



Musk Reveals “Plan B” for Twitter: Buy Out Shareholders Directly

When Elon Musk learned of the “poison pill” being adopted by Twitter’s board of directors in an attempt to thwart his bid to take the company private, he tantalized his followers by suggesting he had a “Plan B” in mind.

On April 16 [he revealed his plan by tweeting](#): “Love Me Tender,” the hit song by Elvis Presley in 1956. Plan B: go directly to the shareholders and make them an offer they can’t refuse. That would be, in Wall Street vernacular, a “tender” offer.

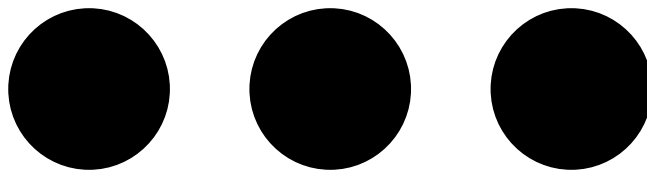
If successful, he would circumvent the board and its “poison pill” strategy, fire the board and replace them with his own people, buy out the rest of the shareholders, take the company private, and turn it into a “free speech” entity by charging subscribers a minimal monthly fee. He would stop selling ads, removing corporate influence. And, if his past successes with Tesla and SpaceX are any indication, he would make his investors even richer.

The bidding at the moment is this: The company’s market capitalization (its present share price multiplied by the number of shares outstanding) is \$37 billion, not the \$43 billion popular commentators keep repeating.

Musk would put up another \$10 to \$15 billion of his own money (he already has more than \$3 billion invested in Twitter shares). If his tender offer is successful, all he needs is for somewhat less than half of the present shareholders to accept his offer. That would require about \$19 billion, so Musk might need a little help.

He already has a line of credit at Morgan Stanley, and a slew of private investors who have enjoyed success in investing in Musk’s other ventures.

Musk needs to hurry. It will take time for the board to implement its “poison pill” strategy. The next board meeting is scheduled for May 25. He would like nothing better than to ride the public’s current fascination with his latest move into that board meeting, announce that they are all fired and that he will be putting his own people in place, that the “poison pill” strategy is dead, and that he is taking the company private, selling the company’s San Francisco headquarters building, offering Twitter employees a buy-out option, implementing a subscription model at \$3 a month for those subscribers who want to continue to use the service, thus ending all corporate advertising (and influence).



AP Images
Elon Musk



Written by [Bob Adelman](#) on April 20, 2022

His Plan B, when officially announced within the next few days, puts the board in a difficult position. Collectively, the 13 board members — excluding Twitter co-founder Jack Dorsey, who is leaving — own less than 0.3 percent of the stock. If they proceed with the “poison pill” strategy, they would likely be violating their fiduciary duty to the company’s other shareholders. As Adam Candeub, a law professor at Michigan State University, put it, “[Twitter’s board of directors] have to act in a way that’s in [the shareholders’] best interests, not in the way that allows them to keep control of the corporation.”

So, Musk’s Plan B could be a head-fake, forcing the board to accept his initial offer. Shareholders would pocket a nice gain (Musk is offering \$54 a share for the company’s stock, which is currently selling at \$46 a share).

In any event, expect the unexpected, which is Musk’s style. *The New American* will keep its readers informed.

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