

From a Standoff to a Rising Tide: New Cards in Play for DuPont v. Peltz

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American billionaire and investing activist Nelson Peltz is a self-described "operational activist." In layman's terms, it is an individual who ["targets companies that, by his measures, are performing far below their potential."](#) His previous campaigns demonstrate his penchant for splitting businesses that he considers "unwieldy and unfocused" into separate, but more profitable, units. Previous campaigns include dividing Cadbury Schweppes into Dr. Pepper Snapple Group for vegetables and Cadbury for sweets, as well as dividing Kraft Foods into Mondelez and Kraft Foods. All of these newly standalone companies are generating bigger profits than they did combined. Since then, he has been keeping his sights on better opportunities for "operational activism."

That's where DuPont comes in. Peltz, through his investment firm, Trian Fund Management, is one of DuPont's largest stockholders. [The hedge fund is worth roughly \\$1.8 billion dollars and has a 2.68% stake in DuPont.](#) On January 8th, Trian launched a proxy fight seeking four board seats at DuPont's annual meeting. If Peltz succeeds in nominating 4 directors out of the 13, it could call for a significant change in the chemical juggernaut's organizational structure. [Peltz's plan is to split DuPont into 3 autonomous businesses](#) (much like his previous doings with Cadbury Schweppes and Kraft Foods), with the main sect likely focusing on its core business.

Recently, the battle seems to have narrowed to Peltz versus Ellen Kullman, DuPont's CEO, and the tides have shifted in the Kullman's favor. DuPont recently offered to add one of Peltz's choices to the board, but, according to DuPont, it was rejected because Peltz wanted the spot for himself. [In return, DuPont has struck a blow by nominating two turnaround veterans to the company's board.](#) The credentials of the nominees are stellar. One is Edward Breen, the chairman of Tyco International, and the other is James Gallogly, leader of rival chemical maker LyondellBasell. Of the four nominees that Peltz recommended, only Robert Zata, a former Campbell Soup executive, has experience at the helm of a chemical company.

This maneuver serves to drive a wedge between Mr. Peltz and shareholders. However, if he does manage to pull through, he will be the first activist to win board representation in a company the size of DuPont, which has a market value of nearly \$70 billion. Although less likely after the recent events, a Peltz victory might give fellow activists the push they need to challenge market powerhouses that were ["formerly deemed too powerful to attack."](#)