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Twitter adopts poison pill in bid to thwart Elon Musk takeover



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Elon Musk during a press conference in Texas in February 2022. Photo: Jim Watson/AFP via Getty Images

Twitter's board on Friday [enacted a defensive measure](#) meant to deter Elon Musk's \$43 billion [hostile takeover bid](#).

Why it matters: The "poison pill," as it's called in corporate terms, gives Twitter's existing shareholders time to purchase additional

including Musk, to build a stake worth more than 15% of the company.

- A poison pill gives existing shareholders the ability to purchase additional shares in the company at a discount, which in turn dilutes the stake of the person or party seeking to buy the company.

The big picture: Musk disclosed a [9.2% stake](#) in Twitter earlier this month.

- He then announced he was joining the company's board of directors and began proposing several [changes to the platform](#), including turning the company's headquarters into a homeless shelter.
- Musk has repeatedly said he believes Twitter is "failing to adhere to free speech principles," and even proposed creating [a rival platform](#), on which "free speech and adhering to free speech is given top priority."
- He later [backed out of joining the board](#) and offered to purchase the company for \$54.20 a share, though he did not specify how he planned to pay for it.

What they're saying: Twitter said in a [statement](#) that "its Board of Directors has unanimously adopted a limited duration shareholder rights plan. ... The Board adopted the Rights Plan following an unsolicited, non-binding proposal to acquire Twitter."

- "The Rights Plan will reduce the likelihood that any entity, person or group gains control of Twitter through open market accumulation without paying all shareholders an appropriate control premium or without providing the Board sufficient time