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Statement on Twitter Voting Rights Action
Filed by Orlando Police Pension Fund

Just as the police officers of Orlando enforce the law for the protection of Orlando's citizens, the Board of the Orlando Police Pension Fund (the "Board") actively seeks, in the sound exercise of their duties, to enforce state and federal securities and corporate governance laws to protect the rights and interests of public investors and ensure the integrity of the police pension fund's assets.

With the help of the Florida-based law firm Saxena White, the Board is currently pursuing an action to ensure that stockholders' voting rights are respected in connection with the proposed sale of Twitter to Elon Musk. Specifically, Twitter and Musk appear to be ignoring governing law requiring the deal to be subjected to a two-thirds vote of the company's other stockholders and instead appear intent on submitting the deal to a simple majority vote that, given their substantial holdings of Twitter stock, Musk and his allies could win even without the support of most public investors.

Notably, the Board has not filed suit to block the sale. Rather, the Board has simply filed suit to ensure the appropriate voting standard is applied, thereby enforcing public stockholders' statutory right to decide what happens with their Twitter investment. Further, while the proposed sale has been the subject of some political controversy, the Board's motivations are not political. Rather, the Board is focused as always on protecting the fund's assets and its interests as an investor in the public markets.

The Board's involvement in promoting proper corporate governance at Twitter began in 2020, when it stepped forward to investigate a sweetheart deal in which Twitter's board of directors granted \$1 billion in convertible notes to a private equity firm on what appeared to be below-market terms. We believed that deal was driven by conflicts of interest and contrary to the interests of public investors and, accordingly, filed suit to challenge it. In a September 2021 ruling, the Delaware Court of Chancery denied the defendants' motion to dismiss—describing the \$1 billion deal in question as "eyebrow-raising" and finding the police pension fund had uncovered "objective evidence" and "contemporaneous documents" to support allegations of misconduct by the Twitter board. That suit remained pending when, in late April, the Twitter board announced its agreement to sell the company to Musk.

Given this history, the Board and its attorneys have carefully scrutinized the terms of Twitter's proposed sale. Twitter has made only limited public disclosures concerning the deal to-date, but there are already reasons for concern. For example: (i) though the \$54.20 per share being offered to Twitter shareholders represents a premium to Twitter's most recent trading prices (as is customary in any corporate sale), it is significantly below prices at which Twitter stock traded for most of last year; (ii) Twitter, in a highly unusual sequence of events, accepted Musk's initial offer without securing even a single additional cent of value for Twitter's existing investors; (iii) while public investors will be cashed out and lose any opportunity to participate in Twitter's future upside, certain company and Silicon Valley insiders—including some who own

Twitter shares and thus have unique financial incentives to vote in favor of the sale—are being given the opportunity to invest on terms not available to the public; (iv) Musk has reportedly told these insiders that he plans to quickly take Twitter public again, at a price significantly above the \$54.20 he is offering to public investors; and (v) the sale may extinguish the police pension fund’s existing lawsuit against Twitter’s board without providing any corresponding compensation to investors (meanwhile, the private equity firm at the center of that suit will see a significant windfall).

Against this backdrop, we believe that protecting the vote of public Twitter stockholders on the proposed sale is of the utmost importance. It may be that Twitter’s existing stockholders will ultimately support the deal. But, whatever the outcome, we believe the sale needs to be put to the correct vote required by law so that those stockholders themselves get to decide what happens with their investment.

The corporate laws of Delaware (Twitter’s state of incorporation) require that when a shareholder controlling 15% or more of a company, either alone or with partners, seeks to buy out the company’s other investors, such a deal generally must be approved by a 2/3 vote of the company’s other stockholders. This makes sense as, otherwise, the acquiring stockholder or group of stockholders could force through the deal even without the support of most other investors.

As we allege, Musk and his close allies (including his financial adviser and primary financier, Morgan Stanley, which stands to make enormous profits from its role in the deal), form a group controlling in excess of 20% of Twitter’s voting stock. Thus, if the deal is put to a simple majority vote, Musk and his allies could force through the deal even if most other investors ultimately choose to oppose it. We believe the law requires more in these circumstances. Specifically, we believe the proposed sale must be approved by a two-thirds vote of Twitter’s other stockholders, ensuring that it can only be completed if it truly has the unambiguous support of Twitter’s disinterested and independent public investors. This is why the trustees determined to commence the present suit. The suit, notably, may also give the pension fund an opportunity to engage with Twitter and Musk about other actions that could be taken to benefit the pension plan and other public investors in the context of the pending sale.

The lawyers retained by the trustees to pursue enforcement actions of this type operate on an entirely contingent basis—meaning that unless the lawsuit is successful, the pension fund has no obligation to pay any fees or costs whatsoever. If the lawsuit proves successful, as the pension fund has been in past cases, the court will order the lawyers’ fees to be paid by the defendants. There are regular reports to the trustees during the course of such litigation, and interested plan members are encouraged to keep abreast of developments.

These types of cases represent an important part of safeguarding the pension plan’s assets, promoting appropriate corporate governance inuring to the benefit of public investors, and ensuring the integrity of the financial markets in which public funds like the pension plan invest. The trustees, as with all their work, receive no personal gain from the pursuit of such cases other than the satisfaction of protecting the retirement security of their brother and sister police officers and their families.