

Riverbed Technology, Inc. (RVBD) - 13D

Friday, November 08, 2013
8:34 AM (EST)

13D Filing

Filer/Purchaser	Date of Filing	Transactions in Past 60 Days			Total Holdings		
		Dates of Purchase/Sale	Shares Purchased/(Sold)	Share Price/Range	Shares	Average Price	% of TSO
Elliott Associates, LP	11/8/2013	09/04/13 - 11/07/13	2,740,586	\$13.84 - \$16.00	14,515,586	\$15.15*	9.00%

*Assumes the exercise of call options

Item 4 Summary	Elliott believes that the Company is significantly undervalued and has expressed this view to the Company's Board. The Company occupies a mission-critical position in thousands of networks, possesses extremely loyal customers who deeply value the Company's service and maintenance, and has a valuable and stable platform that is capable of producing significant profitability while generating revenue growth in its core and logically adjacent markets. It is Elliott's belief that the Company can build on these strengths and immediately increase stockholder value by implementing certain value-maximizing operational, capital structure and strategic review initiatives. Elliott believes that these initiatives will prudently, but significantly, provide a meaningful increase to the company's valuation. Elliott has detailed these observations to the Board of Directors of the Company and looks forward to a constructive dialogue.						
Composition of Holdings	Elliott reports beneficial ownership of 14,515,586 shares (9.00%), which is comprised of 7,015,586 shares of common stock and options to acquire 7,500,000 shares of common stock for an exercise price of \$4.00 prior to December 21, 2013. Elliott also entered into cash settled swap agreements with respect to 2,350,000 shares of common stock, representing economic exposure to an interest in approximately 1.5% of shares of common stock, bringing Elliott's total economic exposure to approximately 10.4% of the shares of common stock outstanding.						
13F Data and 13D History <small>(see more at 13DMonitor.com)</small>	13F Holdings (\$000):	\$5,196,326	# of 13D Filings:	49	# of Item 4 Actions Taken:	30	
	# of 13F Positions:	43	Average Return on 13D Filings:	24.01%	Average Return on Item 4 Actions:	15.70%	
	Average 13F Position:	\$120,845	Versus S&P 500:	17.86%	Versus S&P 500:	13.17%	
	Largest 13F Position:	\$1,107,058	Average 13D Holding Time (Months):	44.4	Average Item 4 Holding Time:	35.4	
Relative Size of Investment:	4.2% of the Filer's total 13F holdings; 181.5% of the size of its average investment; and 19.8% of the size of its largest investment.						
Noteworthy Activist History	Elliott filed a 13D on Blue Coat Systems Inc. on December 16, 2016, and on September 1, 2011, Elliott and the Company entered into a standstill agreement in order to facilitate the Company's discussions with, and sharing of confidential information with Elliott for the purpose of Elliott's evaluation of alternatives with respect to its investment in the Company, including a merger, business combination or other extraordinary transaction. On February 16, 2012, Blue Coat Systems was acquired by Thoma Bravo, LLC for \$25.81 per share.						
13D Commentary	Elliott is a multi-strategy fund so their activist endeavors are sometimes overlooked. However, they are a very successful and astute activist investor, particularly in the Technology sector. While they will do whatever they feel is necessary to enhance shareholder value, in the past they have made significant use of the strategy of offering to acquire their portfolio companies as the best catalyst to enhance shareholder value. But, unlike many other "activist" investors, Elliott has shown that they are willing to actually own their portfolio companies at the right price. In one of Riverbed's peer's, Blue Coat Systems, Elliott filed a 13D and later entered into a standstill agreement with the company while receiving access to Company confidential information. Elliott was interested in acquiring Blue Coat, but lost out to Thomas Bravo. I could see this being a similar situation. Elliott obviously likes this Company by the wording of their Item 4. Clearly they like all companies on which they make large 13D investments, but this is the first time they specifically complimented a company in their Item 4 disclosure - "The Issuer occupies a mission-critical position in thousands of networks, possesses extremely loyal customers who deeply value the Issuer's service and maintenance, and has a valuable and stable platform that is capable of producing significant profitability while generating revenue growth in its core and logically adjacent markets." Elliott also discusses "value maximizing operational, capital structure and Strategic review initiatives," but based on their history, I would focus on the strategic review initiatives. I would expect Elliott at some point to make an offer to acquire this Company or assist in the sale of the Company, just like they did with Compuware, BMC, Blue Coat, Endlogix, Epicor, Metrologic, MSCS, Novell, Packeteer and Shopko.						

Proxy Timeline

Last Annual Meeting: May 22, 2013

Next Annual Meeting: tbd

Shareholder Proposal Notification Deadlines: For proposals to be included in the Company's proxy statement at the 2014 Annual Meeting: December 10, 2013; For proposals not to be included in the Company's proxy statement (including director nominations): Between January 24, 2014 and February 23, 2014.

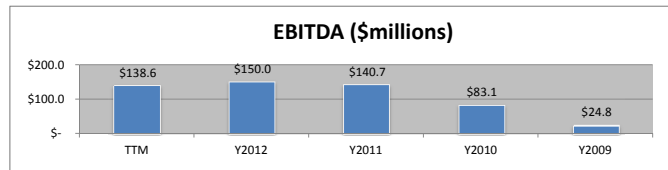
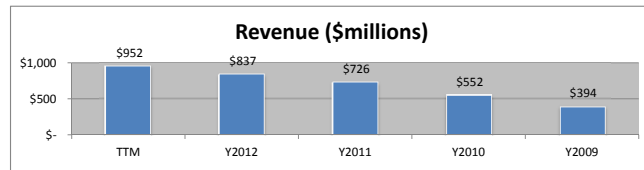
Business Overview

- Riverbed Technology, Inc. has developed solutions to the fundamental problems associated with information technology (IT) performance across wide area networks (WANs). Riverbed's family of performance products include solutions for branch offices, mobile workers, private data centers, private clouds and cloud computing. The Company's products include Steelhead products and Cascade product line. The Company's solution, the Riverbed Optimization System (RiOS), consists of hardware and software products that address the fundamental performance limitations of distributed computing environments. In July 2011, the Company acquired Zeus Technology Ltd. and Aptimize Limited. In December 2012, the Company acquired OPNET Technologies, Inc.
- State of Incorporation: DE; Principal Place of Business: San Francisco, California.

Material Factors

- Board Composition:** The Company has a nine person, three class, staggered Board with three directors up for election each year, each serving three year terms. The Board and executive officers own 4.6% of the outstanding common stock of the Company, 43.2% of which are subject to stock options.
- Voting Standard for Uncontested Elections:** Majority
- Shareholder Rights Plan:** None
- Top Ten Institutional Holders:** Fidelity Management & Research Company: 20,272,411 shares (12.34%); Elliott Associates, LP: 14,515,586 shares (9.00%); BlackRock Institutional Trust Company, N.A.: 9,025,086 shares (5.52%); The Vanguard Group, Inc.: 8,938,881 shares (5.44%); Manning & Napier Advisors, LLC: 8,705,001 shares (5.30%); Orbis Investment Management Ltd.: 7,486,479 shares (4.58%); Threadneedle Asset Management Ltd.: 5,918,672 shares (3.62%); Valinor Management, LLC: 4,835,155 shares (2.96%); Parnassus Investments: 4,826,775 shares (2.94%); and State Street Global Advisors (US): 4,405,026 shares (2.70%).
- Insider Transactions (Last 6 months):** Purchases (Transactions): None; Sales (Transactions): 881,394 shares (16); Net Shares Purchased: -881,394 shares.

Sales and EBITDA

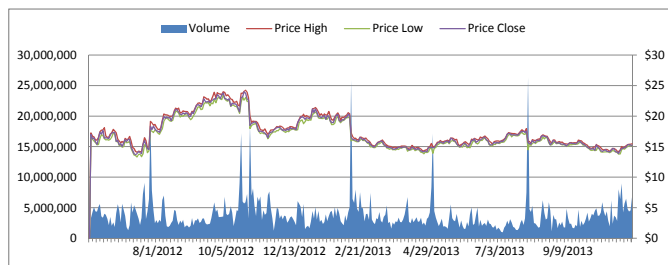


Summary Financial Information

Equity Market Cap	\$2.45B
Enterprise Value	\$2.55B
EBITDA (LTM Ending 06/30/2013)	\$138.56M
EV/EBITDA	18.43 x

Stock Price Performance

Stock Price	\$15.11
52 Week High (Date)	\$21.39 (01/04/13)
52 Week Low (Date)	\$13.77 (10/25/13)
Average Trading Volume	6,781,403
Average Trading Value	\$102,466,999



Stock Price @ 11-08-12	\$17.50	Stock Price @ 11-09-10	\$28.88	Stock Price @ 11-08-08	\$5.66
One Year Return	-13.66%	Three Year Return	-47.68%	Five Year Return	166.96%