

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

July 29, 2009
Date of Report (Date of earliest event reported)



8x8, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State of other jurisdiction of incorporation)

000-21783

(Commission File Number)

77-0142404

(I.R.S. Employer Identification Number)

3151 Jay Street
Santa Clara, CA 95054

(Address of principal executive offices including zip code)

(408) 727-1885

(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))

Item 2.02. Results of Operations and Financial Condition.

On July 29, 2009, 8x8, Inc. ("8x8") announced its financial results for the first quarter of its fiscal year ending March 31, 2010. A copy of 8x8's press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 8.01. Other Events.

The Board of Directors of 8x8 has authorized the repurchase of up to \$2 million of 8x8's outstanding common stock from time to time until July 28, 2010 (the "Repurchase Plan"). Share repurchases, if any, will be funded with available cash. Repurchases under the Repurchase Plan may be made through open market purchases at prevailing market prices or in privately negotiated transactions. The timing, volume and nature of share repurchases are subject to market prices and conditions, applicable securities laws and other factors, and are at the discretion of 8x8's management. Share repurchases under the Repurchase Plan may be commenced, suspended or discontinued at any time.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

99.1 Press Release dated July 29, 2009

99.2 Conference call script and presentation dated July 29, 2009

SIGNATURES

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 thereunto duly authorized.

Date: July 29, 2009

8X8, INC.

By: /s/ Daniel Weirich

Daniel Weirich
Chief Financial Officer, President and Secretary

INDEX TO EXHIBITS

<u>Exhibit</u>	<u>Description</u>
<u>99.1 *</u>	<u>Press release dated July 29, 2009</u>
<u>99.2 *</u>	<u>Conference call script and presentation dated July 29, 2009</u>

* Also provided in PDF format as a courtesy.



8x8, Inc. Announces First Quarter Fiscal 2010 Results

Company Reports Profitable Quarter and Record Number of Sales to New Business Customers; Announces Stock Repurchase Program

SANTA CLARA, Calif., -- July 29, 2009 -- 8x8, Inc. (Nasdaq: EGHT), provider of Internet Protocol (IP) communications solutions for business and residential users, today announced financial operating results for the first quarter of fiscal 2010 ended June 30, 2009.

Net income for the quarter was \$414,000, or \$0.01 per share, compared to net income of \$1.2 million, or \$0.02 per share, for the same period of fiscal 2009 and a net loss of \$3.9 million or (\$0.06) per share, for the previous quarter.

During the first quarter of fiscal 2010, 8x8 recorded new sales to 2,907 business customers, up from a previous record of 2,792 businesses in the prior quarter, and increased its business customer subscriber base by 1,253 net new business customers, compared to 1,053 in the same period last year and 1,307 in the previous quarter. Business customer churn remained stable sequentially at 2.7%, compared to a churn rate of 3.2% in the same period last year. 8x8 ended the first quarter of fiscal 2010 with 17,266 business customers.

Total revenue for the first quarter of fiscal 2010 was \$15.6 million, compared to \$16.3 million for the same period of fiscal 2009 and \$15.8 million for the previous quarter. Revenue from business customers grew to 69% of total revenue in the first quarter of fiscal 2010 compared to 56% of total revenue in the same period of fiscal 2009 and 68% of total revenue in the previous quarter. Gross margin for the first quarter of fiscal 2010 was 66% compared to 68% for the same period of fiscal 2008 and 59% for the previous quarter.

The Company reported cash and investments of \$15.5 million in the first quarter of fiscal 2010 compared to \$14.8 million in the same period of fiscal 2009 and \$16.4 million in the previous quarter.

In addition to its first quarter fiscal 2010 operating results, 8x8 also announced that its board of directors has authorized the Company to repurchase up to \$2.0 million of its outstanding common stock from time to time until July 28, 2010. Share repurchases, if any, will be funded with available cash. Repurchases of the Company's common stock may be made through open market purchases at prevailing market prices or in privately negotiated transactions. The timing, volume and nature of share repurchases are subject to market prices and conditions, applicable securities laws and other factors, and are at the discretion of the Company's management. Share repurchases may be commenced, suspended or discontinued at any time.

"Demand for our hosted IP telephony solutions continues to grow, surpassing last quarter's record number of sales to new business subscribers," said 8x8 Chairman and CEO Bryan Martin. "This accelerating growth indicates our strategy of minimizing the upfront cost of entry for small businesses is working, making our services even more compelling in

today's tenuous economic climate. We expect to report increased revenue and net income next quarter as a result of this strategy."

Q1FY'10 Business Highlights:

- Surpassed the previous quarter's record sales to new business customers with a new record of 2,907 gross new businesses.
- Reduced business customer subscriber acquisition costs by 48% to \$638 in the first quarter of fiscal 2010 from \$1,217 in the same period last year.
- Rolled out co-branded Internet protocol business phones nationwide at Office Depot retail store locations.
- The number of lines and services purchased by new business customers during the quarter set a record number of 27,937, or an average of 9.6 per new business customer.
- Business customer churn declined to 2.7% vs. 3.2% in the same period last year, despite continued challenges in the overall economic climate for small businesses.
- Increased revenue from business customers to 69% of total revenue - up from 56% in the same period last year.

Management will host a conference call to discuss these results and other matters related to the Company's business today, July 29, 2009, at 4:30 p.m. EDT. The call is accessible via the following numbers and webcast links:

Dial In:	(888) 569-5033, domestic (719) 325-2122, international
Replay:	(888) 203-1112, passcode 4277733, domestic (719) 457-0820, passcode 4277733, international
Webcast:	http://investors.8x8.com/
Additional presentation materials:	http://virtualmeeting.8x8.com/Q1FY2010Earnings

About 8x8, Inc.

8x8, Inc. (Nasdaq: EGHT) offers voice, video and mobile communications solutions for business and residential customers. These solutions leverage existing broadband Internet connections and cellular networks to deliver advanced features and digital quality phone service at a fraction of the cost of legacy, copper wire alternatives. Businesses of any size, configuration or geographic location can benefit from the cost, performance and operational advantages of VoIP technology. All 8x8 communications solutions carry little or no upfront

investment, no maintenance or upgrade fees and no change in user behavior. For additional information, visit www.8x8.com.

Forward Looking Statements

This news release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934. These statements include, without limitation, information about future events based on current expectations, potential product development efforts, near and long-term objectives, potential new business, strategies, organization changes, changing markets, future business performance and outlook. Such statements are predictions only, and actual events or results could differ materially from those made in any forward-looking statements due to a number of risks and uncertainties. Actual results and trends may differ materially from historical results or those projected in any such forward-looking statements depending on a variety of factors. These factors include, but are not limited to, customer acceptance and demand for our products and services, the reliability of our services, the prices for our services, customer renewal rates, customer acquisition costs, actions by our competitors, including price reductions for their telephone services, potential federal and state regulatory actions, compliance costs, potential warranty claims and product defects, our needs for and the availability of adequate working capital, our ability to innovate technologically, the timely supply of products by our contract manufacturers, potential future intellectual property infringement claims that could adversely affect our business and operating results, and our ability to retain our listing on the NASDAQ Capital Market. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" in the Company's reports on Forms 10-K and 10-Q, as well as other reports that 8x8, Inc. files from time to time with the Securities and Exchange Commission. All forward-looking statements are qualified in their entirety by this cautionary statement, and 8x8, Inc. undertakes no obligation to update publicly any forward-looking statement for any reason, except as required by law, even as new information becomes available or other events occur in the future.

NOTE: 8x8, the 8x8 logo, and 8x8 Virtual Office are trademarks of 8x8, Inc. All other trademarks are the property of their respective owners.

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Investor Relations Contact:

Joan Citelli
jcitelli@8x8.com
(408) 687-4320

8x8, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts; unaudited)

	Three Months Ended	
	June 30,	
	2009	2008
Service revenues	\$ 14,520	\$ 15,019
Product revenues	1,038	1,262
Total revenues	15,558	16,281
Operating expenses:		
Cost of service revenues	3,501	3,814
Cost of product revenues	1,821	1,432
Research and development	1,237	1,192
Selling, general and administrative	8,573	8,751
Total operating expenses	15,132	15,189
Income from operations	426	1,092
Other income, net	12	85
Income (loss) on change in fair value of warrant liability	(7)	69
Income before provision for income taxes	431	1,246
Provision for income taxes	17	58
Net income	\$ 414	\$ 1,188
Net income per share:		
Basic	\$ 0.01	\$ 0.02
Diluted	\$ 0.01	\$ 0.02
Weighted average number of shares:		
Basic	62,688	62,096
Diluted	62,766	62,192

8x8, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, unaudited)

	<u>June 30,</u> <u>2009</u>	<u>March 31,</u> <u>2009</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 15,485	\$ 16,376
Accounts receivable, net	415	414
Inventory	2,589	2,297
Other current assets	771	841
	<hr/>	<hr/>
Total current assets	19,260	19,928
Property and equipment, net	1,533	1,485
Other assets	430	443
	<hr/>	<hr/>
Total assets	\$ 21,223	\$ 21,856
	<hr/>	<hr/>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 5,404	\$ 4,810
Accrued compensation	1,331	1,264
Accrued warranty	373	328
Deferred revenue	1,490	2,254
Other accrued liabilities	2,920	3,858
	<hr/>	<hr/>
Total current liabilities	11,518	12,514
Other liabilities	187	291
Fair value of warrant liability	27	21
	<hr/>	<hr/>
Total liabilities	11,732	12,826
Total stockholders' equity	9,491	9,030
Total liabilities and stockholders' equity	\$ 21,223	\$ 21,856
	<hr/>	<hr/>

8x8, Inc.
Selected Operating Statistics

	<u>FQ108</u>	<u>FQ208</u>	<u>FQ308</u>	<u>FQ408</u>	<u>FQ109</u>	<u>FQ209</u>	<u>FQ309</u>	<u>FQ409</u>	<u>FQ110</u>
Gross business customer additions (1)	1,746	1,872	1,924	2,162	2,398	3,324	2,437	2,792	2,907
Gross business customer cancellations (less cancellations within 30 days of sign-up)	876	849	949	1,138	1,098	1,187	1,224	1,245	1,371
Business customer churn (less cancellations within 30 days of sign-up) (2)	3.8%	3.3%	3.3%	3.6%	3.2%	3.1%	2.9%	2.7%	2.7%
Total business customers (3)	8,160	9,111	10,007	10,845	11,898	13,744	14,706	16,013	17,266
Business customer average monthly service revenue per customer (4)	\$ 247	\$ 234	\$ 233	\$ 229	\$ 237	\$ 220	\$ 208	\$ 202	\$ 196
Revenue from business customers (in '000s)	\$ 6,444	\$ 6,953	\$ 7,542	\$ 8,111	\$ 9,077	\$ 9,826	\$ 10,614	\$ 10,728	\$ 10,722
Revenue from residential and video customers (in '000s)	\$ 8,181	\$ 7,793	\$ 8,182	\$ 7,685	\$ 7,192	\$ 6,356	\$ 5,572	\$ 5,236	\$ 4,811
Revenue from technology licensing (in '000s)	\$ 117	\$ 22	\$ 80	\$ 536	\$ 12	\$ 243	\$ 17	\$ (199)	\$ 25
Total Revenue	\$ 14,742	\$ 14,768	\$ 15,804	\$ 16,332	\$ 16,281	\$ 16,425	\$ 16,203	\$ 15,765	\$ 15,558
Percentage of revenue from business customers	43.7%	47.1%	47.7%	49.7%	55.8%	59.8%	65.5%	68.1%	68.9%
Percentage of revenue from residential and video customers	55.5%	52.8%	51.8%	47.0%	44.1%	38.7%	34.4%	33.2%	30.9%
Percentage of revenue from technology licensing	0.8%	0.1%	0.5%	3.3%	0.1%	1.5%	0.1%	- -1.3%	0.2%
Total Revenue	100.0%								
Overall service margin	70%	67%	70%	74%	75%	73%	74%	71%	76%
Overall product margin	- -4%	- -77%	15%	- -23%	- -13%	- -10%	9%	- -50%	- -75%
Overall gross margin	64%	52%	65%	67%	68%	65%	67%	59%	66%
Total (business, residential and video) subscriber acquisition cost per service (5)	\$ 138	\$ 99	\$ 129	\$ 155	\$ 162	\$ 163	\$ 135	\$ 119	\$ 108
Business subscriber acquisition cost per service (6)	\$ 141	\$ 142	\$ 161	\$ 158	\$ 171	\$ 171	\$ 141	\$ 118	\$ 93
Average number of services subscribed to per business customer	7.0	7.2	7.3	7.2	7.1	6.9	6.6	6.6	6.9
Business customer subscriber acquisition cost (7)	\$ 991	\$ 1,028	\$ 1,177	\$ 1,135	\$ 1,217	\$ 1,174	\$ 933	\$ 785	\$ 638
Residential lines in service	100,571	117,338	112,229	107,260	100,937	93,865	86,992	81,569	74,809
Total (business, residential and video) customer churn (less cancellations within 30 days of sign-up) (8)	4.6%	3.9%	3.8%	4.0%	3.5%	4.2%	3.9%	3.5%	3.7%

- (1) Includes 1,154 "Find me, Follow me" and 40 8x8 Virtual Office customers acquired in the second quarter of fiscal 2009 from Avtex Solutions, LLC ("Avtex").
- (2) Business customer churn is calculated by dividing the number of business customers that terminated (after the expiration of the 30 day trial) during that period by the simple average number of business customers during the period and dividing the result by the number of months in the period. The simple average number of business customers during the period is the number of business customers on the first day of the period plus the number of business customers on the last day of the period divided by two.
- (3) Business customers are defined as customers paying for service. Prior to April 1, 2008, 8x8 included customers in the business customer count that were using the service as a trial or evaluation and not yet paying for service. The numbers in this table prior to and after April 1, 2008, only include business customers that are paying for service. Customers that have prepaid for their first month of service and are currently in the 30 day trial period are considered to be customers that are paying for service.
- (4) Business customer average monthly service revenue per customer is service revenue from business customers in the period divided by the number of months in the period divided by the simple average number of business customers during the period.
- (5) Total (business, residential and video) subscriber acquisition cost per service is defined as the combined costs of advertising, marketing, promotions, commissions and equipment subsidies during the period divided by the number of gross services added during the period.
- (6) Business subscriber acquisition cost per service is defined as the combined costs of advertising, marketing, promotions, commissions and equipment subsidies for business services sold during the period divided by the number of gross business services added during the period. The addition of 1,154 Avtex customers that migrated to 8x8 in the second fiscal quarter of 2009 but subscribed to "Find me, Follow me" services rather than 8x8 Virtual Office service, and the \$79,230 in expense related to the acquisition of these 1,154 customers, is excluded from this calculation.
- (7) Business customer subscriber acquisition cost is business subscriber acquisition cost per service times the average number of services subscribed to per business customer.
- (8) Total (business, residential and video) customer churn is calculated by dividing the number of services terminated (after the expiration of the 30 day trial) during that period by the simple average number of services during the period and dividing the result by the number of months in the period.

8x8, Inc. (Nasdaq: EGHT)

Q1 FY2010 Earnings Conference Call

July 29, 2009, 4:30 PM EDT

Company Executives:

Bryan Martin, Chief Executive Officer and Chairman of the Board

Dan Weirich, President and Chief Financial Officer

Joan Citelli, Director of Corporate Communications



Joan Citelli, Director of Corporate Communications:

Thanks and welcome everyone to our call. Today I'm joined by 8x8's Chief Executive Officer and Chairman of the Board, Bryan Martin, and 8x8's President and Chief Financial Officer, Dan Weirich, to discuss our results for 8x8's first fiscal quarter ended June 30, 2009. If you have not yet seen today's financial results, the press release is available on 8x8's corporate website at www.8x8.com.

Following our comments, there will be an opportunity for questions.

Safe Harbor Statement

- During the course of this meeting, and any question and answer and demonstration period afterwards, representatives of the Company may make forward-looking statements regarding future events or the future financial performance of the Company, including statements about future events based on current expectations, potential product development efforts, near and long-term objectives, potential new business, strategies, organization changes, changing markets, future business performance and outlook. Such statements are predictions only, and actual events or results could differ materially from those made in any forward-looking statements due to a number of risks and uncertainties. Actual results and trends may differ materially from historical results or those projected in any such forward-looking statements depending on a variety of factors. These factors include, but are not limited to, customer acceptance and demand for our VoIP products and services, the reliability of our services, the prices for our services, customer renewal rates, customer acquisition costs, actions by our competitors, including price reductions for their telephone services, potential federal and state regulatory actions, compliance costs, potential warranty claims and product defects, our needs for and the availability of adequate working capital, our ability to innovate technologically, the timely supply of products by our contract manufacturers, potential future intellectual property infringement claims that could adversely affect our business and operating results, and our ability to retain our listing on the NASDAQ Capital Market. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" in the Company's reports on Forms 10-K and 10-Q, as well as other reports that 8x8, Inc. files from time to time with the Securities and Exchange Commission. All forward-looking statements are qualified in their entirety by this cautionary statement, and 8x8, Inc. undertakes no obligation to update publicly any forward-looking statement for any reason, except as required by law, even as new information becomes available or other events occur in the future.*
- Please refer to our most recent filings with the Securities and Exchange Commission which contain and identify additional information covering factors that could cause the results to differ materially from those contained in our projections or forward-looking statements.*



Before I turn the call over to Bryan, I would like to remind all participants that during this conference call any forward-looking statements are made pursuant to the Safe Harbor provision of the Private Securities Litigation Reform Act of 1995. Expressions of future goals, including financial guidance and similar expressions, including without limitation, expressions using the terminology "may", "will", "believe", "expect", "plans", "anticipates", "predicts", "forecasts" and expressions which otherwise request something other than historical fact are intended to identify forward-looking statements. These forward-looking statements involve a number of risks and uncertainties, including factors discussed in the risk factor sections of our annual report on Form 10-K, in our quarterly reports on Form 10-Q, and in our other SEC filings and company releases.

Our actual results may differ materially from any forward-looking statements due to such risks and uncertainties. The Company undertakes no obligation to revise or update any forward-looking statements in order to reflect events or circumstances that may arise after this conference call, except as required by law.

Please note that management will be continuing our corporate practice of not offering or providing any forward looking guidance on the Company's financial results, forecasts, or similar future expectations, and your cooperation is appreciated in not asking any questions in this regard. Thank you. And with that I'll turn the call over to Bryan Martin, Chief Executive Officer and Chairman of the Board of 8x8.

Bryan Martin, Chief Executive Officer and Chairman of the Board:

Thank you, Joan, and good afternoon, everyone. 8x8 returned to profitability in the first quarter of our 2010 fiscal year. As you will recall from our call last quarter, our focus is on maximizing net income this year and growing our revenue from business customers.

While it is not yet visible in our overall quarterly numbers, I am pleased to announce that the strategies we put in place during the month of March are producing favorable results in our monthly billing and operating metrics. We are beginning to see an increase in overall monthly revenue and note that services revenue from business customers would have increased sequentially except for the initial full-quarter impact of the equipment subsidies we introduced during the month of March. Dan will have more details on these results in a minute. You will recall that, at the end of April, we cut our indirect channel and channel-related support efforts and eliminated approximately 35 positions. There were no one time or special charges during the quarter.

An additional point I would like to highlight is that we have entered the SunRocket renewal quarter for the quarter ending September 30, 2009, and have already begun to renew annual subscriptions for approximately 10,000 customers.

We are continuing our strategy of subsidizing up front equipment sales in order to convert more leads and grow the business faster. This is reflected in the quarter's negative 75% equipment margins. You will see, however, that service margin expanded to 76% with overall gross margins at 66%. Further, the number of gross businesses added during the quarter exceeded the March quarter's record number.



During the June quarter, we added 2,907 new business customers, as compared to 2,792 for the March quarter. The number of lines and services purchased by these customers was also larger with a total of 27,937 gross lines and services added by these 2,907 new customers, or an average of 9.6 lines and services per customer. Over our entire customer base, these new customers increased the number of average services purchased per customer to 6.9 in the June quarter, vs. 6.6 in the March quarter.

We currently have three customers that we bill more than \$10,000 per month, nine customers that we bill between \$5,000 and \$10,000 per month, and 35 customers that we bill between \$2,500 and \$5,000 per month.

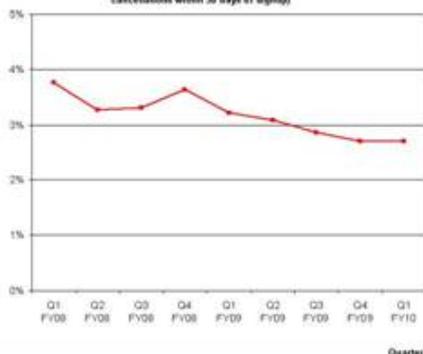
Business customer churn in the June quarter vs. the March quarter was flat at 2.7%, and our customer acquisition cost continued to decrease to \$638 per new business, vs. \$785 per new business in the March quarter and \$933 per new business in the December quarter.

Business Customer Churn is Improving

Monthly Business Customer Churn (less cancellations within 30 days of sign-up)

Churn Reduction Initiatives:

- Guided installation by dedicated technical support agents
- On-site troubleshooting as needed
- Dedicated Technical Account Manager for larger accounts
- New subscriber welcome kit



8x8, INC. NASDAQ LISTED: EIGHT

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Our new marketing, lead generation and sales strategies are paying off as a year ago for the June quarter, our acquisition cost per new business was \$1,217; now, it is only \$638, an improvement of 48%.

In addition to our first quarter 2010 operating results, we also announced that our board of directors authorized the Company to repurchase up to \$2.0 million of our outstanding common stock from time to time until July 28, 2010. Share repurchases, if any, will be funded with available cash. Repurchases of our common stock may be made through open market purchases at prevailing market prices or in privately negotiated transactions. The timing, volume and nature of share repurchases are subject to market prices and conditions, applicable securities laws and other factors, and are at the discretion of 8x8's management. Share repurchases may be commenced, suspended or discontinued at any time.

Before I turn the call over to Dan, I would like to discuss a new web conferencing service we are readying for introduction to the market, part of a long term strategy of expanding our portfolio to include unified communications services as well as hosted telephony solutions. In addition to broadcasting today's conference call on Shareholder.com, we are broadcasting and recording this call on our new 8x8 Virtual Meeting web conferencing portal. 8x8 Virtual Meeting has been in an internal testing phase for several months, and we will be launching a public beta during the month of August. We expect the service to officially launch to customers in September. Virtual Meeting provides interactive web conferencing from any Flash-enabled web browser on any computing platform. It includes voice conferencing, both from any telephone or native within the web browser, presentation slide sharing, desktop and application sharing, chat, chair control, conference controls and recording. No

software downloads are required, and a meeting attendee can participate with voice right from the web browser. No telephone is required, as attendees can all speak directly through the web browser application. The entire service is integrated with our 8x8 Virtual Office platform and we plan to offer the service to both existing 8x8 Virtual Office customers, as well as web conferencing customers on a standalone basis when the product launches. Preliminary survey results indicate that upwards of 60% of our existing Virtual Office customers use some form of web conferencing, so we believe there is a significant opportunity to up sell our existing business customer base to this meeting service.

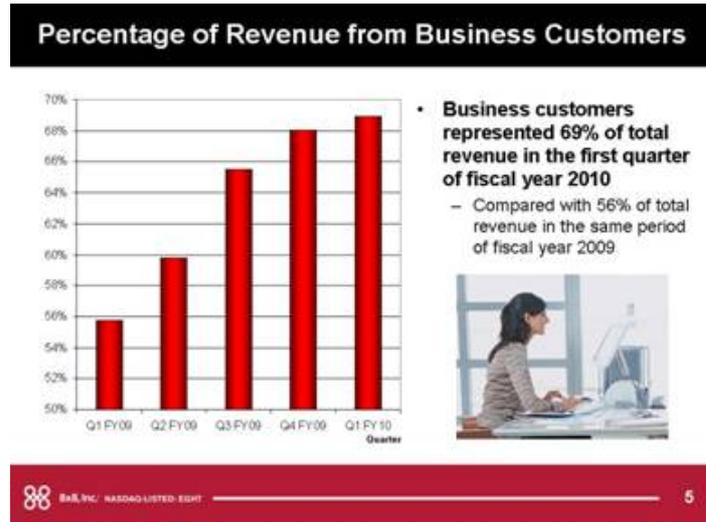
The slides we are referencing during this call are being presented through the 8x8 Virtual Meeting web conferencing platform.

I will now turn the call over to Dan Weirich, the Company's President and Chief Financial Officer, who will walk you through our detailed financial results and provide additional information regarding our business.

Dan Weirich, President and Chief Financial Officer:

Thank you, Bryan.

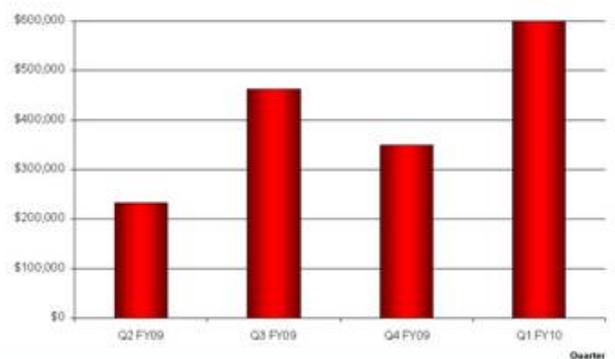
Revenue from business customers represented 69% of total revenue in the first quarter of fiscal 2010, compared with 56% of total revenue in the same period of fiscal 2009 and 68% of total revenue in the previous quarter.



Sequentially, business revenue was flat because we increased the equipment subsidy, which is product revenue less cost of product revenue, in the first quarter of 2010. During these same periods, the equipment subsidy, excluding the one-time \$543K write-off of older Virtual Office analog telephones in the fourth quarter of 2009, was

\$239K in the fourth quarter of 2009 and \$783K in the first quarter of 2010. Product revenue is recognized at the time of shipments less a returns reserve. The discounting of equipment or increased equipment subsidy has a short term impact on revenue as product revenue has declined and the corresponding service revenue has not been recognized.

Rate of Growth of Virtual Office Recurring Revenue is Accelerating

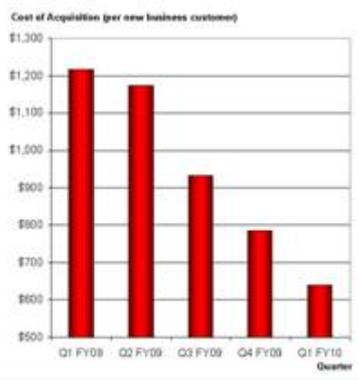


During the first quarter of 2010, the service revenue generated from Virtual Office business customers increased by \$600K compared to an average of \$347K in the preceding three quarters.

8x8 ended June 2009 with 65 quota carrying sales executives in our direct sales force, compared to 43 quota carrying sales executives on June 30, 2008.

Cost of acquisition was \$638 per business customer in the first quarter compared to \$785 in the fourth quarter and \$1,217 in the first quarter of 2009.

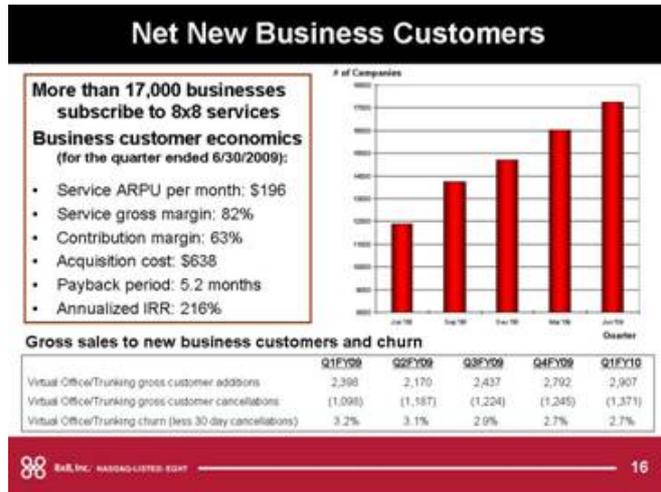
Cost of Business Customer Acquisition Trend



- Marketing Channels:**
- Online media (SEM, SEO, banners, email)
 - Lead generation campaigns
 - Direct Mail
 - Print Advertising
 - Referral program
 - 8x8 Website

Advertising expense in the first quarter was \$1.2M compared to \$1.8M in the fourth quarter and \$2M in the same period a year ago.

The average monthly service revenue per business customer in the first quarter was \$196 compared to \$202 in the fourth quarter.



Business service gross and contribution margins remained strong at 82% and 63%. The payback in the first quarter, which is cost of acquisition divided by contribution margin, was 5.2 months.

Cancellations due to financial hardship in the first quarter represented 35% of total business customer cancellations compared to 33% in first quarter of 2009.

Non-cash items in our financials this quarter included:

- a \$43,000 stock-based compensation charge which is predominantly related to our employee stock purchase plan;
- a \$7,000 non cash mark-to-market loss on the value of our warrants; and
- a \$287,000 depreciation charge.

Cash outflow for inventory purchases was \$1.6 million during the first quarter. Capital expenditures for the first quarter were \$219,000, 1.4% of revenue. We

expect this number to increase two to three times in the September quarter due to expenditures related to our corporate headquarters relocation to Sunnyvale, California.

Gross margin was 66% in the first quarter with service margins of 76% and product margins of negative 75%. Because product margins were lower than we would like them to be, we adjusted our sales representatives' discounting capabilities on equipment throughout the quarter to address this issue.

We ended the quarter with \$15.5 million in cash, an \$891,000 sequential decrease and \$652,000 increase from the same period a year ago. Cash declined sequentially because of a \$250,000 royalty license payment, a \$207,000 increase in inventory payments, \$100,000 of employee termination related expenses, \$80,000 of payments related to the buyout of future residual commission payments and the balance primarily related to the increase in equipment subsidy that was not yet off-set by an increase in recurring service revenue.

As of June 30, 2009, total shares outstanding were 62.7 million, and total shares fully diluted were 76 million. If not exercised, 1.6 million warrants with a strike price of \$3.61 will expire in September 2009.

That concludes my prepared remarks and I will now turn the call back over to Bryan.

Bryan Martin, Chief Executive Officer and Chairman of the Board:

Thank you, Dan. For your reference and convenience, we have posted a transcript of our prepared remarks, including the Virtual Meeting presentation slides shown today, on the "Events & Presentations" section of 8x8's Investor website at investors.8x8.com.

Upcoming 8x8 Events

- **7/30/2009 – Annual Meeting of Stockholders**
 - Santa Clara, California
- **9/1/2009 – Internet Telephony Expo**
 - Los Angeles, California
- **9/9/2009 – Kaufman Brothers Growth Conference**
 - New York, New York
- **9/24/2009 – Open House at 8x8's New Corporate Offices**
 - Sunnyvale, California



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We will also be broadcasting our Annual Meeting of Shareholders tomorrow at 10AM Pacific time on the 8x8 Virtual Meeting platform, for those of you who are unable to attend. The link to that meeting is posted on investors.8x8.com. On September 24, we will be hosting an open house celebration at our new corporate headquarters in Sunnyvale and would welcome seeing you at that event. Please contact Joan Citelli if you would like to receive an invitation. And, if you missed the KTVU TV news segment on 8x8 that aired earlier this month, you can find a link on my blog which is located at community.8x8.com.

We are very optimistic about the prospects for our new Virtual Meeting service, and some additional unified communications services still in development. We believe that our technological base of delivering profitable business services will enable even further growth and distance from our competitors who rely on off-the-shelf, "me-too" solutions.

We are pleased by the profitable results delivered in the June quarter, and believe that the best is still to come.

We will now be happy to take any questions you may have.

Operator, please open the lines for any questions.

Questions & Answers

Bryan Martin, Chief Executive Officer and Chairman of the Board:

Thank you everybody for listening. If you're not already a customer, I encourage you to sign-up today for 8x8 Virtual Office business phone services by visiting us at www.8x8.com. Also, please look for the launch of the 8x8 Virtual Meeting service in September. Go ahead, operator.

