

Twitter shareholders meet amid Elon Musk's takeover drama

May 25 2022, by Barbara Ortutay



Tesla and SpaceX Chief Executive Officer Elon Musk speaks at the SATELLITE Conference and Exhibition in Washington, Monday, March 9, 2020. Twitter's regularly scheduled shareholder meeting Wednesday, May 25, 2022, won't include a vote on Musk's \$44 billion bid for the social platform. That vote will take place at a yet-undetermined date in the future. Credit: AP Photo/Susan Walsh, File

Twitter's regularly scheduled shareholder meeting Wednesday didn't include a vote on Tesla billionaire Elon Musk's \$44 billion bid for the social platform. That vote will take place at a yet-undetermined date in the future.

CEO Parag Agrawal said at the outset that executives won't be answering any questions surrounding the proposal. Even a question from a stockholder asking what will happen to his shares if someone buys Twitter and takes it private was shot down. (If this happens, the stockholder would be paid the agreed-upon purchase price for each share and the stock would be delisted).

Musk did not join the meeting, although he could have, being one of [Twitter's largest shareholders](#).

But the drama surrounding his offer—almost all of it created by Musk himself—threatened to spill over into Wednesday's proceedings. Shareholders raising proposals for a vote frequently invoked his name. One proposal, by the New York State Common Retirement Fund, called for a report on Twitter's policies and procedures around political contributions using corporate funds. It passed in a preliminary vote.

Two proposals brought by conservative-leaning groups failed to garner enough votes to pass. One called for an audit on the company's "impacts on civil rights and non-discrimination" and referred to "'anti-racism' programs that seek to establish 'racial/social equity'" as "themselves deeply racist." The other sought more disclosure on the company's lobbying activities.

Several proposals spoke to the deep existential conflict that's been playing out among Twitter's users, employees, shareholders and employees. While shareholders on one side lambasted the company for what they see as too-liberal politics and a bias against conservatives (for

which there is no reliable evidence), others said the company is failing to protect users from harassment, abuse and misinformation.

Musk's "free speech" edict—which he has indicated would govern the company if he takes over, without offering details—has only inflamed the conflict.

Musk had promised that taking over Twitter would enable him to rid the social media platform of its annoying "spam bots." But [he's been arguing](#), without presenting evidence, that there might be just too many of those automated accounts for the deal to move ahead.

The sharp turnaround by the world's richest man makes little sense except as a tactic to scuttle or renegotiate a deal that's becoming increasingly costly for him, experts said last week. The fact that the whole thing is playing out publicly—on Twitter, no less—only adds to the chaos that's been a constant in Musk's bid, even before he made it.

Earlier in May, the mercurial billionaire tweeted that the deal was "on hold" because he wanted to pinpoint the number of spam and fake accounts on the social media platform after claiming that Twitter's own estimate is too low.

Experts say Musk can't unilaterally place the deal on hold, although that hasn't stopped him from acting as though he can. If he walks away, he could be on the hook for a \$1 billion breakup fee. Alternatively, Twitter could sue Musk to force him to proceed with the deal, although experts think that's highly unlikely.

The uncertainty has weighed on Twitter's shares. Broader investor worries about the social media sector have dragged shares down this year. Then late Monday Snap, which runs the Snapchat app that features vanishing messages and video special effects, issued a dire profit

warning, saying that "the macroeconomic environment has deteriorated further and faster than anticipated" since just last month.

Social media companies are competing for the same pool of advertising money that is increasingly under threat from spiking inflation and also changes at Apple Inc. that can restrict the information social media platforms can collect on users, a big selling point for advertisers.

Shares of Snap Inc. plunged 43% Tuesday, though they recovered some of the loss Wednesday, climbing nearly 12% to \$14.31.

Shares of Twitter were up \$1.09, or 3%, at \$36.83 in early afternoon trading on Wednesday. Musk has agreed to pay \$54.20 per share.

At its own annual shareholder meeting Wednesday, Facebook's corporate parent, Meta Platforms, and its founding CEO Mark Zuckerberg faced heated criticism from shareholder.

The fusillade targeted Facebook algorithms, slipshod controls over misinformation and hateful content that unhappy shareholders contended have undermined democracy, provoked murder and mayhem and had a corrosive effect on children.

The discontent inspired a series of proposals seeking to require Meta to submit to more independent oversight of Facebook, Instagram and its other products while lessening the power of Zuckerberg, whose controlling stake in the company prompted one outraged shareholder to lambaste him as an "elitist oligarch" during the 70-minute meeting.

But none of the 12 proposals received more than 30% support, based on the preliminary results announced Wednesday. The lopsided outcome largely reflects the ironclad grip that Zuckerberg holds through his majority stake in a company that he famously started in a Harvard dorm

room nearly 20 years ago.

Zuckerberg. Meta's chairman as well as CEO, and the company's other eight directors on the board also received more than 90% backing to continue in their roles. The resounding support came just days after a [major New York pension fund](#) that owns Meta stock said it would vote against the directors in protest.

© 2022 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed without permission.

Citation: Twitter shareholders meet amid Elon Musk's takeover drama (2022, May 25) retrieved 10 April 2024 from

<https://techxplore.com/news/2022-05-twitter-shareholders-elon-musk-takeover.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--