

# Elon Musk has ‘Funding Secured’ to purchase Twitter

## Article

**The news:** Elon Musk is considering launching a tender offer for Twitter, per a new securities filing. Musk has obtained promises for **\$46.5 billion** to help finance the possible transaction, according to Thursday’s filing.

- In his filing, he stated that, given the board’s ignoring of his “best and final offer” last week, he is now considering a tender offer to buy some or all of the company's shares directly from its

stockholders.

**More on this:** According to the filing, Musk has collected \$46.5 billion in commitments to help finance the proposed deal.

- He has obtained \$25.5 billion in debt financing from a bank group including **Morgan Stanley** as well as **Bank of America, Barclays, MUFG, Societe Generale, Mizuho Bank, and BNP Paribas**.
- The remaining \$21 billion comes from equity financing. Notably, the filing makes no mention of any equity partners who will split the financial burden of the purchase with Musk.
- Despite being the richest person on the planet—Musk's personal net worth is about \$77 billion as of this writing, [per Forbes](#)—he cannot purchase Twitter without help since the majority of his net worth is invested in **Tesla** stock. He'll be borrowing against his stock to secure some of that \$25.5 billion in financing, but the amount of shares he can use as collateral is limited. Another factor: banks may be concerned about the relative volatility of Tesla's stock.

**How we got here:** Musk was [set to take a seat](#) on Twitter's board of directors, but [backed out](#) at the last second.

- Then, Musk proposed to buy Twitter for \$54.20 per share, or \$43 billion, last week. He added that if his offer was rejected, he might “need to reconsider (his) position as a shareholder.”
- In an effort to fight off a potential hostile takeover, Twitter [enacted](#) a limited term shareholder rights plan, also known as a “poison pill,” on Friday.

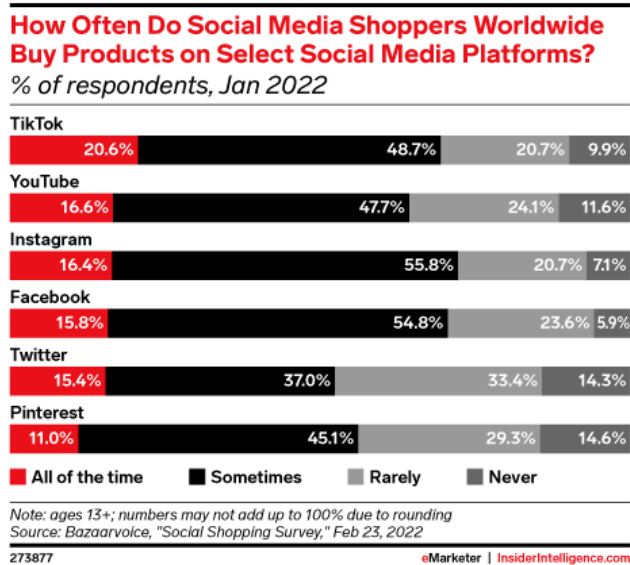
**Poorly-timed distraction:** “There will be distractions ahead, but our goals and priorities remain unchanged,” tweeted Twitter chief **Parag Agrawal** just 11 days ago when Musk backed out of joining the board. The statement was spot-on; Musk's financial maneuvers are undoubtedly taking leadership's focus away from the product.

While rank-and-file employees still have their marching orders, uncertainty regarding the platform's future could delay innovations that it is looking to launch or expand upon. These include:

- Twitter Blue, the burgeoning subscription service—ironically, something Musk is a fan of growing.

- Twitter Shops, which we reported in March [is being tested](#) and would allow brands and retailers to display up to 50 products in an in-app storefront.
- A potential [foray into podcasting](#).
- Its [crowdsourced Birdwatch program](#), designed to combat misinformation on the platform.
- Additional [performance marketing tools](#), designed to better compete with Meta’s Facebook and Instagram.

Shops is a particularly noteworthy initiative of Twitter’s, considering social media shoppers don’t associate the platform with making purchases as much as they do **TikTok, YouTube,** and other platforms. Solving for that could take pressure off of Twitter’s ad business.



**What’s next:** Twitter’s board stated that it’s dedicated to completing a “careful, comprehensive, and deliberate review” to determine the course of action that is in the best interest of Twitter and its investors.

- Of course, one of those shareholders is Musk himself, who currently controls a 9.2% stake.
- Some experts say that with the poison pill defense in place, it won’t be easy for Musk to finalize a tender bid for Twitter, as a negotiation with the board must take place, and it appears there’s no love lost between the two parties.
- Musk has stated publicly that buying Twitter is about the future of civilization rather than a means to “make money.” If taken at face value, that suggests Musk isn’t trying to maximize

Twitter's profits—and perhaps the board ought to find a buyer who is.

- **Apollo Global Management** was reportedly willing to work with Musk on a purchase, but was not mentioned in the filing. Could Apollo or another firm—perhaps **Thoma Bravo**, as has been reported by multiple outlets—be looking to outbid Musk? It's certainly possible.