

DENNYS CORP
Form DFAN14A
April 13, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

DENNY'S CORPORATION
(Name of Registrant as Specified in Its Charter)

OAK STREET CAPITAL MASTER FUND, LTD.
OAK STREET CAPITAL MANAGEMENT, LLC
DAVID MAKULA
PATRICK WALSH
DASH ACQUISITIONS LLC
JONATHAN DASH
SOUNDPOST CAPITAL, LP
SOUNDPOST CAPITAL OFFSHORE, LTD.
SOUNDPOST ADVISORS, LLC
SOUNDPOST PARTNERS, LP
SOUNDPOST INVESTMENTS, LLC
JAIME LESTER
LYRICAL OPPORTUNITY PARTNERS II, L.P.
LYRICAL OPPORTUNITY PARTNERS II, LTD.

LYRICAL OPPORTUNITY PARTNERS II GP, L.P.

LYRICAL CORP III, LLC

LYRICAL PARTNERS, L.P.

LYRICAL CORP I, LLC

JEFFREY KESWIN

PATRICK H. ARBOR

(Name of Persons(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials:

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

The Committee to Enhance Denny's (the "Committee"), together with the other Participants named herein, is filing materials contained in this Schedule 14A with the Securities and Exchange Commission (the "SEC") in connection with the solicitation of proxies for the election of its slate of director nominees at the 2010 annual meeting of stockholders (the "Annual Meeting") of Denny's Corporation. The Committee has made a definitive filing with the SEC of a proxy statement and accompanying GOLD proxy card to be used to solicit votes for the election of its slate of director nominees at the Annual Meeting.

Item 1: The following materials were posted by the Committee to <http://www.enhancedennys.com>:

Enhance Denny's

Important Notice

This website may contain forward-looking statements. These statements may be identified by the use of forward-looking terminology such as the words "expects," "intends," "believes," "anticipates" and other terms with similar meaning indicating possible future events or actions relating to the business or stockholders of Denny's Corporation (the "Company"). These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties include, among others, the ability to successfully solicit sufficient proxies to elect the director nominees (the "Nominees") nominated by The Committee to Enhance Denny's (the "Committee") to the Company's board of directors at the Company's 2010 Annual Meeting of Stockholders (the "2010 Annual Meeting"), the ability of the Nominees to improve the corporate governance and performance of the Company and risk factors associated with the business of the Company, as described in the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2009, and in other periodic reports of the Company, which are available at no charge at the website of the Securities and Exchange Commission ("SEC") at <http://www.sec.gov>. Accordingly, you should not rely upon forward-looking statements as a prediction of actual results.

This website may be deemed to constitute proxy solicitation material and is intended solely to inform stockholders so that they may make an informed decision regarding the election of directors at the 2010 Annual Meeting.

THE COMMITTEE, TOGETHER WITH THE OTHER PARTICIPANTS (AS DEFINED BELOW), HAS FILED WITH THE SEC A DEFINITIVE PROXY STATEMENT AND ACCOMPANYING PROXY CARD TO BE USED TO SOLICIT PROXIES FOR THE ELECTION OF ITS SLATE OF DIRECTOR NOMINEES AT THE 2010 ANNUAL MEETING.

THE COMMITTEE STRONGLY ADVISES ALL STOCKHOLDERS OF THE COMPANY TO READ THE PROXY STATEMENT BECAUSE IT CONTAINS IMPORTANT INFORMATION. SUCH PROXY STATEMENT IS AVAILABLE AT NO CHARGE ON THE SEC'S WEBSITE AT [HTTP://WWW.SEC.GOV](http://WWW.SEC.GOV). IN ADDITION, THE PARTICIPANTS IN THE SOLICITATION WILL PROVIDE COPIES OF THE PROXY STATEMENT WITHOUT CHARGE UPON REQUEST. REQUESTS FOR COPIES SHOULD BE DIRECTED TO THE PARTICIPANTS' PROXY SOLICITOR, MACKENZIE PARTNERS, INC., TOLL-FREE AT (800) 322-2885 OR COLLECT AT (212) 929-5500 OR VIA EMAIL AT ENHANCEDENNY@MACKENZIEPARTNERS.COM.

THE PARTICIPANTS IN THE PROXY SOLICITATION ARE OAK STREET CAPITAL MASTER FUND, LTD., OAK STREET CAPITAL MANAGEMENT, LLC, DAVID MAKULA, PATRICK WALSH, DASH ACQUISITIONS LLC, JONATHAN DASH, SOUNDPOST CAPITAL, LP, SOUNDPOST CAPITAL OFFSHORE, LTD., SOUNDPOST ADVISORS, LLC, SOUNDPOST PARTNERS, LP, SOUNDPOST INVESTMENTS, LLC, JAIME LESTER, LYRICAL OPPORTUNITY PARTNERS II, L.P., LYRICAL OPPORTUNITY PARTNERS II,

LTD., LYRICAL OPPORTUNITY PARTNERS II GP, L.P., LYRICAL CORP III, LLC, LYRICAL PARTNERS, L.P., LYRICAL CORP I, LLC, JEFFREY KESWIN AND PATRICK H. ARBOR (COLLECTIVELY, THE "PARTICIPANTS").

THE PARTICIPANTS COLLECTIVELY OWN AN AGGREGATE OF 6,245,476 SHARES OF COMMON STOCK OF THE COMPANY.

This communication is not a solicitation of a proxy, which may be done only pursuant to a definitive proxy statement.

I have read and agree to the terms of this website

I disagree (You will not gain access to this website without agreeing to the above terms).

Use of this website and the information contained herein is subject to the restrictions and limitations described in Terms and Conditions. By accessing or retrieving information from this website, the user acknowledges and agrees to be bound by the terms specified in Terms and Conditions.

The Committee to Enhance Denny's

The Committee to Enhance Denny's, headed by Oak Street Capital Management, LLC and Dash Acquisitions LLC, owns approximately 6.3% of the outstanding shares of Denny's Corporation. We are seeking your support to elect our three highly qualified director nominees – Patrick Arbor, Jonathan Dash and David Makula – to the Denny's board of directors at the 2010 Annual Meeting of Shareholders to be held on May 19, 2010. We created this website to serve as a forum to share our concerns regarding Denny's and to present our nominees' plans to create value for all shareholders.

Our concerns include, but are not limited to, the following:

- o Failure to grow system-wide restaurants
- o Ceding the #1 market position to International House of Pancakes
- o Unacceptable declines in key operating trends such as guest traffic
- o Inappropriately high general and administrative expenses
- o Expensive and ineffective marketing strategies
- o Imprudent capital allocation decisions
- o Lack of accountability for management at the board level
- o Marginalization of shareholders and franchisees, and
- o Extremely poor share price performance

Denny's is an iconic American brand and we believe shareholder value can be restored with the help of our highly qualified director nominees. If elected at the Annual Meeting, our nominees would seek to work with the other board members to address the concerns

outlined above and discussed in further detail in our proxy statement, which has been posted to this website.

We invite you to read the materials on this website to learn more about our campaign at Denny's and how you can help.

A MESSAGE FROM
THE COMMITTEE TO ENHANCE DENNY'S

VOTE YOUR GOLD PROXY CARD TODAY TO ELECT THE COMMITTEE'S THREE HIGHLY QUALIFIED
DIRECTOR NOMINEES

April 13, 2010

Dear Denny's Shareholder:

The Committee to Enhance Denny's, headed by Oak Street Capital Management, LLC and Dash Acquisitions LLC, owns approximately 6.3% of the outstanding shares of Denny's. We are seeking your support to elect our three highly qualified, independent director nominees to the Denny's board of directors at the Annual Meeting of Shareholders to be held on May 19, 2010. We are writing to share our concerns regarding Denny's and to outline our nominees' plans to create value for all shareholders.

Our proposed director nominees are Patrick Arbor, Jonathan Dash and David Makula – their bios can be found toward the end of this letter. They bring significant skills, experience, objectivity and judgment to the board and are committed to implementing a set of initiatives designed to increase long-term shareholder value. We are soliciting proxies to elect not only our three director nominees, but also the candidates who have been nominated by the Company other than Nelson J. Marchioli, Robert E. Marks and Debra Smithart-Oglesby. We believe it is critical to remove these long-tenured directors who we believe are most responsible for the current state of the Company. After reading this letter, you will have the information necessary to make an informed decision at the upcoming Annual Meeting and we are hopeful that you will understand why it is absolutely essential to elect our director nominees. We are counting on your support as each and every vote will matter as we seek to maximize value for all Denny's shareholders.

INCUMBENT BOARD HAS PRESIDED OVER THE DESTRUCTION OF SUBSTANTIAL SHAREHOLDER
VALUE

We believe Denny's current board and management team have implemented and must take responsibility for a strategic and capital allocation plan that has destroyed significant shareholder value. The Denny's board and management team have been given a sufficiently long period of time to implement their plans and create value for shareholders, and they have failed. As long-term shareholders are aware, Denny's share price has declined by 76.9% between the Company's emergence from bankruptcy in January 1998 and December 31, 2009, not accounting for the time value of money. Over the past five completed fiscal years alone, Denny's share price has plummeted by 51.3%, an unacceptable outcome. While we acknowledge the market volatility associated with last year's global economic decline, we believe Denny's historically poor share price performance demonstrates the board's and management's inability to maximize shareholder value. If shareholders continue to accept the status quo, we are concerned that Denny's future will look very much like its past. These abysmal results cannot be allowed to continue.

Price Performance Comparison

DENNY'S SHARE PRICE HAS INCREASED SIGNIFICANTLY SINCE WE FILED OUR INITIAL SCHEDULE 13D

Since disclosing our Denny's position in our initial Schedule 13D filed on January 21, 2010, the share price has appreciated by approximately 70%¹. This share price performance has been achieved in a period during which the Company reported continued deterioration in key operating metrics such as comparable store guest traffic. We believe the recent share price performance is reflective of a market view that change is needed at Denny's. Nevertheless, we believe the current market value fails to reflect Denny's full potential, a potential that can be realized with changes to the board of directors.

Our shareholder group is financially and constitutionally committed to improving the future direction of Denny's. We have no interest in lingering on the sidelines while the board and management team attempt to figure out an effective strategic plan. Management's track record spans both good and bad economic times, and the operating results of Denny's closest competitors only serve to highlight management's shortcomings.

Our concerns with the current Denny's board and management can be summarized as follows:

- Failure to grow system-wide restaurants
- Ceding the #1 market position to International House of Pancakes ("IHOP")
 - Unacceptable declines in key operating trends such as guest traffic
 - Inappropriately high general and administrative expenses
 - Expensive and ineffective marketing strategies
 - Imprudent capital allocation decisions
 - Lack of accountability for management at the board level
 - Marginalization of shareholders and franchisees, and
 - Extremely poor share price performance

¹ Based on closing price of \$2.30 per share on January 21, 2010 and closing price of \$3.89 per share on April 9, 2010.