



Twitter Board Folds – “Unanimously Approves” Musk Taking Firm Private For \$44 Billion

Description

Update (1445ET): With earnings right around the corner, and having seen the shares rally all day on leak after leak, Twitter shares were halted ‘news pending’ before new hit that billionaire Tesla CEO Elon Musk reaches deal to acquire Twitter for approximately \$44B.

“I can’t believe they just let a billionaire buy Twitter.”

-media person who works for a company owned by a billionaire

— Ben Carlson (@awealthofcs) [April 25, 2022](#)

Full Press Release:

Twitter, Inc. today announced that it has entered into a definitive agreement to be acquired by an entity wholly owned by Elon Musk, for \$54.20 per share in cash in a transaction valued at approximately \$44 billion. Upon completion of the transaction, Twitter will become a privately held company.

Under the terms of the agreement, Twitter stockholders will receive \$54.20 in cash for each share of Twitter common stock that they own upon closing of the proposed transaction.

The purchase price represents a 38% premium to Twitter’s closing stock price on April 1, 2022, which was the last trading day before Mr. Musk disclosed his approximately 9% stake in Twitter.

Bret Taylor, Twitter’s Independent Board Chair, said, “The Twitter Board conducted a thoughtful and comprehensive process to assess Elon’s proposal with a deliberate focus on value, certainty, and financing. The proposed transaction will deliver a substantial cash

premium, and we believe it is the best path forward for Twitter's stockholders."

Parag Agrawal, Twitter's CEO, said, "**Twitter has a purpose and relevance that impacts the entire world.** Deeply proud of our teams and inspired by the work that has never been more important."

"Free speech is the bedrock of a functioning democracy, and Twitter is the digital town square where matters vital to the future of humanity are debated," said Mr. Musk.

"I also want to make Twitter better than ever by enhancing the product with new features, **making the algorithms open source to increase trust, defeating the spam bots, and authenticating all humans.** Twitter has tremendous potential – I look forward to working with the company and the community of users to unlock it."

Transaction Terms and Financing

The transaction, which has been **unanimously approved by the Twitter Board of Directors, is expected to close in 2022**, subject to the approval of Twitter stockholders, the receipt of applicable regulatory approvals and the satisfaction of other customary closing conditions.

Mr. Musk has **secured \$25.5 billion of fully committed debt** and margin loan financing and is providing an **approximately \$21.0 billion equity commitment**. There are no financing conditions to the closing of the transaction.

For further information regarding all terms and conditions contained in the definitive transaction agreement, please see Twitter's Current Report on Form 8-K, which will be filed in connection with the transaction.

After the halt was lifted, TWTR shares traded up...



TSLA shares sold off...



Meanwhile over at Twitter HQ...

Live shot of Twitter HQ at this very moment pic.twitter.com/XceYVa0VLI

— Benny Johnson (@bennyjohnson) [April 25, 2022](#)

Nothing would surprise us less than if a load of ‘conservative’ Twitter accounts suddenly ‘disappeared in error’ as a soon-be-ex-employee hits the big red cancel button to save us all from the “danger to democracy” that free speech threatens.

Finally, [Paul Kedrosky had some insights to offer](#): I try to avoid overly commenting on news of the day, but a few people have asked me via email and text why Elon is buying Twitter. I just copy/paste these four semi-serious reasons:

- 1) He's a billionaire narcissist who wants to own a media company, which is a weird thing billionaire narcissists do
- 2) He's buying it because Jack told him it's buyable
- 3) For the same reason my dog tears eyebrows off stuffed animals: Because he can.
- 4) He's buying it because it's his main advertising channel, where he promotes Tesla. Given that he spends zero on ads, and GM spends \$4b/yr, buying Twitter is like 11 years of pulled forward marketing spend. Expect Hotmail style taglines — Try Tesla — on all Tweets in future.

Interestingly, [Fox News is reporting that Trump will not return to Twitter](#).

Someone is going to need a hug and a safe space...

TWITTER CEO TO ADDRESS EMPLOYEES AT 2PM PACIFIC TIME
pic.twitter.com/k4KGhEUNUA

— zerohedge (@zerohedge) [April 25, 2022](#)

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Update (0750ET): Here comes [Reuters](#) with the latest on the Musk-Twitter deal. Their three-sentence scooplet includes two notable details.

The first is that Musk and Twitter are indeed negotiating on the basis that his offer of \$54.20/share (which would value the company at \$43 billion).

The second is that the deal would preclude a “go-shop” provision (something we discussed below and for the first time earlier this month) allowing Twitter to solicit rival bids – although the company would still be allowed to take a rival offer if it pays the Musk group a break-up fee (agreements like these are pretty standard fare).

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Update (0725ET): As journalists race to out-scoop each other on the news of an imminent deal between Elon Musk and his backers (including Morgan Stanley) and the Twitter Board, the latest update via Bloomberg and CNBC claims talks are now in the “final stretch” and a deal could be sealed as early as today – assuming negotiations continue to go “smoothly”.

- TWITTER SAID ON TRACK TO REACH DEAL WITH MUSK AS SOON AS MONDAY

Amid the headlong rush to report a final deal, it's worth noting that Twitter shares have bucked the recent market selloff (largely thanks to rumors of Musk's interest), the timing of the board's apparent engagement with Elon is certainly interesting, considering the seemingly quickening pace of the recent broader market selloff.

On that note, Twitter shares have surged more than 6% during the premarket session on the news.



However, Tesla shares (Musk has pledged some of his as collateral in the deal) have tumbled.

- TESLA SHARES DROP 4% TO PREMARKET SESSION LOW

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Update (0530ET): After a long night of talks between the Twitter board and Musk and his team, it looks like the odds of a deal have improved somewhat – although we only have the imprecise language of financial journalists to guide us on the current status.

After news broke yesterday afternoon that Twitter had become “more receptive” to Musk’s offer, a long night of presumably intense talks has ensued, and according to the latest leaked news from inside the boardroom, **their talks have reached an “advanced” stage**, according to a report published by the NYT earlier this morning.

To be sure, nothing is set in stone, **but it appears the board is seriously considering Musk’s offer, and may yet agree to a deal, provided no higher bids emerge.**

Update from me and [@Mikelsaac](#)

Twitter and Elon are still negotiating — and talks are advanced.

But, as always, could still fall apart...<https://t.co/mYRGc4dqbJ>

— Lauren Hirsch (@LaurenSHirsch) [April 25, 2022](#)

Here's more from [the NYT](#):

Twitter is nearing a deal to sell itself to Elon Musk, two people with knowledge of the situation said, a move that would unite the world's richest man with the influential social networking service.

Twitter's board was negotiating with Mr. Musk into the early hours of Monday over his unsolicited bid to buy the company, after he began lining up \$46.5 billion in financing for the offer last week, said the people, who spoke on the condition of anonymity because they were not authorized to discuss confidential information. The two sides were discussing details including a timeline to close any potential deal and any fees that would be paid if an agreement were signed and then fell apart, they said.

The discussions followed a Twitter board meeting on Sunday morning to discuss Mr. Musk's offer, the people said. Obtaining commitments for the financing was a turning point for how the board viewed Mr. Musk's bid of \$54.20 a share, enabling the company's 11 board members to seriously consider his offer, the people said.

While [the NYT](#) caveats its report with the standard 'nothing here is final', they noted that the "highly improbable" deal (improbable according to who, as would ask?) has now become...well...much less "improbable".

An agreement is not yet final and may still apart, but what had initially seemed to be a highly improbable deal appeared to be nearing an endgame. The situation involving Twitter and Mr. Musk remains fluid and fast-moving, the people with knowledge of the situation said.

Unsurprisingly, the Twitter mob is already out in force, decrying the Twitter board's apostasy and the havoc it might unleash.

Trump will likely return to Twitter and many of the moderation policies that have helped control bots and the spread of misinformation will likely be abandoned if Elon Musk takes control of the social media giant.

— Benjamin Ryan (@benryanwriter) [April 25, 2022](#)

Elon Musk takes over and turns Twitter into his extremist version of “free speech” and I’m otta here!!!

— Woodsie 83 (@83Woodsie) [April 25, 2022](#)

To be fair, we think this last one might be trolling.

If Elon Musk is allowed to buy, and thus ruin for the rest of us, Twitter, which platform will you go to instead? If not listed, what’s your choice?

— ?????Yennefer Astartiel of Vengerberg?????? (@Astartiel) [April 25, 2022](#)

It’s unclear what may have precipitated the Twitter board’s sudden change of heart (despite the obvious financial incentives given Twitter stock’s current market price and its reaction to the deal news) we have repeatedly pointed out that the board and the company would only stand to benefit by seriously considering Musk’s offer and inviting any and all parties with a potentially better offer to come forward (although those who are opposed to a Musk buyout have repeatedly pointed out that the company’s shares traded above his offer price for much of last year).

But if Musk and his backers do end up with control of the company and things don’t work out: maybe he can engineer a “merger” with Tesla like he did for SolarCity?

* * *

Elon Musk’ twitter takeover, which just one week ago seemed increasingly unlikely after the company rushed to adopt a poison pill, is suddenly looks rather possible and not because the world’s richest man decided to go all scorched over Twitter’s bread and butter, namely censorship and shadowbanning...

shadow ban council reviewing tweet ... pic.twitter.com/cawjtwc7CW

— Elon Musk (@elonmusk) [April 23, 2022](#)

... but because the WSJ reports that the social media company’s board is “more receptive to a deal” and is re-examining Musk’s \$43 billion takeover offer after the billionaire lined up financing for the bid.

While Twitter had been expected to rebuff the offer, which Musk made earlier this month without saying how he would pay for it, and prompting Musk to threaten to launch a tender offer. But after Musk disclosed last week that he now has \$46.5 billion in financing thanks to Morgan Stanley, “Twitter is taking a fresh look at the offer and is more likely than before to seek to negotiate” although the situation is fast-moving and it is still far from guaranteed Twitter will do so.

To be sure, a deal is certainly not assured yet as Twitter is still working on an all-important estimate of its own value, which would need to come in close to Musk’s offer (of course, it will be aggressive for the twitter board to claim there is much more value in a company which has rarely traded at or above

the Musk offer price since it went public), and it could also insist on sweeteners such as Musk agreeing to cover breakup protections should the deal fall apart, some of the people said.

Twitter is expected to provide its views on the bid when it reports first-quarter earnings Thursday, if not sooner. As we suggested last week, the company's response won't necessarily be black-and-white, and could leave the door open for inviting other bidders, i.e., a "go shop period" or negotiating with Musk on terms other than price.

Why doesn't board just say fine, subject to lengthy "go shop" – if there is higher bidder out there, they will come out.

— zerohedge (@zerohedge) [April 14, 2022](#)

While Musk has reiterated to Twitter's chairman Bret Taylor in that he won't budge from his offer of \$54.20-a-share, the deal will hardly fall apart over several dollars; as such expect a deal to happen somewhere in the high \$50s, low \$60s.

The two sides are meeting Sunday to discuss Musk's proposal.

According to [WSJ](#) sources, the potential turnabout on Twitter's part comes after Musk met privately Friday with several shareholders of the company to extol the virtues of his proposal while repeating that the board has a "yes-or-no" decision to make. **He also pledged to solve the free-speech issues he sees as plaguing the platform and the country more broadly, whether his bid succeeds or not**, [WSJ sources](#) said.

The Tesla Inc. chief executive made his pitch to select shareholders in a series of video calls, with a focus on actively managed funds, the people said, in hopes that they could sway the company's decision.

Mr. Musk said he sees no way Twitter management can get the stock to his offer price on its own, given the issues in the business and a persistent inability to correct them. It couldn't be learned if he detailed specific steps he would take, though he has tweeted about wanting to reduce the platform's reliance on advertising, as well as to make simpler changes such as allowing longer tweets.

To the shock of woke liberals everywhere who would enter a period of mourning should Musk become the news boss, the billionaire already has some shareholders rallying behind him following the meetings. Lauri Brunner, who manages Thrivent Asset Management LLC's large-cap growth fund, sees Musk as a skilled operator. "He has an established track record at Tesla," she said. "He is the catalyst to deliver strong operating performance at Twitter." Minneapolis-based Thrivent has a roughly 0.4% stake in Twitter worth \$160 million and is also a Tesla shareholder.

Picking up on a point we made last week, Jeff Gramm, a portfolio manager with Bandera Partners LLC, a New York hedge fund with about \$385 million under management, said that Twitter's board should engage with Mr. Musk since its stock has "gone nowhere" since the company went public eight years ago.

Dear [@Twitter](#) board of directors, a question about your "value creation": Do you know that on Thursday TWTR closed 18 cents higher than the closing price on Twitter's first day as a public company, Nov 7, 2013?

— zerohedge (@zerohedge) [April 15, 2022](#)

The firm last bought Twitter shares in February and owns about 950,000 overall, which accounts for about 11% of its portfolio.

Gramm said Twitter's board can't walk away from Mr. Musk's offer without providing an alternative that gives real value to shareholders. "I'm not sure what can be at this stage besides finding a higher bid," he said, which of course is true, but the probability that someone will offer more than Musk is very much, to loosely paraphrase Musk, "unsecured."

by Tyler Durden

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