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# Banks Sell \$5.5 Billion of X Loans After Investor Interest Surges

X CEO tells investors that the financial health of social-media company is improving

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Updated Feb. 5, 2025 1:26 pm ET



X CORP STUMBLER WHEN ADVERTISERS FLED THE PLATFORM EN MASSE AFTER THE COMPANY, FORMERLY KNOWN AS TWITTER, WAS BOUGHT IN 2022

Elon Musk's [power in Washington](#) and the [return of big advertisers](#) like Amazon have Wall Street clamoring to get a piece of X.

Banks wrapped up the sale of \$5.5 billion in debt backed by Musk's social-media company on Wednesday, people familiar with the matter said. The banks had originally planned to sell around \$3 billion at around 95 cents on the dollar, [The Wall Street Journal had reported](#). They upsized the deal after seeing demand from investors, the people said.

In the end, investors, including Pimco and Citadel, agreed to buy the loans at 97 cents on the dollar. The floating-rate debts carry an interest rate of about 11%, with borrowing costs several percentage points above even the riskiest loans on Wall Street.

The sale of X Corp.'s loans showcase the fierce animal spirits that have taken over Wall Street since Donald Trump's election in November. Investors are also eager to bet on Musk, given his proximity to President Trump and ballooning influence since the election.

Musk's social-media company stumbled when advertisers fled the

platform en masse after he bought the company in 2022. While some advertisers have returned, [X is still struggling](#) to break even and had relied on infusions from Musk's corporate empire to pay its bills. But even the most stalwart credit investors believe that Musk's deep pockets and tight connections in Washington are good enough reasons to invest in his social-media company.

At a meeting on Friday with potential investors, bankers from Morgan Stanley and X's chief executive officer, Linda Yaccarino, presented a summary of X's improving financial health.

Most striking was the growing interconnection of X and xAI, Musk's artificial intelligence company that is training itself off of data on X, people who attended the meeting said. The two entities do business with each other and share some key executives.

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Financial documents reviewed by investors showed that the artificial-intelligence firm transferred hundreds of millions of dollars to the social-media company, the people said. That money has helped X pay its bills and stay current on its obligations, the people said. However, growing advertising revenue at X should mean fewer transfers in the coming months and years, the people said.

The financial documents said X now holds a 10% stake in xAI, valued at around \$5 billion, people familiar with the matter said. The AI company last year [was valued at \\$50 billion](#). Musk had previously posted that X investors would own 25% of xAI.

X also reported to the investors 2024 adjusted earnings before interest, taxes, depreciation and amortization of about \$1.25 billion and annual revenue of \$2.7 billion. Investors said that was a better picture than they had expected and that X's finances hit an inflection point a few months before the November election.

In 2021, Twitter reported adjusted Ebitda of about \$682 million and



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about \$5 billion in revenue. That was the last full year before Musk took the company private.

Wednesday's debt sale is a [relief for the banks](#), which marked down billions of dollars of losses on the loans they extended for Musk's buyout in 2022. The company's weak performance and high interest rates caused the loans' estimated value to drop by billions of dollars. The sale will help the banks mark up their positions, people familiar with the matter said.

A tumultuous start to Musk's run as X's owner, along with the steep price he paid to acquire the social-media platform in late 2022, compelled the banks to keep the debt on their balance sheets for far longer than they usually do in financing acquisitions. But Musk's [alliance with President Trump](#), culminating with a position of power and influence within the U.S. government, have helped change the narrative around X's fortunes.

By Jan. 24, when The Wall Street Journal first reported that banks were preparing to sell X loans, the debt-investing world appeared eager to bet on the company's future. The upsized sale only confirms the high interest to invest in Musk Inc. on Wall Street.

The decision to back Musk's deal in the first place, dismissed as folly by rival banks that sat out the financing, now looks more reasonable. Morgan Stanley, Bank of America, Barclays and the other banks that lent the funds Musk needed to complete the acquisition have been collecting high interest payments on the debt. Those banks are now hopeful their willingness to take on this risk will be rewarded as other corners of Musk's business empire look to Wall Street for advice.

There is still more work to do. The loans bought by investors are among the senior-most credits. The banks still hold some \$6 billion of X's debt, some of which is considered even riskier than what was sold this week.

Yaccarino, and X's chief financial officer, Mahmoud Reza Banki, told investors on Friday that X is bringing more advertisers back into the fold and pointed to its valuable stake in xAI as proof that they should feel comfortable investing in the company.

With over \$1 billion in adjusted earnings, there should be enough money on the table to pay for the debt. But that doesn't leave too much money left over for the company's purposes. Musk has estimated that X pays over \$1 billion in interest payments every year, and he told employees in a January email that the company was "barely breaking even." Musk later denied sending the email.

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