
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): October 12, 2020

Twilio Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other Jurisdiction
of Incorporation)

001-37806
(Commission
File Number)

26-2574840
(IRS Employer
Identification No.)

**101 Spear Street, First Floor
San Francisco, California 94105**
(Address of Principal Executive Offices) (Zip Code)

(415) 390-2337
Registrant's telephone number, including area code

Not Applicable
(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.001 per share	TWLO	The New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On October 12, 2020 (the “Agreement Date”), Twilio Inc. (“Twilio”) entered into an Agreement and Plan of Reorganization (the “Merger Agreement”) with Scorpio Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Twilio (“Merger Sub”), Segment.io, Inc., a Delaware corporation (the “Company”), and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as the representative of certain Company securityholders.

Pursuant to the terms of the Merger Agreement, Merger Sub will merge with and into the Company (the “Merger”), and upon consummation of the Merger, Merger Sub will cease to exist and the Company will become a wholly owned subsidiary of Twilio.

Upon consummation of the transactions contemplated by the Merger Agreement (the “Closing”), all outstanding shares of Company capital stock, restricted stock units representing the right to receive Company capital stock, options to purchase Company capital stock and warrants to purchase Company capital stock will be cancelled in exchange for aggregate consideration of \$3,200,000,000, subject to certain adjustments, in the form of shares of Class A Common Stock of Twilio, par value \$0.001 per share (“Twilio Class A Common Stock”) (the “Stock Consideration”); *provided*, that (a) shares of Company capital stock held by unaccredited stockholders, vested restricted stock units representing the right to receive Company capital stock, and vested options to purchase Company capital stock will receive cash in lieu of the Stock Consideration, (b) unvested options to purchase Company capital stock and unvested restricted stock units representing the right to receive Company capital stock, in each case, held by employees of the Company who remain or become employees of Twilio or any of its subsidiaries following the Closing will be assumed by Twilio or substituted with a corresponding unvested stock option of Twilio to purchase shares of Twilio Class A Common Stock or a corresponding unvested restricted stock unit representing the right to receive Twilio capital stock, as the case may be, and (c) all unvested restricted stock units representing the right to receive Company capital stock and all unvested options to purchase Company capital stock, in each case, held by any former employees, will be cancelled for no consideration. The number of shares to be issued in connection with the Stock Consideration will be calculated based on a fixed value of \$277.1920 per share, which is the average of the daily volume-weighted average sales price per share of Twilio Class A Common Stock on the New York Stock Exchange, as such daily volume-weighted average sales price per share is reported by Bloomberg L.P., calculated to four decimal places and determined without regard to after-hours trading or any other trading outside the regular trading session trading hours, for each of the ten consecutive trading days ending on and including the trading day immediately preceding the Agreement Date. In addition, Twilio will establish a retention pool in an aggregate amount of \$50,000,000 in the form of restricted stock units covering shares of Twilio Class A Common Stock that will be granted to certain Company employees in accordance with the terms of the Merger Agreement.

The Merger Agreement contains customary representations, warranties and covenants by Twilio and the Company. A portion of the aggregate consideration will be held in escrow to secure the indemnification obligations of the Company securityholders. The Closing is subject to customary closing conditions, including regulatory approvals, and is expected to occur in 2020. Under the terms of the Merger Agreement, Twilio has agreed to file a Resale Registration Statement on Form S-3 covering the resale of the shares of Twilio Class A Common Stock to be issued to eligible Company securityholders (the “Resale Registration Statement”).

Either Twilio or the Company may terminate the Merger Agreement if the Closing has not occurred on or before January 15, 2021, (which shall be extended for an additional 90 days if, as of January 15, 2021, all closing conditions have been completed except for the receipt of certain regulatory approvals).

Twilio intends to issue the shares of Twilio Class A Common Stock described herein in reliance upon the exemptions from registration afforded by Section 4(a)(2) and Rule 506 promulgated under the Securities Act of 1933, as amended.

The foregoing summary of the Merger Agreement and the transactions contemplated thereby do not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Merger Agreement, which will be filed as an exhibit on the earlier to be filed following the Closing of (i) Twilio’s Quarterly Report on Form 10-Q for the quarter ending September 30, 2020 and (ii) the Resale Registration Statement.

Forward Looking Statements

This Current Report on Form 8-K may be deemed to contain forward-looking statements, which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including the expected completion of the transactions contemplated by the Merger Agreement and the time frame in which this will occur. Statements regarding future events are based on the parties' current expectations and are necessarily subject to associated risks related to, among other things, regulatory approval of the acquisition of the Company or that other conditions to the Closing may not be satisfied, the potential impact on the business of the Company due to the announcement of the acquisition, the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement, and general economic conditions. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. For information regarding other related risks, see the "Risk Factors" section of Twilio's most recent annual reports on Form 10-K and quarterly reports on Form 10-Q. The forward-looking statements included herein are made only as of the date hereof, and Twilio undertakes no obligation to revise or update any forward-looking statements for any reason.

Item 3.02 Unregistered Sales of Equity Securities.

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 3.02.

Item 8.01 Other Events.

On October 12, 2020, Twilio issued a press release announcing that it had entered into the Merger Agreement. The press release is furnished herewith as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Exhibit Description</u>
99.1	Press Release, dated October 12, 2020
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 1.01)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TWILIO INC.

Dated: October 13, 2020

By: /s/ Khozema Shipchandler
Khozema Shipchandler
Chief Financial Officer

Twilio to Acquire Segment, the Market-leading Customer Data Platform

Accelerates Twilio's Journey to Build the World's Leading Customer Engagement Platform Trusted by Developers and Companies Globally

Data Platform Provides Businesses a Unified Customer View to Better Understand Customers and Engage More Effectively

Expands and Strengthens Use Cases Across Customer Service, Marketing, Sales, Product and Analytics

SAN FRANCISCO – Twilio (NYSE: TWLO) today announced that it has entered into a definitive agreement to acquire Segment for approximately \$3.2 billion in Twilio Class A common stock, on a fully diluted and cash free, debt free basis. The transaction is expected to close in the fourth quarter of 2020.

“Data silos destroy great customer experiences,” said Jeff Lawson, co-founder and CEO of Twilio. “Segment lets developers and companies break down those silos and build a complete picture of their customer. Combined with Twilio’s Customer Engagement Platform, we can create more personalized, timely and impactful engagement across customer service, marketing, analytics, product and sales. We are thrilled to welcome Segment to the Twilio team.”

The businesses that deliver the best experiences are the ones that know their customers well and use customer data to provide more relevant interactions. However, wrangling these customer insights is extremely difficult as the information is typically spread across disparate systems and functions throughout an organization. By combining the market leaders in the cloud communication and customer data platform (CDP) spaces, Twilio can now alleviate this pain for businesses by delivering a single, unified view that helps companies better understand their customers in order to engage more effectively.

“Together, Twilio and Segment have an incredible opportunity to build the customer engagement platform of the future,” said Peter Reinhardt, Segment’s co-founder and CEO. “We created Segment to help businesses set themselves apart in the digital age and deliver rich, connected customer experiences built on high-quality data. By joining forces and applying our customer data platform to Twilio’s engagement cloud, we’ll be able to make the entire customer experience seamless from end-to-end.”

The transaction will accelerate Twilio’s growth with a combined total addressable market of \$79 billion, bringing Twilio one step closer to achieving the company’s vision of becoming the world’s leading customer engagement platform trusted by developers and companies globally.

Details Regarding the Proposed Segment Acquisition

Twilio will acquire Segment for approximately \$3.2 billion in Twilio Class A stock, and Segment will become a division of Twilio. The boards of directors of Twilio and Segment have each approved the transaction. An investor presentation about the transaction is available on our website [here](#).

The transaction is expected to close during the fourth quarter of Twilio's fiscal 2020, ending December 31, 2020, subject to the satisfaction of customary closing conditions. Morgan Stanley & Co. LLC is serving as exclusive financial advisor to Twilio and Cooley LLP as legal advisor. Qatalyst Partners is serving as exclusive financial advisor to Segment and Goodwin Procter LLP as legal advisor.

Additional details and information about the terms and conditions of the acquisition will be available in a current report on Form 8-K to be filed by Twilio with the Securities and Exchange Commission.

Conference Call Information

Twilio will host a conference call today, October 12, 2020, to discuss the Segment acquisition, at 5:30 a.m. (PT) / 8:30 a.m. (ET). A live webcast of the conference call, as well as a replay of the call, will be available at <https://investors.twilio.com>. The conference call can also be accessed by dialing (844) 453-4207 (United States) or (647) 253-8638 (non-U.S.), and entering passcode 4543526. Following the completion of the call through 11:59 p.m. (ET) on October 19, 2020, a replay will be available by dialing (800) 585-8367 (United States) or +1 (416) 621-4642 (non-U.S.) and entering passcode 4543526. Twilio intends to use its investor relations website, its Twitter feed (@twilio), and the Twitter feed of Twilio's Chief Executive Officer, Jeff Lawson (@jeffiel), as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD.

About Segment

Segment is the world's leading customer data platform (CDP). Our platform democratizes access to reliable data for all teams and offers a complete toolkit to standardize data collection, unify user records, and route customer data into any system where it's needed. More than 20,000 companies like Intuit, FOX, Instacart, and Levi's use Segment to make real-time decisions, accelerate growth, and deliver compelling user experiences.

About Twilio

Millions of developers around the world have used Twilio to unlock the magic of communications to improve any human experience. Twilio has democratized communications channels like voice, text, chat, video, and email by virtualizing the world's communications infrastructure through APIs that are simple enough for any developer to use, yet robust enough to power the world's most demanding applications. By making communications a part of every software developer's toolkit, Twilio is enabling innovators across every industry — from emerging leaders to the world's largest organizations — to reinvent how companies engage with their customers.

Safe Harbor for Forward-Looking Statements.

This press release contains forward-looking statements. All statements other than statements of historical fact, including statements regarding the anticipated benefits of the transaction, the expected acceleration of Twilio's growth as a result of the transaction, Twilio's ability to build the world's leading customer engagement platform, expected synergies resulting from the transaction, expansion of Twilio's total addressable market, and the expected timing to close the transaction, are forward-looking statements. These statements are subject to risks, uncertainties, and assumptions. Should any of these risks or

uncertainties materialize, or should Twilio's assumptions prove to be incorrect, actual results could differ materially from these statements. Important factors that could cause actual results to differ materially include the failure to achieve expected synergies and efficiencies of operations between Twilio and Segment; the ability of Twilio and Segment to successfully integrate their respective market opportunities, technology, products, personnel and operations; the failure to timely develop and achieve market acceptance of the combined customer engagement platform; the potential impact on the business of Segment as a result of the acquisition; the loss of any Segment customers; the ability to coordinate strategy and resources between Twilio and Segment; the ability of Twilio and Segment to retain and motivate key employees of Segment; and general economic conditions. Additional factors that could cause actual results to differ materially from these forward-looking statements are detailed from time to time in the reports Twilio files with the Securities and Exchange Commission (SEC), including in Twilio's Annual Report on Form 10-K for the year ended December 31, 2019, and its Quarterly Reports on Form 10-Q. Copies of reports filed with the SEC are posted on Twilio's website and are available from Twilio without charge. Except as required by law, Twilio assumes no obligation to update these forward-looking statements publicly or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future. Please refer to the Form 8-K to be filed by Twilio on October 13, 2020 for additional information regarding the transaction.

Investor Contact:

Andrew Zilli
ir@twilio.com

or

Media Contact:

Carolyn Bos
press@twilio.com