

Tesla CEO Elon Musk offers to buy Twitter for \$43 billion

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Tesla and SpaceX CEO Elon Musk arrives on the red carpet for the Axel Springer media award in Berlin on Dec. 1, 2020. Musk is offering to buy Twitter, Thursday, April 14, 2022. He says the social media platform he has criticized for not living up to free speech principles needs to be transformed as a private company. Credit: Hannibal Hanschke/Pool Photo via AP, File

In just ten days, Tesla CEO Elon Musk has gone from popular Twitter contributor to the company's largest individual shareholder to a would-be owner of the social platform—a whirlwind of activity that could change the service dramatically given Musk's self-identification as a free speech absolutist.

Twitter revealed in a securities filing Thursday that the sometimes whimsical billionaire has offered to buy the company outright for more than \$43 billion, saying the social media platform "needs to be transformed as a private company" in order to build trust with its users.

"This is not a sort of way to make money," Musk said during an onstage interview at the TED 2022 conference Thursday. "Having a public platform that is maximally trusted and broadly inclusive is extremely important to the future of civilization."

Like other platforms, Twitter over the past several years has established restrictions on tweets that threaten violence, incite hatred, bully others and spread misinformation. Such rules played a key role in Twitter's decision to ban former President Donald Trump following the 2021 Capitol insurrection of Jan. 6. Musk detailed some specific potential changes Thursday—like favoring temporary rather than permanent bans—but has mostly described his aim in broad and abstract terms.

While Twitter's user base remains much smaller than those of rivals such as Facebook and TikTok, the service is popular with celebrities, world leaders, journalists and intellectuals. Musk himself has more than 81 million followers, rivaling pop stars such as Ariana Grande and Lady Gaga.

Twitter shares were changing hands at \$44.82 in afternoon trading, down slightly more than 2% and well below Musk's offer of \$54.20 per share. That's generally a sign that some investors doubt the deal will go through.

The stock is still down from its 52-week high of about \$73.

Musk called that price his best and final offer, although he provided no details on financing. The offer is non-binding and subject to financing and other conditions.

"I believe free speech is a societal imperative for a functioning democracy," Musk said in the filing. "I now realize the company will neither thrive nor serve this societal imperative in its current form. Twitter needs to be transformed as a private company."

Twitter said it will decide whether accepting the offer is in the best interests of shareholders.

Analyst Daniel Ives of Wedbush said in a client note that he believes "this soap opera will end with Musk owning Twitter after this aggressive hostile takeover of the company." He thinks it would be hard for any other bidders or consortium to come forward and said Twitter's board will likely be forced to accept Musk's offer or start a process to sell the company.



The login/sign up screen for a Twitter account is seen on a laptop computer Tuesday, April 27, 2021, in Orlando, Fla. Musk is offering to buy Twitter, Thursday, April 14, 2022. He says the social media platform he has criticized for not living up to free speech principles needs to be transformed as a private company. Credit: AP Photo/John Raoux, File

Musk revealed in regulatory filings over recent weeks that he'd been buying shares in almost daily batches starting Jan. 31, ending up with [a stake of about 9%](#). Only Vanguard Group's suite of mutual funds and ETFs controls more Twitter shares. A lawsuit filed Tuesday in New York federal court alleged that Musk illegally delayed disclosing his stake in the social media company so he could buy more shares at lower prices.

The U.S. Securities and Exchange Commission could punish Musk for hurting other investors by taking too long to disclose his buying up of

Twitter shares, but it's unlikely that it will do anything to stop a takeover, said Chester Spatt, a former SEC chief economist.

"This is going to play out reasonably quickly," said Spatt, now a finance professor at Carnegie Mellon University. The SEC, he said, "weighs in after the fact for the most part."

The billionaire has been a vocal critic of Twitter, mostly over his belief that it falls short on free speech principles. The social media platform has angered followers of Donald Trump and other far-right political figures who've had their accounts suspended for violating its content standards on violence, hate or harmful misinformation. Musk has described himself as a "free speech absolutist" but is also known for blocking other Twitter users who question or disagree with him.

After Musk announced his stake, Twitter quickly offered him a seat on its board on the condition that he not own more than 14.9% of the company's outstanding stock, according to a filing. But the company said five days later that he'd declined. The decision coincided with a barrage of now-deleted and not-always-serious tweets from Musk proposing major changes to the company, such as dropping ads—its chief source of revenue—and transforming its San Francisco headquarters into a homeless shelter.

The turnabout led CEO Parag Agrawal to warn employees earlier this week that "there will be distractions ahead" and to "tune out the noise and stay focused on the work."

Twitter hasn't done as well as its social media rivals and lost money last year. The company reported a net loss of \$221 million for 2021 largely tied to the settlement of a lawsuit by shareholders who said the company misled investors about how much its user base was growing and how much users interacted with its platform. Its co-founder Jack Dorsey

resigned as CEO in late November and was replaced by Agrawal.

Musk's more than 81 million Twitter followers make him one of [the most popular figures on the platform](#), rivaling pop stars like Ariana Grande and Lady Gaga. But his prolific tweeting has sometimes gotten him into trouble with the SEC and others.

Musk and Tesla in 2018 agreed to pay \$40 million in civil fines and for Musk to have his tweets approved by a corporate lawyer after he tweeted about having the money to take Tesla private at \$420 per share. That didn't happen, but the tweet caused Tesla's stock price to jump. Musk's latest trouble with the SEC could be his delay in notifying regulators of his growing stake in Twitter.

Both his 2018 comments about taking Tesla private at \$420 per share and his latest bid to take Twitter private at \$54.20 per share seemed to jokingly reference the number 420, a slang reference to marijuana.

"I guess he's free to name whatever price he wants," Spatt said. "One could argue he's trying to poke a finger at the SEC. It's hard to see what the commission could do about that. But I do think his violation of the 10-day disclosure requirement is a substantive thing."

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