

# Musk says he has financing to take Twitter buyout bid to investors

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Elon Musk has lined up enough financing to take his hostile Twitter takeover bid to shareholders, according to a securities filing.

Elon Musk has lined up \$46.5 billion in financing for a possible hostile takeover of Twitter and is "exploring" a direct tender offer to shareholders, according to a securities filing released Thursday.

Musk's filing pointed to a \$13 billion debt facility from a financing consortium led by Morgan Stanley, a separate \$12.5 billion margin loan from the same bank, as well as \$21 billion from Musk's personal fortune.

The Tesla chief, who has been rebuffed by the Twitter board, is "exploring whether to commence a tender offer... but has not determined whether to do so at this time," the filing said.

Still, shares of Twitter did not rise significantly, suggesting skepticism that a deal will happen.

The world's richest man on April 14 launched an unsolicited bid to buy Twitter for \$54.20 a share, saying the influential microblogging platform had fallen short of free-speech imperatives.

The following day, Twitter moved to defend itself against the \$43 billion takeover effort, announcing a "poison pill" plan that would make it harder for the billionaire to get a controlling stake in the social media company.

Despite Musk's great wealth, the question of financing had been seen as a potential stumbling block because much of Musk's holdings are in Tesla shares rather than cash.

Shares of Twitter fluctuated Thursday, finishing at \$47.08, up 0.8 percent but far below the \$54.20 price in Musk's offer. That suggests investors remain skeptical a deal will happen, said Eric Talley, a professor at Columbia Law School specializing in corporate law and mergers.

"I think a lot of people feel like either the board isn't going to start talking to Elon Musk, or that Elon Musk might just decide to chase a different rainbow the day after tomorrow, and this will all have been a

big fever dream," Talley told AFP.

## **Closer to deal?**

Analysts noted that Twitter's poison pill poses a big challenge to any effort not backed by the board.

The defense established by Twitter kicks in if an investor buys more than 15 percent in shares without the directors' agreement. Musk holds nine percent.

The maneuver makes it harder for a buyer to build too big of a stake without board approval, by triggering an option that allows other investors to buy more of a company's shares at a discount.

CFRA Research Angelo Zino said Musk's effort still faces significant hurdles in light of the Twitter board's opposition to his proposal and the poison pill mechanism.

"Despite the filing, we don't believe it puts Musk any closer towards reaching a deal," Zino said.

"We think Musk could look to increase his stake closer to 15 percent to put additional pressure on Twitter, but we think he will ultimately need to have constructive conversations with the board to be successful."

Musk's efforts have raised hopes about the commercial potential of Twitter, which has struggled to achieve profitable growth despite its influential spot in culture and politics.

But the polarizing Tesla CEO's campaign also has sparked concern among technology and free-speech experts who point to Musk's unpredictable statements and history of bullying critics, which contradict

his stated aims.

Under Parag Agrawal, who took over as Twitter CEO late last year, the company has made progress on new monetization features, such as subscription products, said a note from Truist Securities, adding that "short-term, Musk's involvement at this stage runs the risk of disrupting those efforts."

Talley noted that Musk thus far has not released a "creative revenue generation plan," adding that Musk may have such a document, "but he certainly hasn't unveiled it."

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