

Activist shareholders

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CANADA'S TOP 10

The many advantages to Canada's takeover rules have made it fertile ground for U.S. and domestic hedge funds alike. A lack of staggered boards and 'just say no' defence for Canadian companies, and a 10% ownership disclosure requirement versus 5% in the U.S., have contributed to lots of deals with hedge funds either at the forefront or behind the scenes. The Financial Post's Lori McLeod takes a look at 10 investment firms that won't hesitate to shake up corporate Canada in the name of shareholder value.

1 Amaranth LLC, based in Connecticut with Toronto office Key Player Manos Vourkoutiotis, Amaranth Advisors (Canada) ULC In Canada Highly secretive firm was part of a shareholder group that squeezed a higher bid from Agrium Inc. for fellow fertilizer company Royster-Clark Ltd., and is believed to have pushed DVD-maker Cinram International Inc. to convert into an income trust.

2 Enterprise Capital Management Inc., Toronto Key Player Jim MacDonald, chairman In Canada Unsuccessfully lobbied Manitoba Telecom Services Inc. to convert to an income trust, but wound up with a much richer dividend and a seat on the board this year. Worked with other shareholders in a push for the sale of Spar Aerospace Ltd. to L-3. Mr. MacDonald's other board seats include MDS Inc., Sherritt International Corp., Rogers Sugar Inc., and Superior Plus Inc.

3 Crescendo Partners LP, New York Key player Eric Rosenfeld, founder In Canada Pushed the sales of companies including Geac Computer Corp., Spar Aerospace Ltd., and Pivotal Corp. Mr. Rosenfeld sits on the boards of Emergis Inc. and Sierra Systems Group. Rumoured by other U.S. hedge funds to be sniffing around software firm Hummingbird Ltd., which is being acquired by Symphony Technology Group in a deal that has rankled shareholders.

4 Greenlight Capital Inc., New York Key Player David Einhorn, president In Canada Part of a shareholder group that successfully prevented the proposed privatization of MI Developments (MID). Controlling shareholder Frank Stronach struck back

by quashing a proxy battle urging the sale of Magna Entertainment Corp. and conversion of MID into a REIT. However, forcing the issue to a vote showed minority shareholders as overwhelmingly in favour of both moves.

5 Goodwood Inc., Toronto Key player Peter Puccetti, chairman and chief investment officer In Canada Led a group of dissident investors in Creo Inc., resulting in sale to Kodak at an 88% premium over the trading price the day before Goodwood threw down the gauntlet after taking a beneficial ownership position in the stock.

6 Highfields Capital Management LP, Boston Key player Richard Grubman, managing director In Canada Banded with shareholders who opposed the Molson-Coors merger and Manitoba Telecom's purchase of Allstream Inc. Recently opposed terms of a share sale by Great Canadian Gaming Co. to chief executive Ross McLeod.

7 Icahn Management LP, New York Key Player Carl Icahn, billionaire U.S. financier In Canada Late last year, Mr. Icahn put Fairmont Hotels & Resorts Inc. into play with a partial bid. The chain eventually sold to Saudi Prince Alwaleed bin Talal and investment firm Colony Capital for US\$3.9-billion, a 28% premium to the share price when Mr. Icahn got involved. He also owns a 4% stake in Lions Gate Entertainment Corp.

8 Paulson & Co., New York Key Player John Paulson, president In Canada The largest shareholder of Algoma Steel Inc., Mr. Paulson engaged the steelmaker in a proxy battle resulting in a \$200-million payout to shareholders and two board seats for its own director candidates. Algoma also agreed to continue a review of options that could include a sale of the company.

9 Pershing Square Capital Management, LP, New York Key player William Ackman managing partner In Canada Encouraged Wendy's International Inc. to spin off predominantly Canadian coffee chain Tim Hortons Inc., is leading a group of minority shareholders fighting Sears Holdings Corp.'s attempt to take department store chain Sears Canada Inc.

private and sees hidden value in retailer Canadian Tire Corp.

10 Pirate Capital LLC, Greenwich, Connecticut Key player Thomas Hudson, managing member In Canada The largest shareholder of resort and real estate firm Intrawest Corp., currently pushing for the sale of the company. Also taking an activist stance on U.S. auto firm Pep Boys Inc., which includes an attempt to oust chief executive Larry Stevenson, ex-CEO of Canadian bookstore chain Chapters Inc.