

DUANE READE INC
Form SC 13D/A
February 04, 2004

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

SCHEDULE 13D/A
Under the Securities Exchange Act of 1934

DUANE READE INC.
(Name of Issuer)

Common Stock
(Title of Class of Securities)

263578106
(CUSIP Number)

Michael Manley
Copper Arch Capital, LLC
565 Fifth Avenue, 11th Floor
New York, New York 10017
(212) 697-2756
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

February 2, 2004
(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/A, 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(b) for other parties to whom copies are to be sent.

*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. 263578106

(1) Name of Reporting Person

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S.S. or I.R.S. Identification Nos. of Above Person
Copper Arch Capital, LLC
I.R.S. Identification No. 13-3984303

(2) Check the Appropriate Box if a Member of Group (See Instructions)

- (a) 1
- (b) 0

(3) SEC Use Only

(4) Sources of Funds (See Instructions) OO

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).?

(6) Citizenship or Place of Organization Delaware

Number of (7) Sole Voting Power None

Shares

Beneficially (8) Shared Voting Power 1,876,000*

Owned by Each (9) Sole Dispositive Power None

Reporting Person (10) Shared Dispositive Power 1,876,000*

With

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 1,876,000*

(12) Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ?

(13) Percent of Class Represented by Amount in Row (11) 7.80%

(14) Type of Reporting Person (See Instructions) CO

*Copper Arch Capital, LLC ("Copper Arch") is a registered investment adviser which serves as investment adviser to Copper Arch Fund, LP ("Copper Arch Fund"), Copper Fund Offshore Portfolio, Ltd. ("Copper Arch Fund Offshore"), and Copper Spire Fund Plc ("Copper Spire"). As investment adviser, Copper Arch has the shared power to vote or direct the vote and to dispose or direct the disposition of all 1,876,000 shares of Common Stock owned by Copper Arch Fund, Copper Arch Fund Offshore and Copper Spire. Copper Arch disclaims beneficial ownership of the shares of Common Stock referred to in this Statement, and the filing of this Statement shall not be construed as an admission that Copper Arch is, for the purposes of Section 13(d) or 13(g) of the Act, the beneficial owner of any shares of Common Stock covered by this Statement.

CUSIP No. 263578106

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- (1) Name of Reporting Person
Copper Arch Partners, LLC
- (2) Check the Appropriate Box if a Member of Group (See Instructions)
(a) 1
(b) 0
- (3) SEC Use Only
- (4) Sources of Funds (See Instructions) OO
- (5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).?
- (6) Citizenship or Place of Organization Delaware

Number of (7) Sole Voting Power None
Shares

Beneficially (8) Shared Voting Power 673,400*

Owned by Each (9) Sole Dispositive Power None

Reporting Person (10) Shared Dispositive Power 673,400*

With

- (11) Aggregate Amount Beneficially Owned by Each Reporting Person 673,400*
- (12) Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ?
- (13) Percent of Class Represented by Amount in Row (11) 2.80%
- (14) Type of Reporting Person (See Instructions) CO

*Copper Arch Partners, LLC ("Copper Arch Partners") is the general partner of Copper Arch Fund. As general partner, Copper Arch Partners may be deemed to have the shared power to vote or direct the vote and to dispose or direct the disposition of 673,400 shares of Common Stock owned by Copper Arch Fund. Copper Arch Partners disclaims beneficial ownership of the shares of Common Stock referred to in this Statement, and the filing of this Statement shall not be construed as an admission that Copper Arch Partners is, for the purposes of Section 13(d) or 13(g) of the Act, the beneficial owner of any shares of Common Stock covered by this Statement.
CUSIP No. 263578106

- (1) Name of Reporting Person
Scott Sippelle

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(2) Check the Appropriate Box if a Member of Group (See Instructions)

- (a) 1
- (b) 0

(3) SEC Use Only

(4) Sources of Funds (See Instructions) 00

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).?

(6) Citizenship or Place of Organization _____

Number of (7) Sole Voting Power None

Shares

Beneficially (8) Shared Voting Power 1,876,000*

Owned by Each (9) Sole Dispositive Power None

Reporting Person (10) Shared Dispositive Power 1,876,000*

With

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 1,876,000*

(12) Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ?

(13) Percent of Class Represented by Amount in Row (11) 7.80%

(14) Type of Reporting Person (See Instructions) IN

*By virtue of his ownership interests, Scott Sipprelle may be deemed to have the shared power to vote or direct the vote and to dispose or direct the disposition of all 1,876,000 shares of Common Stock owned by Copper Arch Fund, Copper Arch Fund Offshore and Copper Spire. Scott Sipprelle disclaims beneficial ownership of the shares of Common Stock referred to in this Statement, and the filing of this Statement shall not be construed as an admission that he is, for the purposes of Section 13(d) or 13(g) of the Act, the beneficial owner of any shares of Common Stock covered by this Statement.

CUSIP No. 263578106

(1) Name of Reporting Person
Jonathan Jodka

(2) Check the Appropriate Box if a Member of Group (See

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Instructions)

- (a) 1
- (b) 0

(3) SEC Use Only

(4) Sources of Funds (See Instructions) 00

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).?

(6) Citizenship or Place of Organization _____

Number of (7) Sole Voting Power None

Shares

Beneficially (8) Shared Voting Power 1,876,000*

Owned by Each (9) Sole Dispositive Power None

Reporting Person (10) Shared Dispositive Power 1,876,000*

With

(11) Aggregate Amount Beneficially Owned by Each Reporting Person 1,876,000*

(12) Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ?

(13) Percent of Class Represented by Amount in Row (11) 7.80%

(14) Type of Reporting Person (See Instructions) IN

*By virtue of his ownership interests, Jonathan Jodka may be deemed to have the shared power to vote or direct the vote and to dispose or direct the disposition of all 1,876,000 shares of Common Stock owned by Copper Arch Fund, Copper Arch Fund Offshore and Copper Spire. Jonathan Jodka disclaims beneficial ownership of the shares of Common Stock referred to in this Statement, and the filing of this Statement shall not be construed as an admission that he is, for the purposes of Section 13(d) or 13(g) of the Act, the beneficial owner of any shares of Common Stock covered by this Statement.

CUSIP No. 263578106

(1) Name of Reporting Person
Copper Arch Fund, LP

(2) Check the Appropriate Box if a Member of Group (See Instructions)

- (a) 1
- (b) 0

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- (3) SEC Use Only
- (4) Sources of Funds (See Instructions) OO
- (5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).?
- (6) Citizenship or Place of Organization Delaware

Number of (7) Sole Voting Power None
Shares
Beneficially (8) Shared Voting Power 673,400
Owned by
Each (9) Sole Dispositive Power None
Reporting
Person (10) Shared Dispositive Power 673,400
With

- (11) Aggregate Amount Beneficially Owned by Each Reporting Person 673,400
- (12) Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ?
- (13) Percent of Class Represented by Amount in Row (11) 2.80%
- (14) Type of Reporting Person (See Instructions) PN

CUSIP No. 263578106

- (1) Name of Reporting Person
Copper Arch Fund Offshore Portfolio, Ltd.
- (2) Check the Appropriate Box if a Member of Group (See Instructions)
(a) 1
(b) 0
- (3) SEC Use Only
- (4) Sources of Funds (See Instructions) OO
- (5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).?
- (6) Citizenship or Place of Organization Cayman Islands

Number of (7) Sole Voting Power None

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Shares

Beneficially (8) Shared Voting Power 1,076,600

Owned by
Each (9) Sole Dispositive Power None

Reporting
Person (10) Shared Dispositive Power 1,076,600

With

(11) Aggregate Amount Beneficially Owned by Each Reporting
Person 1,076,600

(12) Check Box if the Aggregate Amount in Row (11) Excludes
Certain Shares (See Instructions) ?

(13) Percent of Class Represented by Amount in Row (11) 4.48%

(14) Type of Reporting Person (See Instructions) CO

CUSIP No. 263578106

(1) Name of Reporting Person
Copper Spire Fund Plc.

(2) Check the Appropriate Box if a Member of Group (See
Instructions)

(a) 1

(b) 0

(3) SEC Use Only

(4) Sources of Funds (See Instructions) 00

(5) Check if Disclosure of Legal Proceedings is Required
Pursuant to Items 2(d) or 2(e).?

(6) Citizenship or Place of Organization Ireland

Number of (7) Sole Voting Power None

Shares

Beneficially (8) Shared Voting Power 126,000

Owned by
Each (9) Sole Dispositive Power None

Reporting
Person (10) Shared Dispositive Power 126,000

With

(11) Aggregate Amount Beneficially Owned by Each Reporting

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Person 126,000

(12) Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ?

(13) Percent of Class Represented by Amount in Row (11) 0.52%

(14) Type of Reporting Person (See Instructions) CO

Item 1. Security and Issuer

(a) Security: Common Stock

(b) Name and Address of Issuer: Duane Reade Inc.
440 Ninth Avenue
NY, NY 10001

Item 2. Identity and Background

(a) Name of Persons Filing: Copper Arch Capital, LLC, Copper Arch Partners, LLC, Copper Arch Fund, LP, Copper Arch Fund Offshore Portfolio, Ltd., Copper Spire Fund Plc (each a "Reporting Person").

(b) Address of Principal Business Office or Residence: The address of the principal business office of each reporting person is 565 Fifth Ave., 11th Fl., NY, NY 10017.

(c) Copper Arch Capital, LLC is an investment adviser registered with Commission under the Investment Advisers Act of 1940. Copper Arch Fund, LP, Copper Arch Fund Offshore Portfolio, Ltd., Copper Spire Fund Plc are each investment funds to which Copper Arch Capital, LLC acts as investment adviser. Copper Arch Partners, LLC is the general partner of Copper Arch Fund, LP. Scott Sipprelle is the managing member of, and Jonathan Jodka is a member of, each of Copper Arch Capital, LLC and Copper Arch Partners, LLC.

(d) During the last five years, none of the Reporting Persons has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the last five years, none of the Reporting Persons was a party to a civil of judicial or administrative body of competent jurisdiction as a result of which any Reporting Person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, federal or state securities laws or finding any violation of such law.

(f) Each of Copper Arch Capital, LLC and Copper Arch Partners, LLC are Delaware limited liability companies. Copper Fund, LP is a Delaware limited partnership. Copper Arch Fund Offshore Portfolio, Ltd. is a Cayman Islands company. Copper Spire Fund Plc is an Irish corporation. Each of Scott Sipprelle and Jonathan Jodka are U.S. citizens.

Item 3. Source and Amount of Funds or Other Consideration

The shares held by each of Copper Arch Fund, LP, Copper Arch Fund Offshore Portfolio, Ltd. and Copper Spire Fund Plc were acquired for cash funded by (i) capital contributions to such Reporting Person and (ii) the proceeds of transactions with respect to prior investments held by such Reporting Person.

Item 4. Purpose of Transaction

Each of Copper Arch Fund, LP, Copper Arch Fund Offshore Portfolio, Ltd. and Copper Spire Fund Plc initially acquired the Common Stock beneficially owned by them for investment purposes. On December 23 2003, the Board of Directors of the Issuer

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announced a merger agreement with an affiliate of Oak Hill Capital Partners, L.P. (the "Purchaser") pursuant to which the Purchaser agreed to purchase the Common Stock of the Issuer at \$17.00 per share.

The Reporting Persons have concluded, based on all currently available information, that the proposed transaction has troubling conflicts of interest and that the consideration offered materially undervalues the company. The Reporting Persons continue to consider their options in respect of the merger agreement, including opposing the merger agreement.

The Reporting Persons intend to continue to evaluate their respective investment in Common Stock based on the Issuer's financial condition, results of operations and prospects as well as other then-existing or anticipated facts and circumstances, including general economic, market and other financial conditions. Accordingly, each Reporting Person reserves the right to change its plans and intentions with respect to its investment in securities of the Issuer at any time as it deems appropriate.

Item 5. Interest in Securities of the Issuer

Attached hereto as Schedule I is a list of the transactions by each of the Reporting Persons in Common Stock since November 12, 2003.

Each Reporting Person owns the aggregate number and percentage of the class of Common Stock set forth on the second part of the cover pages above. With respect to each Reporting Person, the number of shares of Common Stock with respect to which there is sole or shared power to vote or direct the vote or disposition thereof is also set forth on the second part of the cover pages above.

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

Except as described above, there are no contracts, arrangements, understandings or relationships (legal or otherwise) among the Reporting Persons or between such persons and any such other person with respect to any securities of the Issuer, including, but not limited to, transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees or profits, division or profits or loss, or the giving or withholding of proxies.

Item 7. Materials to be Filed as Exhibits

None.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

February 3, 2004

COPPER ARCH CAPITAL, LLC

/s/ Michael

Manley

By: Michael Manley

Title: Authorized

Signatory

COPPER ARCH PARTNERS,
LLC

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/s/ Michael
Manley
By: Michael Manley
Title: Authorized
Signatory

COPPER ARCH FUND, LP

/s/ Michael
Manley
By: Michael Manley
Title: Authorized
Signatory

COPPER ARCH FUND
OFFSHORE PORTFOLIO, LTD.

/s/ Michael
Manley
By: Michael Manley
Title: Authorized
Signatory

COPPER SPIRE FUND Plc

/s/ Michael
Manley
By: Michael Manley
Title: Authorized
Signatory

SCOTT SIPPRELLE

/s/ Scott
Sipprelle

JONATHAN JODKA

/s/ Jonathan
Jodka

Schedule I

All shares of Common Stock were acquired in a series of open market transactions affected with independent brokers.

Copper Arch Fund, LP

Trade

Date
Quantity
Price

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12/1/2003
99,000
14.04
12/1/2003
4,000
14.05
12/2/2003
6,600
14.12
12/3/2003
48,800
14.16
12/3/2003
5,900
14.22
12/3/2003
3,900
14.19
12/4/2003
3,900
13.97
12/4/2003
7,800
14.01
12/5/2003
5,900
14.11
12/5/2003
2,000
14.75
12/8/2003
7,800
14.65
12/9/2003
3,900
14.55
12/9/2003
9,800
14.39
12/10/2003
9,800
14.04
12/11/2003
7,000
14.01
12/23/2003
78,100
17.14
12/23/2003
78,100
17.03
12/23/2003
19,500
17.25
12/23/2003
9,800
17.29
12/23/2003
9,800
17.14
12/23/2003
9,800

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17.23
 1/5/2004
 18,700
 16.91
 1/5/2004
 18,600
 16.95
 1/7/2004
 18,700
 16.93
 1/7/2004
 18,600
 16.93
 1/8/2004
 18,800
 16.96
 2/2/2004
 74,300
 16.79
 2/2/2004
 100
 16.78
 2/3/2004
 18,600
 16.87
 2/3/2004
 55,800
 16.88

Copper Arch Fund Offshore Portfolio, Ltd.

Trade

Trade

Date

Quantity

Amount

Price

12/1/2003
 151,000
 2,120,040.00
 14.04
 12/1/2003
 6,000
 84,279.00
 14.05
 12/2/2003
 10,400
 146,808.48
 14.12

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12/3/2003
76,200
1,078,999.62
14.16
12/3/2003
9,100
129,393.81
14.22
12/3/2003
6,100
86,549.85
14.19
12/4/2003
6,100
85,186.50
13.97
12/4/2003
12,200
170,911.02
14.01
12/5/2003
9,100
128,439.22
14.11
12/5/2003
3,000
44,251.20
14.75
12/8/2003
12,200
178,687.30
14.65
12/9/2003
6,100
88,749.51
14.55
12/9/2003
15,200
218,788.80
14.39
12/10/2003
15,200
213,408.00
14.04
12/11/2003
11,000
154,081.40
14.01
12/23/2003
121,900
2,088,866.21
17.14
12/23/2003
121,900
2,076,066.71
17.03
12/23/2003
30,500
526,125.00
17.25
12/23/2003

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15,200
262,794.32
17.29
12/23/2003
15,200
260,497.60
17.14
12/23/2003
15,200
261,896.00
17.23
1/5/2004
31,300
529,392.55
16.91
1/5/2004
31,400
532,230.00
16.95
1/7/2004
31,300
529,855.79
16.93
1/7/2004
31,400
531,602.00
16.93
1/8/2004
31,200
529,152.00
16.96
2/2/2004
125,300
2,103,736.88
16.79
2/2/2004
300
5,032.50
16.78
2/3/2004
31,400
529,705.44
16.87
2/3/2004
94,200
1,590,190.20
16.88

Copper Spire Fund Plc

Trade

Date

Quantity

Price

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11/20/2003	5,100
	13.42
11/21/2003	25,000
	13.42
11/24/2003	20,000
	13.82
11/24/2003	10,000
	13.89
12/31/2003	24,000
	17.05
12/31/2003	20,000
	17.01
2/3/2004	21,900
	16.91

Page 1 of 18

10

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