

# Twitter adopts 'poison pill' strategy to defend against Elon Musk takeover bid

Twitter's board of directors unanimously adopted a "poison pill" defence in response to Elon Musk's proposal to buy the company and take it private, the social media giant has said.

The strategy is formally called a "limited duration shareholder rights plan" and is used to defend against hostile takeovers.

Twitter said the move aims to enable its investors to "realise the full value of their investment" by reducing the likelihood any one person can gain control of the company without either paying shareholders a premium, or giving the board more time.

The social media giant's plan would take effect if Mr Musk's roughly 9% stake grows to 15% or more.

Even then, the Tesla chief executive could still take over the company with a proxy fight by voting out the current directors.

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Twitter said the plan does not prevent the board from engaging with parties or accepting an acquisition proposal if it is in the company's "best interests".

Twitter had revealed in a securities filing on Thursday that Mr Musk offered to buy the company outright [for more than \\$43bn \(£33bn\)](#), saying the social media platform "needs to be transformed as a private company" in order to build trust with its users.

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"I believe free speech is a societal imperative for a functioning democracy," Mr Musk said in the filing. "I now realise the company will neither thrive nor serve this

societal imperative in its current form.”

Later on Thursday, during an onstage interview at a TED conference, he went even broader: “Having a public platform that is maximally trusted and broadly inclusive is extremely important to the future of civilisation.”

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Image:

Elon Musk has a roughly 9% stake in Twitter

Mr Musk revealed in regulatory filings over recent weeks that he had been buying Twitter shares in almost daily batches starting on 31 January, ending up with a stake of about 9%. Only Vanguard Group controls more Twitter shares.

A lawsuit filed on Tuesday in New York federal court alleged that Mr Musk illegally delayed disclosing his stake in the social media company so he could buy more shares at lower prices.

After Mr Musk announced his stake, Twitter quickly offered him a seat on its board on the condition that he would limit his

purchases to no more than 14.9% of the company's outstanding stock. But the company said five days later that Mr Musk had declined.

A poison pill path is a "predictable" defensive manoeuvre, although it could be seen as a "sign of weakness" and viewed unfavourably on Wall Street, according to Wedbush Securities analyst Daniel Ives.