



## Elon Musk Proposes Twitter Takeover for US\$41 Billion

### Description

Elon Musk announced through **Twitter** ([NYSE:TWTR](#)) on Thursday a potential deal to purchase Twitter for about US\$41.39 billion. The proposal, filed through the U.S. Securities and Exchange Commission, values the company at US\$54.20 per share. **Telsa Motors** ([NASDAQ:TSLA](#)) shares fell 2% in pre-market trading, while Twitter stock was up 5%.

### What happened?

The billionaire and owner of Tesla announced earlier this month a [stake of 9%](#) in Twitter. However, the world's richest man announced Thursday that he saw potential in Twitter — potential only he could unlock.

“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*

### So what?

Twitter stock announced it was looking over the offer Thursday morning. Should Elon Musk still not receive an acceptance of his proposal, it could still force Twitter stock to start addressing some of the company's deficiencies.

Furthermore, the stake owned by Elon Musk remains. Should he amass a 15% or more stake in the company, he could continue to put pressure on Twitter stock to innovate. So, whether he owns it or not, Elon Musk's presence should be positive for Twitter.

And he does have a point. Elon Musk pointed out several problems with Twitter, including how many celebrities with high followings rarely tweet. He further threatened if the deal goes through, he would have to [rethink his position](#) as a shareholder.

## Now what?

Now, we wait. Twitter stock will remain in limbo for the time being, as it could continue soaring should the takeover go through. However, if it doesn't, the reverse could be true, as Elon Musk's offer is certainly above its current value.

That being said, even though the Tesla stock owner has a net worth of over US\$265 billion, it's not clear where he'll get the US\$41 billion from. This likely would in the form of a huge loan or selling off Tesla stock, hence the drop. And it's something investors should watch carefully.

Shares of Twitter were up 5% in pre-market trading.

### CATEGORY

1. Investing
2. Tech Stocks

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2. NYSE:TWTR (Twitter)

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**Date**

2025/08/26

**Date Created**

2022/04/14

**Author**

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