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# Hedge fund Elliott offers to buy Riverbed, higher bid expected

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By Neha Alawadhi and [Soham Chatterjee](#)

(Reuters) - Activist hedge fund Elliott Management Corp offered to buy Riverbed Technology Inc for about \$3.08 billion in cash, a move analysts said was likely to trigger higher bids for the network equipment maker.

Riverbed shares rose as much as 14 percent to \$20.29 on Wednesday, above Elliott's offer price of \$19 per share.

Elliott, run by Paul Singer, is known for publicly agitating for a sale or a board shakeup in companies in which it invests, pushing stock prices higher.

"With Riverbed shares currently trading above the \$19 offer price, we believe it represents the first step in this 'game of high stakes poker', and that ultimately Elliott's activism will lead to higher shareholder value for investors," FBR Capital Markets analyst Daniel Ives wrote in a note.

Elliott has in the past pushed for a sale of technology companies such as Compuware Corp, BMC Software Inc, NetApp Inc, Novell Inc and Blue Coat Systems Inc.

Elliott affiliates said in November that Riverbed was significantly undervalued and should consider a strategic review.

Gabelli & Co analyst Hendi Susanto said the offer was below his valuation of \$25 per share for Riverbed, based on 14 times 2014 earnings.

The offer represents a 6 percent premium to Riverbed's Tuesday close, but is 26 percent higher than the stock's price before Elliott disclosed a total stake of 10.4 percent in the company in November.

The hedge fund said it could raise its offer if it was allowed access to Riverbed's books.

Elliott also has a "go shop" provision in its offer, allowing Riverbed's board to solicit competing bids.

"I don't think Riverbed's management currently wants to sell and this could push the deal higher in my opinion," FBN Securities analyst Shebly Seyrafi told Reuters.

Riverbed confirmed that it has received a proposal from Elliott and said its board would review the offer taking into account the company's current plan and growth initiatives.

Bloomberg reported in November that Riverbed was working with Goldman Sachs Group Inc on a potential sale.

Riverbed has attracted interest from a number of private equity firms, said a source familiar with the matter.

The company has been struggling with the integration of Opnet, a maker of software to manage traffic on networks that it acquired in 2012. Through the acquisition, Riverbed aimed to counter a slowdown in its main wide area network optimization business.

The rise in Riverbed shares since Elliott's November statement has factored in the possibility of a deal, Seyrafi said.

Analysts said potential bidders could be larger rivals such as Cisco Systems Inc, Juniper Networks Inc and F5 Networks Inc and enterprise software companies like International Business Machines Corp, Hewlett-Packard Co and Oracle Corp.

Riverbed shares were up 10 percent at \$19.61 in afternoon trading on the Nasdaq.

(Additional reporting by [Nicola Leske](#) in New York and Chandni Doulatramani in Bangalore; Editing by Kirti Pandey)

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