin off businesses or add new products. The approach is proving popular, according to investors, with Peltz’s Trian Fund Management LP set to wrap up $1 billion in new commitments from big institutions betting he’ll outperform other stock pickers in a market where many equities are moving in lock-step with each other.

Yet Legg Mason’s lackluster performance shows the challenges for activists like Peltz, who can no longer rely on a market rally to help lift assets. Trian’s $2.2 billion Master Fund, its original hedge fund, is unchanged this year through August, according to investors, as the Standard & Poor’s 500 Index (SPX) returned 14 percent including reinvested dividends.

Milken Connection

“Our timing isn’t always perfect, sometimes it takes longer to create value, but if the companies generate more earnings, the stocks will ultimately reflect that,” Peltz said in an interview this month with his two partners in their Park Avenue offices in Manhattan. Peltz declined to comment on Legg Mason or Fetting’s resignation, which was announced Sept. 11.

Peltz, 70, a billionaire and father of 10 children ranging in age from 9 to 49, made his first fortune in the 1980s, doing leveraged buyouts financed by high-yield bonds sold by Michael Milken. Now Trian takes minority stakes in companies with no borrowed money, counting on the partners' experience running companies and their relationships with institutional investors to get management to listen. Sometimes they take a board seat.

“You don’t need to take a company private to fix it,” said May, 69, who has worked with Peltz since 1972.

Pension Money

The strategy has attracted investors at a time when few hedge funds are able to raise money. Last year, the California State Teachers’ Retirement System committed $300 million to Trian, agreeing to lock the money up for at least three years.

“We hire activist managers who go in and improve companies over the long run,” said Aeisha Mastagni, investment officer for the $152 billion fund’s corporate-governance unit. “We own those securities in our passive index, and so we look for managers who will make them better companies” even after they move on. The fund has $3 billion with eight activist managers.

In the past year, state retirement funds in Virginia, New Jersey and New York have invested $600 million with the $6.5 billion Cevian Capital AB, an activist fund run by Christer Gardell that targets northern European companies.

New York invested another $200 million in a Trian fund started in 2010 that doesn't bet against stocks, draws down capital as needed for investments, and doesn't let investors exit for at least six years. A second such fund will have its initial close in October with about half the $2 billion it's seeking, according to three investors who asked not to be named because the fund is private.

Trailing Ackman

Peltz and his partners declined to comment on the new fund.

Trian's Master Fund has returned an annualized 5.2 percent since November 2005, according to investors. That compares with 3.4 percent for Bloomberg's stock hedge fund index and about 4.5 percent for the Standard & Poor's 500 Index.

Trian's performance this year has lagged behind that of other activists. Cevian, whose holdings include German builder Bilfinger Berger SE and Danish bank Danske Bank A/S, climbed 16 percent this year through August, investors said. Bill Ackman's $11 billion Pershing Square Capital Management LP, the firm behind the makeover of discount retailer J.C. Penney Co. Inc., returned 6.9 percent. He's posted an annualized return of 20.4 percent since starting in 2004.

Icahn Retires

Former corporate raider Carl Icahn, who like Peltz was a Milken client, posted average annual returns of 11 percent before expenses from November 2004 through the end of 2010. He returned outside investor money in his funds in early 2011.

Unlike Ackman, whose portfolio includes shares he expects to climb as well as bets against companies he reckons will tumble, Peltz's main fund only shorts as a hedge against a widespread tumble in the stock market, which can limit returns when benchmark indexes are on the rise. Gardell doesn't short at all.

That Peltz would become a billionaire might have seemed unlikely back in 1962 when he dropped out of the University of Pennsylvania's Wharton School to become a ski-racing instructor in Oregon. To earn money for the drive across the country, Peltz, who'd grown up in Brooklyn and later on Manhattan's Park Avenue, got a job driving delivery trucks for the frozen-food distribution company founded by his grandfather. He planned to stay two weeks.

Flagstaff Corp.

The business intrigued him and he gave up on Oregon to help expand A. Peltz &

Sons. Over the next 10 years, Peltz bought up several food companies, and in 1972, he and his brother took their company, then called Flagstaff Corp., public. May, who had been the company's outside accountant, joined as chief financial officer. After Flagstaff was sold in 1978, Peltz and May went searching for new acquisitions.

In April 1983, the two bought a stake in vending-machine and wire company Triangle Industries Inc. with the idea of using it to make acquisitions. Two years later, with bonds sold by Milken's Drexel Burnham Lambert Inc., the smaller Triangle, with sales of around $300 million, bought National Can Corp., with revenue of $1.9 billion. At 11 times leverage, it was the most heavily indebted deal completed by Drexel at that time.

A year later, again using Milken's junk bonds, Peltz and May bought American Can Co.'s packaging unit. In December 1988, they sold Triangle to Pechiney SA. The two made more than $800 million on the deal.

Helicopter Commute

With money flowing in, Peltz's acquisitive eye turned to real estate. In 1986, he and his third wife, former model Claudia Heffner, spent $6 million on High Winds, a 27-room French Norman-style stone castle in Bedford, New York. He traveled the 40 miles by helicopter from the estate, formerly owned by Reader's Digest co-founder DeWitt Wallace, to his Manhattan office until he was sued by the town for violating zoning laws.

A year later he bought Montsorrel, an ocean-front mansion in Palm Beach for $18.9 million. The estate, once owned by Anita Young, widow to railroad baron Robert Young, included a 44,000- square-foot main house and a 16,000-square-foot guest house. Peltz later listed the property for $75 million. He never sold it.

Peltz's and May's next big money maker came in May 1997, when they bought Snapple from Quaker Oats Co. for $300 million. Three years later, after adding new products and reinvigorating the advertising campaign, they sold it to Cadbury Schweppes Plc for $1.45 billion in cash. Peltz wasn't the only investor to make a killing on Snapple. Thomas H. Lee Partners LP made $900 million when the buyout firm sold the beverage company to Quaker Oats in 1994.

Lean Operation

In 2003, the two partners were joined by Peltz's son-in-law Garden, now 51. A former investment banker at Credit Suisse First Boston, he helped Trian start its first hedge fund. The three partners decided they needed outside capital if they were going to target large companies, which they thought offered the best investment opportunities.

Trian runs a lean operation, with an investment staff of about 15, including Peltz's

29-year-old son Matt. Trian currently owns stakes in 10 companies and has board seats on six of them. The targets tend to have well-known brands and strong cash flows, yet shares that are trading cheaply.

Before they make an investment, the Trian team writes a 30- to-40 page white paper that examines the company's problems and outlines Trian's solutions. The suggestions tend to be very detailed and the partners' involvement can be very hands on.

At Heinz, the white paper suggested introducing "peel and dip" ketchup containers, rather than the hard-to-open packets, to encourage consumers to use more of its product. The stock has risen to $56.49 a share, from around $37 on Feb. 21, 2006, when it first became known that Trian was targeting Heinz.

Buttered Buns

For Wendy's, where Peltz, May and Garden all sit on the board, they've met with architects to discuss remodeling the restaurants to include features like fireplaces and big screen televisions. They helped design the new Dave's Hot'N Juicy cheeseburgers with thicker patties served on a toasted and buttered buns, two pieces of cheese instead of one, and crinkle- cut pickles. Trian's investment in Wendy's is about flat, according to investors.

At Legg Mason, the route to profitability is less clear because the firm has already done a lot of the cost reductions and balance sheet improvement at the holding company level, Robert Lee, an analyst at Keefe, Bruyette & Woods Inc., wrote in a Sept. 11 report.

Legg Mason's announcement that Fetting would step down sent shares up by 5.4 percent on Sept. 11, as investors bet that the management shakeup would precede bigger changes, such as breaking up the money manager or spinning off its investment units.

'Something Dramatic'

Legg Mason has said it will press ahead with its current strategy while searching for a successor.

"Our affiliates operate with substantial autonomy and derive benefits from being part of a financially strong parent company," Mary Athridge, a spokeswoman for the firm, said in an e-mailed statement. "The company remains committed to the affiliate model and will continue to build its products and capabilities to meet the current and future needs of institutional and individual investors."

Still, says Daniel Fannon, an analyst with Jefferies & Co., Fetting's recent cost-cutting measures have eliminated all but the most complex options for a new management team.

"Legg Mason may try to exit some of the smaller affiliates," Fannon said. "A lot of the options have been exhausted, so what remains is something dramatic, whether it is positive or negative."

As Fetting learned, the next chief executive better pay attention to what its biggest investor says.

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http://www.insidermonkey.com/hedge-fund/trian+partners/163/

Hedge Fund - Trian Partners

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Nelson Peltz Bio, Returns, Net Worth

Trian Partners is an activist hedge fund launched by Nelson Peltz, May, and Ed Garden (Peltz's son-in-law). The fund has investors ranging from insurance companies to pension funds and university endowments. A couple of his investments include Wendy's (fast-food chain) and Chemtura, which is a chemical manufacturing company.

Triarc Companies, Inc. is a publicly-traded company that owns brands like Snapple, Stewart's, and Arby's – a fast-food chain. Nelson Peltz along with his longtime partner Peter May owns 40 percent of the company, and are major driving forces in the company's policy and administration circles.

Nelson Peltz currently spends a lot of time and effort on Triarc and Trian. Both derive their names from Triangle Industries, which was Nelson Peltz's first major acquisition.

In 2004, Peltz was mulling purchasing a share in Krispy Kreme, but he was not satisfied with the released financial statements and communiqués with shareholders. He and May got on Peltz's Boeing 727 and visited franchise stores in LA, Toronto, Las Vegas, and other cities. Based on his research, he decided to pass on Krispy Kreme – and thus avoided the massive stock slump for Krispy Kreme.

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4.)	State Street Corp	STT	9,
5.)	Wendys Co	WEN	83
6.)	Kraft Foods Inc	KFT	8,
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Hedge Fund News: Nelson Peltz, Edward Mulé, InterMune Inc.

By **Sachin Nigade**

Published: December 10, 2012 at 9:00 am

1

Ingersoll to Spin Off Unit in Peltz Deal**IR**Ingersoll to Spin Off Unit in Peltz Deal (WSJ) Ingersoll-Rand PLC (NYSE:)Nelson PeltzIngersoll to Spin Off Unit in Peltz Deal (WSJ) Ingersoll-Rand PLC (NYSE:) is expected to announce a plan to spin off its security-technology business, launch a share-buyback program and increase its dividend as part of a compromise reached with Trian Fund Management LP, people familiar with the matter said Sunday. Ingersoll said earlier this year it would undertake a strategic review of its operations and reach a decision by year-end. The review came partly under pressure from Trian, co-founded by activist investor

SAC Gets Added Srutiny as U.S. Probes InterMune Trading**ITMN**SAC Gets Added Srutiny as U.S. Probes InterMune Trading (Bloomberg) SAC Capital Advisors LP, the $14 billion hedge fund run by Steven A. Cohen, is under mounting scrutiny as the U.S. investigates its trading in InterMune, Inc. (NASDAQ:)WTWSAC Gets Added Srutiny as U.S. Probes InterMune Trading (Bloomberg) SAC Capital Advisors LP, the $14 billion hedge fund run by Steven A. Cohen, is under mounting scrutiny as the U.S. investigates its trading in

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Cohen Gains, Paulson Loses as Fiscal Policy Roils MarketsKen GriffinCohen Gains, Paulson Loses as Fiscal Policy Roils Markets (BusinessWeek) Steven A. Cohen and

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http://www.insidermonkey.com/blog/billionaire-nelson-peltz%E2%80%99s-latest-stock-picks-28861/

Billionaire Nelson Peltz's Latest Stock Picks

By **Matt Doiron**

Published: November 15, 2012 at 6:09 pm

4

Trian Partners is an activist hedge fund headed by Nelson Peltz and his partner Peter May. In November the fund filed its 13F with the SEC, disclosing many of its long equity positions to the general public. Investors can use 13F filings as a source of stock ideas for further research or simply to better understand what top investors were thinking about the markets last quarter. Read on for our analysis of a few trends in Trian's portfolio and compare its positions to previous filings.

What's the most upscale retail store available in the public markets? at least comes close. Meanwhile, at the discount end of retail, it's hard to beat . Trian owned both of these stocks at the end of September, but it had reduced its stake in each. The commonalities keep coming: Tiffany and Family Dollar both trade at 14 times forward earnings estimates (though this is based on the January 2014 fiscal year for Tiffany and the August 2014 one for Family Dollar) and are even close on a trailing basis with those P/Es in the 17-18 range. They also both saw very low earnings growth in their most recent quarter compared to the same period in the previous year. We like the discount retail industry better, but Family Dollar seems to have considerably more competition from the other dollar stores and from big box retailers such as Wal-Mart and Target. With decent though not spectacular multiples either company could be worth looking at to see if it can somehow get a better earnings growth rate.

Peltz and his team also cut their stakes in , a combined asset manager and custodian bank, and asset manager . Legg Mason looks cheap on a book basis, at a P/B ratio of 0.6, but apparently hasn't been doing quite so well in monetizing its assets given the trailing P/E of 20. Wall Street analysts do expect the company to become more efficient, bringing the P/E down to 11 when looking at consensus earnings for the fiscal year ending in March 2014, but we'd be a bit concerned about a company depending on that much earnings growth. Its bottom line has been improving- earnings were up strongly last quarter versus the third quarter of 2011- but with lower revenue we're not sure that the strong growth will continue. State Street is about the opposite in terms of valuation: cheap in the sense that it trades at 11 times trailing earnings, but not as good a deal given that the P/B is 1. Like Legg Mason, it has converted a small decline in sales into a double-digit percentage increase in net income. Viking Global, which is managed by Tiger Cub Andreas Halvorsen, had initiated a position of 7.5 million shares between April and June. If investors want to look at the asset management industry, we don't think that State Street actually looks like that bad a deal but would certainly want to learn more about what is driving that company's lower revenues.

While Trian was generally selling its top holdings from last quarter, it did hold steady in diversified machinery company . The stock has risen 41% year to date, possibly because of its products' exposure to construction (movements in the stock price look fairly well correlated with those of homebuilder Lennar, for example). Ingersoll-Rand's earnings were up strongly in the third quarter of 2012 from a year earlier, though revenue was actually down slightly. It carries earnings multiples in the low teens, suggesting that investors don't expect much more growth at the company. It probably deserves a closer look due to its pricing. Billionaire Ken Griffin's Citadel Investment Group had bought the stock during the second quarter.

Peltz didn't buy much during the third quarter, generally either selling some shares-as he did with the retailers and asset managers- or keeping his position about flat as at Ingersoll-Rand. We think that many of these companies could be good values (leaving out Legg Mason, which seems a bit too dependent on stronger forward earnings given how much the business has been struggling) if they survive due diligence.

Tags: Andreas Halvorsen Viking Global Equities Family Dollar Stores (FDO) Ingersoll-Rand Company (IR) Ken Griffin Citadel Legg Mason (LM) Nelson Peltz Trian Fund Management State Street Corp (STT) Tiffany & Co (TIF)

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Billionaire Nelson Peltz Sold This Stock Recently

By **Brian Tracz**

Published: August 1, 2012 at 10:12 am

Trian Partners, managed by billionaire Nelson Peltz, held 603,250 shares of Heinz (NYSE:HNZ) as of March 31--its eleventh largest holding. On July 27, Peltz sold 500,000 shares of the famous ketchup company at $55.30 per share.

As we reported earlier this month, Trian also trimmed some of its holdings of Family Dollar, selling about 600,000 shares at $70 after exercising its call options at $37 and $39 last year to purchase about 670,000 shares.

The fund has steadily been trimming its position in Heinz over the past two years; as of the beginning of 2010, Trian had about 5 million shares of Heinz, a position that was actually larger earlier in 2009 and 2008. Though Trian is passing on the Heinz, it is still eating up Wendy's (NASDAQ:WEN) shares (you can view Trian's holdings here). What's up with Peltz's move on Heinz?

Heinz, which is also owned by Bernard Horn, Jim Simons, and Richard Schimel, has a 60 percent market share in the sauces and condiments market, which comprises the bulk of its business. As presented in its annual report, over the past five fiscal years, the company's shareholders have seen a 46 percent return on investment, three times the return of the broader S&P 500. And the company continues to grow its dividend, which presently maintains an annual yield of 3.7 percent.

Here's my major concern with Heinz going forward: domestic commodity prices. To take but one example, take a look at the ingredients in Heinz ketchup (the regular one, not the "simply Heinz" version), and you'll find some ingredients like tomatoes (duh) and corn syrup (high fructose and regular). Many of Heinz's products contain corn syrup, as with nearly any sweetened packaged product in the United States. Corn prices have soared 50 percent over the past six weeks, which is up 20.5 percent year-over-year as this year's crops suffer from a severe drought.

There are some mitigating factors to this issue, such as Heinz's 30.7 percent increase year-over-year in emerging market sales for the first quarter 2012. This is partially offset by a stronger dollar year-over-year, with the U.S. Dollar index up 12 percent year over year. This is a source of friction for earnings. Heinz has a pretty broad-based set of goods, but, again, many of them contain corn or soy (soybeans are also up 26 percent year-over-year).

So I think Peltz' sale makes sense. That said, Trian has only had a passive stake in Heinz as of late. Hedge funds have a portfolio of "passive" stakes in companies they believe are undervalued in order to shore-up capital, which in turn allows them to initiate their game-changing "active" stakes when the time is right. With shares trading at 19 times their 12-month trailing earnings, Heinz is trading towards the top of its five-year P/E range of around 13 to 20. So Peltz is probably figuring that pricing pressures stemming from both a drought and general food price inflation, taken along with historically expensive share prices, make Heinz a relatively unattractive passive position for the fund.

Of course, Heinz does a good business and did very well at resisting the market slowdown in October of last year, as well as outperforming during the Great Recession. The quality of its business has some level of independence in respect to the broader market, with a beta of around 0.55. For income investors, Heinz is an interesting investment idea with its long-term expansion plans and commitment to increasing its dividend.

On a side note, Trian also holds about 12 million shares of Kraft (NASDAQ:KFT) as of March 31, making Kraft its third largest holding. This stock made a boat-load of cash for hedge fund star Bill Ackman over the past couple of years, though he recently cut his position in Kraft. I think Peltz is holding Kraft as a special situations play. Kraft is planning to spin-off its strangely-named Mondelez (to be traded under ticker MDLZ), which will consolidate the world-wide snackfood operations of Kraft into a single company. This will lead to a new valuation of the underlying assets and more agile expansion into emerging markets.

Tags: Insider Selling Nelson Peltz Trian Fund Management

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http://money.cnn.com/2007/03/15/magazines/fortune/nelson_peltz.fortune/index.htm

The reinvention of Nelson Peltz

The former takeover titan is now a brand builder - and maybe even the shareholder's new best friend. Fortune's Shawn Tully reports.

By Shawn Tully, Fortune editor-at-large

March 16 2007: 8:17 AM EDT

(Fortune Magazine) -- In March 2006 power investor Nelson Peltz invited Heinz CEO Bill Johnson to dinner at Morton's Steakhouse in West Palm Beach. After the two men sat down, Peltz stunned Johnson with an in-your-face barrage, announcing that "I'm going on your board!"

Peltz, whose Trian Group controlled 5.4 percent of Heinz shares, then lectured

Johnson on his recipe for reviving Heinz, from ditching hard-to-open ketchup packets to multiplying the ad budget. "We disagreed," recalls Johnson of the bruising encounter. "It wasn't a cordial meeting."

In February of this year, the two men dined again, and this time the atmosphere was quite different. Peltz invited Johnson and his wife, Susie, to his palatial 15-acre estate in Palm Beach, one of the most expensive private homes in America. The Johnsons admired their host's collection of French Empire antiques and museum-quality Impressionist paintings, and enjoyed cocktails in the spectacular loggia overlooking the Atlantic featuring glass walls that rise from the basement to keep out the rain.

"We talked that evening about how to build longterm value," says Peltz. "You must make some decisions Wall Street dislikes. I'll help give Bill the cover to make those decisions."

The new breed of corporate raider

What accounted for the dramatic change in tone? That's easy. During the 11 months between dinners, Peltz won two seats on the board - and the hearts and minds of Heinz executives with the power of his ideas, especially a massive marketing push to get customers excited about ketchup.

Since Peltz launched his campaign a year ago, Heinz (Charts) stock has jumped 34 percent, to $45, putting almost $4 billion in shareholders' pockets. "The form of activism he's practicing is legitimate," says Heinz's lead director, Tom Usher, the retired CEO of U.S. Steel. "He's been a positive force at Heinz."

Indeed, Nelson Peltz is a force of nature - and one of the more compelling characters on the business stage today. He's worked his magic at Snapple and Wendy's (Charts) as well as Heinz - and in a move announced just days ago, he's set his sights on the world's largest confectionery company, Cadbury Schweppes (Charts) (to which he sold Snapple in 2000).

Silver-haired at 64, with a gravelly baritone and sharp features, he remains relentlessly competitive - whether he's tangling with corporate boards or cheering on his brood of hockey-playing sons.

Building an empire

A college dropout who went to work driving trucks for his father's food-distribution business, he lives in baronial splendor on two of the most luxurious estates in the land. Since launching his empire in the 1980s with the help of Michael Milken's junk bonds, Peltz has suffered through censure by the London Stock Exchange and the collapse of a big British real estate company he ran in the early 1990s, and he's won the scorn of corporate watchdogs for his compensation.

So far, we could be talking about any of a dozen Wall Street operators. But Peltz stands apart from the pack. He is the antithesis of fast-moving raiders like Carl Icahn and Ron Perelman. His goal isn't to grab a quick buck by forcing targets to overleverage their balance sheets to pay for huge share buybacks or special dividends - it's to build value through improving operations.

Unlike voracious private-equity firms, he plies his trade in the public markets, where ordinary investors can share the gains. "Increasingly, stockholders are tiring of private equity stealing companies from under their noses," claims Chris Young, a vice president of ISS, the proxy advisory service. "Peltz is doing the same thing that private equity does, only for the public shareholders."

Nelson Peltz as the shareholder's best friend? It may sound far-fetched, but he's making an intriguing case for that title. Peltz calls his formula "operational activism." He defines it as working the managements of high-potential but underachieving companies, like Heinz, to raise earnings by paring overhead, shedding ancillary businesses, and most of all, burnishing famous brands.

The good thing about private equity, says Peltz, is that "it's up-close and personal. The CEO talks to the owner every day, not once a quarter." He aims to recreate the pressure exerted by private equity in public companies: "We say, 'Keep the company public and force managers to break a sweat, but without the excessive leverage imposed by private equity.' Raising $1 by issuing new debt is worth $1. But if I can raise earnings by $1, that translates into $10 to $15 in value. Guess which is better?"

It's a tricky task, since Peltz is neither the full owner nor the CEO but works as a board member or through directors who are allies. But his approach does offer him some major advantages. Unlike private equity firms that purchase entire companies at a premium, he can buy blocks of stock without driving up the price.

Private equity, private lives

He also avoids the bidding wars that are inflating those premiums - witness the huge, auction-driven price Blackstone is paying for Equity Office Properties. Best of all, Peltz faces relatively little competition in his niche. "A lot of people can do financial engineering," says Jerry W. Levin, the former CEO of Burger King who now runs the brand consulting group JW Levin Partners. "Far fewer can improve operations. But it's where the big returns will come from in the future."

Peltz does his dealmaking through two related companies: Triarc and Trian. (The confusingly similar names derive from Triangle Industries, Peltz's first big acquisition.) Peltz and longtime partner Peter May own 40 percent of Triarc (Charts), which is a publicly traded company with a $1.8 billion market cap. Triarc owns Arby's, the fast-food chain, and an asset-management company called Deerfield Capital (Charts).

In November 2005, Peltz, May, and Peltz's son-in-law Ed Garden, a former investment banker, launched Trian, a hedge fund whose investors include university endowments, pension funds and insurance companies. Peltz does not discuss the size of the fund, which returned 37 percent in 2006, but it currently has more than $2 billion in publicly disclosed investments in companies like Wendy's and Chemtura, a chemical products manufacturer.

In February, Peltz reported a 5.5 percent, or $320 million, stake in Tiffany (Charts). And in mid-March, Cadbury Schweppes announced that Trian had taken a 3 percent stake in the company, worth about $730 million. A couple of days later Cadbury, in an apparent nod to Peltz and other investors, said it would split itself in two, spinning off its U.S. beverage operations, whose products include Dr. Pepper and Snapple. The stock jumped on the news.

The reinvention of Nelson Peltz (cont.)

By Shawn Tully, Fortune editor-at-large

March 16 2007: 8:17 AM EDT

Investment choices

At Triarc's and Trian's shared offices on Park Avenue in midtown Manhattan, Peltz and May regularly gather with a team of 15 analysts, accountants and former investment bankers to scrutinize the performance of current holdings and search for new opportunities. Peltz and May always occupy the same seats at one end of an oval, leather-inlaid table in a room decorated with architectural drawings of the Paris Bourse.

Both men believe in constantly assessing their properties' strengths and weaknesses against the best performers in their industries. Their lieutenants prepare detailed comparisons on margins, the percentage of sales spent on marketing, "deals and allowances" paid to retailers, and growth in overhead vs. sales. Peltz prides himself on knowing businesses so intimately, from factory floor to supermarket shelf, that he can systematically break down any management's rationale for mediocre results.

When it comes to potential targets, Peltz and May favor companies with strong brands that aren't basket cases but have been drifting sideways, à la Heinz and Tiffany. They worship free cash flow, and believe it's more efficient to revitalize a great brand than to try to build one from scratch. "If you can get a brand growing again, free cash flow grows dramatically," says May. "And then the stock is rewarded with a higher multiple."

While they share the same philosophy and relentless drive, Peltz and May, 64, have different specialties. May, a courtly former accountant and University of Chicago MBA, is an expert on operations. He's more likely to focus on inventory turns than Peltz.

By contrast, Peltz is an intuitive, natural dealmaker. He concentrates on the big picture. "Give me a few facts about a fast-food company," he says, "and I'll tell you what Ebida should be. Like Carnac!" He also loves exploring what grabs the public taste. "I try to figure out the marketing puzzle," he says. He's a one-man market research lab, haunting fast-food restaurants to try the latest burgers, sodas - and ketchup packets.

Their penchant for on-the-ground digging helps Peltz and May avoid costly mistakes. A case in point was their brush with Krispy Kreme (Charts). In 2004 they pondered buying a big chunk of the doughnut chain. "But I couldn't make heads or tails out of their financial statements or what they were telling investors," says Peltz. So he and his team got on Peltz's Boeing 727 to visit stores and talk to franchisees in Toronto, Las Vegas, Los Angeles and other cities.

"We ate a lot of doughnuts," recalls Peltz, "and saw that the stores were half empty." Yet the franchisees complained that the company was pushing them to build more stores. "We figured out that the company was making most of its money selling the franchisees equipment, not on doughnuts," says Peltz. "The company wasn't giving the facts to shareholders." Stuffed with cinnamon twists and information, Peltz passed on Krispy Kreme, avoiding the subsequent meltdown in its stock.

Peltz commutes to Manhattan from High Winds, the 130-acre former home of *Reader's Digest* co-founder DeWitt Wallace in Bedford, N.Y. The property features a 27-room mansion, a huge lake, a waterfall and a professional-quality indoor hockey rink with a Zamboni machine. A flock of albino peacocks roams the manicured grounds.

Carl Icahn's got the shopping bug

In Palm Beach, his French Regency - style home covers 44,000 square feet. Built in 1965, it boasts a foundation lined with lead to keep out moisture from the ocean. After Peltz bought the lot across the street to build a tennis court, he learned that he couldn't install one without a residence. So he added a second mansion for guests, complete with orchid house.

One of his Florida buddies is golfer and sports entrepreneur Greg Norman, a close friend whom Peltz unsuccessfully proposed for the Heinz board. Norman, who takes Peltz on fishing trips at his Colorado ranch, calls Peltz "a mental marathon runner." He adds, "Nelson isn't a Harvard type. He's street smart. He understands what the masses want."

For all his love of opulence, Peltz spends most winter weekends ferrying his kids to drafty hockey rinks all over the Northeast. His ten children range in ages from 41 to 4. He has eight with his third wife, Claudia, a former fashion model. He's raised a brood of figure skaters and high school hockey stars. For Peltz, the hockey life is ideal discipline.

"My kids are exhausted every day, and I keep them that way," he says. "It's gym, ice, homework. They're too tired to get in trouble." He also says that he tries to set an example: "I don't want them to see me walking off with a bag of golf clubs over my shoulder. If they see me work hard, it's better than a lecture." He's right at ringside to make sure all eyes are on the puck, boasting that he's scurried to as many as four hockey games on a single day.

After dropping out of the University of Pennsylvania's Wharton School in 1962, Peltz (who still has only a high school diploma) built his family's tiny frozen food business in Brooklyn into the largest distributor in the Northeast. Starting in 1985, he marshaled more than $1 billion in junk bond debt, courtesy of Milken, to assemble the biggest packaging company in the world, Triangle Industries, by gobbling up National Can and American Can, among other prey.

When Peltz and May sold Triangle to France's Pechiney in 1989, their gains amounted to around $840 million, and shareholders made eight times their investment. His best-known triumph was Snapple. In the late 1990s he bought the flagging iced-tea brand from Quaker Oats for $300 million, brilliantly revived its blithe, quirky appeal, and resold it three years later for more than $1 billion, capping one of the most spectacular deals of the decade.

The reinvention of Nelson Peltz (cont.)

By Shawn Tully, Fortune editor-at-large

March 16 2007: 8:17 AM EDT

Overcompensating

Throughout his career, Peltz has had a reputation for being overpaid. And by many measures, Peltz's compensation at Triarc looks excessive. In 2005 he earned $29 million as chairman and CEO of Triarc, an astounding number at a company with just $1.2 billion in sales.

The directors justify that figure by claiming that Triarc is more like an investment bank than a restaurant company. "This is more a publicly traded fund that works with management than a pure restaurant chain," says David Schwab, head of the compensation committee. "Nelson is paid for buying, growing, and selling companies, which he does on a regular basis."

Peltz makes no apologies. "I believe in pay for performance," he says. "People would be happy to pay a CEO a large amount of comp for doing what I've done with Triarc or Triangle." He points out that Triarc's shares have jumped from a split-adjusted price of $1 to $19 since he started negotiating with raider Victor Posner in 1991, and that the market cap has risen from $80 million to $1.8 billion.

There's no doubt Peltz has produced big value for shareholders. That's more than can be said for many CEOs who gorged while shareholders suffered, notably the deposed chiefs of Pfizer and Home Depot, Hank McKinnell and Bob Nardelli.

Still, the fact is that Triarc isn't an investment bank or hedge fund. It's principally a restaurant company. Peltz's pay is unparalleled even at most giant food and beverage companies.

Steve Reinemund, chairman and ex-CEO of Pepsi, made just over half of Peltz's comp for 2005 despite running a company 30 times Triarc's size and generating big gains for shareholders. Peltz is promising to establish Arby's as an independent company so that it's no longer part of a "deal shop."

Putting the Squeeze on Heinz

Before targeting Heinz, Peltz pursued an Arby's competitor, Wendy's. In December 2005 he issued an analysis, or "white paper," demanding that Wendy's spin off 100 percent of its highly profitable Tim Hortons, the Dunkin' Donuts of Canada. He charged that Wendy's company-owned stores were generating margins of just 9 percent, less than half the 20 percent posted by its franchisees. Peltz maintained that if the company-owned stores achieved the 20 percent benchmark, Wendy's would raise earnings by $200 million.

His analysis swayed the Wendy's directors, and three of the candidates Peltz proposed now sit on its board. "Nelson's white paper was right on target," says Jim Pickett, Wendy's chairman, who wasn't part of Peltz's slate. "The activists made the board more aggressive than in the past in pushing management to deal with the issues." A year ago Peltz said Wendy's stock price should be $75, or 40 percent higher. That's just about where it is today, when you include the Hortons spinoff in the total.

At Heinz, Peltz won the day because he stuck to the facts, hammering away at the company's weak record. Heinz management lost because it attacked the attackers instead of convincingly defending its record. Peltz charged that as Heinz shrank by shedding businesses, its overhead went in the other direction, hammering profits.

His staff also extensively interviewed Heinz supermarket customers. They said that the company frequently offered big discounts at the end of the quarter to move ketchup. Peltz concluded that Heinz was competing far too much on price instead of launching advertising campaigns like its brilliant "Anticipation" spots in the 1970s.

Peltz proposed a $300 million increase in marketing spending, paid for by a drop in incentive payments to retailers. His message was simple: Spend money on building the brand so that people will be willing to pay premium prices for Heinz products.

Heinz directors claim that the company was moving to slash overhead and pump up advertising before Peltz's arrival. But they acknowledge that he's spurred the process. "When you make yourself smaller, you need to pay attention to overhead costs," says director Chuck Bunch, CEO of PPG Industries. "Did Trian's position heighten our awareness of the issue? It probably did."

Most of all, he earns praise for curbing his animal spirits and acting like a director, not a CEO - witness his strong relationship with Bill Johnson. "People were scared he'd be so belligerent and argumentative you couldn't have a meeting," says director Dean O'Hare, former CEO of Chubb. "Not so. The bottom line is that Nelson is an excellent board member."

In late February, Peltz took a stake in Tiffany. Seated in his glass-enclosed, penthouse-like Manhattan office, Peltz presented a fully formed, daring vision for the Tiffany brand. "Women see Tiffany as a place to buy a gift, or where gifts come from in those beautiful blue boxes," says Peltz. "But it's not where women go to shop for themselves. And it should be."

Peltz pictures a Tiffany's that's less frosty and austere, where women are enchanted by scarves, watches and handbags the way they are in the welcoming precincts of Hermès or Cartier. And this time, in contrast to the resistance at Heinz, management is warmly welcoming his ideas. The Tiffany brass has even invited him to dinner. How times change. Could it be that the fearsome Nelson Peltz, the legendary intruder, is going to have to get used to having cordial meals with management?

Peltz takes 3 percent slice of Cadbury