

Del Frisco's Restaurant Group, Inc.  
Form SC 13D/A  
February 04, 2019

**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. 1)<sup>1</sup>

Del Frisco's Restaurant Group, Inc.

(Name of Issuer)

Common Stock, \$0.001 par value per share

(Title of Class of Securities)

245077102

(CUSIP Number)

GLENN W. WELLING

ENGAGED CAPITAL, LLC

610 Newport Center Drive, Suite 250

Newport Beach, California 92660

(949) 734-7900

STEVE WOLOSKY

OLSHAN FROME WOLOSKY LLP

1325 Avenue of the Americas

New York, New York 10019

(212) 451-2300

(Name, Address and Telephone Number of Person

Authorized to Receive Notices and Communications)

February 1, 2019

(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. 245077102

1	NAME OF REPORTING PERSON
	Engaged Capital Flagship Master Fund, LP
2	CHECK THE APPROPRIATE BOX IF A MEMBER (a) OF A GROUP (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
7	NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH
	SOLE VOTING POWER
	3,052,324
8	SHARED VOTING POWER
	- 0 -
9	SOLE DISPOSITIVE POWER
	3,052,324
10	SHARED DISPOSITIVE POWER
	- 0 -

11 AGGREGATE AMOUNT  
BENEFICIALLY OWNED BY  
EACH REPORTING PERSON

3,052,324

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

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

9.16%

14 TYPE OF REPORTING  
PERSON

PN

CUSIP NO. 245077102

1	NAME OF REPORTING PERSON	
	Engaged Capital Flagship Fund, LP	
2	CHECK THE APPROPRIATE BOX IF A MEMBER (a) OF 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	
7	NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	SOLE VOTING POWER
		3,052,324
8		SHARED VOTING POWER
		- 0 -
9		SOLE DISPOSITIVE POWER
		3,052,324
10		SHARED DISPOSITIVE POWER
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13 PERCENT OF CLASS  
REPRESENTED BY  
AMOUNT IN ROW (11)

9.16%

14 TYPE OF REPORTING  
PERSON

PN

CUSIP NO. 245077102

1	NAME OF REPORTING PERSON
	Engaged Capital Flagship Fund, Ltd.
2	CHECK THE APPROPRIATE BOX IF A MEMBER (a) OF 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
7	CAYMAN ISLANDS
8	SOLE VOTING POWER
9	3,052,324
10	SHARED VOTING POWER
11	- 0 -
12	SOLE DISPOSITIVE POWER
13	3,052,324
14	SHARED DISPOSITIVE POWER

- 0 -

11 AGGREGATE AMOUNT  
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CERTAIN SHARES

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

9.16%

14 TYPE OF REPORTING  
PERSON

CO



CUSIP NO. 245077102

1	NAME OF REPORTING PERSON	
	Engaged Capital, LLC	
2	CHECK THE APPROPRIATE BOX IF A MEMBER <sup>(a)</sup> OF A GROUP <sup>(b)</sup>	
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
		3,328,000
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		3,328,000
	10	SHARED DISPOSITIVE POWER

- 0 -

11 AGGREGATE AMOUNT  
BENEFICIALLY OWNED BY  
EACH REPORTING PERSON

3,328,000

12 CHECK BOX IF  
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13 PERCENT OF CLASS  
REPRESENTED BY  
AMOUNT IN ROW (11)

9.99%

14 TYPE OF REPORTING  
PERSON

OO

CUSIP NO. 245077102

1	NAME OF REPORTING PERSON	
	Engaged Capital Holdings, LLC	
2	CHECK THE APPROPRIATE BOX IF A MEMBER (a) OF 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 SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		3,328,000
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		3,328,000
	10	SHARED DISPOSITIVE POWER

- 0 -

11 AGGREGATE AMOUNT  
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EACH REPORTING PERSON

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(11) EXCLUDES  
CERTAIN SHARES

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

9.99%

14 TYPE OF REPORTING  
PERSON

OO

CUSIP NO. 245077102

1	NAME OF REPORTING PERSON	
	Glenn W. Welling	
2	CHECK THE APPROPRIATE BOX IF A MEMBER (a) OF 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	
	USA	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		3,328,000
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		3,328,000
	10	SHARED DISPOSITIVE POWER

- 0 -

11 AGGREGATE AMOUNT  
BENEFICIALLY OWNED BY  
EACH REPORTING PERSON

3,328,000  
12 CHECK BOX IF  
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13 PERCENT OF CLASS  
REPRESENTED BY  
AMOUNT IN ROW (11)

9.99%  
14 TYPE OF REPORTING  
PERSON

IN

CUSIP NO. 245077102

The following constitutes Amendment No. 1 to the Schedule 13D filed by the undersigned (“Amendment No. 1”). This Amendment No. 1 amends the Schedule 13D as specifically set forth herein.

Item 4.

Purpose of Transaction.

Item 4 is hereby amended to add the following:

On February 1, 2019, Engaged Capital and certain of its affiliates (collectively, “Engaged”) entered into a Cooperation Agreement (the “Cooperation Agreement”) with the Issuer. Pursuant to the Cooperation Agreement, the Issuer increased the size of the Board of Directors (the “Board”) by one member and appointed Joseph E. Reece as a Class III director (with a term expiring at the Issuer’s 2021 annual meeting of stockholders). Mr. Reece was also appointed as Chairman of the Transaction Committee of the Board, with incumbent directors Pauline J. Brown and David B. Barr also serving as members of the committee. The Issuer agreed that, subject to Engaged maintaining a minimum ownership threshold, prior to the conclusion of the Issuer’s 2020 annual meeting of stockholders (the “2020 Annual Meeting”), (i) the size of the Board shall not exceed nine members and (ii) the Issuer shall not seek to change the class in which any director serves. The Issuer also agreed to terminate its stockholder rights plan.

Pursuant to the Cooperation Agreement, Engaged is subject to certain customary standstill restrictions from the date of the Cooperation Agreement until the first business day after the Issuer’s 2019 annual meeting of stockholders (the “Cooperation Period”). During the Cooperation Period, Engaged also agreed to vote its Shares (a) in favor of the slate of directors recommended by the Board, (b) against the election of any nominee for director not approved, recommended, and nominated by the Board, and (c) in accordance with the Board’s recommendations with respect to any other matter presented to stockholders of the Issuer; provided, however, that in the event that Institutional Shareholder Services Inc. (“ISS”) recommends otherwise with respect to any proposals (other than removal of directors), Engaged shall be permitted to vote in accordance with ISS’s recommendation; provided, further, that Engaged shall be permitted to vote in its sole discretion with respect to any publicly announced proposals relating to an Extraordinary Transaction (as defined in the Cooperation Agreement). During the Cooperation Period, Engaged also agreed not to acquire ownership of more than 15% of the outstanding Shares. Engaged and the Issuer further agreed to certain mutual non-disparagement provisions until the earliest to occur of (i) 30 days prior to the director nomination deadline for the 2020 Annual Meeting, (ii) the first business day after the Issuer publicly announces that it has consummated or entered into an agreement in respect of an Extraordinary Transaction, and (iii) the first business day after the Issuer announces the conclusion of its previously-announced strategic review process and that it has not and will not consummate or enter into an agreement in respect of an Extraordinary Transaction arising out of or relating to the strategic review process.

The foregoing description of the Cooperation Agreement does not purport to be complete and 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) and (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 33,321,795 Shares outstanding as of November 6, 2018, which is the total number of Shares outstanding as reported in the Issuer’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 9, 2018.

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As of the date hereof, Engaged Capital Flagship Master beneficially owned 3,052,324 Shares, constituting approximately 9.16% of the Shares outstanding. Each of Engaged Capital Fund and Engaged Capital Offshore, as feeder funds of Engaged Capital Flagship Master, may be deemed to beneficially own the 3,052,324 Shares owned by Engaged Capital Flagship Master, constituting approximately 9.16% of the Shares outstanding.

As of the date hereof, 275,676 Shares were held in the Engaged Capital Account, constituting less than 1% of the Shares outstanding.

Engaged Capital, as the general partner and investment adviser of Engaged Capital Flagship Master and the investment adviser of the Engaged Capital Account, may be deemed to beneficially own the 3,328,000 Shares owned in the aggregate by Engaged Capital Flagship Master and held in the Engaged Capital Account, constituting approximately 9.99% of the Shares outstanding. Engaged Holdings, as the managing member of Engaged Capital, may be deemed to beneficially own the 3,328,000 Shares owned in the aggregate by Engaged Capital Flagship Master and held in the Engaged Capital Account, constituting approximately 9.99% of the Shares outstanding. Mr. Welling, as the Founder and CIO of Engaged Capital and sole member of Engaged Holdings, may be deemed to beneficially own the 3,328,000 Shares owned in the aggregate by Engaged Capital Flagship Master and held in the Engaged Capital Account, constituting approximately 9.99% of the Shares outstanding.

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 (the “Exchange Act”), may be deemed the beneficial owner of the Shares directly owned by the other Reporting Persons. The filing of this Schedule 13D shall not be deemed an admission that the Reporting Persons are, for purposes of Section 13(d) of the Exchange Act, the beneficial owners of any securities of the Issuer he or it does not directly own. Each of the Reporting Persons specifically disclaims beneficial ownership of the securities reported herein that he or it does not directly own.

(c) Except as otherwise set forth herein, there have been no transactions in securities of the Issuer since the filing of the Schedule 13D. On December 20, 2018, Engaged Capital Flagship Master purchased a certain cash-settled total return swap referencing an aggregate of 328,000 notional Shares with a reference price of \$6.5992 per notional Share and maturity date of December 20, 2021.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.  
Item 6 is hereby amended to add the following:

On February 1, 2019, Engaged and the Issuer entered into the Cooperation Agreement as defined and described in Item 4 above and attached as Exhibit 99.1 hereto.

Engaged Capital Flagship Master has entered into a certain cash-settled total return swap agreement with Nomura Global Financial Products Inc. (“Nomura”) as the counterparty (the “Swap Agreement”). The swap with Nomura constitutes economic exposure to an aggregate of 328,000 notional Shares, representing less than 1% of the outstanding Shares, which has a maturity date of December 20, 2021 and a reference price of \$6.5992. The Swap Agreement provides Engaged Capital Flagship Master with economic results that are comparable to the economic results of ownership but do not provide it with the power to vote or direct the voting or dispose of or direct the disposition of the Shares that are the subject of the Swap Agreement (such shares, the “Subject Shares”). Taking into account the Subject Shares, Engaged Capital Flagship Master has economic exposure to an aggregate of 3,380,324 Shares, representing approximately 10.14% of the outstanding Shares. The Reporting Persons disclaim beneficial ownership of the Subject Shares.



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The Reporting Persons collectively have economic exposure to an aggregate of 3,656,000 Shares, representing approximately 10.97% of the outstanding Shares.

Item 7.

Material to be Filed as Exhibits.

Item 7 is hereby amended to add the following exhibit:

99.1

Cooperation Agreement, dated February 1, 2019.

CUSIP NO. 245077102

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: February 4, 2019

Engaged Capital Flagship Master Fund, LP

By: Engaged Capital, LLC  
General Partner

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

Engaged Capital Flagship Fund, LP

By: Engaged Capital, LLC  
General Partner

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

Engaged Capital Flagship  
Fund, 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