

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

January 24, 2006

Date of Report (Date of earliest event reported):



8x8, Inc.

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 1.01. Entry into a Material Definitive Agreement

On January 22, 2006, 8x8, Inc. (the "Company" or "8x8") entered into an agreement with Dr. Barry Andrews, the Vice Chairman of the Company. Pursuant to the terms of the agreement, Dr. Andrews agreed to resign his position as Vice Chairman and as a member of the Board of Directors effective January 24, 2006. Dr. Andrews has agreed to remain an employee of the Company through January 23, 2007 and will continue to receive a salary as well as health and stock option vesting benefits consistent with such compensation and benefits at the time of his termination.

A copy of the agreement is attached as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 2.02. Results of Operations and Financial Condition.

On January 25, 2006, 8x8, Inc. ("8x8") announced its financial results for the third quarter of its fiscal year ending March 31, 2006. A copy of 8x8's press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

Dr. Barry Andrews, Vice Chairman of 8x8, resigned effective January 24, 2006 as an officer and member of the Board of Directors of 8x8.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

10.1 Agreement dated January 22, 2006 by and between the Company and Dr. Barry Andrews

99.1 Press Release dated January 25, 2006

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: January 25, 2006

8X8, INC.

By: /s/ JAMES SULLIVAN

James Sullivan
Chief Financial Officer, Vice President of Finance and Secretary

INDEX TO EXHIBITS

<u>Exhibit</u>	<u>Description</u>
10.1 *	Agreement dated January 22, 2006 by and between the Company and Dr. Barry Andrews
99.1 *	Press release dated January 25, 2006

* Also provided in PDF format as a courtesy.

Dr. Barry Andrews
Vice-Chairman, 8x8, Inc.

Dear Barry:

This letter confirms that you are effectively resigning from 8x8, Inc. ("8x8") and from the 8x8 Board of Directors on January 24, 2006, which starts the severance provisions outlined below, pursuant to final approval via formal resolution by 8x8's Board of Directors:

1. **EMPLOYMENT.** You effectively remain an employee of 8x8 through January 23, 2007, though are free to seek employment elsewhere, subject to honoring the obligations of noncompete (which are determined at the time you are engaging in any new activity, and are intended to prevent 8x8 from paying you salary while you are working for a direct competitor, such as Vonage, SunRocket or the CallVantage group at AT&T, whereas employment at Google or elsewhere would not conflict so long as there is no direct competition with 8x8) and nondisclosure, as well as assignment of intellectual property developed through January 24, 2006. You owe us nothing on intellectual property developed after January 24, 2006. You agree for a period of twelve months after January 24, 2006 to be available to consult on matters as they might arise that relate to your employment prior to January 24, 2006, including answering questions or talking to some partner or party who may require technical or legal assistance. Your approved expenses incurred through January 24, 2006 will be paid out through the normal expense report process. You resign as an officer and director effective January 24, 2006. You will continue to be paid via 8x8's normal payroll through January 23, 2007, at which time you will be reimbursed for your PTO at your final exit interview.
2. **STOCK, MEDICAL AND OTHER BENEFITS.** You will continue to vest your existing stock grants subject to stock plan provisions through January 23, 2007. You will continue to receive medical and other benefits, including 401(k) and ESPP, for this 12 month period (through January 23, 2007) other than PTO which ceases to accrue on January 24, 2006.
3. **8x8 PROPERTY AND E-MAIL.** You will continue to use any 8x8 equipment presently in your possession if you desire. 8x8 will cease to pay for your cellular phone service after February 28, 2006 (though you can get reimbursed for any approved 8x8 phone calls/expenses on your cell phone or elsewhere incurred as part of any 8x8 consulting herein through the normal expense report process, and 8x8 will work with you to transfer your existing cell phone number to a personal plan if you so desire by February 28, 2006). 8x8 will discontinue your access to PeopleSoft, Packet8 Administration, and other internal systems on January 24, 2006, though access to your 8x8 e-mail will be continued through February 28, 2006. You will deliver all 8x8 property back to the company on or before January 23, 2007 at your final exit interview, except that 8x8 agrees to allow you to continue to utilize your existing Packet8 pilot and production accounts and equipment after January 23, 2007 for so long as you remain an active and helpful member of the Packet8 beta testing community.
4. **WAIVER.** You hereby waive any and all claims against 8x8, Inc., its affiliates and subsidiaries (herein "8x8"), and 8x8's officers, directors, employees, consultants and contractors.

Thanks for your cooperation and for your many contributions to 8x8.

Sincerely

Approved: _____
Barry Andrews

Bryan R. Martin
Chairman & CEO, 8x8, Inc.



8x8 Announces Third Quarter Fiscal 2006 Results

Reports Revenue Increase of 186% over Prior Year Quarter; Announces Departure of Vice Chairman

SANTA CLARA, Calif., -- Jan. 25, 2006 -- 8x8, Inc. (Nasdaq: EGHT), the Packet8 broadband VoIP (Voice over Internet Protocol) and videophone communications service provider, today announced financial results for its third quarter of fiscal 2006 ended December 31, 2005.

Revenues for the third quarter of fiscal 2006 were \$8.5 million, compared with \$7.1 million for the second quarter of fiscal 2006 and \$3.0 million for the same period of the prior year. The net loss for the quarter was \$6.8 million or \$0.12 per share, compared with a net loss of \$5.6 million, or \$0.10 per share for the second quarter of fiscal 2006 and a net loss of \$5.8 million or \$0.13 per share for the same period last year. Total revenues for the nine-month periods ended December 31, 2005 and 2004, were \$21.6 million and \$7.6 million, respectively. Net losses for the nine month periods ended December 31, 2005 and 2004, were \$17.5 million, or \$0.32 per share, and \$12.2 million, or \$0.28 per share, respectively.

As of December 31, 2005, the Company had approximately 113,000 Packet8 subscriber lines in service as compared to approximately 93,000 on September 30, 2005, a 22% increase. Revenue and subscriber growth for the quarter were driven by favorable consumer response to promotional incentives for new Packet8 residential service subscribers as well as an increase in sales of the Packet8 Virtual Office business services. Increased losses stemmed from expenses related to the network-wide provisioning of Packet 8's E911 service, the development and launch of private label versions of the Packet8 service and an increase in advertising, rebate and promotion expenditures.

At the end of the third quarter of fiscal 2006, 8x8's balance sheet, including cash and cash equivalents, short-term investments, and restricted cash, totaled \$27.7 million as compared with \$19.7 million on September 30, 2005 due to proceeds received from the \$15 million common stock offering closed in December 2005. During the quarter, the Company spent \$2.7 million on inventory purchases in anticipation of demand.

"8x8 revenues are up for the eighth consecutive quarter and we closed the quarter with strong revenue growth and a healthy increase in our subscriber base," said Bryan R. Martin, 8x8's Chairman & CEO. "We also announced the completion of our second major wholesale offering and met the FCC deadline for E911 provisioning throughout our services network. Both of these accomplishments necessitated an investment of resources which affected our operating loss for the quarter. We continue to expand our distribution channels through recently announced agreements with mobile phone distributors Brightpoint and QDI Wireless, while broadening our service offerings with the announcement of a second co-branded Uniden phone and the Packet8 Softalk™ software client which will enable subscribers to make high quality voice and video calls from personal computers and other portable devices. Our emphasis on maintaining our technological leadership and achieving profitability remain our highest corporate priorities."

In addition, the Company announced that Dr. Barry Andrews had resigned as Vice Chairman and Director to pursue other opportunities. "The Company thanks Dr. Andrews for his loyal service and many contributions to the Company," said Mr. Martin. "We wish him well in his future endeavors."

About 8x8, Inc.

8x8, Inc. offers the Packet8 (<http://www.packet8.net/>) VoIP (voice over internet protocol) telephone and videophone communications service, the DV 326 Broadband VideoPhone and the Packet8 Virtual Office. For additional company information, visit 8x8's web site at <http://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. These statements include, without limitation, statements relating to demand for our Packet8 service, sales channel expansion and our ability to successfully introduce and support new features and products for our Packet8 service. Investors are cautioned that these statements involve risks and uncertainties, and actual results could be materially different from those discussed in this news release. These risks include the risk that demand for our Packet8 products may be less than we anticipated, that we may not be able to introduce and support new features or products at all or that our sales channels do not expand. Further information on factors that could affect the actual results of 8x8, Inc. are included in 8x8, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, which is on file with the Securities and Exchange Commission. 8x8 does not assume any obligation to revise or update any forward-looking statements contained in this press release that become untrue because of subsequent events.

NOTE: 8x8, the 8x8 logo, Packet8, the Packet8 logo and Packet8 Virtual Office are trademarks of 8x8, Inc. All other trademarks are the property of their respective owners.

MEDIA RELATIONS CONTACT:

Joan Citelli

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(408) 316-1290

Financial Tables To Follow

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2005	2004	2005	2004
License and service revenues.....	\$ 6,769	\$ 2,332	\$ 17,484	\$ 5,646
Product revenues.....	1,714	632	4,067	1,918
Total revenues.....	8,483	2,964	21,551	7,564
Operating expenses:				
Cost of license and service revenues.....	3,326	1,442	8,190	3,492
Cost of product revenues.....	3,357	1,073	7,999	2,862
Research and development.....	1,470	784	4,240	2,044
Selling, general and administrative.....	7,244	5,650	19,151	11,785
Total operating expenses.....	15,397	8,949	39,580	20,183
Loss from operations.....	(6,914)	(5,985)	(18,029)	(12,619)
Other income, net.....	125	145	536	460
Net loss.....	\$ (6,789)	\$ (5,840)	\$ (17,493)	\$ (12,159)
Net loss per share:				
Basic and diluted.....	\$ (0.12)	\$ (0.13)	\$ (0.32)	\$ (0.28)
Weighted average number of shares:				
Basic and diluted.....	54,836	46,718	54,181	42,862

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

	December 31, 2005	March 31, 2005
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ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 16,807	\$ 22,515
Restricted cash.....	250	250
Short term investments.....	10,663	9,035
Accounts receivable, net.....	619	1,144
Inventory.....	2,955	1,600
Other current assets.....	2,140	2,485
	-----	-----
Total current assets.....	33,434	37,029
Property and equipment, net.....	2,917	1,788
Other assets.....	262	263
	-----	-----
	\$ 36,613	\$ 39,080
	=====	=====
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 4,923	\$ 4,496
Accrued compensation.....	760	515
Accrued warranty.....	252	187
Deferred revenue.....	2,042	2,602
Other accrued liabilities.....	2,115	1,536
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Total current liabilities.....	10,092	9,336
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Other liabilities.....	76	--
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Total stockholders' equity.....	26,445	29,744
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	\$ 36,613	\$ 39,080
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