

Buffett Says "Musk Is Winning...It's America" As TWTR Board Ponders Poison Pill

Description

<u>Update (1700ET)</u>: The New York Times reports that, according to two people with knowledge of the situation, that Twitter's board is considering a defensive move known as a poison pill that would severely limit Elon Musk's ability to acquire the social media giant.

The directors are weighing whether to move ahead with the poison pill — formally called a shareholder rights plan — that would limit the ability of a single shareholder, like Mr. Musk, to acquire a critical mass of shares in the open market and force the company into a sale.

The poison pill defense is a common tactic used by companies that want to fend off unwelcome takeover offers. It essentially lets the company flood the market with new shares or allow existing shareholders other than the potential acquirer to buy shares at a discount.

This dilutes the bidder's stake and makes buying shares more expensive.

pic.twitter.com/y56zgP8Mto

— Jack Posobiec ?? (@JackPosobiec) April 14, 2022

Musk front-ran this non-news by dropping a Twitter poll that at last count had over 650,000 replies...



While most of the liberalati is against Elon, there is one figure who is a big supporter of the world's richest man and celebrates his success.

During an interview with television journalist Charlie Rose, who posted the interview on his <u>website</u> Thursday, none other than Warren Buffett.

"That shows what America produces. I mean, Elon, didn't—he's taking on General Motors, Ford, Toyota, all these people who've got all the stuff, and he's got an idea. And he's winning. That's America. You can't dream it up. It's astounding," Buffett said.



<u>Update (1545ET)</u>: We were wondering how long before Elon Musk responded to the outspoken Saudi prince Alwaleed bin Talal, perhaps best known for being held under hotel arrest 5 years ago until he pledged his allegiance to the new Saudi royal family and liquidating much if not all of his assets in the process. As a reminder, earlier today, the Saudi billionaire (or maybe millionaire, nobody really knows any more), tweeted that he doesn't "believe that the proposed offer by @elonmusk (\$54.20) comes close to the intrinsic value of @Twitter given its growth prospects. Being one of the largest & long-term

shareholders of Twitter, @Kingdom_KHC & I reject this offer."

I don't believe that the proposed offer by <u>@elonmusk</u> (\$54.20) comes close to the intrinsic value of <u>@Twitter</u> given its growth prospects.

Being one of the largest & long-term shareholders of Twitter, oken.com/KhC & I reject this offer.https://t.co/Jty05oJUTk pic.twitter.com/XpNHUAL6UX

— ?????? ?? ???? (@Alwaleed_Talal) April 14, 2022

That, as we noted earlier, was an odd thing to say, because whereas bin Talal was indeed a sizable holder in 2015, a quick look at the largest holders **did not reveal either bin Talal or Kingdom Holdings as a major shareholder.**

That was not lost on Musk who shortly after 3pm, decided to take his hostile feud with holdout shareholders – like bin Talal – direct to twitter itself, and roasted the Saudi with "just two question" – i) how much Twitter does bin Talal own currently and ii) a reference to Saudi Arabia's legendary "freedom of speech."

Interesting. Just two questions, if I may.

How much of Twitter does the Kingdom own, directly & indirectly?

What are the Kingdom's views on journalistic freedom of speech?

— Elon Musk (@elonmusk) April 14, 2022

And just like that, Elon demonstrates why the hostile war for twitter will be long and bloody – especially for humorless snowflake supporters of censorship – any why the world's richest man will most likely previewl in the end.

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<u>Update (1330ET):</u> The much anticipated discussion with Elon Musk at TED is underway and has sparked controversy – Surprise!

Musk started by pointing out that "having a public platform that is maximally trusted and broadly inclusive is extremely important to the future of civilization. I don't care about the economics at all."

Q: Why offer to buy Twitter? <u>@ elonmusk</u>: "Twitter has become kind of the de facto town square, so it's really important that people have both the reality and the perception that they're able to speak freely within the bounds of the law."

??? pic.twitter.com/xSFEYIhM5A

— Young Americans for Liberty (@YALiberty) April 14, 2022

He defines what he considers free speech: "Is someone you don't like allowed to say something you don't like? If that is the case then we have free speech."

.@elonmusk: "Is someone you don't like allowed to say something you don't like? If that is the case then we have free speech." pic.twitter.com/BI9zaNmzlb

— Townhall.com (@townhallcom) April 14, 2022

Twitter should be "very cautious" with permanent bans, he prefers "timeouts for questionable speech, rather than bans"

.@elonmusk Today During Ted2022 On Why He Is Offering to Buy Twitter

"My strong intuitive sense is that having a public platform that is maximally trusted & broadly inclusive is extremely important to the future of civilization."

"I don't care about the economics at all." pic.twitter.com/AxYsHEPY68

— The Columbia Bugle ?? (@ColumbiaBugle) April 14, 2022

While Musk said he "could technically afford it," he admitted he's "not sure he'll actually be able to acquire Twitter"

TWTR shares sank back into the red on the comments...



Interestingly, Musk noted otowards the end of the discussion that, if his offer is not accepted, he "has a Plan B" which is noteworthy as at the same time, The Wall Street Journal reports that management is planning a poison pill to limit Musk's stake.

"If in this case you are not successful, you know, the board does not accept your offer, you've said you won't go higher. Is there a plan B?"@elonmusk: "There is."

? pic.twitter.com/5pqL4r2OO3

— Townhall.com (@townhallcom) April 14, 2022

Uhm, someone should probably advise employees "poison pill" is not literal...

— zerohedge (@zerohedge) April 14, 2022

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<u>Update (1200ET)</u>: Having surged higher on Musk's initial bid, TWTR shares have now plunged back to earth and erased all the day's gains as investors either a) take profits on Musk-driven spikes, or b) dump the stock in anticipation of the board's rejection and the subsequent liquidation of Musk's holdings...

Saudi Prince Alwaleed just rejected the offer, via Twitter:

"I don't believe that the proposed offer by @elonmusk (\$54.20) comes close to the intrinsic value of @Twitter given its growth prospects. **Being one of the largest & long-term shareholders of Twitter @Kingdom_KHC & I reject this offer.**"

The Saudi Prince apparently owns 5.2% of TWTR (since 2015)...



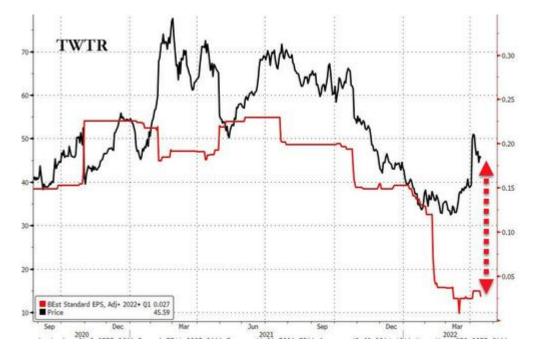
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Footer Tagline

...and just like that, the gains were gone...



We wonder exactly what the "intrinsic value" of TWTR is – according to Alwaleed above?



Of course, there is one winner if Musk's bid fails... "democracy."

As Glenn Greenwald so eloquently noted on Twitter:

"If the success of your political movement, your national ambitions, or your wars, depends upon the need to censor dissent and silence your adversaries, that's a pretty strong indication that you have zero confidence in the beliefs you want to

propagate, probably for good reason."

Because, he adds with perfect irony:

"Everyone knows that the evils that grew out of Weimar Germany happened when book burnings stopped and were replaced instead by a commitment to free speech and the free expression of ideas.

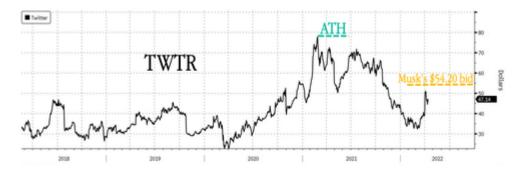
One more time: censorship was a weapon used by Nazis and all fascists, not free speech."

* * *

Update (1105ET): Reuters reports Twitter will hold an 'all-hands meeting' with employees at 1400 PST (or 1700 ET) to discuss Elon Musk's offer to purchase the social media platform.

*TWITTER WILL **HOLD AN ALL HANDS MEETING** WITH EMPLOYEES AT 2PM PACIFIC TO DISCUSS MUSK OFFER -SOURCE

Twitter shares are fading quickly after reaching as high as \$54 premarket.



Will Musk's bid satisfy Twitter management?

* * *

Update (1000ET): Twitter shares faded from premarket highs of \$54 per share to around the mid-point of the \$47 handle at the start of the US cash session. Some believe Elon Musk's offer is too low.

Here's what Wall Street analysts are saying about Musk's proposed takeover of the social media platform (courtesy of Bloomberg):

Piper Sandler (neutral; PT \$45)

*"We are in uncharted territory with this situation," but a counteroffer is unlikely

*The offer price "seems reasonable"

Vital Knowledge

*"It seems hard to imagine TWTR's board would accept a \$54.20/shr. bid given the stock was at \$70 less than a year ago"

*The money might be a problem, as much of Musk's wealth is tied up in Tesla and SpaceX; while he could partner with other Twitter holders on a bid, "he would struggle to get together enough money to bump the price much beyond \$54.20"

Bloomberg Intelligence

"Though there could be a competing bid, we believe any revised offer may not exceed \$50 billion, given Twitter's mid- to high-teens growth"

CFRA

*Downgrades Twitter to hold from buy

*"The offer price should be viewed as enticing to shareholders (near our \$55 target price) and will be difficult to reject"

*If the offer is rejected, Musk could walk away rather than raise his offer, "which would likely drive shares considerably lower"

Wedbush (neutral; PT \$42)

*"In our view, the deal does not get done at this level, and Twitter's Board will not view this offer, or Mr. Musk leading a change in the company as in the best interest of the company or shareholders"

Loup Ventures

*"Investors should welcome Musk first principles approach to running companies," as "he has a high capacity to try new things including direct monetization"

Oppenheimer

*Downgrades to perform from outperform, removes \$60 price target

*Twitter "should trade at a 20-30% discount to SNAP on '22E revenue which would represent TWTR shares between \$48-\$54 on our current estimates"

Meanwhile...

Well this is awkward: TWTR board hired Goldman to "advise" it that the <u>@elonmusk</u> \$54.20 offer is too low. Only problem: Goldman has a SELL rating with a \$30 price target. Oops. pic.twitter.com/ViQXnXBD3C

- zerohedge (@zerohedge) April 14, 2022

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Update (0925ET): Shortly after the news broke that Elon Musk offered to purchase 100% of Twitter for around \$43 billion with a bid of \$5**4.20**, Twitter acknowledged the offer. A few hours later, the social media company will hold a board meeting around 1000 ET to discuss the offer.

Ahead of the board meeting, here are the top shareholders that matter the most. The question is which way they will vote...



* * *

It's a worst-case scenario for the easily triggered snowflake employees at Twitter: Elon Musk has just

offered to buy the entire company. And even in doing so, he hasn't stopped trolling.

Elon Musk has made a bold move by offering to purchase 100% of Twitter for around \$43 billion with a bid of \$5**4.20**.

According to an updated 13D filing read that Musk offered "to acquire all of the outstanding Common Stock of the Issuer not owned by the Reporting Person for all cash consideration valuing the Common Stock at \$5**4.20** per share (which values the company around \$43 billion)," warning Twitter management this is his "high price" and "if the deal doesn't work," he would "reconsider my position as a shareholder."

pic.twitter.com/DmCsJYnO9I

— ForexLive (@ForexLive) April 14, 2022

Here is the letter Musk sent to Twitter's chairman disclosed in the 13D filing.

Bret Taylor

Chairman of the Board,

I invested in Twitter as I believe in its potential to be the platform for free speech around the globe, and I believe free speech is a societal imperative for a functioning democracy.

However, since making my investment 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.

As a result, I am offering to buy 100% of Twitter for \$54.20 per share in cash, a 54% premium over the day before I began investing in Twitter and a 38% premium over the day before my investment was publicly announced. My offer is my best and final offer and if it is not accepted, I would need to reconsider my position as a shareholder.

Twitter has extraordinary potential. I will unlock it.

-Elon Musk

Reminiscent of Musk's previous '420'-related faux pas, we do note that the boiler plate in the filing also raises the specter of whether this deal is 'funding secured'...

"The **Proposal is non-binding** and, once structured and agreed upon, **would be conditioned upon**, among other things, the (i) receipt of any required governmental approvals; (ii) confirmatory legal, business, regulatory, accounting and tax due diligence; (iii) the negotiation and execution of definitive agreements providing for the Proposed Transaction; and (iv) **completion of anticipated financing,**" the filing noted.

Here's a text Musk sent Twitter management:

"As I indicated this weekend, I believe that the company should be private to go through the changes that need to be made. After the past several days of thinking this over, I have decided I want to acquire the company and take it private. I am going to send you an offer letter tonight, it will be public in the morning. Are you available to chat?"

And the transcript of a voicemail:

Best and Final:

- a. I am not playing the back-and-forth game.
- b. I have moved straight to the end.
- c. It's a high price and your shareholders will love it.
- d. If the deal doesn't work, given that I don't have confidence in management nor do I believe I can drive the necessary change in the public market, I would need to reconsider my position as a shareholder.
 - i. This is not a threat, it's simply not a good investment without the changes that need to be made.
 - ii. And those changes won't happen without taking the company private.
- 2. My advisors and my team are available after you get the letter to answer any questions
 - a. There will be more detail in our public filings. After you receive the letter and review the public filings, your team can call my family office with any questions.

Shares in the social media platform soared as much as 18% on the news.



It's been a wild rollercoaster of events over the few weeks.

Elon Musk went from:

- 1. teasing changes to twitter over a poll
- 2. buying a 9.2% stake
- 3. accepting then declining a board seat
- 4. getting sued by twitter shareholders over delayed disclosure
- 5. offering to buy ALL of twitter

in just a few weeks. absolute rollercoaster

- litquidity (@litcapital) April 14, 2022

These investment management firms are missing out on the Musk gains; Melvin Capital dumped its position as of 12/31/21 filings.



Twitter has responded with a boiler platye confirmation that it has received the offer and will complete its due diligence; however, it remains to be seen if the company sells for \$5**4.20** per share in cash, considering share prices have traded at a higher premium.

Elon Musk's \$54.20 per share offer for Twitter Inc. is "too low" for shareholders or the board to accept, Vital Knowledge's Adam Crisafulli said in a report. Crisafulli adds that Twitter's shares was at about \$70 less than a year ago. – Bloomberg

Liberal elites are none too pleased – as we have detailed recently – and it didn't take long for them to be rushing out op-eds to drive the narrative...



We Can't Let Billionaires Control Major Communications Platforms

Elon Musk may not be sitting on Twitter's board, but he remains its largest shareholder—and that's bad news.

By Victor Pickard

TODAY 5:00 AM

Pickard appears to want to privatize the platform (for the safety of all?)...

Core communications systems like Twitter shouldn't be left to the whims of billionaires and profit-driven monopolies in the first place.

Until we radically democratize such platforms and treat them as the essential public

infrastructures they are – shared resources that shouldn't be governed by market forces alone – Musk, Trump, or some other petulant billionaire can come along and make them their playthings.

. . .

But if we allow the marketplace of ideas to be conflated with the capitalist market, **wealthy** white men like Musk will continue to have much louder voices—amplified by their tens of millions of Twitter followers, their obscene wealth, and their unquestioned fealty to market libertarianism.

We wonder how they would feel about the offer if the 'billionaire' in question was not from "the other side" or had a different skin color? **Does he not know that Musk is an African American?**

"noooo it's evil for musk to buy twitter" pic.twitter.com/UaS9Q7eNkb

- Kyle Kashuv (@KyleKashuv) April 14, 2022

Employees have said they are "super stressed" and "working together to help each other get through the week" – whatever the hell *that* means.

One Twitter employee told Bloomberg earlier in the week that they were concerned that Musk was "just getting started, which is unfortunate." Other employees described the situation as a "shit show".

Rumman Chowdhury, a director on Twitter's AI research team, said: "Musk's immediate chilling effect was something that bothered me significantly."

"Twitter has a beautiful culture of hilarious constructive criticism, and I saw that go silent because of his minions attacking employees," he continued.

Well the shit show has now officially entered into another phase. – though we're sure there has to be a couple of employees quietly happy with the gains being made in their investment accounts...

And now it's time for our daily live check in at the employees at Twitter HQ:

Lib: Don't like twitter censoring free speech?

Elon: No

Lib: Twitter is a private company

Elon: Yes

Lib: So make your own Twitter

Elon: No. I'll buy this one

Lib: YOU CANT DO THAT

Elon: Just did

Lib: PANIC *hyperventilates*

Elon: Twitter is now *my* private company

Lib: pic.twitter.com/2ZOhghMzvw

— Benny (@bennyjohnson) April 14, 2022

One final thought...

This is going to end with Elon Musk selling his entire stake on 4/20, isn't it?

— Alex Weprin (@alexweprin) April 14, 2022

by Tyler Durden

Category

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