
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)**

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Twilio Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 - Fee paid previously with preliminary materials.
 - Fee computed on table in exhibit required by Item 25(b) per Exchange Act Rules 14A-6(i)(1) and 0-11
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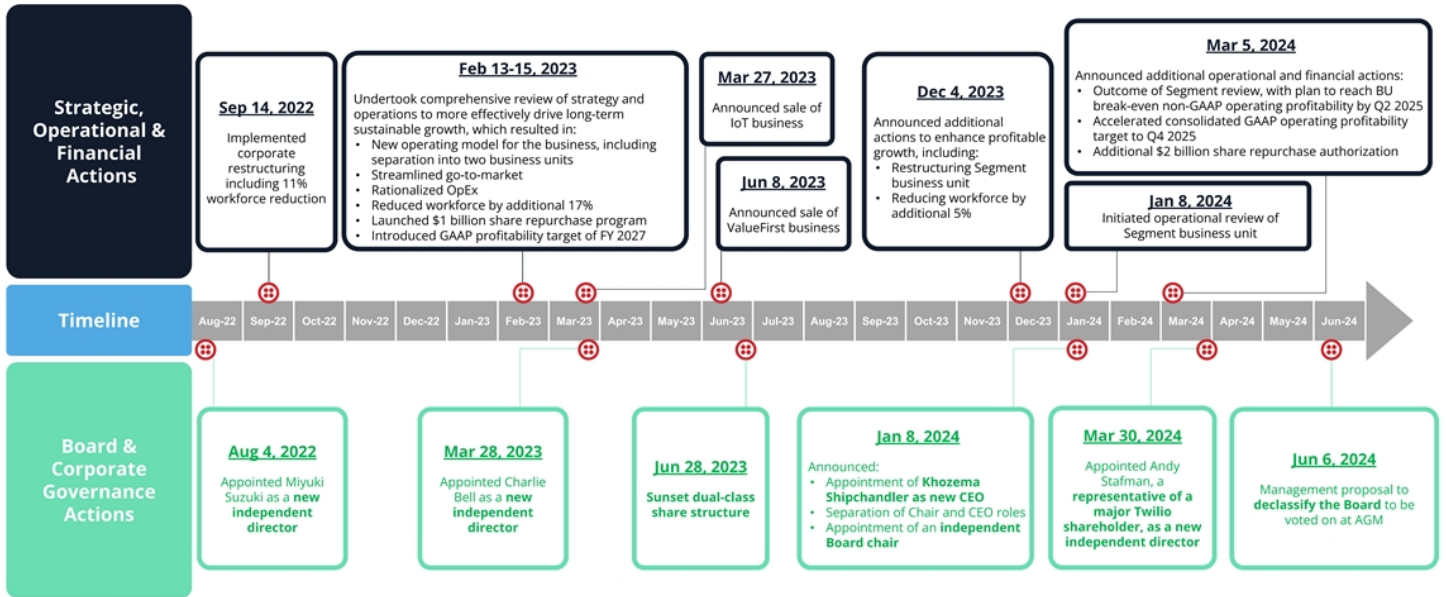
Twilio

Proxy Statement Supplement

May 2024



Twilio has taken extensive actions to position the company for future success



Our actions have materially improved key financial metrics; we're targeting GAAP operating profitability by Q4 2025



	2021	LTM ⁽¹⁾
Growth Strategy	Primary Focus on Rapid Growth	Durable Profitable Growth
GAAP Operating Loss	(\$916M)	(\$656M)
Non-GAAP Operating Profit	\$3M	\$589M
Net Cash Provided by Operating Activities	(\$58M)	\$703M
Free Cash Flow	(\$148M)	\$655M
Headcount ⁽²⁾	7.9K	5.6K
Stock-Based Compensation / Revenue	22%	16%
Share Repurchases ⁽³⁾	\$0 <i>Prior to 2023</i>	\$931M <i>\$3B authorized for 2023-2024</i>

(1) LTM figures as of March 31, 2024.

(2) 2021 headcount figure as of December 31, 2021. LTM headcount figure as of March 31, 2024.

(3) The Board authorized \$1 billion of share repurchases in February 2023, and a further \$2 billion of share repurchases in March 2024. We're targeting to complete the full \$3 billion of repurchases by the end of this year.

Note: Non-GAAP operating profit (also referred to as non-GAAP income from operations) and free cash flow are non-GAAP financial measures. Refer to "Non-GAAP Financial Measures" in the appendix for their definitions and a reconciliation of each non-GAAP measure to its most directly comparable GAAP measure.

Extensive stockholder engagement informed significant changes to our executive compensation program



Stockholder Engagement

- In 2023, we enhanced our stockholder engagement program by shifting to a bi-annual outreach in the spring and fall
- Specifically, we conducted extensive outreach to our stockholders to better understand their perspectives with respect to our executive compensation practices
- We responded to the feedback gathered by making significant changes to our executive compensation program, aligning incentive programs with the preferences of our stockholders

57%

We reached out to 21 institutional investors holding approximately 57% of our shares outstanding

46%

We conducted meetings with 14 institutional investors holding approximately 46% of our shares outstanding

100%

Independent directors participated in 100% of meetings with institutional investors



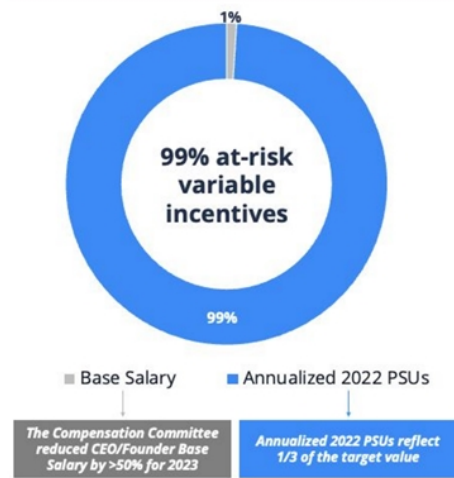
Resulting Executive Compensation Changes	
Stockholder Feedback	Responsive Action Taken by Twilio
Improve alignment between pay and performance	<ul style="list-style-type: none"> • Reduced salary of former CEO and did not increase base salaries of our NEOs for either 2023 or 2024, except in connection with promotions • Updated peer group for 2023 and 2024 compensation programs, resulting in a reduction in our market compensation benchmarks
Incorporate longer performance periods for PSU awards	<ul style="list-style-type: none"> • Transitioned from one-year performance periods for PSUs awarded in 2022 to a three-year cumulative performance period for PSUs awarded going forward
Incorporate profitability metrics in compensation program	<ul style="list-style-type: none"> • Compensation Committee selected non-GAAP income from operations as the performance target metric for the performance-based cash awards granted in 2023 • PSUs granted in 2024 will vest based on the achievement of (i) three-year cumulative free cash flow targets (70% weighting) and (ii) our relative TSR measured against the S&P 500 over a three-year period (30% weighting)
Adopt a short-term incentive plan	<ul style="list-style-type: none"> • Implemented an annual cash bonus plan for executives beginning in 2024 • Each NEO will have an annual cash bonus opportunity, with payouts tied to the achievement of (i) organic revenue growth targets (50% weighting) and (ii) non-GAAP income from operations targets (50% weighting) • Maximum payout opportunities will be capped at 150% of base salary • 2023 served as a transition year to an annual cash bonus plan; we granted performance-based cash awards in 2023 based on the achievement of performance targets for annual non-GAAP income from operations

Twilio's executive compensation is centered on performance-based equity



Our compensation program incorporates stockholder feedback and aligns executive outcomes with stockholder experience

2023 CEO/Founder Target Pay Mix



2023 CEO/Founder Compensation Elements

Element	2023 Design	Rationale
Base Salary	Reduced from \$134,000 to \$65,535, effective March 1, 2023	In consideration of stockholder feedback, recent company performance, and the magnitude of his 2022 PSU award, our Chief Executive Officer's base salary was reduced and he did not receive any additional equity or performance-based cash awards in 2023.
Annual Cash-Based Incentive	None	
Long-Term Incentive	None	

2023 PSU payouts were directly tied to our financial performance: PSUs paid out at 0%, highlighting the rigor of the PSU award targets and underscoring our commitment to a pay-for-performance philosophy

Note: Jeff Lawson, our co-founder, served as our CEO during 2023. Mr. Lawson stepped down as CEO on January 8, 2024.

Compensation program outcomes are aligned with stockholders



- Our 2022 PSUs are subject to rigorous performance targets, and require robust performance for executives to receive any payout; **no additional PSUs were awarded in 2023.**
- In response to stockholder feedback, ***the Compensation Committee has approved 3-year performance periods for future PSU awards***

PSU Tranche	2022 PSU Grant - Performance Measures			Result	Payout as % of Target	
	Threshold (payout at 50%)	Target (payout at 100%)	Maximum (payout at 200%)			
2022	Organic Revenue Growth ⁽¹⁾	20%	30%	40%	29.7%	98.5%
2023	Organic Revenue Growth ⁽¹⁾	20%	30%	40%	10%	0% <i>based on FY'23 organic revenue growth results</i>
	Non-GAAP Income from Operations ⁽¹⁾	Profitable ⁽²⁾			Profitable ⁽²⁾	
2024	Organic Revenue Growth ⁽¹⁾	20%	30%	40%	7% <i>(through Q1'24)</i>	Projected: 0% <i>based on organic revenue growth results through Q1 2024</i>
	Non-GAAP Income from Operations ⁽¹⁾	Profitable ⁽²⁾			Profitable ⁽²⁾ <i>(through Q1'24)</i>	

The 2023 tranche of our 2022 PSUs was not paid out, and based on organic revenue growth results through Q1 2024, the 2024 tranche of our 2022 PSUs is unlikely to be paid out

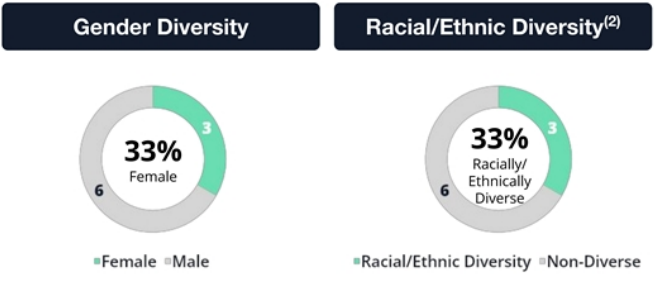
(1) Organic revenue growth and non-GAAP income from operations are non-GAAP financial measures. Refer to "Non-GAAP Financial Measures" in the appendix for their definitions and a reconciliation of each non-GAAP measure to its most directly comparable GAAP measure.

(2) Profitability is defined as ≥\$1.00 non-GAAP income from operations.

Twilio's Board has taken a thoughtful approach to refreshment



The skills, qualities, attributes, experience and diversity of our directors provide us with the broad range of perspectives to effectively oversee our evolving business needs and represent the best interests of our stockholders



Skills / Experiences	# of Directors	Link to Strategy and Oversight
Technology and Software Industry	8	Deep insight in the technology and software industries to oversee our business and the risks we face related to those industries.
Communications Industry	3	Deep insight in the communications industry to oversee our business and the risks associated with these sectors.
Public Company Board	8	Experience to understand the dynamics and operation of a public company.
Public Company Executive / Senior Leadership	8	Experience in senior leadership positions at a public company to analyze, advise and oversee management in decision making, operations and policies.
Finance / Accounting / Audit	9	Knowledge of financial markets, financing and accounting and financial reporting processes to ensure proper oversight.
Sales and Marketing	3	Sales and marketing experience to provide expertise and guidance to grow sales and enhance our brand.
Human Capital / Compensation / Employee Development and Training	7	Experience attracting and retaining top talent to advise and oversee our people and compensation policies in our competitive environment.
Global Business Operations	8	Experience and knowledge of global operations, business conditions and culture to advise and oversee our global business.
Risk Management	6	Expertise to oversee risk management.
Regulatory / Government / Public Policy	5	Expertise to provide guidance and oversight of governmental and regulatory affairs.
Cybersecurity / Information Security / Privacy	4	Expertise to oversee cybersecurity, information security, and privacy management.
Strategy / Business Development / M&A	9	Experience creating long-term value through investment, acquisitions and growth strategies.
Corporate Governance	8	Experience in corporate governance, compliance, policy, investor relations and creating long term sustainable value.

(1) We have added four new independent directors since the beginning of 2021.

(2) Includes directors who identify in any of the following categories: African American or Black, Hispanic or Latinx, Asian, Native American or Alaskan Native, Native Hawaiian or Other Pacific Islander, or North African or Middle Eastern.

Note: Each of the graphics above excludes Byron Deeter, who is not standing for re-election at the Annual Meeting.

Twilio has a highly qualified, engaged and independent board



Our Board proactively evaluates its composition in the context of Twilio's evolving business to ensure our directors have backgrounds that collectively add value to strategic decisions and enable rigorous oversight of management

Charles Bell



- EVP, Security, Compliance, Identity and Management, *Microsoft*
- Director since 2023
- Deep understanding of technology industry and significant cybersecurity expertise

Donna Dubinsky



- Former CEO and Chair, *Numanta*
- Director since 2018
- Expertise in business strategy, innovation, executive leadership growth and the technology landscape

Jeff Epstein – Independent Chair



- Operating Partner, *Bessemer Venture Partners*
- Director since 2017
- In-depth knowledge of accounting, finance, operations, risk management and technology

Jeff Immelt



- Partner, *New Enterprise Associates*
- Former CEO and Chairman, *GE*
- Director since 2019
- Expertise in global business, financing strategy, operations, sales and marketing and human capital management

Deval Patrick



- Former Governor of Massachusetts
- Director since 2021
- Expertise in leadership, public policy, investment and the economy

Erika Rottenberg



- Former GC, *LinkedIn*
- Director since 2016
- Expertise in corporate governance, business operations, risk management, data protection and regulatory matters

Khözema Shipchandler - CEO



- Chief Executive Officer, *Twilio*
- Director since 2024
- Significant operational and financial leadership skills and expertise, as well as a deep and valuable understanding of Twilio's business, operations and culture

Andrew Stafman



- Partner, *Sachem Head Capital Management*
- Former Associate, *Silver Lake Partners*
- Director since 2024
- Shareholder representative with extensive knowledge of corporate strategy, finance and governance matters

Miyuki Suzuki



- Former President, Asia Pacific, Japan and China, *Cisco*
- Director since 2022
- Experience with multinational companies, telecom and networking industries, operations and the regulatory environment

Independent Director Added Since Beginning of 2021

We ask for your support at the 2024 annual meeting



Proposal		Recommendation
Item 1	Election of Jeff Epstein, Khozema Shipchandler and Andrew Stafman as Class II Directors	FOR
Item 2	Ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2024	FOR
Item 3	Approval, on a non-binding advisory basis, of the compensation of the Company's named executive officers	FOR
Item 4	Approval, on a non-binding advisory basis, of the preferred frequency of future non-binding advisory votes on the compensation of named executive officers	ONE YEAR
Item 5	Proposal to amend the certificate of incorporation to declassify the board of directors	FOR





Appendix

Forward-Looking Statements



This presentation contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “can,” “will,” “would,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “forecasts,” “potential” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this presentation include, but are not limited to, statements about: our future financial performance, including our expected financial results and our guidance; our expectations regarding profitability, including when we will become profitable on GAAP and non-GAAP bases; our anticipated strategies and business plans; our ability to execute on our announced plans and targets for Segment following our operational review; our expectations regarding compensation programs, including PSU tranche payouts; our expectations regarding levels of stock-based compensation; the reorganization of our business and the shift in our segment reporting structure; and our expectations regarding share repurchases. You should not rely upon forward-looking statements as predictions of future events.

The outcome of the events described in these forward-looking statements is subject to known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to differ materially from those described in the forward-looking statements, including, among other things: our ability to successfully implement our cost-saving initiatives and to capture expected efficiencies; our ability to realize the anticipated benefits of changes to our operating model and organizational structure; the impact of macroeconomic uncertainties and market volatility; our financial performance, including expectations regarding our results of operations and the assumptions underlying such expectations, and ability to achieve and sustain profitability; our ability to attract and retain customers; our ability to compete effectively in an intensely competitive market; our ability to comply with modified or new industry standards, laws and regulations applying to our business, and increased costs associated with regulatory compliance; our ability to manage changes in network service provider fees and optimize our network service provider coverage and connectivity; our ability to form and expand partnerships; and our ability to successfully enter into new markets and manage our international expansion.

The forward-looking statements contained in this presentation are also subject to additional risks, uncertainties, and factors, including those more fully described in our most recent filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q. Should any of these risks materialize, or should our assumptions prove to be incorrect, actual financial results could differ materially from our projections or those implied by these forward-looking statements. Further information on potential risks that could affect actual results will be included in the subsequent periodic and current reports and other filings that we make with the Securities and Exchange Commission from time to time. Moreover, we operate in a very competitive and rapidly changing environment, and new risks and uncertainties may emerge that could have an impact on the forward-looking statements contained in this presentation. Forward-looking statements represent our management’s beliefs and assumptions only as of the date such statements are made. We undertake no obligation to update any forward-looking statements made in this presentation to reflect events or circumstances occurring after this presentation or to reflect new information or the occurrence of unanticipated events, except as required by law.

Non-GAAP Financial Measures



In addition to financial information presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this presentation includes certain non-GAAP financial measures, including those listed below. We use these non-GAAP financial measures to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that these non-GAAP financial measures may be helpful to investors because they provide consistency and comparability with past financial performance, facilitate period-to-period comparisons of results of operations and assist in comparisons with other companies, many of which use similar non-GAAP financial measures to supplement their GAAP results. We believe organic revenue growth is useful in understanding the ongoing results of our operations. We believe free cash flow provides useful supplemental information to help investors understand underlying trends in our business and our liquidity. These non-GAAP financial measures are presented for supplemental informational purposes only, should not be considered substitutes for financial information presented in accordance with GAAP, and may be different from similarly-titled non-GAAP measures used by other companies.

Non-GAAP Income (Loss) from Operations. For the periods presented, we define non-GAAP income (loss) from operations (which we also refer to as non-GAAP operating profit or non-GAAP operating loss, as applicable), adjusted to exclude, as applicable, stock-based compensation, amortization of acquired intangibles, loss on net assets divested, acquisition and divestiture related expenses, payroll taxes related to stock-based compensation, charitable contributions, restructuring costs, and impairment of long-lived assets.

Organic Revenue. For the periods presented, we define organic revenue as GAAP revenue, excluding (i) revenue from each acquired business and revenue from application-to-person ("A2P") 10DLC fees imposed by major U.S. carriers on our core messaging business, in each case until the beginning of the first full quarter following the one-year anniversary of the closing date of such acquisition or the initial date such fees were charged and (ii) revenue from each divested business beginning in the quarter of the closing date of such divestiture; provided that (a) if an acquisition closes or such fees are initially charged on the first day of a quarter, such revenue will be included in organic revenue beginning on the one-year anniversary of the closing date of such acquisition or the initial date such fees were charged and (b) if a divestiture closes on the last day of a quarter, such revenue will be included in organic revenue for that quarter. A2P 10DLC fees are fees imposed by U.S. mobile carriers for A2P SMS messages delivered to its subscribers, and we pass these fees to our messaging customers at cost.

Organic Revenue Growth. For the periods presented, we calculate organic revenue growth by dividing (i) organic revenue for the period presented less organic revenue in the comparative period by (ii) organic revenue in the comparative period. If revenue from certain acquisitions, divestitures or A2P 10DLC fees is included or excluded in organic revenue in the period presented, then revenue from the same acquisitions, divestitures and A2P 10DLC fees is included or excluded in organic revenue in the comparative period for purposes of the denominator in the organic revenue growth calculation. As a result, the denominator used in this calculation will not always equal the organic revenue reported for the comparative period.

Free Cash Flow. For the periods presented, we define free cash flow as net cash provided by (used in) operating activities excluding capitalized software development costs and purchases of long-lived and intangible assets.

Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



	Year Ended		Last Twelve Months	Three Months Ended
	December 31, 2021	December 31, 2023	March 31, 2024	March 31, 2024
Non-GAAP income from operations				
Revenue	\$ 2,841,839	\$ 4,153,945	\$ 4,194,431	\$ 1,047,050
GAAP gross profit	\$ 1,390,713	\$ 2,043,930	\$ 2,097,281	\$ 544,041
Non-GAAP adjustments:				
Stock-based compensation	14,074	26,343	26,944	5,891
Amortization of acquired intangibles	114,896	113,266	98,987	15,682
Payroll taxes related to stock-based compensation	—	699	849	345
Non-GAAP gross profit	\$ 1,519,683	\$ 2,184,238	\$ 2,224,061	\$ 565,959
GAAP operating expenses	\$ 2,306,297	\$ 2,920,471	\$ 2,753,242	\$ 587,545
Non-GAAP adjustments:				
Stock-based compensation	(618,211)	(636,499)	(631,590)	(150,267)
Amortization of acquired intangibles	(83,888)	(79,041)	(71,485)	(13,257)
Acquisition and divestiture related expenses	(7,449)	(5,555)	(3,320)	—
Loss on divestiture	—	(32,277)	(28,453)	—
Payroll taxes related to stock-based compensation	(48,417)	(12,286)	(13,665)	(6,431)
Charitable contributions	(31,169)	(17,346)	(17,042)	(1,295)
Restructuring costs	—	(165,733)	(53,737)	(9,946)
Impairment of long-lived assets	—	(320,504)	(298,720)	—
Non-GAAP operating expenses	\$ 1,517,163	\$ 1,651,230	\$ 1,635,230	\$ 406,349
GAAP loss from operations	\$ (915,584)	\$ (876,541)	\$ (655,961)	\$ (43,504)
Non-GAAP adjustments:				
Stock-based compensation	632,285	662,842	658,534	156,158
Amortization of acquired intangibles	198,784	192,307	170,472	28,939
Acquisition and divestiture related expenses	7,449	5,555	3,320	—
Loss on divestiture	—	32,277	28,453	—
Payroll taxes related to stock-based compensation	48,417	12,985	14,514	6,776
Charitable contributions	31,169	17,346	17,042	1,295
Restructuring costs	—	165,733	53,737	9,946
Impairment of long-lived assets	—	320,504	298,720	—
Non-GAAP income from operations	\$ 2,520	\$ 533,008	\$ 588,831	\$ 159,610

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Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



	Year Ended December 31, 2021	Last Twelve Months March 31, 2024
Free cash flow		
Net cash (used in) provided by operating activities	\$ (58,192)	\$ 702,741
Capitalized software development costs	(43,973)	(41,219)
Purchase of long-lived and intangible assets	(46,048)	(6,230)
Free cash flow	\$ (148,213)	\$ 655,292

Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



	Year Ended		Three Months Ended
	December 31, 2022	December 31, 2023	March 31, 2024
Organic revenue			
Total revenue	\$ 3,826,321	\$ 4,153,945	\$ 1,047,050
Acquisition revenue	(128,619)	(2,088)	—
Divestiture revenue	—	(6,142)	—
10DLC A2P revenue	(86,338)	—	—
Organic revenue	\$ 3,611,364	\$ 4,145,715	\$ 1,047,050
Revenue growth	35 %	9 %	4 %
Organic revenue growth	29.7% ¹	10% ²	7% ³

¹ FY'21 organic revenue, when used as the denominator for FY'22 Organic Revenue Growth, excludes \$26 million of acquisition revenue and \$31 million of A2P 10DLC fee revenue. FY'21 revenue was \$2,842 million.

² FY'22 organic revenue, when used as the denominator for FY'23 Organic Revenue Growth, excludes \$1 million of acquisition revenue and \$66 million of divestiture revenue.

³ Q1'23 organic revenue, when used as the denominator for Q1'24 Organic Revenue Growth, excludes \$28 million of divestiture revenue. Q1'23 revenue was \$1,007 million.