

Elliott makes bid for Riverbed Technology (Update)

January 8 2014

Elliott Management Corp. said Wednesday it has offered to buy computer networking equipment maker Riverbed Technology Inc. for \$19 per share.

The New York-based firm's bid represents a 6 percent premium to Riverbed's closing price Tuesday. Its offer puts the value of the company at nearly \$3.08 billion, based on its Riverbed's estimated 161.92 million shares outstanding.

Elliott is one of Riverbed's largest investors with 10.5 percent of its shares. It disclosed a large stake in the San Francisco company in November, saying that Riverbed's shares are undervalued. Riverbed subsequently adopted a shareholders rights plan, often known as a poison pill, to thwart potential hostile takeovers.

The hedge fund said Wednesday that its offer would allow Riverbed to solicit competing proposals, noting that numerous parties have expressed interest in buying the company.

Riverbed said in a statement that it is reviewing the offer and will respond in due course.

Riverbed reported in October that its third-quarter net income fell 85 percent due to one-time charges, and it has struggled recently with weaker demand for its products and trouble closing deals with federal agencies. According to Elliott Management, Riverbed has been impaired

by slowing growth in its core market and by significant investments in acquisitions to diversify its business.

The company's shares jumped nearly 10 percent, or \$1.73, to \$19.58 by late afternoon Wednesday after rising as high as \$20.29 earlier in the day following the bid announcement. That suggests some investors expect a higher offer.

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Citation: Elliott makes bid for Riverbed Technology (Update) (2014, January 8) retrieved 27 April 2024 from <https://phys.org/news/2014-01-elliott-riverbed-technology.html>

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