

MEDIFAST INC
Form SC 13D/A
April 07, 2015

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

SCHEDULE 13D
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO § 240.13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO
§ 240.13d-2(a)

(Amendment No. 2)1

Medifast, Inc.

(Name of Issuer)

Common Stock, \$0.001 par value per share
(Title of Class of Securities)

58470H101

(CUSIP Number)

GLENN W. WELLING
ENGAGED CAPITAL, LLC
610 Newport Center Drive, Suite 250
Newport Beach, California 92660
(949) 734-7900

STEVE WOLOSKY, ESQ.
OLSHAN FROME WOLOSKY LLP
Park Avenue Tower
65 East 55th Street
New York, New York 10022
(212) 451-2300

(Name, Address and Telephone Number of Person

Authorized to Receive Notices and Communications)

April 3, 2015

(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box " .

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See § 240.13d-7 for other parties to whom copies are to be sent.

1 The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP NO. 58470H101

1 NAME OF REPORTING PERSON

Engaged Capital Master Feeder I, LP

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

CAYMAN ISLANDS

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		267,791
	8	SHARED VOTING POWER
	9	- 0 - SOLE DISPOSITIVE POWER
	10	267,791 SHARED DISPOSITIVE POWER

- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

267,791*

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

2.2%

14 TYPE OF REPORTING PERSON

PN

* Includes an aggregate of 53,250 Shares underlying call options exercisable within 60 days hereof.

CUSIP NO. 58470H101

1 NAME OF REPORTING PERSON

Engaged Capital Master Feeder II, LP

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

CAYMAN ISLANDS

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		450,879
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		450,879
	10	SHARED DISPOSITIVE POWER
		- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

450,879*

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

3.7%

14 TYPE OF REPORTING PERSON

PN

* Includes an aggregate of 46,750 Shares underlying call options exercisable within 60 days hereof.

CUSIP NO. 58470H101

1 NAME OF REPORTING PERSON

Engaged Capital I, LP

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		267,791
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		267,791
	10	SHARED DISPOSITIVE POWER
		- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

267,791*

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

2.2%

14 TYPE OF REPORTING PERSON

PN

* Includes an aggregate of 53,250 Shares underlying call options exercisable within 60 days hereof.

CUSIP NO. 58470H101

1 NAME OF REPORTING PERSON

Engaged Capital I Offshore, Ltd.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

CAYMAN ISLANDS

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		267,791
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		267,791
	10	SHARED DISPOSITIVE POWER
		- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

267,791*

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

2.2%

14 TYPE OF REPORTING PERSON

CO

* Includes an aggregate of 53,250 Shares underlying call options exercisable within 60 days hereof.

CUSIP NO. 58470H101

1 NAME OF REPORTING PERSON

Engaged Capital II, LP

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A (a)
GROUP (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF	7	SOLE VOTING POWER
SHARES		
BENEFICIALLY		450,879
OWNED BY	8	SHARED VOTING POWER
EACH		
REPORTING		- 0 -
PERSON WITH	9	SOLE DISPOSITIVE POWER
	10	450,879
		SHARED DISPOSITIVE POWER

- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

450,879*

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11)
EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

3.7%

14 TYPE OF REPORTING PERSON

PN

* Includes an aggregate of 46,750 Shares underlying call options exercisable within 60 days hereof.

CUSIP NO. 58470H101

1 NAME OF REPORTING PERSON

Engaged Capital II Offshore Ltd.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

CAYMAN ISLANDS

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		450,879
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		450,879
	10	SHARED DISPOSITIVE POWER
		- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

450,879*

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

3.7%

14 TYPE OF REPORTING PERSON

CO

* Includes an aggregate of 46,750 Shares underlying call options exercisable within 60 days hereof.

CUSIP NO. 58470H101

1 NAME OF REPORTING PERSON

Engaged Capital, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		718,670
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		718,670
	10	SHARED DISPOSITIVE POWER
		- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

718,670*

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.9%

14 TYPE OF REPORTING PERSON

OO

* Includes an aggregate of 100,000 Shares underlying call options exercisable within 60 days hereof.

CUSIP NO. 58470H101

1 NAME OF REPORTING PERSON

Engaged Capital Holdings, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A (a)
GROUP (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF	7	SOLE VOTING POWER
SHARES		
BENEFICIALLY		718,670
OWNED BY	8	SHARED VOTING POWER
EACH		
REPORTING		- 0 -
PERSON WITH	9	SOLE DISPOSITIVE POWER
	10	718,670
		SHARED DISPOSITIVE POWER

- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

718,670*

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11)
EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.9%

14 TYPE OF REPORTING PERSON

OO

* Includes an aggregate of 100,000 Shares underlying call options exercisable within 60 days hereof.

CUSIP NO. 58470H101

1 NAME OF REPORTING PERSON

Glenn W. Welling

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		718,670
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		718,670
	10	SHARED DISPOSITIVE POWER
		- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

718,670*

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.9%

14 TYPE OF REPORTING PERSON

IN

* Includes an aggregate of 100,000 Shares underlying call options exercisable within 60 days hereof.

CUSIP NO. 58470H101

The following constitutes Amendment No. 2 the Schedule 13D filed by the undersigned (“Amendment No. 2”). This Amendment No. 2 amends the Schedule 13D as specifically set forth herein.

Item 3. Source and Amount of Funds or Other Consideration.

Item 3 is hereby amended and restated to read as follows:

The Shares purchased by each of Engaged Capital Master I and Engaged Capital Master II were purchased with working capital (which may, at any given time, include margin loans made by brokerage firms in the ordinary course of business) in open market purchases, except as otherwise noted. The aggregate purchase price of the 214,541 Shares beneficially owned by Engaged Capital Master I is approximately \$5,854,331, including brokerage commissions. The aggregate purchase price of certain call options exercisable into 53,250 Shares beneficially owned by Engaged Capital Master I is approximately \$319,548, including brokerage commissions. The aggregate purchase price of the 404,129 Shares beneficially owned by Engaged Capital Master II is approximately \$11,238,618, including brokerage commissions. The aggregate purchase price of certain call options exercisable into 46,750 Shares beneficially owned by Engaged Capital Master II is approximately \$280,542, including brokerage commissions.

Item 4. Purpose of Transaction.

Item 4 is hereby amended to add the following:

On April 3, 2015, Engaged Capital and certain of its affiliates (“Engaged Capital”) entered into a Cooperation Agreement (the “Cooperation Agreement”) with the Issuer.

Under the terms of the Cooperation Agreement, the Issuer agreed to nominate the following persons for election to the Board of Directors of the Issuer (the “Board”) at the 2015 annual meeting of stockholders of the Issuer (the “2015 Annual Meeting”) and the 2016 annual meeting of stockholders of the Issuer (the “2016 Annual Meeting”): Jeff Brown; Kevin Byrnes; Charles Connolly; Jori Hartwig; Michael MacDonald; Carl Sassano; Glenn W. Welling; and two additional, independent directors to be agreed by the Issuer and Engaged Capital. Under the Cooperation Agreement, the Issuer and Engaged Capital will agree within thirty days of the date of the Cooperation Agreement on the two additional independent directors. One of the additional independent directors will be selected by Engaged Capital from a list of four candidates to be provided in good faith by the Issuer and the other additional independent director will be selected by the Issuer from a list of four candidates to be provided in good faith by Engaged Capital. If one or both of the selected candidates are not available to serve as a director as of the 2015 Annual Meeting, then such candidate or candidates will be appointed to the Board when he or she becomes available to serve.

The Issuer also agreed to (i) eliminate the classification of the Board and provide for the annual election of all directors to the Board commencing with the 2015 Annual Meeting and (ii) decrease the size of the Board from twelve directors to seven directors (subject to increase to nine directors when the additional independent directors have been elected or appointed).

Immediately following the 2015 Annual Meeting, Jeff Brown shall be appointed as the Lead Director of the Board. In addition, Jeff Brown will be appointed to the Executive and Audit Committees of the Board, Glenn W. Welling will be appointed to the Special Mergers & Acquisitions and Compensation Committees of the Board and Jori Hartwig will be appointed to the Nomination Committee of the Board.

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Pursuant to the Cooperation Agreement, Engaged Capital is subject to certain standstill restrictions during the period from the date of the Cooperation Agreement until the day that is three months following the date of the 2016 Annual Meeting, subject to limited exceptions (such period, the "Standstill Period"). During the Standstill Period, Engaged Capital is subject to customary standstill and voting obligations. Engaged Capital has agreed to vote all voting securities which it is entitled to vote in favor of all directors nominated by the Board and, to the extent that Institutional Shareholder Services (ISS) concurs, in accordance with the recommendation of the Board on other matters, except certain specified matters on which Engaged Capital may vote in its discretion.

The foregoing description of the Cooperation Agreement is qualified in its entirety by reference to the Cooperation Agreement, which is attached as Exhibit 99.1 hereto and is incorporated herein by reference.

Item 5. Interest in Securities of the Issuer.

Items 5(a) – (c) are hereby amended and restated to read as follows:

(a) The aggregate percentage of Shares reported owned by each person named herein is based upon 12,140,069 Shares outstanding as of March 9, 2015, which is the total number of Shares outstanding as reported in the Issuer's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 16, 2015.

As of the close of business on April 6, 2015, Engaged Capital Master I beneficially owned 267,791 Shares, including an aggregate of 53,250 Shares underlying certain call options exercisable within 60 days of the date hereof, constituting approximately 2.2% of the Shares outstanding. Each of Engaged Capital I and Engaged Capital Offshore, as feeder funds of Engaged Capital Master I, may be deemed to beneficially own the 267,791 Shares owned by Engaged Capital Master I, constituting approximately 2.2% of the Shares outstanding.

As of the close of business on April 6, 2015, Engaged Capital Master II beneficially owned 450,879 Shares, including an aggregate of 46,750 Shares underlying certain call options exercisable within 60 days of the date hereof, constituting approximately 3.7% of the Shares outstanding. Each of Engaged Capital II and Engaged Capital Offshore II, as feeder funds of Engaged Capital Master II, may be deemed to beneficially own the 450,879 Shares owned by Engaged Capital Master II, constituting approximately 3.7% of the Shares outstanding.

Engaged Capital, as the general partner and investment adviser of Engaged Capital Master I and Engaged Capital Master II, may be deemed to beneficially own the 718,670 Shares owned in the aggregate by Engaged Capital Master I and Engaged Capital Master II, constituting approximately 5.9% of the Shares outstanding. Engaged Holdings, as the managing member of Engaged Capital, may be deemed to beneficially own the 718,670 Shares owned in the aggregate by Engaged Capital Master I and Engaged Capital Master II, constituting approximately 5.9% of the Shares outstanding. Mr. Welling, as the managing member and CIO of Engaged Capital and sole member of Engaged Holdings, may be deemed to beneficially own the 718,670 Shares owned in the aggregate by Engaged Capital Master I and Engaged Capital Master II, constituting approximately 5.9% of the Shares outstanding.

CUSIP NO. 58470H101

(b) By virtue of their respective positions with Engaged Capital Master I, each of Engaged Capital I, Engaged Capital Offshore, Engaged Capital, Engaged Holdings and Mr. Welling may be deemed to have sole power to vote and dispose of the Shares reported owned by Engaged Capital Master I.

By virtue of their respective positions with Engaged Capital Master II, each of Engaged Capital II, Engaged Capital Offshore II, Engaged Capital, Engaged Holdings and Mr. Welling may be deemed to have sole power to vote and dispose of the Shares reported owned by Engaged Capital Master II.

Each Reporting Person, as a member of a “group” with the other Reporting Persons for the purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, may be deemed the beneficial owner of the Shares directly owned by the other Reporting Persons. Each Reporting Person disclaims beneficial ownership of such Shares except to the extent of his or its pecuniary interest therein.

(c) Schedule A annexed hereto lists all transactions in securities of the Issuer by the Reporting Persons during the past 60 days.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

Item 6 is hereby amended to add the following:

On April 3, 2015, Engaged Capital and the Issuer into the Cooperation Agreement defined and described in Item 4 above and attached as Exhibit 99.1 hereto.

On April 6, 2015, Engaged Capital, on behalf of certain of its affiliates, entered into a Purchase Trading Plan Agreement (the “Agreement”) with Mutual Securities, Inc. (“MSI”) for the purpose of establishing a trading plan to effect purchases of Shares of the Issuer in compliance with all applicable laws, including, without limitation, Section 10(b) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, including, but not limited to, Rule 10b5-1.

Shares purchased pursuant to the Agreement may only be purchased in accordance with trading requirements adopted by Engaged Capital, and there can be no assurance as to how many Shares, if any, will be purchased pursuant to the Agreement or at what price any such Shares will be purchased.

A copy of the Agreement is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

Item 7. Material to be Filed as Exhibits.

Item 7 is hereby amended to add the following exhibits:

- | | |
|------|---|
| 99.1 | Cooperation Agreement, dated April 3, 2015. |
| 99.2 | Purchase Trading Plan Agreement, dated April 6, 2015. |

CUSIP NO. 58470H101

SIGNATURES

After reasonable inquiry and to the best of his knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: April 7, 2015

Engaged Capital Master Feeder I, LP

By: Engaged Capital, LLC
General Partner

By: /s/ Glenn W. Welling
Name: Glenn W. Welling
Title: Founder and Chief Investment Officer

Engaged Capital Master Feeder II, LP

By: Engaged Capital, LLC
General Partner

By: /s/ Glenn W. Welling
Name: Glenn W. Welling
Title: Founder and Chief Investment Officer

Engaged Capital I, LP

By: Engaged Capital, LLC
General Partner

By: /s/ Glenn W. Welling
Name: Glenn W. Welling
Title: Founder and Chief Investment Officer

Engaged Capital I Offshore, Ltd.

By: /s/ Glenn W. Welling
Name: Glenn W. Welling
Title: Director

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Engaged Capital II, LP

By: Engaged Capital, LLC
General Partner

By: /s/ Glenn W. Welling
Name: Glenn W. Welling
Title: Founder and Chief Investment
Officer

Engaged Capital II Offshore Ltd.

By: /s/ Glenn W. Welling
Name: Glenn W. Welling
Title: Director

Engaged Capital, LLC

By: /s/ Glenn W. Welling
Name: Glenn W. Welling
Title: Founder and Chief Investment
Officer

Engaged Capital Holdings, LLC

By: /s/ Glenn W. Welling
Name: Glenn W. Welling
Title: Sole Member

/s/ Glenn W. Welling
Glenn W. Welling

CUSIP NO. 58470H101

SCHEDULE A

Transactions in Securities of the Issuer During the Past Sixty Days

Nature of the Transaction	Securities Purchased/(Sold)	Price Per Share(\$)	Date of Purchase / Sale
ENGAGED CAPITAL MASTER FEEDER I, LP			
Sale of Common Stock(1)	(46,900)	29.6600	04/06/2015
ENGAGED CAPITAL MASTER FEEDER II, LP			
Purchase of Common Stock	2,341	32.0000	02/13/2015
Purchase of Common Stock(2)	46,900	29.6600	04/06/2015

(1) Represents a cross trade from Engaged Capital Master I to Engaged Capital Master II.

(2) Represents a cross trade to Engaged Capital Master II from Engaged Capital Master I.