

Reports: Musk's bid to buy and privatize Twitter heats up

April 25 2022, by Tom Krisher and Matt O'brien



Tesla and SpaceX CEO Elon Musk arrives on the red carpet for the Axel Springer media award in Berlin on Dec. 1, 2020. Musk says he has lined up \$46.5 billion in financing to buy Twitter, and he's trying to negotiate an agreement with the company. The Tesla CEO says in documents filed Thursday, April 21, 2022 with U.S. securities regulators that he's exploring a tender offer to buy all of the social media platform's common stock for \$54.20 per share in cash. Credit: Hannibal Hanschke/Pool Photo via AP, File

Elon Musk's bid to buy Twitter is gaining steam and could be announced as early as Monday, according to media reports about the social media company's late-stage negotiations with the Tesla CEO, who has offered more than \$40 billion to privatize the platform and pledged to be more lenient when it comes to policing users' speech.

Twitter and Musk spoke Sunday and into the early hours Monday, The New York Times reported, less than two weeks after the billionaire first revealed a 9 percent stake in the platform that he uses to promote his interests, attack critics and opine on social and [economic issues](#) to his more than 83 million followers.

Musk said last week that he had lined up \$46.5 billion in financing to buy Twitter, putting pressure on the company's board to negotiate a deal. Musk hasn't commented on the negotiations but on Monday waded into the buzz about them on Twitter, where some users are promising to quit the platform if he takes over.

"I hope that even my worst critics remain on Twitter, because that is what free speech means," he tweeted.

Musk has described himself as a "free-speech absolutist" but is also known for blocking or disparaging other Twitter users who question or disagree with him.

In recent weeks, he has voiced a number of proposed changes for the company, from relaxing its content restrictions—such as the rules that suspended former President Donald Trump's account—to ridding the platform of fake and automated accounts, and shifting away from its advertising-based revenue model.

Twitter's board has flexibility in judging Musk's proposal not just on the finances but also the specifics of his business plan and how it could

affect users, advertisers and employees—some of whom might leave, said Kevin Kaiser, a finance professor at the Wharton School at the University of Pennsylvania.

"What's critical for the board is whether they think it's in the best interest of the company," Kaiser said. "That can come from many, many factors."

Kaiser said the board could decide that Musk's plan has "[too many negative impacts](#)," but that would be a hard case to make given how much Musk is offering to pay.

Asked during a recent TED talk if there are any limits to his notion of "free speech," Musk said Twitter or any forum is "obviously bound by the laws of the country that it operates in. So obviously there are some limitations on [free speech](#) in the US, and, of course, Twitter would have to abide by those rules."

Beyond that, though, he said he'd be "very reluctant" to delete things and in general be cautious about permanent bans.

It won't be perfect, Musk added, "but I think we want it to really have the perception and reality that speech is as free as reasonably possible."

Twitter had initially enacted an anti-takeover measure known as a poison pill that could make a takeover attempt prohibitively expensive. But the board decided to negotiate after Musk updated his proposal last week to show he had secured financing, according to The Wall Street Journal, which was first to report the negotiations were underway.

A rival bidder to Musk may not be stepping up any time soon, fearful of the byzantine task of moderating content on the platform, something that Musk has vowed to do less of.

"The Twitter Board could not find a white knight and with Musk's financing detailed the clock has essentially struck midnight for the board which is why negotiations have begun to get a deal done," said Dan Ives, who follows Twitter for Wedbush Securities.

The Times, citing people with knowledge of the situation who it did not identify, said the two sides were discussing details including a timeline and fees if an agreement was signed and then fell apart. The people said the situation was fluid and fast-moving.

While Twitter's user base of more than 200 million 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 is a prolific tweeter with a following that rivals several pop stars in the ranks of the most popular accounts.

Shares of Twitter Inc. rose 5% Monday to \$51.50 per share. On April 14, Musk announced an offer to buy the social media platform for \$54.20 per share, or about \$43 billion, but did not say at the time how he would finance the acquisition.

Last week, he said in documents filed with U.S. securities regulators that the money would come from Morgan Stanley and other banks, some of it secured by his huge stake in Tesla.

Twitter has not commented.

Musk is the world's wealthiest person, according to Forbes, with a nearly \$279 billion fortune. But much of his money is tied up in Tesla stock—he owns about 17% of the electric car company, according to FactSet, which is valued at more than \$1 trillion—and SpaceX, his privately held space company. It's unclear how much cash Musk has.

Musk began making his fortune in 1999 when he sold Zip2, an online mapping and business directory, to Compaq for \$307 million. He used his share to create what would become PayPal, an internet service that bypassed banks and allowed consumers to pay businesses directly. It was sold to eBay for \$1.5 billion in 2002.

That same year, Musk founded Space Exploration Technologies, or SpaceX, after finding that cost constraints were limiting NASA's interplanetary travel. The company eventually developed cost-effective reusable rockets.

In 2004, Musk was courted to invest in Tesla, then a startup trying to build an electric car. Eventually he became CEO and led the company to astronomical success as the world's most valuable automaker and largest seller of electric vehicles.

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Citation: Reports: Musk's bid to buy and privatize Twitter heats up (2022, April 25) retrieved 20 April 2024 from <https://techxplore.com/news/2022-04-musk-privatize-twitter.html>

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