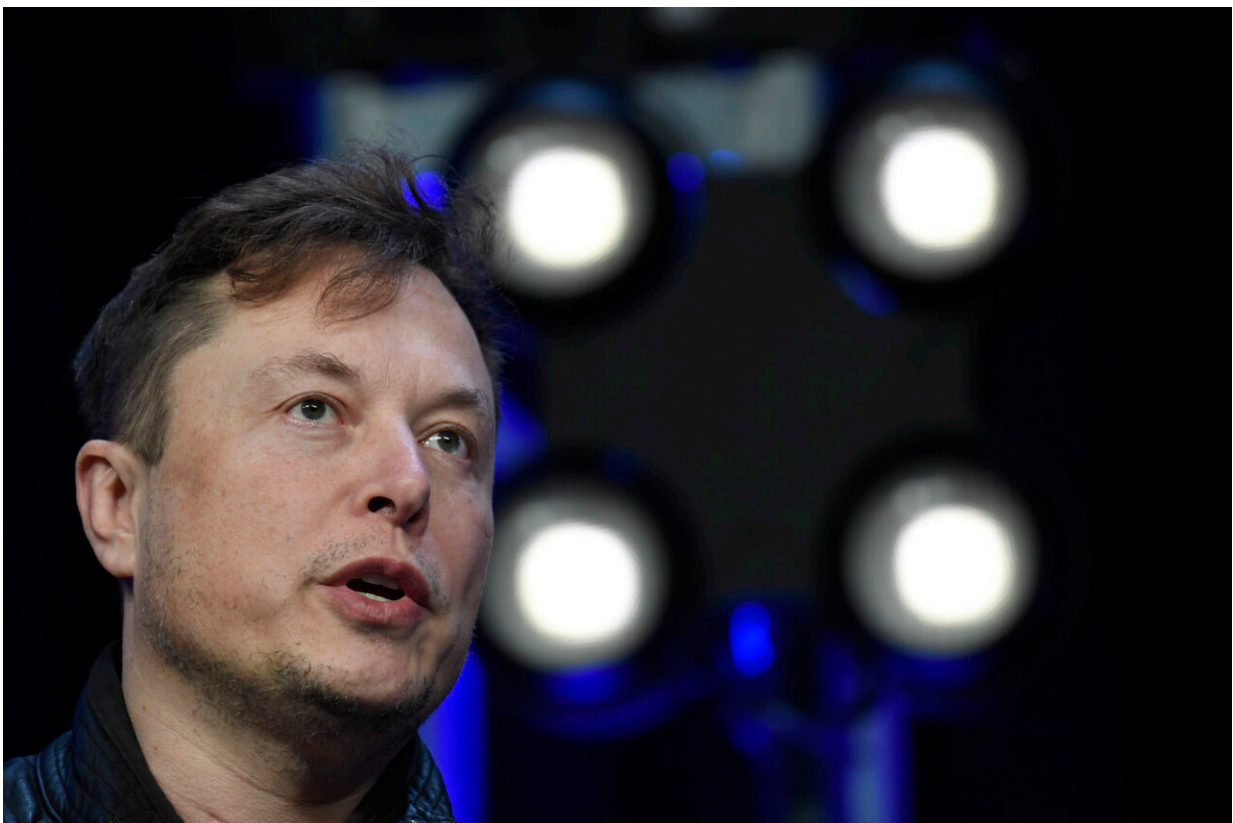


Elon Musk says he's terminating Twitter deal, board to fight

July 9 2022, By BARBARA ORTUTAY, TOM KRISHER and MATT O'BRIEN



Elon Musk speaks at the SATELLITE Conference and Exhibition March 9, 2020, in Washington. Musk will participate in a meeting with employees of Twitter on Thursday, June 16, 2022, as the billionaire and social media platform continue to try to push forward on their agreed-to \$44 billion acquisition. Twitter confirmed on Tuesday that the meeting will take place, but did not provide any other details about it. Credit: AP Photo/Susan Walsh, File

Elon Musk announced he will walk away from his tumultuous [\\$44 billion offer](#) to buy Twitter, leaving the deal on the verge of collapse. The Tesla CEO sent a letter to Twitter's board Friday saying he is terminating the acquisition.

But Twitter isn't accepting Musk's declaration. The chair of Twitter's board, Bret Taylor, tweeted in response that the board is "committed to closing the transaction on the price and terms agreed upon with Mr. Musk and plans to pursue legal action to enforce the merger agreement. We are confident we will prevail in the Delaware Court of Chancery."

Twitter could have pushed for a \$1 billion breakup fee that Musk agreed to pay under these circumstances. Instead, it looks ready to fight to complete the deal, which the company's board has approved and CEO Parag Agrawal has insisted he wants to consummate.

The possible unraveling of the deal is just the latest twist in a saga between the world's richest man and one of the most influential social media platforms. Much of the drama has played out on Twitter, with Musk—who has more than 100 million followers—lamenting that the company was failing to live up to its potential as a platform for [free speech](#).

On Friday, shares of Twitter fell 5% to \$36.81, well below the \$54.20 that Musk had offered to pay. Shares of Tesla, meanwhile, climbed 2.5% to \$752.29.

Musk lawyer Mike Ringler wrote in the letter to Twitter dated Friday that for nearly two months, Musk has sought data to judge the prevalence of "fake or spam" accounts on the social media platform.

"Twitter has failed or refused to provide this information. Sometimes Twitter has ignored Mr. Musk's requests, sometimes it has rejected them

for reasons that appear to be unjustified, and sometimes it has claimed to comply while giving Mr. Musk incomplete or unusable information," the letter said. It also said the information is fundamental to Twitter's business and [financial performance](#), and it's needed to finish the merger agreement.

"This is a disaster scenario for Twitter and its board," Wedbush analyst Dan Ives wrote Friday in a note to investors. He predicted a long court fight by Twitter to either restore the deal or get a \$1 billion breakup fee that was specified in the contract. "From the beginning this was always a head scratcher to go after Twitter at a \$44 billion price tag for Musk and never made much sense to the Street, now it ends (for now) in a Twilight Zone ending with Twitter's Board back against the wall and many on the Street scratching their head around what is next."



The Twitter application is seen on a digital device, April 25, 2022, in San Diego. Elon Musk's tumultuous \$44 billion bid to buy Twitter is on the verge of collapse, after the Tesla CEO sent a letter to Twitter's board, Friday, July 8, 2022, saying he is terminating the acquisition. Credit: AP Photo/Gregory Bull, File

On Thursday, Twitter [sought to shed more light](#) on how it counts spam accounts in a briefing with journalists and [company executives](#). Twitter said it removes 1 million spam accounts each day. the spam accounts represent well below 5% of its active user base each quarter. To calculate how many accounts are malicious spam, Twitter said it reviews "thousands of accounts" sampled at random, using both public and [private data](#) such as IP addresses, phone numbers, geolocation and how the account behaves when it is active, to determine whether an account is real.

Last month, Twitter offered Musk access to its "firehose" of raw data on hundreds of millions of daily tweets, according to multiple reports at the time, though neither the company nor Musk confirmed this. Private data, which isn't available publicly and thus not in the data "firehose" that was given to Musk, includes IP addresses, phone numbers and location. Twitter said such private data helps avoid misidentifying real accounts as spam.

Ringler also alleged that Twitter broke the agreement when it fired its revenue product leader and general manager of consumers, as well announcing the layoff of one-third of its talent acquisition team. The sale agreement, he wrote, required Twitter to "seek and obtain consent" if it deviated from conducting normal business. Twitter was required to "preserve substantially intact the material components of its current

business organization," the letter said.

Musk's flirtation with buying Twitter appeared to begin in late March. That's when Twitter has said he contacted members of its board—including co-founder Jack Dorsey—and told them he was buying up shares of the company and interested in either joining the board, taking Twitter private or starting a competitor. Then, on April 4, he revealed in a regulatory filing that he had become the company's largest shareholder after acquiring a 9% stake worth about \$3 billion.

At first, Twitter offered Musk a seat on its board. But six days later, Agrawal tweeted that Musk will not be joining the board after all. His bid to buy the company came together quickly after that.

Musk had agreed to buy Twitter for \$54.20 per share, inserting a "420" marijuana reference into his offer price. He sold roughly \$8.5 billion worth of shares in Tesla to help fund the purchase, then strengthened his commitments of more than \$7 billion from a diverse group of investors including Silicon Valley heavy hitters like Oracle co-founder Larry Ellison.

Inside Twitter, Musk's offer was met with confusion and falling morale, especially after Musk publicly criticized one of Twitter's top lawyers involved in content-moderation decisions.

As Twitter executives prepared for the deal to move forward, the company instituted a hiring freeze, halted discretionary spending and [fired two top managers](#). The San Francisco company has also been laying off staff, most recently part of its talent acquisition team.

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Citation: Elon Musk says he's terminating Twitter deal, board to fight (2022, July 9) retrieved 9 April 2024 from <https://techxplore.com/news/2022-07-elon-musk-terminating-twitter-board.html>

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