



Is it time for Activism in Japan ?

At first glance, Japan is a natural destination for activism, a world power facing an urgent need to restructure. Its equity market is a bargain compared to those of other developed countries. Consider these facts. The price to book ratio for Japanese equities is typically between 1x and 1.5x, (in the US, it is usually 2.5x) and dividend yield is very low (1.5%). Also, there is a significant level of cross shareholding resulting in an entrenched management structure that could explain an average ROE of just 10%. Activist investors can target these inefficiencies, playing their traditional role of catalysts. Active investors can also count on increasing support from other shareholders as foreign investor holdings have doubled over the last 10 years to reach 30% of the Japanese market cap.

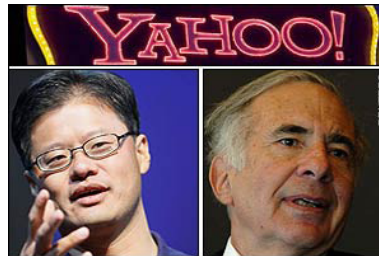
Nevertheless, the Japanese mentality remains conservative and there is extensive use of poison pill takeover defence as witnessed in the bulldog case last summer with Warren Lichtenstein's Steel Partners and as illustrated in Chris Hohn's TCI's long lasting battle with J-power: TCI, with a 9.9% stake in J-power (its demand to raise its interest to 20% has been rejected on national security grounds) has urged the company to double dividends, to appoint outside directors and to reduce its cross share holding; J-power holds a JPY 60 bn investment in other Japanese companies which, in turn, hold 10% of J-power. TCI's requests have triggered little progress although J-power's management dividends have been increased slightly and Masayoshi Kitamura, J-power's deputy chief executive stated recently that "we will be appointing non-executives. But we will do this carefully and it may take some time."

The case triggered many reactions and inspired a broader debate on Japan's openness to both foreign investors and activist approach. Peter Mandelson, the European union trade commissioner, called Japan "the most closed investment market in the developed world", and a study by the Asian corporate governance association released that month indicated that Japan's corporate governance standards fell far short of international levels with companies to often protecting themselves from competitive market forces and takeovers. In addition, Atsushi Saito, the head of the Tokyo stock exchange, has stepped up this campaign saying that "we are strongly warning against cross-shareholdings".

The most significant progress came from the announcement on May 28th that shareholders led by Warren Lichtenstein's Steel Partners ousted the president and top management of Aderans, the Japanese wig makers. The stock jumped 20% since the announcement and the impact of such a vote could be very significant especially in the next EGM season.

I-can tear apart Yahoo!

Carl Icahn is launching a proxy fight to remove Yahoo's board with a goal to resurrect a bid by Microsoft.



In a letter to the board, Icahn forces Jerry Yang and board members to defend their stewardship :

" I have long been cynical about the effectiveness of many of the boards and CEOs in this country and as a result the inability of our companies to compete... yet even I am amazed at the length Jerry Yang and the Yahoo board have gone to in order to entrench their positions and keep shareholders from deciding if they wished to sell to Microsoft. According to details in a complaint that I became aware of yesterday (details Yahoo fought to keep under seal), Jerry Yang and a majority of the board went to inordinate lengths to sabotage a Microsoft bid...Microsoft might never be able to trust a CEO and board who, while claiming to be negotiating in good faith, went behind their back and adopted a "plan" which not only sabotages any Microsoft acquisition but went so far as to completely disable its own ability to rescind the "plan" as long as Microsoft's offer remains pending. Until now I naively believed that self-destructive doomsday machines were fictional devices found only in James Bond movies. I never believed that anyone would actually create and activate one in real life. I guess I never knew about Yang and the Yahoo Board. In my opinion, it will be extremely difficult for Microsoft or other companies to trust, work with and negotiate with a company that would go to these lengths... Ironically, according to the complaint, this is not the first time that Yahoo has denied shareholders the opportunity of selling to Microsoft at a large premium... in January 2007 Microsoft offered to purchase Yahoo at

\$40 per share but the company rejected that proposal. On January 31, 2008, Steve Ballmer emailed a letter to Jerry Yang and Roy Bostock making a new proposal of \$31 per share. The letter recounts Microsoft's prior efforts to acquire Yahoo and noted that Microsoft had given Yahoo time to implement business strategies designed to turn the company around. These strategies obviously didn't work. The letter went on to state: "Our proposal represents a 62% premium above the closing price of Yahoo! common stock of \$19.18 on January 31, 2008."...

"Your letter seriously misrepresents and manipulates the facts regarding the recent events pertaining to Microsoft and Yahoo," Yahoo Chairman Roy Bostock counters in Yahoo's letter. "This is puzzling as I know you are aware that we have reached out to Microsoft proactively and met with them many times in the last several weeks," Bostock writes. "During this period, their message to us and to the markets has been and remains that they are not interested in pursuing a full acquisition of Yahoo."

As of this writing Yahoo remains independent.

Icahn's dissident board composition

Carl Icahn

Frank Biondi, former Viacom President and CEO from 1987 to 1996. He was the chairman and CEO of Universal Studios from 1996 to 1998.

Adam Dell, managing partner of Impact Venture Partners. Dell was involved in 2002 in the USD 436 M sale of HotJobs.com to Yahoo.

Brian Posner, a former CEO of ClearBridge Advisors LLC.

Edward Meyer, CEO of Ocean Road Advisors and former CEO of advertising firm Grey Global Group.

John Chapple, the former CEO of Nextel until its acquisition by Sprint in late 2005.

Keith Meister, vice chairman of Icahn Enterprises.

Lucian Bebchuk, professor of law, economics and finance at Harvard Law School.

Mark Cuban, Dallas Mavericks basketball team owner and co-founder of cable network HDNet. Cuban is familiar with Yahoo's negotiating style after he sold Broadcast.com to Yahoo in 1999 for about USD 5 bn.

Robert Shaye, the former co-CEO of Time Warner's New Line Cinema.



US Managers released 13F filings in May

In order to increase the public availability of information regarding the securities holdings of institutional investors, the SEC requires every US investment manager that holds more than USD 100 million in US securities to disclose on a quarterly basis their entire portfolios (long-only US positions). This information, called 13F Filing, is due no later than 45 days after the end of each quarter and includes amongst other things the name of the security, the number of shares owned and the fair market value of the securities listed. This month US managers released their 13F Filings for the quarter ended March 31st, 2008. Such information is invaluable in tracking activist investors' portfolios.

Source SEC / Geneva Partners

*Weight Increase		Maintained *Weight	*Weight Decrease		
JANA PARTNERS (Barry Rosenstein)			13F MARKET VALUE : USD 4'955 M		
New positions			Exited positions		
CALPINE CORP	3.3%	KBR INC	6.7%	MIRANT CORP	5.5% --> 0%
OMNICARE INC	2.9%	COPART INC	4.7%	MERCK & CO. INC.	3.2% --> 0%
ORACLE CORP	2.6%	HESS CORP	4.5%	CORRECT.CORP OF AMERICA	2.4% --> 0%
NATIONAL OILWELL VARCO INC	2.5%	COMMSCOPE INC	3.0%	BEA SYSTEMS INC	2.1% --> 0%
RESEARCH IN MOTION	2.0%	WILLIAMS COS INC	2.4%	FOREST LABORATORIES INC	1.6% --> 0%
FOCUS MEDIA HOLDING-ADR	1.9%	EQUITABLE RESOURCES INC	2.2%	SCIENTIFIC GAMES CORP-A	1.5% --> 0%
COMPUWARE CORP	1.7%	ZIMMER HOLDINGS INC	2.1%	GREAT ATLANTIC & PAC TEA	1% --> 0%
MICROSOFT CORP	1.6%	CNET NETWORKS INC	2.1%	Decrease	
WYETH	1.5%	FREEMPORT-MCMORAN COPPER	2.0%	ANADARKO PETROLEUM	6.6% -->4.5%
COMMERCIAL METALS CO	1.5%	NRG ENERGY INC	2.0%	CSX CORP	6.8% -->0.8%
REYNOLDS AMERICAN INC	1.2%	CONVERGYS CORP	1.7%	DAVITA INC	3.1% -->0.5%
HEALTH NET INC	1.2%	FOREST OIL CORP	1.5%	HESS CORP	5.5% -->0.3%
TYCO ELECTRONICS LTD	1.1%	CISCO SYSTEMS INC	1.5%	INGERSOLL-RAND	3.2% -->0.3%
VALERO ENERGY CORP	1.0%	KANSAS CITY SOUTHERN	1.3%		
CONSOL ENERGY INC	1.0%	FINANCIAL SELECT SECTOR SPCL	1.1%		
MF GLOBAL LTD	1.0%				
ICAHN MANAGEMENT (Carl Icahn)			13F MARKET VALUE : USD 4'643 M		
New position			Exited positions		
AMYLIN PHARMA.	4.0%	ANADARKO PETROLEUM	19.6%	MACY'S INC	2.8% --> 0%
Increase			Decrease		
MOTOROLA INC	20.1% -->23.2%	LEAR CORP	5.4%	CSX CORP	2.7% --> 0%
ORACLE CORP	13.5% -->17.1%	TIME WARNER INC	3.9%	UNUM GROUP	2% --> 0%
BIOGEN IDEC INC	9.7% -->13.2%	WILLIAMS COS INC	2.8%	J.C. PENNEY CO INC	3.8% -->0.1%
		TIME WARNER CABLE-A	2.5%		
		FORESTAR REAL ESTATE	1.4%		
		REGENERON PHARMACEUTICAL	1.0%		
VALUEACT CAPITAL (Jeff Ubben)			13F MARKET VALUE : USD 3'614 M		
New position			Exited position		
ALLIANCE DATA SYSTEMS	2.4%	SARA LEE CORP	15.5%	CHOICEPOINT INC	3.3% --> 0%
Increase			Decrease		
EQUIFAX INC	7.3% -->9.5%	MDS INC	11.3%	THOMSON REUTERS CORP	25.3% -->15.8%
MOODY'S CORP	3.6% -->7.7%	GARTNER INC	10.1%		
WARNER CHILCOTT LTD	0.7% -->6.4%	OMNICARE INC	5.4%		
		ADVANCED MEDICAL OPTICS	4.5%		
		VALEANT PHARMACEUTICALS	4.3%		
		ACXIOM CORP	3.1%		
		INTL RECTIFIER CORP	1.9%		
THIRD POINT (Dan Loeb)			13F MARKET VALUE : USD 3'251 M		
New positions			Exited positions		
MICROSOFT CORP	6.0%	MASTERCARD INC-CLASS A	11.0%	HARRAH'S ENTERTAINMENT	4.9% --> 0%
LEAP WIRELESS INTL INC	2.9%	QUESTAR CORP	6.1%	CV THERAPEUTICS INC	1.6% --> 0%
AMERICAN EAGLE OUTFITT.	2.3%	ORACLE CORP	5.2%	WEYERHAEUSER CO	1.4% --> 0%
PHOENIX COMPANIES INC	1.7%	PLAINS EXPLOR. & PRODUCT	3.4%	SYNOVUS FINANCIAL CORP	1.3% --> 0%
MAGUIRE PROPERTIES INC	1.5%	MEADWESTVACO CORP	3.4%	DILLARDS INC-CL A	1.1% --> 0%
SAFEWAY INC	1.1%	HUNTSMAN CORP	3.1%	Decrease	
PHH CORP	1.0%	MIRANT CORP	2.7%	CYPRESS SEMI.	9.7% -->3.5%
Increase			Decrease		
CLEAR CHANNEL COMM.	3.9% -->7%	EXCO RESOURCES INC	2.6%	NYSE EURONEXT	5.4% -->2.5%
		COVIDIEN LTD	2.2%		
		LIBERTY ACQUISITION	1.8%		
		THOMPSON CREEK METALS	1.7%		
		GLG PARTNERS INC	1.7%		
		MYLAN INC	1.5%		
		FLOW INTL CORP	1.4%		
		DAIMLER AG	1.3%		
		TXCO RESOURCES INC	1.1%		
		ATMEL CORP	1.1%		
PERSHING SQUARE CAPITAL MANAGEMENT (Bill Ackman)			13F MARKET VALUE : USD 2'338 M		
New position			Exited positions		
WENDY'S INTERNATIONAL INC	7.0%	SEARS HOLDINGS CORP	46.4% -->29.5%		
Increase			Decrease		
TARGET CORP	28% -->52%	BARNES & NOBLE INC	16.7% -->8.6%		
		BORDERS GROUP INC	8.3% -->2.7%		
TRIAN PARTNERS (Nelson Peltz)			13F MARKET VALUE : USD 2'051 M		
New position			Exited positions		
LIONS GATE ENTERTAINMENT	0.7%	WENDY'S INTERNATIONAL INC	28.6%	HJ HEINZ CO	68.3% -->60.6%
		CHEMTURA CORP	1.1%	TIFFANY & CO	2.9% -->0.7%



STEEL PARTNERS II (Warren Lichtenstein)			13F MARKET VALUE : USD 1'571 M		
New positions					
CHEMTURA CORP	1.3%	ROWAN COMPANIES INC	22.0%	BRINK'S CO/THE	11% -->7.9%
KEY ENERGY SERVICES INC	1.0%	CONSECO INC	9.3%	IKON OFFICE SOLUTIONS INC	9.9% -->4.8%
ORIENT EXPRESS HOTELS LTD →	0.6%	PRIDE INTERNATIONAL INC	8.9%		
Increase					
ENSCO INTERNATIONAL INC	6.4% -->11.3%	EARTHLINK INC	4.6%		
		GENCORP INC	4.2%		
		ENPRO INDUSTRIES INC	3.9%		
		ADAPTEC INC	2.7%		
		ANGELICA CORP	1.6%		
		SL INDS INC	1.6%		

BREEDEN CAPITAL MANAGEMENT (Richard Breedren)			13F MARKET VALUE : USD 830 M		
New positions					
HILL-ROM HOLDINGS INC	12.6%	HELMERICH & PAYNE	7.5%	ALEXANDER & BALDWIN INC	10.1% -->7.8%
CHOICEPOINT INC	1.3%			ACCO BRANDS CORP	9.3% -->7.3%
Increase					
H&R BLOCK INC	13.7% -->19.9%				
ZALE CORP	13.3% -->18.1%				
STERIS CORP	9.3% -->14.9%				

*the weight is defined as the percentage of 13F reportable assets (only positions representing more than 1 % of portfolios are expressed)

Rebalancing the portfolio at Eurazeo

Publicly listed Eurazeo and privately held Colony Capital announced a plan to double their joint stake in Accor, Europe's biggest hotel operator from 15% to 30%. Eurazeo will seek a board representation in addition to the two seats currently held by Colony. Serge Weinberg, Accor's Chairman, wants both investors to confirm their support for the company's strategy and that the investment is not a step towards a rampant takeover. It appears Colony and Eurazeo could push for a sale of Accor's service ticket unit as was done for a portion of Accor's significant real estate holdings. The EUR 3.5 bn real estate sale lead to higher dividends and share buy backs; more than EUR 2.75 bn was returned to shareholders since 2006.

Eurazeo also confirmed its intention to sell 5.8 M to 13.0 M of the 13.3 M shares that

comprise its 5.6 % stake in industrial gas group Air Liquide by the end of 2008. The shares were predominantly acquired

over the summer of 2007. The sale would generate a 12% IRR if sold at the top of the planned range. Separately, Eurazeo is

also in the process of selling its participation in Veolia.

	% of capital	Value (M€)	% portfolio	expected change
Listed Holdings				
Danone (net)	5,5%	1158	52.09%	↗ 55%
Air Liquide (net)	5,6%	735	14.18%	↘ 0%
Rexel	21,4%	612	11.80%	
Accor	0,9%	97	1.87%	↗ 20%
Veolia (net)	2,1%	58	1.12%	↘ 0%
Ipsos	19,0%	25	0.48%	
Cegid	6,9%	16	0.31%	
Private Equity				
Europcar	85,1%	663	12.79%	
ELIS	83,2%	399	7.70%	
APCOA	81,8%	334	6.44%	
Gruppo Banca Leonardo	19,6%	166	3.20%	
Intercos	25,3%	58	1.12%	
Fraikin	14,4%	49	0.95%	
Sirti	13,8%	37	0.71%	
B&B Hotels	74,1%	32	0.62%	
Real Estate				
		728	14.04%	
Other non listed assets				
		18	0.35%	
Net cash				
		-108		
Treasury shares				
		66		
Total asset value before tax				
		5,143		
Tax on latent gains				
		-182		
Net Asset Value				
		4 961		

Ackman targets value in retail

In May, we read with interest the announcement that Target Corp., thesecond-largestU.S.discounter, and one of Bill Ackman's Pershing Square largest positions will sell 47 percent of its USD 8.2 bn in credit-card loans to JPMorgan Chase & Co. for USD 3.6 bn in order to raise cash for stock buybacks. Target said it

was examining a possible sale of the loan portfolio in September 2007, two months after activist investor Ackman revealed his stake in the company and urged steps to boost the stock price. Target's largest shareholder is seeking stock buybacks and a real-estate deal to boost target's shares.

Target is also Ackman's largest holding, accounting for more than 20% of his long portfolio. The stock is up 6.72% YTD (as of May 31st). Earlier this year, Ackman announced he took a 15% stake in Wendy's (see 13F filings analysis page 2), a day after the restaurant chain agreed to be bought by

Nelson Peltz's Triarc. Ackman is also known for his well publicized and long standing short bet on MBIA and AMBAC, a move that propelled Pershing Square to a 22% gain in 2007.



13D filings activity of the month

13D filing is an SEC rule requiring disclosure by anyone acquiring a beneficial ownership of 5% or more of any equity security registered with the SEC.

13D Initiation

Date	Filer / Purchaser	Target Company	% of Shares Outstanding
May, 13th	Discovery Group	Tier Technologies, Inc.	5.80
May, 13th	Elliott Associates	MSC Software	9.20
May, 19th	Goldentree Asset Mgmt	Care Investment Trust	28.32
May, 23th	Carl Icahn	Amylin Pharmaceuticals	6.54
May, 28th	General Atlantic	Gevity HR	9.50
May, 29th	Southeastern Asset Management	Pioneer Natural Resources	19.50

13D Position Increase

Date	Filer / Purchaser	Target Company	% of Shares Outstanding
May, 7th	Carl Icahn	Motorola, Inc.	7.60
May, 14th	Value Act Capital	Chimera Investment Corp.	8.20
May, 15th	Jefferey Jacobs	MTR Gaming Group.	15.90
May, 16th	Clinton	Select Comfort	7.60
May, 19th	Steel Partners	Conseco	9.80

13D Position Decrease

Date	Filer / Purchaser	Target Company	% of Shares Outstanding
May, 3rd	MMI Investments	Brinks Co.	6.70
May, 5th	Shamrock Activist Value	Panera Bread	4.90
May, 5th	Chapman Capital	Vitesse Semiconductors	5.80
May, 6th	Barington Capital	Consolidated Tomoka Land Co.	4.90
May, 12th	Shamrock Activist Value	NUCO2 Inc.	5.98
May, 16th	OSS Capital	Hexcel Corp.	4.90
May, 30th	Ramius Capital	Phoenix Technologies	8.20
May, 30th	Galleon	PeopleSupport Inc.	26.30

Source 13D Monitor

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