
**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): November 2, 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 3.02 Unregistered Sales of Equity Securities.

The information set forth in Item 8.01 of this Current Report on Form 8-K is incorporated by reference into this Item 3.02.

Item 8.01 Other Events.

On November 2, 2020, Twilio Inc. (“Twilio”) completed its previously announced acquisition of Segment.io, Inc., a Delaware corporation (the “Company”), pursuant to the terms of an Agreement and Plan of Reorganization, dated as of October 12, 2020 (the “Merger Agreement”), with the Company, Scorpio Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Twilio (“Merger Sub”), and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as the representative of certain Company securityholders.

The acquisition was accomplished by the merger of Merger Sub with and into the Company (the “Merger”), and upon consummation of the Merger, Merger Sub ceased to exist and the Company became 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 shares of Company capital stock, options to purchase shares of Company capital stock and warrants to purchase shares of Company capital stock, in each case other than as set forth in the following proviso, were cancelled in exchange for the right to receive an aggregate of 9,522,489 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 shares of Company capital stock, and certain vested options to purchase shares of Company capital stock were cancelled in exchange for the right to receive an aggregate amount in cash equal to approximately \$335,258,445 in lieu of shares of Twilio Class A Common Stock, (b) certain vested and unvested options to purchase shares of Company capital stock and unvested restricted stock units representing the right to receive shares of Company capital stock, in each case, held by employees of the Company who became, upon Closing, employees of Twilio or any of its subsidiaries have been assumed by Twilio and became vested and unvested options, as applicable, to purchase 1,030,638 shares of Twilio Class A Common Stock and unvested restricted stocks units representing the right to receive 158,748 shares of Twilio Class A Common Stock, as the case may be, and (c) all other outstanding unvested options to purchase shares of Company capital stock and all other outstanding unvested restricted stock units representing the right to receive shares of Company capital stock were cancelled for no consideration. A portion of the aggregate consideration payable to certain of the Company securityholders is being held in escrow (a) to secure certain indemnification obligations of such Company securityholders and (b) in connection with certain post-closing purchase price adjustment mechanisms. In addition, Twilio has established a retention pool in an aggregate amount of approximately \$40,000,000 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.

Twilio issued the Stock Consideration 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 does 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 of (i) Twilio’s Annual Report on Form 10-K for the year ending December 31, 2020 and (ii) the Resale Registration Statement on Form S-3 covering the resale of the Stock Consideration.

On November 2, 2020, Twilio issued a press release announcing the Closing. 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 November 2, 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: November 2, 2020

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

Twilio Completes Acquisition of Segment, the Market-leading Customer Data Platform

Addition of Segment's CDP to Twilio's Customer Engagement Platform Gives Businesses a Single View of the Customer Across Channels

Enables Organizations to Create Personalized, Timely, and Impactful Customer Experiences to Deepen Relationships with Consumers

Flexible APIs Give Developers the Freedom to Connect and Contextualize Data Sources to Better Inform Customer Engagement

SAN FRANCISCO — (BUSINESS WIRE) — Twilio (NYSE: TWLO), the leading cloud communications platform, today announced the successful completion of its previously announced acquisition of Segment, the market-leading customer data platform. This transaction is valued at approximately \$3.2 billion in Twilio Class A common stock, on a fully diluted and cash free, debt free basis.

“Nearly every company is focused on acquiring, retaining and growing their customer relationships through digital engagement,” said Jeff Lawson, co-founder and CEO of Twilio. “However, the biggest impediment to great digital engagement are the data silos that prevent companies from truly understanding their customers. With the addition of Segment, Twilio’s Customer Engagement Platform now enables companies to both understand their customer, and engage with them digitally — the combination is key to building great digital experiences.”

Segment will become a division of Twilio and will continue to be led by Segment CEO Peter Reinhardt, reporting to Lawson.

“Exceptional customer engagement requires not only high-quality data, but the infrastructure to activate those insights across every channel and customer interaction,” said Peter Reinhardt, co-founder and CEO of Segment. “By bringing Twilio and Segment together, we will help businesses build a foundation of actionable insights critical to engaging with customers based on their needs and preferences to deliver a positive, seamless and effective customer experience.”

Together, this acquisition will provide developers and companies:

- Unparalleled insight into the way customers interact across channels to create a single, unified view of the customer journey.
- The ability to break down data silos to help businesses make their customer engagement more personalized, timely and impactful across channels.
- Access to the world’s leading cloud communications platform to more effectively manage customer communications including SMS, Messaging, Voice, Video, Email, Internet of Things (IoT) and more.
- A flexible API that allows developers to connect sources of customer data, such as web or mobile apps, with analytics tools, without having to write new code.
- A steady supply of quality, high velocity first-party data that easily integrates into existing systems.

- A single platform with views for the marketer, the contact center agent, the product teams and the developers that reveal data-driven insights to serve their individual needs.

“Customer engagement doesn’t begin or end at the arbitrary lines between internal departments,” said Nicole France, Vice President and Principal Analyst at Constellation Research. “Companies that recognize the central role of customer experience to their success are striving to unify customer engagement regardless of communication channel or the parts of the organization involved. They need better platforms to help them do so. That’s why the combination of Twilio and Segment holds so much promise. The two companies have complementary capabilities and comparable technical depth to support personalized, tailored customer experiences. While many customer data platforms primarily serve marketers, a Twilio-Segment platform that begins with a customer service perspective and incorporates both data and communications has the potential to unify capabilities far beyond marketing.”

“Twilio’s acquisition of Segment will help customers better address the increasingly digital-first nature of customer engagement, and help deliver digital journey information to agents when live interactions are required,” said Sheila McGee-Smith, President & Principal Analyst, McGee-Smith Analytics. “This is especially important for B2C customers who need a single view of their customer to make customer engagement across every channel more personalized, timely, and impactful.”

Twilio intends to provide financial updates on its fourth quarter earnings call. Morgan Stanley & Co. LLC served as exclusive financial advisor to Twilio and Cooley LLP as legal advisor. Qatalyst Partners served as exclusive financial advisor to Segment and Goodwin Procter LLP as legal advisor.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. The words such as “will,” “expected,” “could,” and similar phrases that denote future expectations or intent are intended to identify forward-looking statements, including statements regarding the expected benefits of combining Twilio’s cloud communications platform with Segment’s customer data platform for businesses and developers. You should not rely upon forward-looking statements as predictions of future events. These statements are based on management’s current expectations, assumptions, estimates and beliefs. While Twilio believes these expectations, assumptions, estimates and beliefs are reasonable, such forward-looking statements are only predictions, and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

The following factors, among others, could cause actual results to differ materially from those described in the forward-looking statements: adverse changes in general economic or market conditions; Twilio’s ability to adapt its products to meet evolving market and customer demands; Twilio’s ability to effectively manage its growth; Twilio’s ability to compete effectively in an intensely competitive market; any failure to fully realize the anticipated benefits of the acquisition of Segment; any failure to achieve expected synergies and efficiencies of operations as a result of the acquisition; the ability of Twilio to successfully integrate Segment’s

technology, products, personnel and operations; any failure to timely develop and achieve market acceptance of the combined Twilio and Segment platforms; the loss of any Segment customers; and Twilio's ability to retain and motivate key employees of Segment.

The forward-looking statements contained in this press release are also subject to additional risks, uncertainties, and factors, including those more fully described in Twilio's most recent filings with the Securities and Exchange Commission. Further information on potential risks that could affect actual results will be included in the subsequent periodic and current reports and other filings that Twilio makes with the Securities and Exchange Commission from time to time. Forward-looking statements speak only as of the date such statements are made. Except as required by law, Twilio undertakes no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

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.

Contacts

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