

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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2020

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-38312



8x8, INC.

(Exact name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

77-0142404

(I.R.S. Employer Identification Number)

**675 Creekside Way
Campbell, CA 95008**

(Address of principal executive offices)

(408) 727-1885

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
COMMON STOCK, PAR VALUE \$.001 PER SHARE	EGHT	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Non-accelerated filer ☐

Accelerated filer ☐

Smaller reporting company ☐

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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒ The number of shares of the Registrant's Common Stock outstanding as of July 29, 2020 was 104,234,242.

8X8, INC
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2020
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Forward-Looking Statements and Risk Factors

Statements contained in this quarterly report on Form 10-Q, or Quarterly Report, regarding our expectations, beliefs, estimates, intentions or strategies are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, words such as "may," "will," "should," "estimates," "predicts," "potential," "continue," "strategy," "believes," "anticipates," "plans," "expects," "intends," and similar expressions are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements regarding: industry trends; our number of customers; average annual service revenue per customer; cost of service revenue and other revenue; research and development expenses; hiring of employees; sales and marketing expenses; and general and administrative expenses in future periods; and the impact of the COVID-19 pandemic. You should not place undue reliance on these forward-looking statements. Actual results and trends may differ materially from historical results and those projected in any such forward-looking statements depending on a variety of factors. These factors include, but are not limited to:

- the impact of economic downturns on us and our customers, including the impacts of the COVID-19 pandemic;
- customer cancellations and rate of customer churn;
- benefits that can be realized from legacy products, including reducing the number of supported platforms and improved customer churn;
- customer acceptance and demand for our cloud communication and collaboration services, including voice, contact center, video, messaging, and communication APIs;
- competitive market pressures, and any changes in the competitive dynamics of the markets in which we compete;
- market acceptance of new or existing services and features we may offer from time to time;
- the quality and reliability of our products and services;
- our ability to scale our business;
- customer acquisition costs;
- our reliance on a network of channel partners to provide substantial new customer demand;
- upfront investments, including the cost to support new strategic initiatives such as our cloud migration program with value-added resellers ("VAR") and other partners, to acquire more customers may not result in additional revenue from new or existing customers;
- timing and extent of improvements in operating results from increased spending in marketing, sales, and research and development;
- the amount and timing of costs associated with recruiting, training and integrating new employees and retaining existing employees;
- our reliance on infrastructure of third-party network services providers;
- risk of failure in our physical infrastructure;
- risk of defects or bugs in our software;
- risk of cybersecurity breaches;
- our ability to maintain the compatibility of our software with third-party applications and mobile platforms;
- continued compliance with industry standards and regulatory requirements, including privacy, in the United States and foreign countries in which we make our cloud software and services solutions available, and the costs of such compliance;
- introduction and adoption of our cloud software solutions in markets outside of the United States;
- risks relating to the acquisition and integration of businesses we have acquired (for example, Wavacell Pte. Ltd.) or may acquire in the future, particularly if the acquired business operates in a different product market space from us or is based in a region where we do not have significant operations;

- risks related to our senior convertible notes and the related capped call transactions;
- implementation and effects of new accounting standards and policies in our reported financial results; and
- potential future intellectual property infringement claims and other litigation that could adversely impact our business and operating results.

Please refer to the "Risk Factors" section of our annual report on Form 10-K for the fiscal year ended March 31, 2020 as modified by the "Risk Factors" section of this Quarterly Report, and subsequent Securities and Exchange Commission ("SEC") filings for additional factors that could materially affect our financial performance. All forward-looking statements included in this Quarterly Report are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. Readers are urged to carefully review and consider the various disclosures made in this Quarterly Report, which attempts to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

Our fiscal year ends on March 31 of each calendar year. Each reference to a fiscal year in this Quarterly Report, refers to the fiscal year ended March 31 of the calendar year indicated (for example, fiscal 2021 refers to the fiscal year ended March 31, 2021). Unless the context requires otherwise, references to "we," "us," "our," "8x8" and the "Company" refer to 8x8, Inc. and its consolidated subsidiaries.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

8X8, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, unaudited)

	June 30, 2020	March 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 116,690	\$ 137,394
Restricted cash, current	10,376	10,376
Short-term investments	40,580	33,458
Accounts receivable, net	40,572	37,811
Deferred sales commission costs, current	24,247	22,444
Other current assets	35,336	35,679
Total current assets	267,801	277,162
Property and equipment, net	96,112	94,382
Operating lease, right-of-use assets	76,054	78,963
Intangible assets, net	21,773	24,001
Goodwill	128,980	128,300
Restricted cash, non-current	8,641	8,641
Long-term investments	9,965	16,083
Deferred sales commission costs, non-current	58,535	53,307
Other assets	20,232	19,802
Total assets	\$ 688,093	\$ 700,641
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 39,342	\$ 40,261
Accrued compensation	27,764	22,656
Accrued taxes	9,220	10,251
Operating lease liabilities, current	9,989	5,875
Deferred revenue, current	8,352	7,105
Other accrued liabilities	26,873	37,277
Total current liabilities	121,540	123,425
Operating lease liabilities, non-current	87,884	92,452
Convertible senior notes, net	295,662	291,537
Other liabilities, non-current	4,141	2,496
Total liabilities	509,227	509,910
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Common stock	104	103
Additional paid-in capital	657,014	625,474
Accumulated other comprehensive loss	(10,869)	(12,176)
Accumulated deficit	(467,383)	(422,670)
Total stockholders' equity	178,866	190,731
Total liabilities and stockholders' equity	\$ 688,093	\$ 700,641

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

8X8, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts; unaudited)

	Three Months Ended June 30,	
	2020	2019
Service revenue	\$ 114,183	\$ 89,839
Other revenue	7,624	6,836
Total revenue	121,807	96,675
Operating expenses:		
Cost of service revenue	40,996	25,300
Cost of other revenue	11,137	12,391
Research and development	21,494	18,331
Sales and marketing	60,150	53,599
General and administrative	25,790	19,607
Total operating expenses	159,567	129,228
Loss from operations	(37,760)	(32,553)
Other income (expense), net	(3,925)	(1,564)
Loss before provision for income taxes	(41,685)	(34,117)
Provision for income taxes	228	148
Net loss	\$ (41,913)	\$ (34,265)
Net loss per share:		
Basic and diluted	\$ (0.40)	\$ (0.36)
Weighted-average common shares outstanding:		
Basic and diluted	103,607	96,429

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

8X8, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands, unaudited)

	Three Months Ended June 30,	
	2020	2019
Net loss	\$ (41,913)	\$ (34,265)
Other comprehensive income (loss), net of tax		
Unrealized gain on investments in securities	422	121
Foreign currency translation adjustment	885	(652)
Comprehensive loss	<u>\$ (40,606)</u>	<u>\$ (34,796)</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

8X8, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except shares, unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance at March 31, 2020	103,178,621	\$ 103	\$ 625,474	\$ (12,176)	\$ (422,670)	\$ 190,731
Adjustment to opening balance for change in accounting principle	—	—	—	—	(2,800)	(2,800)
Issuance of common stock under stock plans, less withholding	688,414	1	(67)	—	—	(66)
Stock-based compensation expense	—	—	23,118	—	—	23,118
Issuance of common stock related to acquisition	—	—	8,489	—	—	8,489
Unrealized investment gain	—	—	—	422	—	422
Foreign currency translation adjustment	—	—	—	885	—	885
Net loss	—	—	—	—	(41,913)	(41,913)
Balance at June 30, 2020	103,867,035	\$ 104	\$ 657,014	\$ (10,869)	\$ (467,383)	\$ 178,866

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance at March 31, 2019	96,119,888	\$ 96	\$ 506,949	\$ (7,353)	\$ (250,302)	\$ 249,390
Issuance of common stock under stock plans, less withholding	451,308	1	1,493	—	—	1,494
Stock-based compensation expense	—	—	14,059	—	—	14,059
Unrealized investment gain	—	—	—	121	—	121
Foreign currency translation adjustment	—	—	—	(652)	—	(652)
Net loss	—	—	—	—	(34,265)	(34,265)
Balance at June 30, 2019	96,571,196	\$ 97	\$ 522,501	\$ (7,884)	\$ (284,567)	\$ 230,147

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

8X8, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, unaudited)

	Three Months Ended June 30,	
	2020	2019
Cash flows from operating activities:		
Net loss	\$ (41,913)	\$ (34,265)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	2,823	2,325
Amortization of intangible assets	2,228	1,524
Amortization of capitalized software	6,217	3,805
Amortization of debt discount and issuance costs	4,126	3,173
Amortization of deferred sales commission costs	6,138	4,189
Allowance for credit losses	1,742	429
Operating lease expense, net of accretion	3,750	2,085
Stock-based compensation	22,779	13,597
Other	602	597
Changes in assets and liabilities:		
Accounts receivable, net	(3,428)	(3,765)
Deferred sales commission costs	(13,186)	(8,707)
Other current and non-current assets	(3,025)	(5,740)
Accounts payable and accruals	(519)	(588)
Deferred revenue	2,416	832
Net cash used in operating activities	(9,250)	(20,509)
Cash flows from investing activities:		
Purchases of property and equipment	(2,453)	(1,984)
Cost of capitalized software	(8,866)	(7,738)
Proceeds from maturities of investments	16,575	4,600
Proceeds from sales of investments	—	29,793
Purchases of investments	(17,156)	(13,500)
Net cash (used in) provided by investing activities	(11,900)	11,171
Cash flows from financing activities:		
Finance lease payments	(67)	(130)
Tax-related withholding of common stock	(69)	(23)
Proceeds from issuance of common stock under employee stock plans	2	1,520
Net cash (used in) provided by financing activities	(134)	1,367
Effect of exchange rate changes on cash	580	413
Net decrease in cash and cash equivalents, and restricted cash	(20,704)	(7,558)
Cash, cash equivalents, and restricted cash at the beginning of the period	156,411	284,683
Cash, cash equivalents, and restricted cash at the end of the period	\$ 135,707	\$ 277,125
Supplemental and non-cash disclosures:		
Income taxes paid	\$ 165	\$ 218

Reconciliation of cash, cash equivalents, and restricted cash to the condensed consolidated balance sheets (in thousands):

	June 30,	
	2020	2019
Cash and cash equivalents	\$ 116,690	\$ 269,025
Restricted cash, current	10,376	—
Restricted cash, non-current	8,641	8,100
Total cash, cash equivalents, and restricted cash	<u>\$ 135,707</u>	<u>\$ 277,125</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

8X8, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

8x8, Inc. ("8x8" or the "Company") was incorporated in California in February 1987 and was reincorporated in Delaware in December 1996. The unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The Company conducts its operations through one reportable segment.

The Company is a leading cloud provider of enterprise Software-as-a-Service ("SaaS") communications solutions that enable businesses of all sizes to communicate faster and smarter across voice, video meetings, chat, and contact centers, transforming both employee and customer experiences with communications that work simply, integrate seamlessly, and perform reliably. From one proprietary cloud technology platform, customers have access to unified communications, team collaboration, video conferencing, contact center, data and analytics, and other services. Substantially all revenue is generated from communication services subscriptions and platform usage. The Company also generates revenue from sales of hardware and professional services, which are complementary to the delivery of our integrated technology platform.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND CONSOLIDATION

The Company's fiscal year ends on March 31 of each calendar year. Each reference to a fiscal year in these notes to the condensed consolidated financial statements refers to the fiscal year ended March 31 of the calendar year indicated (for example, fiscal 2021 refers to the fiscal year ending March 31, 2021).

The accompanying interim condensed consolidated financial statements are unaudited and have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and regulations of the Securities and Exchange Commission (SEC) regarding interim financial reporting. The March 31, 2020 year-end condensed consolidated balance sheet data in this document were derived from audited consolidated financial statements and does not include all of the disclosures required by GAAP. These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements as of and for the fiscal year ended March 31, 2020 and notes thereto included in the Company's fiscal 2020 annual report on Form 10-K. There have been no material changes in our significant accounting policies as described in the Company's annual report on Form 10-K for the year ended March 31, 2020 during the three months ended June 30, 2020, except for the accounting policies described below that were updated as a result of adopting Accounting Standards Update ("ASU") 2016-03, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, further amended by various ASUs and ASU 2018-15, *Intangibles-Goodwill and Other-Internal Use Software* (Subtopic 350-40). The results of operations and cash flows for the interim periods included in these condensed consolidated financial statements are not necessarily indicative of the results to be expected for any future periods or the entire fiscal year.

In the opinion of the Company's management, these interim condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair statement of the Company's financial position, results of operations, and cash flows for the periods presented.

USE OF ESTIMATES

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and equity, and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates, including, but not limited to, those related to allowance for credit losses, returns reserve for expected cancellations, fair value of and/or evaluation for impairment of goodwill and intangible assets, capitalization of internally developed software, benefit period for deferred sales commission costs, stock-based compensation expense, incremental borrowing rate used to calculate operating lease liabilities, income and sales tax liabilities, fair value of convertible senior notes, litigation, and other contingencies. The Company bases its estimates on known facts and circumstances, historical experience, and various other assumptions. Actual results could differ from those estimates under different assumptions or conditions.

RECLASSIFICATIONS AND OTHER CHANGES

During the fourth quarter of fiscal 2020, the Company determined that presenting service revenue as revenue from the Company's core communication services would provide transparency and clarity to the users of the financial statements. As such, the Company reclassified certain revenue and cost of revenue on its condensed consolidated statement of operations for the three months ended June 30, 2019. The reclassifications did not have any impact on total revenue, consolidated net loss, or cash flows. Professional services revenue and cost of professional services revenue previously reported in service revenue and cost of service revenue are now reported in other revenue and cost of other revenue. Product revenue and cost of product revenue are also now reported in other revenue and cost of other revenue.

In addition, certain prior year amounts in the condensed consolidated statements of cash flows have been reclassified to conform with the current year presentation of allowance for credit losses.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, further amended by ASU 2018-19 issued in November 2019, ASU 2019-04 issued in April 2019, ASU 2019-05 issued in May 2019, ASU 2019-10 issued in November 2019, and ASU 2019-11 issued in November 2019, which replaces the existing impairment model with a forward-looking expected loss method. Under this update, on initial recognition and at each reporting period, an entity is required to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. For trade receivables, loans, and other financial instruments, an entity is required to use a forward-looking expected loss model to recognize credit losses that are probable. It also eliminates the concept of other-than-temporary impairment and requires credit losses related to available-for-sale debt securities to be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. These changes result in more timely recognition of credit losses. These ASUs are effective for annual and interim periods beginning after December 15, 2019, which is fiscal 2021 for the Company. The Company adopted ASU 2016-13 on a modified retrospective basis as of April 1, 2020 through a cumulative-effect adjustment to the Company's beginning accumulated deficit balance; the impact of the adoption was not material to the Company's consolidated financial statements as credit losses are not expected to be significant based on historical collection trends, the financial condition of the Company's customers, and external market factors, including those related to the COVID-19 pandemic. The Company will continue to actively monitor the impact of the recent COVID-19 pandemic on expected credit losses.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820)*, which makes modifications to disclosure requirements on fair value measurements. The amendment is effective for public companies with fiscal years beginning after December 15, 2019, which is fiscal 2021 for the Company. The Company adopted ASU 2018-13 in the first quarter of fiscal 2021, and the impact of the adoption was immaterial to the Company's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles-Goodwill and Other-Internal Use Software (Subtopic 350-40)*, which reduces complexity for the accounting for costs of implementing a cloud computing service arrangement. The amendment is effective for public companies with fiscal years beginning after December 15, 2019, which is fiscal 2021 for the Company; early adoption is permitted. The Company adopted this guidance on a prospective basis effective April 1, 2020. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740)*, which enhances and simplifies various aspects of the income tax accounting guidance, including requirements such as tax basis step-up in goodwill obtained in a transaction that is not a business combination, ownership changes in investments, and interim-period accounting for enacted changes in tax law. The amendment will be effective for public companies with fiscal years beginning after December 15, 2020, which is fiscal 2022 for the Company; early adoption is permitted. The Company is currently assessing the impact of this pronouncement to its consolidated financial statements.

3. REVENUE RECOGNITION

Disaggregation of Revenue

The Company disaggregates its revenue by geographic region. See Note 13 for more information.

Contract Balances

The following table provides information about receivables, contract assets, and deferred revenues from contracts with customers (in thousands):

	June 30, 2020	March 31, 2020
Accounts receivable, net	\$ 40,572	\$ 37,811
Contract assets, current, net	\$ 11,625	\$ 10,425
Contract assets, non-current, net	\$ 13,897	\$ 13,698
Deferred revenue, current	\$ 8,352	\$ 7,105
Deferred revenue, non-current	\$ 2,279	\$ 1,119

Contract assets, current and non-current, net and deferred revenue, non-current are recorded in other current assets, other assets, and other liabilities, non-current, respectively.

Changes in the contract assets and deferred revenue balances during the three months ended June 30, 2020 are as follows (in thousands):

	June 30, 2020	March 31, 2020	Change
Contract assets	\$ 25,522	\$ 24,123	\$ 1,399
Deferred revenue	\$ 10,631	\$ 8,224	\$ 2,407

The change in contract assets was primarily driven by the recognition of revenue that has not yet been billed, net of amounts billed during the period and reserve for current estimate of credit losses. The increase in deferred revenue was due to billings in advance of performance obligations being satisfied, net of revenue recognized for services rendered during the period. Revenue of \$3.7 million was recognized during the three months ended June 30, 2020, which was offset by additional deferrals during the period.

Remaining Performance Obligations

The Company's subscription terms typically range from one to five years. Contract revenue as of June 30, 2020 that has not yet been recognized was approximately \$290.0 million from remaining performance obligations. This excludes contracts with an original expected length of one year or less. The Company expects to recognize revenue on most of the remaining performance obligations over the next 36 months.

4. FAIR VALUE MEASUREMENTS

Cash, cash equivalents, restricted cash, and available-for-sale investments were as follows (in thousands):

As of June 30, 2020	Amortized Costs	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value	Cash and Cash Equivalents	Restricted Cash (Current & Non-Current)	Short-Term Investments	Long-Term Investments
Cash	\$ 34,028	\$ —	\$ —	\$ 34,028	\$ 23,652	\$ 10,376	\$ —	\$ —
Level 1:								
Money market funds	88,638	—	—	88,638	88,638	—	—	—
Treasury securities	11,686	89	—	11,775	—	—	11,775	—
Subtotal	134,352	89	—	134,441	112,290	10,376	11,775	—
Level 2:								
Certificate of deposit	8,641	—	—	8,641	—	8,641	—	—
Commercial paper	9,395	1	—	9,396	4,400	—	4,996	—
Corporate debt	33,629	152	(7)	33,774	—	—	23,809	9,965
Subtotal	51,665	153	(7)	51,811	4,400	8,641	28,805	9,965
Total assets	\$ 186,017	\$ 242	\$ (7)	\$ 186,252	\$ 116,690	\$ 19,017	\$ 40,580	\$ 9,965

As of March 31, 2020	Amortized Costs	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value	Cash and Cash Equivalents	Restricted Cash (Current & Non-Current)	Short-Term Investments	Long-Term Investments
Cash	\$ 31,378	\$ —	\$ —	\$ 31,378	\$ 21,002	\$ 10,376	\$ —	\$ —
Level 1:								
Money market funds	110,796	—	—	110,796	110,796	—	—	—
Treasury securities	6,192	116	—	6,308	—	—	—	6,308
Subtotal	148,366	116	—	148,482	131,798	10,376	—	6,308
Level 2:								
Certificate of deposit	8,641	—	—	8,641	—	8,641	—	—
Commercial paper	14,979	6	—	14,985	5,596	—	9,389	—
Corporate debt	34,153	32	(341)	33,844	—	—	24,069	9,775
Subtotal	57,773	38	(341)	57,470	5,596	8,641	33,458	9,775
Total assets	\$ 206,139	\$ 154	\$ (341)	\$ 205,952	\$ 137,394	\$ 19,017	\$ 33,458	\$ 16,083

Certificate of deposit represents the Company's letter of credits securing leases for office facilities, and the balance of which is included in restricted cash, non-current in the Company's condensed consolidated balance sheet.

The Company considers its investments as available to support its current operations, and it has classified all investments as available-for-sale securities. As of June 30, 2020, for investments that were in unrealized loss positions, the Company does not have the intent to sell any of these investments, and has determined that it is not more likely than not that it will be required to sell any of these investments before recovery of the entire amortized cost basis.

The Company regularly reviews the changes to the rating of its securities at the individual security level by rating agencies as well as reasonably monitors the surrounding economic conditions to assess the risk of expected credit losses. As of June 30, 2020, the Company did not have any risk of expected credit losses.

As of June 30, 2020, the estimated fair value of the Company's outstanding convertible senior notes (the "Notes") was \$326.3 million, which was determined based on the closing price for the Notes on the last trading day of the reporting period and is considered to be Level 2 in the fair value hierarchy due to limited trading activity of the Notes.

5. BUSINESS COMBINATIONS

Wavecell Acquisition

On July 17, 2019, the Company entered into a Share Purchase Agreement (the "Share Purchase Agreement") with Wavecell Pte. Ltd., a corporation incorporated under the laws of the Republic of Singapore ("Wavecell"), the equity holders of Wavecell (collectively, the "Sellers"), and Qualgro Partners Pte. Ltd., in its capacity as the representative of the equity holders of Wavecell. Pursuant to the Share Purchase Agreement, the Company acquired all of the outstanding shares and other equity interests of Wavecell (the "Transaction"). This Transaction extends 8x8's technology advantage as a fully-owned, cloud technology platform with unified communications as a service ("UCaaS"), contact center as a service ("CCaaS"), video communication as a service ("VCaaS"), and communication platform as a service ("CPaaS") solutions able to natively offer pre-packaged communications, contact center and video solutions and open APIs to embed these and other communications into an organization's core business processes.

The total fair value of the purchase consideration of \$117.1 million was comprised of \$72.8 million in cash and \$44.3 million in shares of common stock of the Company, of which \$10.4 million in cash and \$8.5 million in equity have been heldback to cover potential indemnity claims made by the Company after the closing date. One-third of these holdback amounts are eligible to be released in 12 months from the date of the Transaction and the remainder in 18 months from the date of the Transaction. The holdback cash of \$10.4 million is recorded in restricted cash, current and other accrued liabilities, respectively, in the Company's condensed consolidated balance sheet. The holdback shares of \$8.5 million is included in additional paid-in capital in the Company's condensed consolidated balance sheet. Additionally, in connection with the Transaction, the Company issued \$13.2 million in time-based restricted stock awards and \$6.6 million in performance based restricted stock awards, all of which vest over three years from the acquisition date.

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The major classes of assets and liabilities to which the Company has allocated the fair value of purchase consideration were as follows (in thousands):

	July 17, 2019
Cash	\$ 4,473
Accounts receivable	9,438
Intangible assets	21,010
Other assets	787
Goodwill	91,060
Accounts payable	(9,548)
Deferred revenue	(90)
Total consideration	\$ 117,130

The acquisition has been accounted for as a business combination under the acquisition method and, accordingly, the total purchase price is allocated to the tangible and intangible assets acquired and the liabilities assumed based on their estimated fair value on the acquisition date. The goodwill recognized was primarily attributed to increased synergies that are expected to be achieved from the integration of Wavecell and is not expected to be deductible for income tax purposes.

The value of the acquired intangible assets acquired are as follows (in thousands):

	Fair Value	Useful life (in Years)
Trade and domain names	\$ 990	0.8
Developed technology	13,830	7
Customer relationships	6,190	7
Total intangible assets	\$ 21,010	

6. INTANGIBLE ASSETS, GOODWILL, AND OTHER ASSETS

The carrying value of intangible assets consisted of the following (in thousands):

	June 30, 2020			March 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	\$ 33,942	\$ (17,747)	\$ 16,195	\$ 33,932	\$ (16,312)	\$ 17,620
Customer relationships	11,395	(5,817)	5,578	11,409	(5,412)	5,997
Trade and domain names	985	(985)	—	983	(599)	384
Total acquired identifiable intangible assets	\$ 46,322	\$ (24,549)	\$ 21,773	\$ 46,324	\$ (22,323)	\$ 24,001

As of June 30, 2020, the weighted average remaining useful life for technology and customer relationships was 4.8 years and 5.7 years, respectively.

At June 30, 2020, the expected future amortization expense of these intangible assets is as follows (in thousands):

Remainder of 2021	\$ 4,643
2022	4,708
2023	3,156
2024	2,851
2025	2,851
Thereafter	3,564
Total	\$ 21,773

The following table provides a summary of the changes in the carrying amounts of goodwill (in thousands):

Balance at March 31, 2020	\$	128,300
Foreign currency translation adjustments		680
Balance at June 30, 2020	\$	128,980

Deferred Sales Commission Costs

Amortization of deferred sales commission costs for the three months ended June 30, 2020 and 2019 was \$6.1 million and \$4.2 million, respectively. There were no material write-offs relative to the costs capitalized during these periods.

7. LEASES

Operating Leases

The Company primarily leases facilities for office and data center space under non-cancellable operating leases for its U.S. and international locations that expire at various dates through 2030.

The following table provides balance sheet information related to leases as of June 30, 2020 (in thousands):

	June 30, 2020	March 31, 2020
Assets		
Operating lease, right-of-use assets	\$ 76,054	\$ 78,963
Liabilities		
Operating lease liabilities, current	\$ 9,989	\$ 5,875
Operating lease liabilities, non-current	87,884	92,452
Total operating lease liabilities	\$ 97,873	\$ 98,327

The components of lease expense were as follows (in thousands):

	Three Months Ended June 30,	
	2020	2019
Operating lease expense	\$ 3,750	\$ 2,085
Variable lease expense	782	209

Short-term lease expense was immaterial for the three months ended June 30, 2020 and 2019.

Operating cash flow from operating lease was \$2.1 million and \$2.3 million, respectively, for the three months ended June 30, 2020 and 2019.

The following table presents supplemental information for the three months ended June 30, 2020 (in thousands, except for weighted average):

Weighted average remaining lease term	8.8 years
Weighted average discount rate	4.0%

The following table presents maturity of lease liabilities under the Company's non-cancellable operating leases as of June 30, 2020 (in thousands):

Remainder of 2021	\$	7,549
2022		16,218
2023		15,079
2024		11,718
2025		11,382
Thereafter		58,074
Total lease payments	\$	120,020
Less: imputed interest		(20,501)
Less: lease incentives receivable		(1,646)
Present value of lease liabilities	\$	97,873

Lease Assignment

In the fourth quarter of fiscal 2018, the Company entered into a 132-month lease agreement (the "Agreement") with CAP Phase I, a Delaware limited liability company (the "Landlord"), to rent approximately 162,000 square feet of office space in a new building in San Jose, California. The lease term began on January 1, 2019. On April 30, 2019, due to the Company's rapid growth and greater than anticipated future space needs, the Company entered into an assignment and assumption (the "Assignment") of the Agreement with the Landlord, and Roku Inc., a Delaware corporation ("Roku"), whereby the Company assigned to Roku the Agreement. Pursuant to the Assignment, the Company expects to be released from all of its obligations under the lease and related standby letter of credit by the end of the Company's fiscal year ending March 31, 2022, or shortly thereafter. The Company also expects to receive the reimbursement of base rent and direct expenses from Roku by the end of the Company's fiscal year ending March 31, 2022 in accordance with the Assignment.

The obligations related to the Agreement are not included in the right-of-use asset or lease liabilities as of June 30, 2020. The remaining obligations related to the Assignment of \$6.9 million and the termination fee of \$0.8 million are recorded in other accrued liabilities and other liabilities, non-current, respectively, in the Company's condensed consolidated balance sheet. The expected receivable of \$6.9 million is recorded in other current assets in the Company's condensed consolidated balance sheet.

8. COMMITMENTS AND CONTINGENCIES

Other Commitments, Indemnifications, and Contingencies

From time to time, the Company receives inquiries from federal and various state and municipal taxing agencies with respect to the remittance of sales, use, telecommunications, excise, payroll, and income taxes. Several jurisdictions are currently conducting tax audits of the Company's records. The Company collects from its customers or has accrued for taxes that it believes are required to be remitted. The amounts that have been remitted have historically been within the accruals established by the Company. The Company adjusts its accrued taxes when facts relating to specific exposures warrant such adjustment. The Company continues to conduct periodic review of the taxability of certain of its services that may be subject to sales, use, telecommunications or other similar indirect taxes in certain jurisdictions. As of June 30, 2020 and March 31, 2020, the Company had accrued contingent indirect tax liabilities of \$4.5 million.

Legal Proceedings

The Company, from time to time, may be involved in a variety of claims, lawsuits, investigations and other proceedings, including patent infringement claims, employment litigation, regulatory compliance matters and contractual disputes, that can arise in the normal course of the Company's operations. The Company accrues a liability when management believes information available prior to the issuance of the financial statements indicates it is probable a loss has been incurred as of the date of the financial statements and the amount of loss can be reasonably estimated. The Company adjusts its accruals to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case. Legal costs are expensed as incurred.

As of June 30, 2020, the Company does not have any material provisions for any such lawsuits, claims and proceedings and believes it is not probable that a loss had been incurred. Litigation is inherently unpredictable and subject to significant uncertainties. While there can be no assurances that favorable final outcomes will be obtained, the Company believes it has valid defenses with respect to legal matters pending against it. Future litigation could be costly to defend, could impose significant burdens on employees and cause the diversion of management's

attention, and could upon resolution have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

9. CONVERTIBLE SENIOR NOTES AND CAPPED CALL

Convertible Senior Notes

In February 2019, the Company issued \$287.5 million aggregate principal amount of 0.50% convertible senior notes (the "Initial Notes") due 2024 in a private placement, including the exercise in full of the initial purchasers' option to purchase additional notes. The Initial Notes are senior unsecured obligations of the Company and interest is payable semiannually in arrears on February 1 and August 1 of each year, beginning on August 1, 2019. The Initial Notes will mature on February 1, 2024, unless earlier repurchased, redeemed, or converted. The total net proceeds from the debt offering, after deducting initial purchase discounts, debt issuance costs, and costs of the capped call transactions described below, were approximately \$245.8 million.

In November 2019, the Company issued an additional \$75 million aggregate principal amount of 0.50% convertible senior notes (the "Additional Notes" and together with the Initial Notes, the "Notes") due 2024 in a registered offering under the same indenture as the Initial Notes. The total net proceeds from the Additional Notes, after deducting underwriting discounts, debt issuance costs, and costs of the capped call transactions described below, were approximately \$64.6 million. The Additional Notes constitute a further issuance of, and form a single series with, the Company's outstanding 0.50% convertible senior notes due 2024 issued in February 2019 in the aggregate principal amount of \$287.5 million. Immediately after giving effect to the issuance of the Additional Notes, the Company has \$362.5 million aggregate principal amount of convertible senior notes.

The Notes are senior unsecured obligations of the Company and interest is payable semiannually in arrears on February 1 and August 1 of each year, beginning on February 1, 2020. The Notes will mature on February 1, 2024, unless earlier repurchased, redeemed, or converted.

Each \$1,000 principal amount of the Notes are initially convertible into 38.9484 shares of the Company's common stock, par value \$0.001, which is equivalent to an initial conversion price of approximately \$25.68 per share. The conversion rate is subject to adjustment upon the occurrence of certain specified events but will not be adjusted for any accrued and unpaid interest. In addition, upon the occurrence of certain corporate events that occur prior to the maturity date or following the Company's issuance of a notice of redemption, in each case as described in the Indenture, the Company will, in certain circumstances, increase the conversion rate for a holder that elects to convert its Notes in connection with such a corporate event or during the relevant redemption period.

The Notes will be convertible at certain times and upon the occurrence of certain events in the future. Further, on or after October 1, 2023, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their Notes, regardless of the foregoing circumstances. Upon conversion, the Company will satisfy its conversion obligation by paying or delivering, as the case may be, cash, shares of common stock, or a combination of cash and shares of common stock, at the Company's election. The Company's current intent is to settle the principal amount of the Notes in cash upon conversion. During the three months ended June 30, 2020, the conditions allowing holders of the Notes to convert were not met.

The Company may not redeem the Notes prior to February 4, 2022. On or after February 4, 2022, the Company may redeem for cash all or part of the Notes, at the redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if the last reported sale price of the common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides a redemption notice. If a fundamental change (as defined in the indenture governing the notes) occurs at any time, holders of Notes may require the Company to repurchase for cash all or any portion of their Notes at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The Notes are senior unsecured obligations and will rank senior in right of payment to any of the Company's indebtedness that is expressly subordinated in right of payment to the Notes, equal in right of payment with the Company's existing and future liabilities that are not so subordinated, effectively junior in right of payment to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness, and structurally junior to all indebtedness and other liabilities (including trade payables) of current or future subsidiaries of the Company.

The net carrying amount of the liability component of the Notes was as follows (in thousands):

	June 30, 2020	March 31, 2020
Principal	\$ 362,500	\$ 362,500
Unamortized debt discount	(65,919)	(69,987)
Unamortized issuance costs	(919)	(976)
Net carrying amount	\$ 295,662	\$ 291,537

Interest expense related to the Notes was as follows (in thousands):

	Three Months Ended June 30,	
	2020	2019
Contractual interest expense	\$ 453	\$ 359
Amortization of debt discount	4,068	3,146
Amortization of issuance costs	57	26
Total interest expense	\$ 4,578	\$ 3,531

Capped Call

In connection with the pricing of the Initial Notes and Additional Notes, the Company entered into privately negotiated capped call transactions ("Capped Calls") with certain counterparties. The Capped Calls each have an initial strike price of approximately \$25.68 per share, subject to certain adjustments, which corresponds to the initial conversion price of the Notes. The Capped Calls have initial cap prices of \$39.50 per share, subject to certain adjustments. The Capped Calls are expected to partially offset the potential dilution to the Company's Common Stock upon any conversion of the Notes, with such offset subject to a cap based on the cap price. The Capped Calls cover, subject to anti-dilution adjustments, approximately 14.1 million shares of the Company's Common Stock. The Capped Calls are subject to adjustment upon the occurrence of specified extraordinary events affecting the Company, including merger events, tender offers and announcement events. In addition, the Capped Calls are subject to certain specified additional disruption events that may give rise to a termination of the Capped Calls, including nationalization, insolvency or delisting, changes in law, failures to deliver, insolvency filings and hedging disruptions. For accounting purposes, the Capped Calls are separate transactions, and not part of the terms of the Notes. As these transactions meet certain accounting criteria, the Capped Calls are recorded in stockholders' equity and are not accounted for as derivatives. The cost of \$33.7 million incurred to purchase the Capped Calls in connection with the Initial Notes and \$9.3 million in connection with the Additional Notes were recorded as a reduction to additional paid-in capital and will not be remeasured.

10. STOCK-BASED COMPENSATION

The following tables summarize information pertaining to the stock-based compensation expense from stock options and stock awards (in thousands):

	Three Months Ended June 30,	
	2020	2019
Cost of service revenue	\$ 1,814	\$ 997
Cost of other revenue	787	734
Research and development	6,545	3,864
Sales and marketing	5,739	3,921
General and administrative	7,894	4,081
Total	\$ 22,779	\$ 13,597

Stock options and stock awards activities under the Company's stock plans during three months ended June 30, 2020 and 2019 are summarized as follows (in thousands, except weighted-average grant-date fair value and recognition period):

	Three Months Ended June 30,	
	2020	2019
Stock options outstanding at the beginning of the period:	2,274	3,114
Options granted	—	—
Options exercised	(1)	(124)
Options forfeited	(14)	(16)
Options outstanding at the end of the period:	2,259	2,974
Weighted-average fair value of grants during the period	\$ —	\$ —
Total intrinsic value of options exercised during the period	\$ 5	\$ 1,402
Weighted-average remaining recognition period (in years)	1.73	2.46
Stock awards outstanding at the beginning of the period:	9,191	7,820
Stock awards granted	1,304	1,147
Stock awards vested	(721)	(329)
Stock awards canceled and forfeited	(331)	(445)
Stock awards outstanding at the end of the period:	9,443	8,193
Weighted-average fair value of grants during the period	\$ 19.22	\$ 22.40
Weighted-average remaining recognition period (in years)	1.76	2.11
Total unrecognized compensation expense at period-end	\$ 116,957	\$ 109,422

Stock Repurchases

In May 2017, the Company's board of directors authorized the Company to purchase up to \$25.0 million of its common stock from time to time (the "2017 Repurchase Plan"). The 2017 Repurchase Plan expires when the maximum purchase amount is reached, or upon the earlier revocation or termination by the board of directors. The remaining amount available under the 2017 Repurchase Plan at June 30, 2020 was approximately \$7.1 million. There were no stock repurchases under the 2017 Repurchase Plan during the three months ended June 30, 2020 and 2019.

11. INCOME TAXES

The Company's effective tax rate was (0.5)% and (0.4)% for the three months ended June 30, 2020 and 2019. The difference in the effective tax rate and the U.S. federal statutory rate was primarily due to the full valuation allowance the Company continues to maintain against its deferred tax assets. The effective tax rate is calculated by dividing the income tax provision by net loss before income tax expense.

12. NET LOSS PER SHARE

The following table summarizes the computation of basic and diluted net loss per share (in thousands, except share and per share data):

	Three Months Ended June 30,	
	2020	2019
Numerator:		
Net loss available to common stockholders	\$ (41,913)	\$ (34,265)
Denominator:		
Common shares - basic and diluted	103,607	96,429
Net loss per share		
Basic and diluted	\$ (0.40)	\$ (0.36)

The following shares attributable to outstanding stock options and stock awards were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive (in thousands):

	Three Months Ended June 30,	
	2020	2019
Stock options	2,259	2,974
Stock awards	9,443	8,188
Potential shares to be issued from ESPP	582	636
Total anti-dilutive shares	12,284	11,798

13. GEOGRAPHICAL INFORMATION

The following tables set forth the geographic information for each period (in thousands):

Revenue by geographic area:	Three Months Ended June 30,	
	2020	2019
United States	\$ 93,244	\$ 83,249
International	28,563	13,426
Total revenue	\$ 121,807	\$ 96,675

Property and equipment by geographic area:	June 30, 2020		March 31, 2020	
United States	\$	89,954	\$	87,673
International		6,158		6,709
Total property and equipment, net	\$	96,112	\$	94,382

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q. As discussed in the section titled "Forward-Looking Statements," the following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this report, particularly those set forth under the section entitled "Risk Factors" in our annual report on Form 10-K for the fiscal year ended March 31, 2020 as modified by those in Part II, Item 1A of this Quarterly Report on Form 10-Q under the heading "Risk Factors."

BUSINESS OVERVIEW

We are a leading software-as-a-service ("SaaS") provider of voice, video, chat, contact center, and enterprise-class API solutions powered by one global cloud communications platform. From our proprietary cloud technology platform, organizations across all their locations and employees have access to unified communications, team collaboration, video conferencing, contact center, data and analytics, communication APIs, and other services, enabling them to be more productive and responsive to their customers.

Our customers range from small businesses to large enterprises and their users are spread across more than 150 countries. In recent years, we have increased our up-market focus on the mid-market and enterprise customer categories.

We have a portfolio of cloud-based offerings that are subscription based, made available at different rates varying by the specific functionalities, services and number of users. We generate service revenue from communication services subscriptions and platform usage. We generate other revenues from the sales and rentals of office phones and other hardware equipment, and professional services. We define a "customer" as one or more legal entities to which we provide services pursuant to a single contractual arrangement. In some cases, we may have multiple billing relationships with a single customer (for example, where we establish separate billing accounts for a parent company and each of its subsidiaries).

Our flagship service is our 8x8 X Series, a next generation suite of unified communications as a service ("UCaaS") and contact center as a service ("CCaaS") solutions, which consist of service plans of increasing functionality

designated X1, X2, etc., through X8. With 8x8 X Series, we provide enterprise-grade voice, unified communications, video meetings, team collaboration, and contact center functionalities from a single platform. We also offer standalone SaaS services for contact center, video meetings, and enterprise communication APIs. Through our July 2019 acquisition of Wavecell Pte. Ltd., an Asia-based global communication platform as a service ("CPaaS") provider of SMS, messaging, voice and video APIs to enterprises, we expanded our API offerings both geographically and in scope. We expect to continue integrating these services into our platform, as we believe in the value of the collective solutions.

Prior to the launch of 8x8 X Series in 2018, our customers subscribed to our legacy products. We are migrating these customers from our legacy solutions to our 8x8 X Series product suite, and we intend to accelerate the pace of customer migrations in fiscal 2021. These migrations may require us to incur professional services and related engineering costs. While we may not be able to recover these costs from our customers, we believe that we will realize other benefits including reducing the number of platforms that we are required to support and improved customer retention.

SUMMARY AND OUTLOOK

In the first quarter of fiscal 2021, our total service revenue grew 27.1% year-over-year to \$114.2 million. We continued to show an increase in our average annualized service revenue per customer, which grew to \$7,883 in the first quarter of fiscal 2021, compared with \$7,069 in the same period of fiscal 2020, as we are selling more to mid-market and enterprise customers. Service revenue from mid-market and enterprise customers represented 45% of total service revenue and grew 48% over the prior year. We also increased the number of deals where customers purchase our integrated communications and contact center solutions, which we have referred to as bundled deals; 55% of our new bookings greater than \$12,000 of annualized recurring revenue were from customers that selected bundled UCaaS and CCaaS, as compared to 51% one year ago.

Our continued business focus is on achieving improved operating efficiencies while delivering revenue growth. In fiscal 2020, we continued to make important investments in our products and technology platform, and focused on key areas of spend in our go-to-market strategy. Additionally, we looked to drive efficiencies in our small business customer acquisition and operations, and focused on expanding our business upmarket with mid-market and enterprise customers. We believe that this approach and execution will enable the Company to grow and capture market share during this phase of industry disruption in a cost-effective way and support the Company in pursuit of its path to profitability and operating cash flow improvement, which we will continue to execute throughout fiscal 2021.

In the remainder of fiscal 2021, we plan to continue making investments in activities to acquire more customers, including global expansion and investing in our direct marketing efforts, sales force, e-commerce, and outbound marketing efforts. We also intend to continue investing in our indirect channel programs to acquire more third-party selling agents to help sell our solutions, including investments in our value added resellers ("VARs") and master agent programs. Should these upfront investments not result in additional revenue from new or existing customers, including as result of adverse impacts from the COVID-19 pandemic, and/or these cost reduction and efficiency efforts do not result in meaningful savings, our operating results may be adversely impacted.

IMPACTS OF COVID-19

The full extent of the impact of the COVID-19 pandemic on our business, operations and financial results will depend on numerous evolving factors that we may not be able to accurately predict, including those set forth under the section entitled "Risk Factors" in our annual report on Form 10-K for the fiscal year ended March 31, 2020 as modified by the "Risk Factors" section of this Quarterly Report. In an effort to contain COVID-19 or slow its spread, governments around the world have enacted various measures, some of which have been subsequently rescinded or modified, including orders to close non-essential businesses, isolate residents to their homes, and practice social distancing. To protect the health and safety of our employees, our workforce continues to spend a significant amount of time working from home with many of our offices around the world remaining closed and travel being curtailed for our employees as well as our customers. These restrictions have altered the ways we conduct sales activities and market to current and prospective customers and how we conduct our ongoing business operations, resulting in reductions in travel related expenses and, by some measures, has resulted in improved employee productivity in certain areas. Small business and mid-size customers have been more impacted by the COVID-19 pandemic than enterprise customers, which has necessitated greater flexibility and responsiveness to our customers evolving needs. Additionally, while our usage revenue from CPaaS grew year-over-year in the first quarter, we did have lower than expected CPaaS usage during the quarter as a result of COVID-related slowdown in APAC; however we observed positive trends toward the end of the quarter. While we anticipate that the global health crisis caused by COVID-19 and the measures enacted to slow its spread will negatively impact certain

business activity across the globe, to date, it has not resulted in as significant a negative impact on our business, as initially anticipated. We continue to proactively and closely monitor the health of our customers and suppliers and other impacts of the pandemic to determine whether risks of loss or other negative impacts upon our business exist. The effects of COVID-19 have also been considered in management's judgments around credit loss impairments.

COMPONENTS OF RESULTS OF OPERATIONS

Service Revenue

Service revenue consists of communication services subscriptions, platform usage revenue, and related fees from our UCaaS, CCaaS, and CPaaS offerings. We plan to continue to drive our business to increase service revenue through a combination of increased sales and marketing efforts, geographic expansion of our customer base outside the United States, innovation in product and technology, and through strategic partnerships and other business development.

Other Revenue

Other revenue consists primarily of revenues from sales and rentals of IP telephones in conjunction with our cloud telephony service, and revenues from professional services, primarily in support of deployment of our solutions and/or platform. Other revenue is dependent on the number of customers who choose to purchase or rent an IP telephone in conjunction with our service instead of using the solution on their cell phone, computer, or other compatible device, and/or choose to engage our services for implementation and deployment of our cloud services.

Cost of Service Revenue

Cost of service revenue consists primarily of costs associated with network operations and related personnel, technology licenses, amortization of internally developed software, and other costs such as customer service, and technical support costs. Cost of service revenue also includes other communication origination and termination services provided by third-party carriers and outsourced customer service call center operations. We allocate overhead costs such as IT and facilities to cost of service revenue, as well as to each of the operating expense categories, generally based on relative headcount. Our IT costs include costs for IT infrastructure and personnel. Facilities costs primarily consist of office leases and related expenses.

Cost of Other Revenue

Cost of other revenue consists primarily of direct and indirect costs associated with the purchasing of IP telephones as well as the scheduling, shipping and handling, personnel costs and related expenditures incurred in connection with the professional services associated with the deployment and implementation of our products, and allocated IT and facilities costs.

Research and Development

Research and development expenses consist primarily of personnel and related costs, third-party development and related work, equipment costs necessary for us to conduct our product and platform development and engineering efforts, and allocated IT and facilities costs.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel and related overhead costs, sales commissions, trade shows, advertising and other marketing, demand generation, channel costs, promotional expenses, and allocated IT and facilities costs.

General and Administrative

General and administrative expenses consist primarily of personnel and related costs, overhead costs, professional services fees, human resources, legal, employee recruiting, general management, and allocated IT and facilities costs.

Other Income (Expense), net

Other income (expense), net consists primarily of interest expense related to the convertible notes, offset by income earned on our cash, cash equivalents, investments, and foreign exchange gain/losses.

Provision for Income Taxes

Provision for income taxes consists primarily of state minimum taxes in the United States. As we expand the scale of our international business activities, any changes in the U.S. and foreign taxation of such activities may increase our overall provision for income taxes in the future. We have a valuation allowance for our U.S. deferred tax assets,

including federal and state net operating loss carryforwards, or NOLs. We expect to maintain this valuation allowance until it becomes more likely than not that the benefit of our federal and state deferred tax assets will be realized by way of expected future taxable income in the United States.

RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our condensed consolidated financial statements and the notes thereto.

Revenue

<u>Service revenue</u>	June 30,				Change
	2020		2019		
	(dollar amounts in thousands)				
Three months ended	\$	114,183	\$	89,839	\$ 24,344 27.1%
Percentage of total revenue		93.7%		92.9%	

Service revenue increased for the three months ended June 30, 2020 compared with the same period of the previous fiscal year primarily due to a net increase in our subscriber base, expanded offerings to existing customers, and growth in related usage; service revenue from new customers was primarily driven by sales of standalone and bundled UCaaS and CCaaS deals globally to our mid-market and enterprise customers. Increase in service revenue was also attributable to growth in usage revenue generated by our CPaaS products primarily in the APAC region.

We expect total service revenue to grow over time with our expanding platform offering as our business continues to expand globally and across broader customer categories.

<u>Other revenue</u>	June 30,				Change
	2020		2019		
	(dollar amounts in thousands)				
Three months ended	\$	7,624	\$	6,836	\$ 788 11.5%
Percentage of total revenue		6.3%		7.1%	

Other revenue increased during the three months ended June 30, 2020 compared with the same period in the prior fiscal year primarily due to an increase in professional services revenue resulting from the overall growth in our business and subscriber base. We expect other revenue to grow over time at a rate lower than our service revenue as we focus on delivering higher margin platform offerings to existing and new customers.

No customer represented greater than 10% of the Company's total revenue for the three months ended June 30, 2020 or June 30, 2019.

Cost of Revenue

<u>Cost of service revenue</u>	June 30,				Change
	2020		2019		
	(dollar amounts in thousands)				
Three months ended	\$	40,996	\$	25,300	\$ 15,696 62.0%
Percentage of service revenue		35.9%		28.2%	

The increase in cost of service revenue for the three months ended June 30, 2020 from the same period in the prior fiscal year was primarily attributable to a \$13.0 million increase in communication infrastructure costs incurred to deliver our services primarily due to growth in usage across our platform including those in connection with CPaaS, a \$2.0 million increase in amortization of capitalized software, a \$0.8 million increase in stock-based compensation expense, and a \$0.2 million increase in facilities related expenses. These increases were partially offset by a decrease of \$0.3 million in employee and consulting related expenditures.

We expect that cost of service revenue will increase in absolute dollars in future periods as revenue continues to grow.

<u>Cost of other revenue</u>	June 30,				Change
	2020	2019			
	(dollar amounts in thousands)				
Three months ended	\$ 11,137	\$ 12,391	\$ (1,254)	(10.1)%	
Percentage of other revenue	146.1%	181.3%			

Cost of other revenue for the three months ended June 30, 2020 decreased compared to the same period in the prior fiscal year primarily due to a decrease in cost of products for various reasons including lower hardware shipment volume, improved pricing, and a shift to our hardware rental program, which has better margins than hardware sales.

Operating Expenses

<u>Research and development</u>	June 30,				Change		
	2020		2019				
	(dollar amounts in thousands)						
Three months ended	\$	21,494	\$	18,331	\$	3,163	17.3%
Percentage of total revenue		17.6%		19.0%			

Research and development expenses for the three months ended June 30, 2020 increased compared to the same prior year period primarily due to a \$2.7 million increase in stock-based compensation expense, a \$0.7 million increase in employee and consulting related expenditures, and a \$0.4 million increase in public cloud expenses. These increases were partially offset by a decrease of \$0.5 million in travel related costs.

We plan to continue to invest in research and development to support our efforts to expand the capabilities and scope of our platform and to enhance the user experience. While we expect to continue to improve our cost structure and achieve operational efficiencies, we expect that research and development expenses will increase in absolute dollars in future periods as we continue to invest in our development efforts, and vary from period-to-period as a percentage of revenue.

<u>Sales and marketing</u>	June 30,				Change		
	2020		2019				
	(dollar amounts in thousands)						
Three months ended	\$	60,150	\$	53,599	\$	6,551	12.2%
Percentage of total revenue		49.4%		55.4%			

Sales and marketing expenses for the three months ended June 30, 2020 increased over the same prior year period primarily due to a \$4.7 million increase in employee and consulting related expenditures, a \$3.1 million increase in channel commissions, a \$1.9 million increase in amortization of deferred sales commission costs, a \$1.8 million increase in stock-based compensation expense, a \$1.2 million increase in marketing software and application related expenditures, and a \$0.6 million increase in amortization of intangible assets. These increases were partially offset by a net decrease of \$4.4 million in marketing program and public cloud expenses as we gained efficiencies in lead generation and brand awareness and a \$2.4 million decrease of travel related costs.

We plan to continue investing in sales and marketing to attract and retain customers on our platform and to increase our brand awareness. While we expect to continue to improve our cost structure and achieve operational efficiencies, we expect that sales and marketing expenses will increase in absolute dollars in future periods and vary from period-to-period as a percentage of revenue.

<u>General and administrative</u>	June 30,				
	2020		2019		Change
	(dollar amounts in thousands)				
Three months ended	\$	25,790	\$	19,607	\$ 6,183 31.5%
Percentage of total revenue		21.2%		20.3%	

General and administrative expenses for the three months ended June 30, 2020 increased as compared to the same prior year period due to a \$3.8 million increase in stock-based compensation expense, a \$1.3 million higher allowance for credit losses recognized partially in response to external market factors and uncertainties in connection with the COVID-19 pandemic, a \$1.3 million increase in legal and tax related costs, and a \$0.7 million increase in employee and consulting related expenditures. These increases were partially offset by a \$1.2 million decrease in contract termination costs.

We expect to continue improving our cost structure and achieve operational efficiencies, and therefore also expect that general and administrative expenses as a percentage of total revenue will decline over time.

<u>Other income (expense), net</u>	June 30,			Change
	2020	2019		
	(dollar amounts in thousands)			
Three months ended	\$ (3,925)	\$ (1,564)	\$ (2,361)	151.0%
Percentage of total revenue	(3.2)%	(1.6)%		

Other expense, net of other income increased for the three months ended June 30, 2020 over the same prior year period primarily due to a decrease of \$1.6 million in interest income, a \$1.0 million increase related to contractual interest expense, amortization of debt discount, and amortization of issuance costs associated with our convertible Initial and Additional Notes issued in February 2019 and November 2019, respectively. The increase in the net expense was partially offset by a \$0.2 million change in other income.

With the recognition of interest expense and amortization of debt discount and issuance costs in connection with our convertible senior notes, we expect the net of other income and expense to continue to be in a net expense position in future periods.

<u>Provision for income taxes</u>	June 30,			
	2020	2019	Change	
	(dollar amounts in thousands)			
Three months ended	\$ 228	\$ 148	\$ 80	54.1%
Percentage of loss before provision for income taxes	(0.5)%	(0.4)%		

For the three months ended June 30, 2020 and June 30, 2019, we recorded income tax expense of \$0.2 million and \$0.1 million, respectively, resulting in effective tax rates of (0.5)% and (0.4)%, respectively.

We estimate our annual effective tax rate at the end of each quarter. In estimating the annual effective tax rate, we consider, among other things, annual pre-tax income, permanent tax differences, the geographic mix of pre-tax income and the application and interpretations of existing tax laws. We record the tax effect of certain discrete items, which are unusual or occur infrequently, in the interim period in which they occur, including changes in judgment about deferred tax valuation allowances. The determination of the effective tax rate reflects tax expense and benefit generated in certain domestic and foreign jurisdictions. However, jurisdictions with a year-to-date loss where no tax benefit can be recognized are excluded from the annual effective tax rate.

Liquidity and Capital Resources

As of June 30, 2020, we had \$167.2 million of cash, cash equivalents, and investments. In addition, we had \$19.0 million as restricted cash, which includes \$8.6 million in support of letter of credits securing leases for office facilities, and \$10.4 million held in escrow for our acquisition of Wavecell, in July 2019, pursuant to the terms of the acquisition agreement. By comparison, at March 31, 2020, we had \$186.9 million of cash, cash equivalents, and investments as well as \$19.0 million as restricted cash.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was passed into law, and amended portions of relevant tax laws and provided relief to certain qualifying entities. In connection with the CARES Act, the Company elected to defer certain employer payroll taxes, which is expected to reduce cash usage by over \$4 million throughout fiscal 2021. The amounts deferred will be remitted to tax authorities during the third quarter of fiscal 2022 and fiscal 2023, respectively, when they become due. Other jurisdictions around the world have also provided similar tax relief, which the Company has elected to receive, where applicable; these benefits have a lesser impact to our expected cash flows during fiscal 2021.

In June 2020, the Company offered its employees a limited opportunity to receive a portion of their cash salary in shares of the Company's common stock. Based on employee elected participation, we expect lower cash usage from payroll compensation of over \$4 million during fiscal 2021. Currently, the Company does not expect to offer this program beyond fiscal 2021.

We believe that our existing cash, cash equivalents, and investment balances, and our anticipated cash flows from operations will be sufficient to meet our working capital and expenditure requirements for the next 12 months.

Period-over-Period Changes

Net cash used in operating activities for the three months ended June 30, 2020 was \$9.3 million, compared with \$20.5 million for the three months ended June 30, 2019. Cash used in operating activities has historically been affected by:

- the amount of net income or loss;
- the amount of depreciation and amortization;
- the amortization associated with deferred sales commissions, debt discount and issuance costs;
- the expense associated with stock options and stock-based awards; and
- changes in working capital accounts, particularly in the timing of collections from receivable and payments of obligations, such as commissions.

During the three months ended June 30, 2020, net cash used in operating activities was primarily related to the net loss of \$41.9 million, net cash outflow from sales commissions of \$7.0 million, which were partially offset by non-cash charges such as stock-based compensation expense of \$22.8 million, depreciation and amortization of intangibles and capitalized software of \$11.3 million, amortization of debt discount of \$4.1 million, and operating lease expenses of \$3.8 million.

Net cash used in investing activities was \$11.9 million in the three months ended June 30, 2020, compared with \$11.2 million provided by investing activities in three months ended June 30, 2019. The cash used in investing activities during the three months ended June 30, 2020 was related to purchases of \$2.5 million of property and equipment, capitalized internal software development costs of \$8.9 million, and \$0.6 million of purchase of investments, net of proceeds from maturities of investments.

Net cash used in financing activities was \$0.1 million in the three months ended June 30, 2020, compared with \$1.4 million provided by financing activities in the three months ended June 30, 2019. Cash used in financing activities for the three months ended June 30, 2020 was related to repurchases of our common stock related to shares withheld for payroll taxes and payments for finance lease obligations.

CRITICAL ACCOUNTING POLICIES & ESTIMATES

The discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosures of assets and liabilities. On an on-going basis, we evaluate our critical accounting policies and estimates. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

There have been no significant changes during the three months ended June 30, 2020 to our critical accounting policies and estimates previously disclosed in our Form 10-K for the fiscal year ended March 31, 2020.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

See Item 1 of Part I, "Notes to Unaudited Condensed Consolidated Financial Statements - Note 2 - Summary of Significant Accounting Policies."

RECENT ACCOUNTING PRONOUNCEMENTS

See Item 1 of Part I, "Notes to Unaudited Condensed Consolidated Financial Statements - Note 2 - Summary of Significant Accounting Policies."

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Fluctuation Risk

We had cash, cash equivalents, and investments totaling \$167.2 million as of June 30, 2020. Cash equivalents and investments were invested primarily in money market funds, U.S. treasury, commercial paper, and corporate bonds. Our investment policy is focused on the preservation of capital and supporting our liquidity needs. Under the policy, we invest in highly rated securities, while limiting the amount of credit exposure to any one issuer other than the U.S. government. We do not invest in financial instruments for trading or speculative purposes, nor do we use leveraged financial instruments. We utilize external investment managers who adhere to the guidelines of our investment policy. A hypothetical 10% change in interest rates would not have a material impact on the value of our cash, cash equivalents, or available-for-sale investments.

The Company issued \$362.5 million aggregate principal amount of convertible senior notes of which the estimated fair value as of June 30, 2020 was \$326.3 million. The fair value of the convertible senior notes is subject to interest rate risk, market risk and other factors due to the conversion feature. The fair value of the convertible senior notes will generally increase as our common stock price increases and will generally decrease as our common stock price declines. The interest and market value changes affect the fair value of the convertible senior notes but do not impact our financial position, cash flows, or results of operations due to the fixed nature of the debt obligation. Additionally, we carry the convertible senior notes at face value less unamortized discount on our consolidated balance sheets, and we present the fair value for required disclosure purposes only.

Foreign Currency Exchange Risk

We have foreign currency risks related to our revenue and operating expenses denominated in currencies other than the U.S. dollar, primarily the British Pound, causing both our revenue and our operating results to be impacted by fluctuations in the exchange rates.

Gains or losses from the revaluation of certain cash balances, accounts receivable balances, and intercompany balances that are denominated in these currencies impact our net income (loss). A hypothetical decrease in all foreign currencies against the US dollar of 10% would not result in a material foreign currency loss on foreign-denominated balances, at June 30, 2020. As our foreign operations expand, our results may be more impacted by fluctuations in the exchange rates of the currencies in which we do business.

At this time, we do not, but we may in the future, enter into financial instruments to hedge our foreign currency exchange risk.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Disclosure Controls) that are designed to ensure that information we are required to disclose in reports filed or submitted under the Securities and Exchange Act of 1934 is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure, and that such information is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

As of the end of the period covered by this Quarterly Report on Form 10-Q, under the supervision of our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our Disclosure Controls. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our Disclosure Controls were effective as of June 30, 2020.

Limitations on the Effectiveness of Controls

Our management, including the Chief Executive Officer and Chief Financial Officer, do not expect that our Disclosure Controls or internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Changes in Internal Control over Financial Reporting

During the first quarter of fiscal year 2021, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information set forth in Note 8, "Legal Proceedings" of Notes to Unaudited Condensed Consolidated Financial Statements under ITEM 1. FINANCIAL STATEMENTS of PART I is incorporated by reference in response to this item.

ITEM 1A. RISK FACTORS

Except as disclosed below, there have been no material changes from the risk factors previously disclosed in our annual report on Form 10-K for the fiscal year ended March 31, 2020.

Failure to comply with laws and contractual obligations related to data privacy and protection could have a material adverse effect on our business, financial condition and operating results.

We process many types of data, including personal data in the course of our business. As such, we are subject to the data privacy and protection laws and regulations adopted by federal, state and foreign governmental agencies, including the European Union's General Data Protection Regulation ("GDPR") and the California Consumer Privacy Act ("CCPA"). Data privacy and protection is highly regulated in many jurisdictions and may become the subject of additional regulation in the future. For example, lawmakers and regulators worldwide are considering proposals that would require companies, like us, that encrypt users' data to ensure access to such data by law enforcement authorities. Privacy laws restrict our processing of personal information provided to us by our customers as well as data we collect from our customers and employees. We strive to comply with all applicable laws, regulations, policies and legal obligations relating to privacy and data protection. However, if we fail to comply, we may be subject to fines, penalties and lawsuits, statutory damages at both the federal and state levels in the U.S., substantial fines and penalties under the European Union's GDPR, class action lawsuits, and our reputation may suffer. We may also be required to make modifications to our data practices that could have an adverse impact on our business, including increasing our operating costs which may cause us to increase our prices making our services less competitive.

While the United Kingdom enacted a Data Protection Act in May 2018 that substantially implements the GDPR and implemented statutory amendments to the Data Protection Act in 2019 that further aligned it with GDPR, the United Kingdom's exit from the European Union has created regulatory uncertainty such as with respect to the cross-border transfer of data. Such uncertainty may adversely impact the operations of our U.K. subsidiary and add operational complexities that did not previously exist. In addition on July 16, 2020, the Court of Justice of the European Union invalidated the Privacy Shield program. The Privacy Shield program allowed transfers of EU personal data to the U.S. for participating companies consistent with European privacy requirements for transfer of such data to non-EU countries. The Court also raised concerns about transfer of personal data to the U.S. under standard contractual clauses but did not invalidate this transfer mechanism. We participate in the Privacy Shield Program and have intra-company standard contractual clauses so we are currently able to transfer consistent with EU privacy requirements despite the Court's decision. The decision, however, has created uncertainty about data transfer to the U.S. and it is likely that European regulators will provide further guidance on the use of standard contractual clauses for data transfers to the U.S. consistent with the Court's decision.

We are also subject to the privacy and data protection-related obligations in our contracts with our customers and other third parties. Any failure, or perceived failure, by us to comply with federal, state, or international laws, including laws and regulations regulating privacy, data or consumer protection, or to comply with our contractual obligations related to privacy, could result in proceedings or actions against us by governmental entities, contractual parties or others, which could result in significant liability to us, as well as harm our reputation. Additionally, third parties on which we rely enter into contracts to protect and safeguard our customers' data. Should such parties violate these agreements or suffer a breach, we could be subject to proceedings or actions against us by governmental entities, contractual parties or others, which could result in significant liability to us as well as harm to our reputation.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of Registrant, dated August 22, 2012 (incorporated by reference to Exhibit 3.1 to the Annual Report on Form 10-K filed May 27, 2013).
3.2	Amended and Restated By-Laws of 8x8, Inc. (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed July 28, 2015).
4.1	Indenture, dated as of February 19, 2019, between 8x8, Inc. and Wilmington Trust, National Association, as trustee (including form of Note) (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed February 19, 2019).
10.1	<u>8x8, Inc. Amended and Restated 2012 Equity Incentive Plan, effective May 5, 2020.*+</u>
10.2	<u>Transition Agreement, between Steven Gattoff and 8x8, Inc., effective June 8, 2020.*+</u>
10.3	<u>Temporary Secondment Agreement, between Samuel Wilson and 8x8, Inc., dated as of January 13, 2020.*+</u>
31.1	<u>Certification of Chief Executive Officer pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of Chief Financial Officer pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1	<u>Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2	<u>Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101	The following materials from the 8x8, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of June 30, 2020 and March 31, 2020; (ii) Condensed Consolidated Statements of Operations for the three months ended June 30, 2020 and 2019; (iii) Condensed Consolidated Statements of Comprehensive Loss for the three months ended June 30, 2020 and 2019; (iv) Condensed Consolidated Statements of Stockholders' Equity for the three months ended June 30, 2020 and 2019; (v) Condensed Consolidated Statements of Cash Flows for the three months ended June 30, 2020 and 2019; and (vi) notes to unaudited condensed consolidated financial statements.
104	Cover Page Interactive Data File, formatted in iXBRL and contained in Exhibit 101.

* Management contract or compensatory plan or arrangement.

+ Furnished herewith.

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 thereunto duly authorized.

Date: August 4, 2020

8X8, INC.

By: /s/ Samuel Wilson

Samuel Wilson

Chief Financial Officer

(Principal Financial, Accounting and Duly Authorized Officer)

8x8, Inc.
Amended and Restated 2012 Equity Incentive Plan
(Amended and restated as of May 5, 2020)

1. Purpose

This Plan is intended to encourage ownership of Stock by employees, consultants and directors of the Company and its Affiliates and to provide additional incentive for them to promote the success of the Company's business through the grant of Awards of or pertaining to shares of the Company's Stock. The Plan is intended to be an incentive stock option plan within the meaning of Section 422 of the Code, but not all Awards are required to be Incentive Options.

2. Definitions

As used in the Plan, the following terms shall have the respective meanings set out below, unless the context clearly requires otherwise:

2.1. Accelerate, Accelerated, and Acceleration, means: (a) when used with respect to a Stock Right, that as of the time of reference the Stock Right will become exercisable with respect to some or all of the shares of Stock for which it was not then otherwise exercisable by its terms; (b) when used with respect to Restricted Stock or Restricted Stock Units, that the Risk of Forfeiture otherwise applicable to the Stock or Units shall expire with respect to some or all of the shares of Restricted Stock or Units then still otherwise subject to the Risk of Forfeiture; and (c) when used with respect to Performance Units, that the applicable Performance Goals or other business objectives shall be deemed to have been met as to some or all of the Units.

2.2. Affiliate means any corporation, partnership, limited liability company, business trust, or other entity controlling, controlled by or under common control with the Company.

2.3. Award means any grant or sale pursuant to the Plan of Options, Stock Appreciation Rights, Performance Units, Restricted Stock, Restricted Stock Units, or Stock Grants.

2.4. Award Agreement means an agreement between the Company and the recipient of an Award, or other notice of grant of an Award, setting forth the terms and conditions of the Award.

2.5. Board means the Company's Board of Directors.

2.6. Code means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto, and any regulations issued from time to time thereunder.

2.7. Committee means the Compensation Committee of the Board, which in general is responsible for the administration of the Plan, as provided in Section 5 of this Plan. For any period during which no such committee is in existence "Committee" shall mean the Board and all authority and responsibility assigned to the Committee under the Plan shall be exercised, if at all, by the Board.

2.8. Company means 8x8, Inc., a corporation organized under the laws of the state of Delaware.

2.9. Corporate Transaction means any (1) merger or consolidation of the Company with or into another entity as a result of which the Stock of the Company is converted into or exchanged for the right to receive cash, securities or other property or is cancelled, (2) sale or exchange of all of the Stock of the Company for cash, securities or other property, (3) sale, transfer, or other disposition of all or substantially all of the Company's assets to one or more other persons in a single transaction or series of related transactions or (4) liquidation or dissolution of the Company; except, in the case of clauses (1) and (2), for a transaction the principal purpose of which is to change the state in which the Company is incorporated.

2.10. Effective Date means the earlier of the date the Plan is approved by the Board or the date the Plan is approved by the stockholders of the Company.

2.11. Grant Date means the date as of which an Option is granted, as determined under Section 7.1(a).

2.12. Incentive Option means an Option which by its terms is to be treated as an "incentive stock option" within the meaning of Section 422 of the Code.

2.13. Market Value means the value of a share of Stock on a particular date determined by such methods or procedures as may be established by the Committee. Unless otherwise determined by the Committee, the Market Value of Stock as of any date is: (a) the closing price for the Stock as reported on the New York Stock Exchange (or on any other national securities exchange on which the Stock is then listed) for that date or, if no closing price is reported for that date, the closing price on the next preceding date for which a closing price was reported; or (b) if the Stock is not traded on a national securities exchange but is traded over-the-counter, the closing or last price of the Stock on the composite tape or other comparable reporting system on that date or, if such date is not a trading day, the last market trading day prior to such date.

2.14. Nonstatutory Option means any Option that is not an Incentive Option.

2.15. Option means an option to purchase shares of Stock.

2.16. Optionee means an eligible individual to whom an Option shall have been granted under the Plan.

2.17. Participant means any holder of an outstanding Award under the Plan.

2.18. Performance Criteria and Performance Goals have the meanings given such terms in Section 7.7(f).

2.19. Performance Period means the one or more periods of time, which may be of varying and overlapping durations, selected by the Committee, over which the attainment of one or more Performance Goals or other business objectives will be measured for purposes of determining a Participant's right to, and the payment of, a Performance Unit.

2.20. Performance Unit means a right granted to a Participant under Section 7.5, to receive cash, Stock or other Awards, the payment of which is contingent on achieving Performance Goals or other business objectives established by the Committee.

2.21. Plan means this 2012 Equity Incentive Plan of the Company, as amended from time to time, and including any attachments or addenda hereto.

2.22. Qualified Performance-Based Awards means Awards to persons who are or become covered employees within the meaning of Section 162(m) of the Code and which are intended to or at grant would qualify as “performance-based compensation” under Section 162(m) of the Code.

2.23. Restricted Stock means a grant or sale of shares of Stock to a Participant subject to a Risk of Forfeiture.

2.24. Restricted Stock Unit means a right to receive Stock at the close of a Restriction Period, subject to a Risk of Forfeiture.

2.25. Restriction Period means the period of time, established by the Committee in connection with an Award of Restricted Stock or Restricted Stock Units, during which the shares of Restricted Stock or Restricted Stock Units are subject to a Risk of Forfeiture described in the applicable Award Agreement.

2.26. Risk of Forfeiture means a limitation on the right of the Participant to retain Restricted Stock or Restricted Stock Units, including a right of the Company to reacquire shares of Restricted Stock at less than its then Market Value, arising because of the occurrence or non-occurrence of specified events or conditions.

2.27. Stock means common stock, par value \$0.001 per share, of the Company, and such other securities as may be substituted for Stock pursuant to Section 8.

2.28. Stock Appreciation Right means a right to receive any excess in the Market Value of shares of Stock (except as otherwise provided in Section 7.2(c)) over a specified exercise price.

2.29. Stock Grant means the grant of shares of Stock not subject to restrictions or other forfeiture conditions.

2.30. Stock Right means an Award in the form of an Option or a Stock Appreciation Right.

2.31. Stockholders' Agreement means any agreement by and among the holders of at least a majority of the outstanding voting securities of the Company and setting forth, among other provisions, restrictions upon the transfer of shares of Stock or on the exercise of rights appurtenant thereto (including, but not limited to, voting rights).

2.32. Ten Percent Owner means a person who owns, or is deemed within the meaning of Section 422(b)(6) of the Code to own, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company (or any parent or subsidiary corporations of the Company, as defined in Sections 424(e) and (f), respectively, of the Code). Whether a person is a Ten Percent Owner shall be determined with respect to an Option based on the facts existing immediately prior to the Grant Date of the Option.

3. Term of the Plan

Unless the Plan shall have been earlier terminated by the Board, Awards may be granted under this Plan at any time in the period commencing on the date of approval of the Plan by the Board and ending immediately prior to the tenth anniversary of the Effective Date. Awards granted pursuant to the Plan within that period shall not expire solely by reason of the termination of the Plan. Any Awards granted prior to stockholder approval of the Plan are hereby expressly conditioned upon such approval.

4. Stock Subject to the Plan

At no time shall the number of shares of Stock issued pursuant to or subject to outstanding Awards granted under the Plan, nor the number of shares of Stock issued pursuant to or subject to outstanding Incentive Options, exceed 43,700,000 shares of Stock. Any shares of Stock granted in connection with Options and Stock Appreciation Rights shall be counted against the foregoing Plan limitation and Incentive Option limitation as one (1) share of Stock for every one (1) Option or Stock Appreciation Right awarded. Any shares of Stock granted in connection with Restricted Stock, Restricted Stock Units, Performance Units, and Stock Grants shall be counted against the foregoing Plan limitation as: (A) one (1) share of Stock for every one (1) share granted in connection with such Awards made before July 25, 2014; (B) one and one-half (1.5) shares of Stock for every one (1) share granted in connection with such Awards made on or after July 25, 2014 and before July 22, 2016; (C) one and seven-tenths (1.7) shares of Stock for every one (1) share granted in connection with such Awards made on or after July 22, 2016 and before August 1, 2019; and (D) one (1) share of Stock for every one (1) share granted in connection with such Awards made on or after August 1, 2019. The limitations of this Section 4 shall be subject to the provisions of Section 8 of the Plan. Settlement of any Award shall not count against the foregoing Plan limitation and, to the extent allowable under Section 422 of the Code, the foregoing Incentive Option limitation, except to the extent settled in the form of Stock, subject to the following:

(a) if any Option or Stock-settled Stock Appreciation Right expires, terminates, is cancelled for any reason without having been exercised in full, or is settled in cash without the delivery of shares to the holder, then the shares of Stock not purchased or otherwise acquired by the recipient shall again be available for Awards to be granted under the Plan;

(b) if any Restricted Stock, Restricted Stock Unit, or Performance Unit Award is forfeited by the recipient, reacquired at less than its then Market Value as a means of effecting a forfeiture, or settled in cash without the delivery of shares to the holder, then the underlying shares of Stock will again become available for Awards under the Plan and will be counted towards the Plan limitation as: (i) one (1) share of Stock for every one (1) share so forfeited, reacquired or settled before July 25, 2014; (ii) one and one-half (1.5) shares of Stock for every one (1) share so forfeited, reacquired or settled on or after July 25, 2014 and before July 22, 2016; (iii) one and seven-tenths (1.7) shares of Stock for every one (1) share so forfeited, reacquired or settled on or after July 22, 2016 and before August 1, 2019; and (iv) the same number of shares of Stock originally charged against the Plan limitation upon grant of the Award for the shares so forfeited, reacquired or settled on or after August 1, 2019, in connection with such Awards;

(c) the full number of Stock Appreciation Rights granted that are to be settled by the issuance of Stock shall be counted against the number of shares of Stock available for award under the Plan, regardless of the number of shares actually issued upon settlement of such Stock Appreciation Right;

(d) any shares of Stock withheld in satisfaction of tax withholding obligations of the Company or an Affiliate resulting from the exercise of an Option shall not again be made available for issuance under the Plan; and

(e) any shares tendered as payment for an option exercise shall not again be made available for issuance under the Plan.

None of the foregoing provisions of this Section 4, including the adjustment provisions of Section 8, shall apply in determining the maximum number of shares of Stock issued pursuant to or subject to outstanding Incentive Options unless consistent with the provisions of Section 422 of the Code, however. Shares of

Stock issued pursuant to the Plan may be either authorized but unissued shares or shares held by the Company in its treasury.

5. Administration

The Plan shall be administered by the Committee; *provided, however*, that at any time and on any one or more occasions the Board may itself exercise any of the powers and responsibilities assigned the Committee under the Plan and when so acting shall have the benefit of all of the provisions of the Plan pertaining to the Committee's exercise of its authorities hereunder; and *provided further, however*, that the Committee may delegate to an executive officer or officers the authority to grant Awards hereunder to employees who are not officers, and to consultants, in accordance with such guidelines as the Committee shall set forth at any time or from time to time. Subject to the provisions of the Plan, the Committee shall have complete authority, in its discretion, to make or to select the manner of making all determinations with respect to each Award to be granted by the Company under the Plan including the employee, consultant or director to receive the Award and the form of Award. In making such determinations, the Committee may take into account the nature of the services rendered by the respective employees, consultants, and directors, their present and potential contributions to the success of the Company and its Affiliates, and such other factors as the Committee in its discretion shall deem relevant. Subject to the provisions of the Plan, the Committee shall also have complete authority to: (a) interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it; (b) approve one or more forms of Award Agreement; (c) determine the initial terms and provisions of the respective Award Agreements (which need not be identical), including, without limitation, as applicable, (i) the exercise price of the Award, (ii) the method of payment for shares of Stock purchased upon the exercise of the Award, (iii) the timing, terms and conditions of the exercisability of the Award or the vesting of any shares acquired upon the exercise thereof, (iv) the time of the expiration of the Award, (v) the effect of the Participant's termination of employment or other association with the Company on any of the foregoing, and (vi) all other terms, conditions and restrictions applicable to the Award or such shares not inconsistent with the terms of the Plan; (d) amend, modify, extend, cancel or renew any Award or to waive any restrictions or conditions applicable to any Award or any shares acquired upon the exercise thereof; (e) accelerate, continue, extend or defer the exercisability of any Award or the vesting of any shares acquired upon the exercise thereof, including with respect to the period following a Participant's termination of employment or other association with the Company; (f) correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award Agreement and to make all other determinations and take such other actions with respect to the Plan or any Award as the Committee may deem advisable to the extent not inconsistent with the provisions of the Plan or applicable law; and (g) to make all other determinations necessary or advisable for the administration of the Plan. The Committee's determinations made in good faith on matters referred to in the Plan shall be final, binding and conclusive on all persons having or claiming any interest under the Plan or an Award made pursuant hereto.

6. Authorization of Grants

6.1. Eligibility. The Committee may grant from time to time and at any time prior to the termination of the Plan one or more Awards, either alone or in combination with any other Awards, to any employee of or consultant to one or more of the Company and its Affiliates or to any non-employee member of the Board or of any board of directors (or similar governing authority) of any Affiliate. However, only employees of the Company, and of any parent or subsidiary corporations of the Company, as defined in Sections 424(e) and (f), respectively, of the Code, shall be eligible for the grant of an Incentive Option.

6.2. General Terms of Awards. Each grant of an Award shall be subject to all applicable terms and conditions of the Plan (including, but not limited to, any specific terms and conditions applicable to that type of Award set out in the following Section), and such other terms and conditions, not inconsistent with the terms of the Plan, as the Committee may prescribe. No prospective Participant shall have any rights with respect to an Award, unless and until such Participant shall have complied with the applicable terms and conditions of such Award (including if applicable delivering a fully executed copy of any agreement evidencing an Award to the Company).

6.3 Minimum Vesting Periods. Notwithstanding any other provision of this Plan to the contrary, no Award shall vest, in whole or in part, before the first anniversary of the date of Grant or, in the case of vesting based upon the attainment of performance goals or other performance-based objectives, the first anniversary of the commencement of the period over which performance is evaluated; provided, however, that, notwithstanding the foregoing, (a) the Committee may provide that such vesting restrictions may lapse or be waived upon the Participant's death, disability, or the consummation of a Corporate Transaction, and (b) Awards that result in the issuance of an aggregate of up to 5% of the shares available for grant pursuant to Section 4 (measured as of August 1, 2019) may be granted to any one or more Participants without respect to such minimum vesting provisions.

6.4 Effect of Termination of Employment, Disability or Death.

(a) Termination of Employment. Unless the Committee shall provide otherwise with respect to any Award, if the Participant's employment or other association with the Company and its Affiliates ends for any reason other than by total disability or death, including because of an Affiliate ceasing to be an Affiliate, (a) any outstanding Stock Right of the Participant shall cease to be exercisable in any respect not later than 90 days following that event and, for the period it remains exercisable following that event, shall be exercisable only to the extent exercisable at the date of that event, and (b) any other outstanding Award of the Participant shall be forfeited or otherwise subject to return to or repurchase by the Company on the terms specified in the applicable Award Agreement. Cessation of the performance of services in one capacity, for example, as an employee, shall not result in termination of an Award while the Participant continues to perform services in another capacity, for example as a director. Military or sick leave or other bona fide leave shall not be deemed a termination of employment or other association, *provided* that it does not exceed the longer of 90 days or the period during which the absent Participant's reemployment rights, if any, are guaranteed by statute or by contract. To the extent consistent with applicable law, the Committee may provide that Awards continue to vest for some or all of the period of any such leave, or that their vesting shall be tolled during any such leave and only recommence upon the Participant's return from leave, if ever.

(b) Disability of Participant. If a Participant's employment or other association with the Company and its Affiliates ends due to disability (as defined in Section 22(e)(3) of the Code), any outstanding Stock Right may be exercised at any time within six months following the date of termination of service, but only to the extent of the accrued right to exercise at the time of termination of service, subject to the condition that no Stock Right shall be exercised after its expiration in accordance with its terms.

(c) Death of Participant. In the event of the death during the period during which the Stock Right may be exercised, of a Participant who is at the time of his or her death an employee, director or consultant and whose services had not ceased or been terminated (as determined with regard to the second sentence of Section 6.4 (a)) as such from the Grant Date until the date of death, the Stock Right of the Participant may be exercised at any time within six months following the date of death by such Participant's estate or by a person who acquired the right to exercise the Stock Right by bequest,

inheritance or otherwise as a result of the Participant's death, but only to the extent of the accrued right to exercise at the time of death, subject to the condition that no Stock Right shall be exercised after its expiration in accordance with its terms.

6.5 Non-Transferability of Awards. Except as otherwise provided in this Section 6.4, Awards shall not be transferable, and no Award or interest therein may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. All of a Participant's rights in any Award may be exercised during the life of the Participant only by the Participant or the Participant's legal representative. However, the Committee may, at or after the grant of an Award of a Nonstatutory Option, or shares of Restricted Stock, provide that such Award may be transferred by the recipient to a family member; *provided, however*, that any such transfer is without payment of any consideration whatsoever and that no transfer shall be valid unless first approved by the Committee, acting in its sole discretion. For this purpose, "family member" means any child, stepchild, grandchild, parent, grandparent, stepparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the employee's household (other than a tenant or employee), a trust in which the foregoing persons have more than 50 percent of the beneficial interests, a foundation in which the foregoing persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than 50 percent of the voting interests. The events of termination of service of Section 6.4 hereof or in the Award Agreement shall continue to be applied with respect to the original Participant, following which the Awards shall be exercisable by the transferee only to the extent, and for the periods specified in the Award Agreement or Section 6.4, as applicable.

6.6 Code Limits on Grants of Qualified Performance-Based Awards. In no event shall the number of shares of Stock covered or referenced by either Options or Stock Appreciation Rights, or other Awards which are granted as Qualified Performance-Based Awards, to any one person in any one calendar year exceed 750,000 shares of Stock. These limitations shall not apply prior to the date required to apply under the regulations of the U.S. Department of Treasury promulgated under Section 162(m) of the Code, however. Solely for purposes of applying the limitations of this Section 6.6, if in effect, any shares of Stock subject to Options or Stock Appreciation Rights which are canceled (or deemed canceled, as a result of repricing described in applicable regulations of the U.S. Department of Treasury promulgated under Section 162(m) of the Code) shall nevertheless continue to be counted even after such cancellation (or deemed cancellation).

6.7 Limitation on Grants of Awards to Non-Executive Directors. Notwithstanding any provision to the contrary in the Plan, the maximum aggregate grant date fair value of Awards granted to a Non-Employee Director during any calendar year shall be \$650,000.

7. Specific Terms of Awards

7.1. Options.

(a) Date of Grant. The granting of an Option shall take place at the time specified in the Award Agreement. Only if expressly so provided in the applicable Award Agreement shall the Grant Date be the date on which the Award Agreement shall have been duly executed and delivered by the Company and the Optionee.

(b) Exercise Price. The price at which shares of Stock may be acquired under each Incentive Option shall be not less than 100% of the Market Value of Stock on the Grant Date, or not less than 110% of the Market Value of Stock on the Grant Date if the Optionee is a Ten Percent Owner. The

price at which shares of Stock may be acquired under each Nonstatutory Option shall not be less than the Market Value of Stock on the Grant Date. Notwithstanding the foregoing, Options may be granted with an exercise price of less than 100% of the Market Value of Stock on the Grant Date pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code.

(c) Option Period. No Option may be exercised on or after the tenth anniversary of the Grant Date, and, further, no Incentive Option may be exercised on or after the fifth anniversary of the Grant Date if the Optionee is a Ten Percent Owner.

(d) Exercisability. An Option may be immediately exercisable or become exercisable in such installments, cumulative or non-cumulative, as the Committee may determine. In the case of an Option not otherwise immediately exercisable in full, the Committee may Accelerate such Option in whole or in part at any time; *provided, however*, that in the case of an Incentive Option, any such Acceleration of the Option would not cause the Option to fail to comply with the provisions of Section 422 of the Code or the Optionee consents to the Acceleration.

(e) Method of Exercise. An Option may be exercised by the Optionee giving written notice, in the manner provided in Section 16, specifying the number of shares of Stock with respect to which the Option is then being exercised. The notice shall be accompanied by payment in the form of cash or check payable to the order of the Company in an amount equal to the exercise price of the shares of Stock to be purchased or, subject in each instance to the Committee's approval, acting in its sole discretion, and to such conditions, if any, as the Committee may deem necessary to avoid adverse accounting effects to the Company,

(i) by delivery to the Company of shares of Stock having a Market Value equal to the exercise price of the shares to be purchased, or

(ii) by surrender of the Option as to all or part of the shares of Stock for which the Option is then exercisable in exchange for shares of Stock having an aggregate Market Value equal to the difference between (1) the aggregate Market Value of the surrendered portion of the Option, and (2) the aggregate exercise price under the Option for the surrendered portion of the Option, or

(iii) unless prohibited by applicable law, by delivery to the Company of the Optionee's executed promissory note in the principal amount equal to the exercise price of the shares of Stock to be purchased and otherwise in such form as the Committee shall have approved, or

(iv) by delivery of any other lawful means of consideration which the Committee may approve.

If the Stock is traded on an established market, payment of any exercise price may also be made through and under the terms and conditions of any formal cashless exercise program authorized by the Company entailing the sale of the Stock subject to an Option in a brokered transaction (other than to the Company). Receipt by the Company of such notice and payment in any authorized or combination of authorized means shall constitute the exercise of the Option. Within 30 days thereafter but subject to the remaining provisions of the Plan, the Company shall deliver or cause to be delivered to the Optionee or his agent a certificate or certificates or book-entry authorization and instruction to the Company's transfer agent and registrar for the number of shares then being purchased. Such shares of Stock shall be fully paid and nonassessable. In its reasonable discretion, the Committee may suspend or halt Option exercises for such

length of time as the Committee deems reasonably necessary under circumstances in which such suspension or halt is considered to be in the best interests of the Company.

(f) Limit on Incentive Option Characterization. An Incentive Option shall be considered to be an Incentive Option only to the extent that the number of shares of Stock for which the Option first becomes exercisable in a calendar year do not have an aggregate Market Value (as of the date of the grant of the Option) in excess of the “current limit”. The current limit for any Optionee for any calendar year shall be \$100,000 *minus* the aggregate Market Value at the date of grant of the number of shares of Stock available for purchase for the first time in the same year under each other Incentive Option previously granted to the Optionee under the Plan, and under each other incentive stock option previously granted to the Optionee under any other incentive stock option plan of the Company and its Affiliates. Any shares of Stock which would cause the foregoing limit to be violated shall be deemed to have been granted under a separate Nonstatutory Option, otherwise identical in its terms to those of the Incentive Option.

(g) Notification of Disposition. Each person exercising any Incentive Option granted under the Plan shall be deemed to have covenanted with the Company to report to the Company any disposition of the shares of Stock issued upon such exercise prior to the expiration of the holding periods specified by Section 422(a)(1) of the Code and, if and to the extent that the realization of income in such a disposition imposes upon the Company federal, state, local or other withholding tax requirements, or any such withholding is required to secure for the Company an otherwise available tax deduction, to remit to the Company an amount in cash sufficient to satisfy those requirements.

(h) Participants shall not be entitled to receive payments equivalent to any dividends declared with respect to Stock referenced in the grant of an Option.

7.2. Stock Appreciation Rights.

(a) Tandem or Stand-Alone. Stock Appreciation Rights may be granted in tandem with an Option (at or, in the case of a Nonstatutory Option, after, the award of the Option), or alone and unrelated to an Option. Stock Appreciation Rights in tandem with an Option shall terminate to the extent that the related Option is exercised, and the related Option shall terminate to the extent that the tandem Stock Appreciation Rights are exercised.

(b) Exercise Price. Stock Appreciation Rights shall have an exercise price of not less than 100% of the Market Value of the Stock on the date of award, or in the case of Stock Appreciation Rights in tandem with Options, the exercise price of the related Option.

(c) Other Terms. Except as the Committee may deem inappropriate or inapplicable in the circumstances, Stock Appreciation Rights shall be subject to terms and conditions substantially similar to those applicable to a Nonstatutory Option. In addition, a Stock Appreciation Right related to an Option which can only be exercised during limited periods following a Corporate Transaction may entitle the Participant to receive an amount based upon the highest price paid or offered for Stock in any transaction relating to the Corporate Transaction or paid during the 30-day period immediately preceding the occurrence of the Corporate Transaction in any transaction reported in the stock market in which the Stock is normally traded. Participants shall not be entitled to receive payments equivalent to any dividends declared with respect to Stock referenced in the grant of a Stock Appreciation Right.

7.3. Restricted Stock.

(a) Purchase Price. Shares of Restricted Stock shall be issued under the Plan for such consideration, in cash, other property or services, or any combination thereof, as is determined by the Committee.

(b) Issuance of Certificates. Each Participant receiving a Restricted Stock Award, subject to subsection (c) below, shall be issued a stock certificate in respect of such shares of Restricted Stock. Such certificate shall be registered in the name of such Participant, and, if applicable, shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award substantially in the following form:

The shares evidenced by this certificate are subject to the terms and conditions of the 8x8, Inc. 2012 Equity Incentive Plan and an Award Agreement entered into by the registered owner and 8x8, Inc., copies of which will be furnished by the Company to the holder of the shares evidenced by this certificate upon written request and without charge.

(c) Escrow of Shares. The Committee may require that the stock certificates evidencing shares of Restricted Stock be held in custody by a designated escrow agent (which may but need not be the Company) until the restrictions thereon shall have lapsed, and that the Participant deliver a stock power, endorsed in blank, relating to the Stock covered by such Award.

(d) Restrictions and Restriction Period. During the Restriction Period applicable to shares of Restricted Stock, such shares shall be subject to limitations on transferability and a Risk of Forfeiture arising on the basis of such conditions related to the performance of services, Company or Affiliate performance or otherwise as the Committee may determine and provide for in the applicable Award Agreement. Any such Risk of Forfeiture may be waived or terminated, or the Restriction Period shortened, at any time by the Committee on such basis as it deems appropriate.

(e) Rights Pending Lapse of Risk of Forfeiture or Forfeiture of Award. Except as otherwise provided in the Plan or the applicable Award Agreement, at all times prior to lapse of any Risk of Forfeiture applicable to, or forfeiture of, an Award of Restricted Stock, the Participant shall have all of the rights of a stockholder of the Company, including the right to vote, and the right to receive any dividends with respect to, the shares of Restricted Stock (but any dividends or other distributions payable in shares of Stock or other securities of the Company shall constitute additional Restricted Stock, subject to the same Risk of Forfeiture as the shares of Restricted Stock in respect of which such shares of Stock or other securities are paid). The Committee, as determined at the time of Award, may permit or require the payment of cash dividends to be deferred and, if the Committee so determines, reinvested in additional Restricted Stock to the extent shares of Stock are available under Section 4.

(f) Lapse of Restrictions. If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock, the certificates for such shares shall be delivered to the Participant promptly if not theretofore so delivered.

7.4. Restricted Stock Units.

(a) Character. Each Restricted Stock Unit shall entitle the recipient to one or more shares of Stock at a close of such Restriction Period as the Committee may establish and subject to a Risk of Forfeiture arising on the basis of such conditions relating to the performance of services, Company or Affiliate performance, or otherwise as the Committee may determine and provide for in the applicable Award Agreement. Any such Risk of Forfeiture may be waived or terminated, or the Restriction Period shortened, at any time by the Committee on such basis as it deems appropriate.

(b) Form and Timing of Payment. Payment of earned Restricted Stock Units shall be made in a single lump sum following the close of the applicable Restriction Period. At the discretion of the Committee, Participants may be entitled to receive payments equivalent to any dividends declared with respect to Stock referenced in grants of Restricted Stock Units but only following the close of the applicable Restriction Period and then only if the underlying Stock shall have been earned. Any such dividend equivalents shall be paid, if at all, without interest or other earnings.

7.5. Performance Units.

(a) Character. Each Performance Unit shall entitle the recipient to the value of a specified number of shares of Stock, over the initial value for such number of shares, if any, established by the Committee at the time of grant, at the close of a specified Performance Period to the extent specified business objectives, including, but not limited to, Performance Goals, shall have been achieved.

(b) Earning of Performance Units. The Committee shall set Performance Goals or other business objectives in its discretion which, depending on the extent to which they are met within the applicable Performance Period, will determine the number and value of Performance Units that will be paid out to the Participant. After the applicable Performance Period has ended, the holder of Performance Units shall be entitled to receive payout on the number and value of Performance Units earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding Performance Goals or other business objectives have been achieved.

(c) Form and Timing of Payment. Payment of earned Performance Units shall be made in a single lump sum following the close of the applicable Performance Period. Participants shall not be entitled to receive payments equivalent to any dividends declared with respect to Stock referenced in grants of Performance Units, except that, at the discretion of the Committee, Participants may be entitled to receive such payments following the close of the Performance Period, if the Performance Units have been earned. Any such dividend equivalents shall be paid, if at all, without interest or other earnings. The Committee may permit or, if it so provides at grant require, a Participant to defer such Participant's receipt of the payment of cash or the delivery of Stock that would otherwise be due to such Participant by virtue of the satisfaction of any requirements or goals with respect to Performance Units. If any such deferral election is required or permitted, the Committee shall establish rules and procedures for such payment deferrals.

7.6. Stock Grants. Stock Grants shall be awarded solely in recognition of significant prior or expected contributions to the success of the Company or its Affiliates, as an inducement to employment, in lieu of compensation otherwise already due and in such other limited circumstances as the Committee deems appropriate. Stock Grants shall be made without forfeiture conditions of any kind.

7.7. Qualified Performance-Based Awards.

(a) Purpose. The purpose of this Section 7.7 is to provide the Committee the ability to qualify Awards as “performance-based compensation” under Section 162(m) of the Code. If the Committee, in its discretion, decides to grant an Award as a Qualified Performance-Based Award, the provisions of this Section 7.7 will control over any contrary provision contained in the Plan. In the course of granting any Award, the Committee may specifically designate the Award as intended to qualify as a Qualified Performance-Based Award. However, no Award shall be considered to have failed to qualify as a Qualified Performance-Based Award solely because the Award is not expressly designated as a Qualified Performance-Based Award, if the Award otherwise satisfies the provisions of this Section 7.7 and the requirements of Section 162(m) of the Code applicable to “performance-based compensation.”

(b) Authority. All grants of Awards intended to qualify as Qualified Performance-Based Awards and the determination of the terms applicable thereto shall be made by the Committee. If not all of the members thereof qualify as “outside directors” within the meaning of Section 162(m) of the Code, however, all grants of Awards intended to qualify as Qualified Performance-Based Awards and the determination of the terms applicable thereto shall be made by a subcommittee of the Committee consisting of such of the members of the Committee as do so qualify. Any reference in this Section 7.7 to the Committee shall mean any such subcommittee if required under the preceding sentence, and any action by such a subcommittee shall be considered the action of the Committee for purposes of the Plan.

(c) Discretion of Committee with Respect to Qualified Performance-Based Awards. Any form of Award permitted under the Plan, other than a Stock Grant, may be granted as a Qualified Performance-Based Award. Stock Rights may be granted as Qualified Performance-Based Awards in accordance with Section 7.1 or Section 7.2, as appropriate, except that the exercise price of any Option or Stock Appreciation Right intended to qualify as a Qualified Performance-Based Award shall in no event be less than the Market Value of the Stock on the date of grant, and may become exercisable based on continued service, on satisfaction of Performance Goals, or on a combination thereof. Each other Award intended to qualify as a Qualified Performance-Based Award, such as Restricted Stock, Restricted Stock Units, or Performance Units, shall be subject to satisfaction of one or more Performance Goals except as otherwise provided in this Section 7.7. The Committee will have full discretion to select the length of any applicable Restriction Period or Performance Period, the kind and/or level of the applicable Performance Goal, and whether the Performance Goal is to apply to the Company, a subsidiary of the Company or any division or business unit or to the individual. Any Performance Goal or Goals applicable to Qualified Performance-Based Awards shall be objective, shall be established not later than 90 days after the beginning of any applicable Performance Period (or at such other date as may be required or permitted for “performance-based compensation” under Section 162(m) of the Code) and shall otherwise meet the requirements of Section 162(m) of the Code, including the requirement that the outcome of the Performance Goal or Goals be substantially uncertain (as defined for purposes of Section 162(m) of the Code) at the time established.

(d) Payment of Qualified Performance-Based Awards. A Participant will be eligible to receive payment under a Qualified Performance-Based Award which is subject to achievement of a Performance Goal or Goals only if the applicable Performance Goal or Goals are achieved within the applicable Performance Period, as determined by the Committee, *provided*, that a Qualified Performance-Based Award may be deemed earned as a result of death, becoming disabled, or in connection with a Corporate Transaction that constitutes a change of control within the meaning of Section 162(m) of the Code, if the applicable Award Agreement so provides, even if payment under the Award following the occurrence of such an event would not constitute “performance-based compensation” under Section 162(m) of the Code. In determining the actual size of an individual Qualified Performance-Based Award,

the Committee may reduce or eliminate the amount of the Qualified Performance-Based Award earned for the Performance Period, if in its sole and absolute discretion it deems such reduction or elimination is appropriate.

(e) Limitation on Adjustments for Certain Events. Subject to paragraph (d) above, no adjustment of any Qualified Performance-Based Award pursuant to Section 8 shall be made except on such basis, if any, as will not cause such Award to provide other than “performance-based compensation” within the meaning of Section 162(m) of the Code.

(f) Definitions. For purposes of the Plan

(i) Performance Criteria means the criteria that the Committee selects for purposes of establishing the Performance Goal or Performance Goals for a Participant for a Performance Period. The Performance Criteria used to establish Performance Goals are limited to: (i) cash flow (before or after dividends), (ii) earnings per share (including, without limitation, earnings before interest, taxes, depreciation and amortization), (iii) stock price, (iv) return on equity, (v) stockholder return or total stockholder return, (vi) return on capital (including, without limitation, return on total capital or return on invested capital), (vii) return on investment, (viii) return on assets or net assets, (ix) market capitalization, (x) economic value added, (xi) debt leverage (debt to capital), (xii) revenue, (xiii) sales or net sales, (xiv) backlog, (xv) income, pre-tax income or net income, (xvi) operating income or pre-tax profit, (xvii) operating profit, net operating profit or economic profit, (xviii) gross margin, operating margin or profit margin, (xix) return on operating revenue or return on operating assets, (xx) cash from operations, (xxi) operating ratio, (xxii) operating revenue, (xxiii) market share improvement, (xxiv) general and administrative expenses and (xxv) customer service.

(ii) Performance Goals means, for a Performance Period, the written goal or goals established by the Committee for the Performance Period based upon one or more of the Performance Criteria. The Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, subsidiary, or an individual, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit or Affiliate, either individually, alternatively or in any combination, and measured either quarterly, annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years’ results or to a designated comparison group, in each case as specified by the Committee. The Committee will objectively define the manner of calculating the Performance Goal or Goals it selects to use for such Performance Period for such Participant, including whether or to what extent there shall not be taken into account any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation, claims, judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs and (v) any extraordinary, unusual, non-recurring or non-comparable items (A) as described in Accounting Standard Codification Section 225-20 (or its successor provisions), (B) as described in management’s discussion and analysis of financial condition and results of operations appearing in the Company’s annual report to stockholders for the applicable year, or (C) publicly announced by the Company in a press release or conference call relating to the Company’s results of operations or financial condition for a completed quarterly or annual fiscal period.

7.8. Awards to Participants Outside the United States. The Committee may modify the terms of any Award under the Plan granted to a Participant who is, at the time of grant or during the term of the Award, resident or primarily employed outside of the United States in any manner deemed by the Committee to be necessary or appropriate in order that the Award shall conform to laws, regulations, and customs of the country in which the Participant is then resident or primarily employed, or so that the value and other benefits of the Award to the Participant, as affected by foreign tax laws and other restrictions applicable as a result of the Participant's residence or employment abroad, shall be comparable to the value of such an Award to a Participant who is resident or primarily employed in the United States. The Committee may establish supplements to, or amendments, restatements, or alternative versions of the Plan for the purpose of granting and administering any such modified Award. No such modification, supplement, amendment, restatement or alternative version may increase the share limit of Section 4.

8. Adjustment Provisions

8.1. Adjustment for Corporate Actions. All of the share numbers set forth in the Plan reflect the capital structure of the Company as of the Effective Date. If subsequent to the Effective Date the outstanding shares of Stock (or any other securities covered by the Plan by reason of the prior application of this Section) are increased, decreased, or exchanged for a different number or kind of shares or other securities, or if additional shares or new or different shares or other securities are distributed with respect to shares of Stock, as a result of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other similar distribution with respect to such shares of Stock, an appropriate and proportionate adjustment will be made in (i) the maximum numbers and kinds of shares provided in Section 4, (ii) the numbers and kinds of shares or other securities subject to the then outstanding Awards, (iii) the exercise price for each share or other unit of any other securities subject to then outstanding Stock Rights (without change in the aggregate exercise price as to which such Rights remain exercisable), and (iv) the repurchase price of each share of Restricted Stock then subject to a Risk of Forfeiture in the form of a Company repurchase right.

8.2. Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. In the event of any corporate action not specifically covered by the preceding Section, including, but not limited to, an extraordinary cash distribution on Stock, a corporate separation or other reorganization or liquidation, the Committee may make such adjustment of outstanding Awards and their terms, if any, as it, in its sole discretion, may deem equitable and appropriate in the circumstances. The Committee also may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in this Section) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

8.3. Related Matters. Any adjustment in Awards made pursuant to Section 8.1 or 8.2 shall be determined and made, if at all, by the Committee, acting in its sole discretion, and shall include any correlative modification of terms, including of Stock Right exercise prices, rates of vesting or exercisability, Risks of Forfeiture, applicable repurchase prices for Restricted Stock, and Performance Goals and other business objectives which the Committee may deem necessary or appropriate so as to ensure the rights of the Participants in their respective Awards are not substantially diminished nor enlarged as a result of the adjustment and corporate action other than as expressly contemplated in this Section 8. The Committee, in its discretion, may determine that no fraction of a share of Stock shall be purchasable or deliverable upon exercise, and in that event if any adjustment hereunder of the number of

shares of Stock covered by an Award would cause such number to include a fraction of a share of Stock, such number of shares of Stock shall be adjusted to the nearest smaller whole number of shares. No adjustment of an Option exercise price per share pursuant to Sections 8.1 or 8.2 shall result in an exercise price which is less than the par value of the Stock.

8.4. Corporate Transactions.

(a) Treatment of Awards in a Corporate Transaction. In a Corporate Transaction, the Committee, in its sole and absolute discretion, may take any one or more of the following actions as to all or any (or any portion of) outstanding Awards.

(1) Assumption and Substitution. Provide that such Awards shall be assumed, or substantially equivalent rights shall be provided in substitution therefor, by the acquiring or succeeding entity (or an affiliate thereof), and that any repurchase or other rights of the Company under each such Award shall inure to the benefit of such acquiring or succeeding entity (or affiliate thereof).

(2) Termination, Forfeiture and Reacquisition. Upon written notice to the holders, provide that:

(A) any unexercised Stock Rights shall terminate immediately prior to the consummation of the Corporate Transaction unless exercised within a specified period following the date of such notice and that any Stock Rights not then exercisable will expire automatically upon consummation of the Corporate Transaction;

(B) any Restricted Stock Units shall terminate and be forfeited immediately prior to the consummation of the Corporate Transaction to the extent they are then subject to a Risk of Forfeiture; and/or

(C) any shares of Restricted Stock shall automatically be reacquired by the Corporation upon consummation of the Corporate Transaction at a price per share equal to the lesser of the Market Value of the Restricted Stock and the purchase price paid by the Participant.

(3) Acceleration of Vesting. Provide that:

(A) any and all Stock Rights not already exercisable in full shall Accelerate with respect to all or a portion of the shares for which such Stock Rights are not then exercisable prior to or upon the consummation of the Corporate Transaction; and/or

(B) any Risk of Forfeiture applicable to Restricted Stock and Restricted Stock Units which is not based on achievement of Performance Goals or other business objectives shall lapse upon consummation of the Corporate Transaction with respect to all or a portion of the Restricted Stock and Restricted Stock Units then subject to such Risk of Forfeiture.

(4) Achievement of Performance Goals. Provide that all outstanding Awards of Restricted Stock and Restricted Stock Units conditioned on the achievement of Performance Goals or other business objectives and the target payout opportunities attainable under outstanding Performance Units shall be deemed to have been satisfied as of the effective date of the Corporate Transaction as to (i) none of, (ii) all of or (iii) a pro

rata number of shares based on the assumed achievement of all relevant Performance Goals or other business objectives and the length of time within the Restriction Period or Performance Period which has elapsed prior to the Corporate Transaction. All such Awards of Performance Units and Restricted Stock Units shall be paid to the extent earned to Participants in accordance with their terms within 30 days following the effective date of the Corporate Transaction.

(5) Cash Payments to Holders of Stock Rights. Provide for cash payments, net of applicable tax withholdings, to be made to holders of Stock Rights equal to the excess, if any, of (A) the acquisition price times the number of shares of Stock subject to a Stock Right (to the extent the exercise price does not exceed the acquisition price) over (B) the aggregate exercise price for all such shares of Stock subject to the Stock Right, in exchange for the termination of such Stock Right; provided, that if the acquisition price does not exceed the exercise price of any such Stock Right, the Committee may cancel that Stock Right without the payment of any consideration therefore prior to or upon the Corporate Transaction. For this purpose, “acquisition price” means the amount of cash, and market value of any other consideration, received in payment for a share of Stock surrendered in a Corporate Transaction.

(6) Conversion of Stock Rights Upon Liquidation or Dissolution. Provide that, in connection with a liquidation or dissolution of the Company, Stock Rights shall convert into the right to receive liquidation proceeds net of the exercise price thereof and any applicable tax withholdings.

(7) Any combination of the foregoing.

None of the foregoing shall apply, however, (i) in the case of any Award pursuant to an Award Agreement requiring other or additional terms upon a Corporate Transaction (or similar event), or (ii) if specifically prohibited under applicable laws, or by the rules and regulations of any governing governmental agencies or national securities exchanges on which the Stock is listed. Nor shall any of the foregoing apply in the case of a Qualified Performance-Based Award except to the extent the foregoing would not interfere with the qualification of the grant of the Award under Section 162(m) of the Code.

(b) Assumption and Substitution of Awards. For purposes of Section 8.4(a)(1) above, an Award shall be considered assumed, or a substantially equivalent award shall be considered to have been provided in substitution therefor, if following consummation of the Corporate Transaction the Award is assumed and/or exchanged or replaced with another award issued by the acquiring or succeeding entity (or an affiliate thereof) that confers the right to purchase or receive the value of, for each share of Stock subject to the Award immediately prior to the consummation of the Corporate Transaction, the consideration (whether cash, securities or other property) received as a result of the Corporate Transaction by holders of Stock for each share of Stock held immediately prior to the consummation of the Corporate Transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Stock); *provided, however*, that if the consideration received as a result of the Corporate Transaction is not solely common stock (or its equivalent) of the acquiring or succeeding entity (or an affiliate thereof), the Committee may provide for the consideration to be received upon the exercise of Award to consist of or be based on solely common stock (or its equivalent) of the acquiring or succeeding entity (or an affiliate thereof) equivalent in value to the per share consideration received by holders of outstanding shares of Stock as a result of the Corporate Transaction.

(c) Related Matters. In taking any of the actions permitted under this Section 8.4, the Committee shall not be obligated to treat all Awards, all Awards held by a Participant, or all Awards of the same type, identically. Any determinations required to carry out the foregoing provisions of this Section 8.4, including, but not limited to, the market value of other consideration received by holders of Stock in a Corporate Transaction and whether substantially equivalent awards have been substituted, shall be made by the Committee acting in its sole and absolute discretion. In connection with any action or actions taken by the Committee in respect of Awards and in connection with a Transaction, the Committee may require such acknowledgements of satisfaction and releases from Participants as it may determine.

8.5. Clawback. If the Committee determines that a Participant has intentionally committed an act of embezzlement, fraud, dishonesty, or breach of fiduciary duty during the Participant's employment that contributed to an obligation to restate the Company's financial statements, the Participant shall be required to repay to the Company, in cash and upon demand, Award Proceeds (defined below) resulting from any sale or other disposition of Shares issued or issuable under an Award (a) if the sale or disposition was effected during the twelve-month period following the first public issuance or filing with the SEC of the financial statements required to be restated, or (b) if the Shares were issued as a result of vesting criteria that were determined to be satisfied based all or in part on the financial statements required to be restated. In the preceding sentence, "Award Proceeds" means, with respect to any sale or other distribution, an amount determined appropriate by the Committee to reflect the effect of the restatement on the Company's stock price, up to the amount equal to the number of Shares sold or disposed multiplied by the excess of Market Value at the time of such sale or disposition over the amount paid, if any, to purchase such Shares.

9. Settlement of Awards

9.1. In General. Awards of Restricted Stock shall be settled in accordance with their terms. All other Awards may be settled in cash or Stock, or a combination thereof, as determined by the Committee at or after grant and subject to any contrary Award Agreement. The Committee may not require settlement of any Award in Stock pursuant to the immediately preceding sentence to the extent issuance of such Stock would be prohibited or unreasonably delayed by reason of any other provision of the Plan.

9.2. Violation of Law. Notwithstanding any other provision of the Plan or the relevant Award Agreement, if, at any time, in the reasonable opinion of the Company, the issuance of shares of Stock covered by an Award may constitute a violation of law, then the Company may delay such issuance and the delivery of a certificate for such shares until (i) approval shall have been obtained from such governmental agencies, other than the Securities and Exchange Commission, as may be required under any applicable law, rule, or regulation and (ii) in the case where such issuance would constitute a violation of a law administered by or a regulation of the Securities and Exchange Commission, one of the following conditions shall have been satisfied:

(a) the shares of Stock are at the time of the issue of such shares effectively registered under the Securities Act of 1933, as amended; or

(b) the Company shall have determined, on such basis as it deems appropriate (including an opinion of counsel in form and substance satisfactory to the Company) that the sale, transfer, assignment, pledge, encumbrance or other disposition of such shares does not require registration under the Securities Act of 1933, as amended or any applicable State securities laws.

The Company shall make all reasonable efforts to bring about the occurrence of said events.

9.3. Corporate Restrictions on Rights in Stock. Any Stock to be issued pursuant to Awards granted under the Plan shall be subject to all restrictions upon the transfer thereof which may be now or hereafter imposed by the charter, certificate or articles, and by-laws, of the Company. Whenever Stock is to be issued pursuant to an Award, if the Committee so directs at or after grant, the Company shall be under no obligation to issue such shares until such time, if ever, as the recipient of the Award (and any person who exercises any Option, in whole or in part), shall have become a party to and bound by the Stockholders' Agreement, if any. In the event of any conflict between the provisions of this Plan and the provisions of the Stockholders' Agreement, the provisions of the Stockholders' Agreement shall control except as required to fulfill the intention that any Incentive Option qualify as such, but insofar as possible the provisions of the Plan and such Agreement shall be construed so as to give full force and effect to all such provisions.

9.4. Investment Representations. The Company shall be under no obligation to issue any shares of Stock covered by any Award unless the shares to be issued pursuant to Awards granted under the Plan have been effectively registered under the Securities Act of 1933, as amended, or the Participant shall have made such written representations to the Company (upon which the Company believes it may reasonably rely) as the Company may deem necessary or appropriate for purposes of confirming that the issuance of such shares will be exempt from the registration requirements of that Act and any applicable state securities laws and otherwise in compliance with all applicable laws, rules and regulations, including, but not limited to, that the Participant is acquiring the shares for his or her own account for the purpose of investment and not with a view to, or for sale in connection with, the distribution of any such shares.

9.5. Registration. If the Company shall deem it necessary or desirable to register under the Securities Act of 1933, as amended, or other applicable statutes any shares of Stock issued or to be issued pursuant to Awards granted under the Plan, or to qualify any such shares of Stock for exemption from the Securities Act of 1933, as amended or other applicable statutes, then the Company shall take such action at its own expense. The Company may require from each recipient of an Award, or each holder of shares of Stock acquired pursuant to the Plan, such information in writing for use in any registration statement, prospectus, preliminary prospectus or offering circular as is reasonably necessary for that purpose and may require reasonable indemnity to the Company and its officers and directors from that holder against all losses, claims, damage and liabilities arising from use of the information so furnished and caused by any untrue statement of any material fact therein or caused by the omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made. In addition, the Company may require of any such person that he or she agree that, without the prior written consent of the Company or the managing underwriter in any public offering of shares of Stock, he or she will not sell, make any short sale of, loan, grant any option for the purchase of, pledge or otherwise encumber, or otherwise dispose of, any shares of Stock during the period not to exceed 180 days commencing on the effective date of the registration statement relating to the underwritten public offering of securities. Without limiting the generality of the foregoing provisions of this Section 9.5, if in connection with any underwritten public offering of securities of the Company the managing underwriter of such offering requires that the Company's directors and officers enter into a lock-up agreement containing provisions that are more restrictive than the provisions set forth in the preceding sentence, then (a) each holder of shares of Stock acquired pursuant to the Plan (regardless of whether such person has complied or complies with the provisions of clause (b) below) shall be bound by, and shall be deemed to have agreed to, the same lock-up terms as those to which the Company's directors and officers are required to adhere; and (b) at the request of the Company or such managing underwriter, each such person shall execute and deliver a lock-up agreement in form and substance equivalent to that which is required to be executed by the Company's directors and officers.

9.6. Placement of Legends; Stop Orders; etc. Each share of Stock to be issued pursuant to Awards granted under the Plan may bear a reference to the investment representations made in accordance with Section 9.4 in addition to any other applicable restrictions under the Plan, the terms of the Award and if applicable under the Stockholders' Agreement and to the fact that no registration statement has been filed with the Securities and Exchange Commission in respect to such shares of Stock. All certificates for shares of Stock or other securities delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of any stock exchange upon which the Stock is then listed, and any applicable federal or state securities law, and the Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

9.7. Tax Withholding. Whenever shares of Stock are issued or to be issued pursuant to Awards granted under the Plan, the Company shall have the right to require the Participant to remit to the Company an amount sufficient to satisfy federal, state, local or other withholding tax requirements if, when, and to the extent required by law (whether so required to secure for the Company an otherwise available tax deduction or otherwise) or as provided below, prior to the delivery of any certificate or certificates for such shares. The obligations of the Company under the Plan shall be conditional on satisfaction of all such withholding obligations and the Company shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant, including, without limitation, pursuant to the Company's delivery of an irrevocable direction to a securities broker (on a form prescribed by the Committee) to sell shares of Stock and to deliver all or part of the sale proceeds to the Company in payment of the amount necessary to satisfy the minimum tax or social insurance obligations required by law to be withheld in respect of Awards and any Greater Amount (as defined below) (such arrangement, a "Sale to Cover Arrangement"). In the Committee's discretion, the Company's foregoing rights to (x) to have the Participant remit to the Company amounts to satisfy tax withholding requirements and (y) to deduct any such taxes from any payment of any kind otherwise due to the Participant, shall extend to the minimum tax or social insurance obligations required by law to be withheld in respect of Awards, or, if applicable, such other withholding amount (a "Greater Amount") as mutually agreed upon by the Company and the Participant, up to the sum of all applicable statutory maximum rates (provided, in the case of a Participant who is an "officer" of the Company as defined in Rule 16a-1(f) promulgated pursuant to the Securities Exchange Act of 1934, as amended from time to time, or any successor law (or any successor rule), that such other amount is approved in advance by the Committee or the Board), and provided further, that if any part of such amount is permitted by the Committee at its discretion to be paid in shares of Stock, such shares of Stock shall be valued at their Market Value on the date the applicable tax is incurred. Participants may elect, subject to the approval of the Committee, acting in its sole discretion, to satisfy an applicable withholding requirement, in whole or in part, by having the Company withhold shares of Stock to satisfy their tax obligations or by means of a Sale to Cover Arrangement. However, unless a corresponding Greater Amount is approved in advance by the Committee or the Board, Participants who elect, subject to the approval of the Committee, to satisfy an applicable withholding requirement, in whole or in part, by having the Company withhold shares of Stock to satisfy their tax obligation, may only elect to have shares of Stock withheld having a Market Value on the date the tax is to be determined equal to the minimum statutory total tax which could be imposed on the transaction. All elections shall be irrevocable, made in writing, signed by the Participant, and shall be subject to any restrictions or limitations that the Committee deems appropriate. Any determination that a tax withholding obligation has arisen shall be made without regard to the potential applicability of Section 83(c) of the Code.

9.8. Company Charter and By-Laws; Other Company Policies. This Plan and all Awards granted under the Plan (including the exercise, settlement or exchange of an Award) are subject to and

must comply with the certificate of incorporation and by-laws of the Company, as they may be amended from time to time, and all other Company policies duly adopted by the Board, the Committee or any other committee of the Board as in effect from time to time regarding the acquisition, ownership or sale of Stock by employees and other service providers, including, without limitation, policies intended to limit the potential for insider trading and to avoid or recover compensation payable or paid on the basis of inaccurate financial results or statements, employee conduct, and other similar events.

10. Reservation of Stock

The Company shall at all times during the term of the Plan and any outstanding Awards granted hereunder reserve or otherwise keep available such number of shares of Stock as will be sufficient to satisfy the requirements of the Plan (if then in effect) and the Awards and shall pay all fees and expenses necessarily incurred by the Company in connection therewith.

11. Limitation of Rights in Stock; No Special Service Rights

A Participant shall not be deemed for any purpose to be a stockholder of the Company with respect to any of the shares of Stock subject to an Award, unless and until a certificate shall have been issued therefor and delivered to the Participant or his agent. Any Stock to be issued pursuant to Awards granted under the Plan shall be subject to all restrictions upon the transfer thereof which may be now or hereafter imposed by the certificate of incorporation and the by-laws of the Company. Nothing contained in the Plan or in any Award Agreement shall confer upon any recipient of an Award any right with respect to the continuation of his or her employment or other association with the Company (or any Affiliate), or interfere in any way with the right of the Company (or any Affiliate), subject to the terms of any separate employment or consulting agreement or provision of law or certificate of incorporation or by-laws to the contrary, at any time to terminate such employment or consulting agreement or to increase or decrease, or otherwise adjust, the other terms and conditions of the recipient's employment or other association with the Company and its Affiliates.

12. Unfunded Status of Plan

The Plan is intended to constitute an "unfunded" plan for incentive compensation, and the Plan is not intended to constitute a plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended. With respect to any payments not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Stock or payments with respect to Stock Rights and other Awards hereunder, *provided, however*, that the existence of such trusts or other arrangements is consistent with the unfunded status of the Plan.

13. Nonexclusivity of the Plan

Neither the adoption of the Plan by the Board nor any action taken in connection with the adoption or operation of the Plan shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including without limitation, the granting of stock options and restricted stock other than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

14. No Guarantee of Tax Consequences

Neither the Company nor any Affiliate, nor any director, officer, agent, representative or employee of either, guarantees to the Participant or any other person any particular tax consequences as a result of the grant of, exercise of rights under, or payment in respect of an Award, including, but not limited to, that an Option granted as an Incentive Option has or will qualify as an “incentive stock option” within the meaning of Section 422 of the Code or that the provisions and penalties of Section 409A of the Code, pertaining non-qualified plans of deferred compensation, will or will not apply.

15. Termination and Amendment of the Plan

15.1. Termination or Amendment of the Plan. Subject to the limitations contained in Section 15.3 below, including specifically the requirement of stockholder approval if applicable, the Board may at any time terminate the Plan or make such modifications of the Plan as it shall deem advisable. Unless the Board otherwise expressly provides, no amendment of the Plan shall affect the terms of any Award outstanding on the date of such amendment.

15.2. No Repricing and No Cash Buyout. Other than in connection with an adjustment to an Award pursuant to Section 8, the Company shall not, without stockholder approval, at any time when the per Share exercise price of an Option or SAR is greater than Market Value of the underlying Shares, reduce the exercise price of such Option or SAR or exchange such Option or SAR for a new Award with a lower (or no) purchase price or for cash.

15.3. Limitations on Amendments, Etc.

Without the approval of the Company’s stockholders, no amendment or modification of the Plan by the Board may (i) increase the number of shares of Stock which may be issued under the Plan, (ii) change the description of the persons eligible for Awards, or (iii) effect any other change for which stockholder approval is required by law or the rules of any relevant stock exchange. Furthermore, except in connection with a Corporate Transaction, the terms of outstanding Stock Rights may not be amended to reduce their exercise price, nor may outstanding Stock Rights be cancelled in exchange for cash, Stock Rights with exercise prices that are less than the exercise prices of the original Stock Rights, or other Awards, without stockholder approval.

No amendment or modification of the Plan by the Board, or of an outstanding Award by the Committee, shall impair the rights of the recipient of any Award outstanding on the date of such amendment or modification or such Award, as the case may be, without the Participant’s consent; *provided, however*, that no such consent shall be required if (i) the Board or Committee, as the case may be, determines in its sole discretion and prior to the date of any Corporate Transaction that such amendment or alteration either is required or advisable in order for the Company, the Plan or the Award to satisfy any law or regulation, including without limitation the provisions of Section 409A of the Code, or to meet the requirements of or avoid adverse financial accounting consequences under any accounting standard, or (ii) the Board or Committee, as the case may be, determines in its sole discretion and prior to the date of any Corporate Transaction that such amendment or alteration is not reasonably likely to significantly diminish the benefits provided under the Award, or that any such diminution has been adequately compensated.

16. Notices and Other Communications

Any notice, demand, request or other communication hereunder to any party shall be deemed to be sufficient if contained in a written instrument delivered in person or duly sent by first class registered, certified or overnight mail, postage prepaid, or telecopied with a confirmation copy by regular, certified or overnight mail, addressed or telecopied, as the case may be, (i) if to the recipient of an Award, at his or her residence address last filed with the Company and (ii) if to the Company, at its principal place of business, addressed to the attention of its Chief Financial Officer, or to such other address or telecopier number, as the case may be, as the addressee may have designated by notice to the addressor. All such notices, requests, demands and other communications shall be deemed to have been received: (i) in the case of personal delivery, on the date of such delivery; (ii) in the case of mailing, when received by the addressee; and (iii) in the case of facsimile transmission, when confirmed by facsimile machine report.

17. Administrative Provisions

Nothing contained in the Plan shall require the issuance or delivery of certificates for any period during which the Company has elected to maintain or caused to be maintained the evidence of ownership of its shares of Stock, either generally or in the case of Stock acquired pursuant to Awards, by book entry, and all references herein to such actions or to certificates shall be interpreted accordingly in light of the systems maintained for that purpose. Furthermore, any reference herein to actions to be taken or notices (including of grants of Awards) to be provided in writing or pursuant to specific procedures may be satisfied by means of and pursuant to any electronic or automated voice response systems the Company may elect to establish for such purposes, either by itself or through the services of a third party, for the period such systems are in effect.

18. Governing Law

It is intended that all Awards shall be granted and maintained on a basis which ensures they are exempt from, or otherwise compliant with, the requirements of Section 409A of the Code and the Plan shall be governed, interpreted and enforced consistent with such intent. Neither the Committee nor the Company, nor any of its Affiliates or its or their officers, employees, agents, or representatives, shall have any liability or responsibility for any adverse federal, state or local tax consequences and penalty taxes which may result the grant or settlement of any Award on a basis contrary to the provisions of Section 409A of the Code or comparable provisions of any applicable state or local income tax laws. The Plan and all Award Agreements and actions taken thereunder otherwise shall be governed, interpreted and enforced in accordance with the laws of the state of California, without regard to the conflicts of laws principles thereof.

TRANSITION AGREEMENT

This Transition Agreement (this “**Agreement**”), is made by and between Steven Gatoff, an individual (the “**Executive**”) and 8x8, Inc. (the “**Company**”) (individually each a “**Party**” and collectively the “**Parties**”), effective June 8, 2020 (the “**Effective Date**”).

Recitals

WHEREAS, the Parties entered into an employment agreement on or about October 5, 2018, in which Executive accepted the job position of Executive Vice President, Chief Financial Officer and Advisor to the CEO (“**Employment Agreement**”).

Whereas, the Company has determined that Executive shall no longer hold the position of Executive Vice President, Chief Financial Officer (“**CFO**”) effective June 8, 2020.

WHEREAS, the Executive is subject to the 2017 Executive Change-In-Control and Severance Policy, a copy of which is attached as Exhibit 10.2 to the Company’s quarterly report on Form 10-Q filed on November 7, 2018 (the “**Policy**”), which provides for the payment of severance and other benefits in connection with a termination of Executive’s employment or a material reduction in Executive’s job responsibilities for which any compensation would be payable under the Policy; and

Whereas the Parties wish to enter into this Agreement so as to allow a smooth transition of Executive’s duties to a new CFO of the Company, which Agreement shall supersede the Employment Agreement and under which Executive will no longer be subject to the Policy.

Agreement

Based upon the information stated in the above Recitals and the statements, promises and agreements contained below, the Parties hereby agree as follows:

1. **Continued Employment by Executive.** The Parties agree that Executive’s employment with the Company will continue in accordance with the terms of this Agreement through October 31, 2020, (“**Separation Date**”) absent earlier termination of such services in accordance with section 17 below. The time period from June 8, 2020 to October 31, 2020 is the “**Transition Period**.”
 2. **Transition Period Duties.** During the Transition Period, Executive will act as a part-time, non-executive advisor to the Company’s new CFO. Executive’s sole duties and obligations will be to respond to inquiries made to him by the Company’s Chief Executive officer, new CFO or either of their direct reports to assist in the smooth transition of the CFO duties.
 3. **Compensation and Benefits during Transition Period.** As consideration for your agreements herein, the Company will continue to pay Executive his full regular base salary of \$390,000.00 per year and employee benefits during this Transition Period, unless his employment is terminated prior to the Separation Date in accordance with section 17 below. Executive will not receive any bonus during this Transition Period and shall no longer be subject to the Policy or to any payments or benefits thereunder at any time after the Effective Date. If and to the extent that the Company cannot continue Executive’s benefits under a group health insurance plan during the Transition Period, it will directly pay all COBRA premiums associated with continuation of all health insurance coverage
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(inclusive of medical, dental and vision) Executive presently receives as an employee of the Company, contingent on Executive timely and properly electing such COBRA coverage; provided that, notwithstanding the foregoing, in the event such COBRA payment could result in a penalty, excise tax or other related liability to the Company, Executive or the group health plan under applicable law, Company may instead, at Company's discretion, provide Executive with cash payments during the Transition Period equivalent in value, on an after-tax basis, to the COBRA payments otherwise payable hereunder but without regard as to whether Executive elects COBRA coverage under the Company's group health plan ("Substitute Benefit").

4. **Prohibited Activities.** Subject to applicable law and the permitted disclosures provided for in section 15 of this Agreement, from the date of this Agreement through December 31, 2020, Executive will refrain from having any conversations concerning the Company with analysts, existing investors, potential investors, activists, hedge funds, consulting firms, bankers, or other financiers.

5. **Treatment of Equity Awards.** On the condition that Executive continues his employment and complies with his obligations herein through October 31, 2020, Executive will continue to vest in all of his outstanding and unvested restricted stock units (RSUs) and performance share units (PSUs) in accordance with the relevant provisions of the Company's Amended and Restated 2012 Equity Incentive Plan and/or the Company's Amended and Restated 2013 New Employee Inducement Incentive Plan (collectively, the "**Plans**") and the applicable award agreements.

6. **Separation Pay.** On the condition that Executive continues his employment through the Separation Date and on October 31, 2020, or within 21 days thereafter, Executive signs the Separation Agreement and Release of Claims ("**Separation Agreement**"), a copy of which is attached hereto as Attachment A, and does not revoke the Separation Agreement within the applicable revocation period set forth therein, and in consideration of the covenants and promises contained in that Separation Agreement, the Company will provide Executive, as separation pay, a lump sum of \$308,385, which is an amount equal to seven (7) months Executive's base salary, seven (7) months of continued COBRA coverage, and 67/365 of the bonus otherwise payable to him pursuant to the Company's 2017 Executive Change-in-Control and Severance Policy subject to applicable withholdings and deductions.

7. **Effect of Early Termination of Employment by Executive.** If Executive terminates his employment with the Company for any reason prior to the Separation Date or his employment is terminated by the Company prior to the Separation Date (which can only occur for reasons set forth in section 17, below), Executive's compensation, consideration under this Agreement, and vesting with respect to his equity awards will be as follows:

- (a) his compensation will cease on the effective date of the termination of his employment;
 - (b) all of his outstanding and unvested RSUs and performance share units PSUs shall be forfeited and terminated automatically upon the termination of employment, without any acceleration of vesting thereunder; and
 - (c) on the condition the Executive signs a Separation Agreement and Release of Claims (the "**Alternative Agreement**") and does not revoke the Alternative Agreement within the applicable revocation period set forth therein, and in consideration of the covenants and promises contained in the Alternative Agreement, the Company will pay Executive separation pay equal to (1) the amount of base salary Executive would receive in a 12 month period less compensation he has been paid during the Transition Period through the date of the termination, of his employment, and (2) the value of COBRA benefits for a 12 month period, less the group health insurance COBRA premiums or
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Substitute Benefit, paid during the Transition date through the date of termination of his employment. The remaining terms of the Alternative Agreement shall be substantially similar to the Separation Agreement attached hereto as Attachment A.

8. **Release of all Claims.** Except as otherwise set forth in this Agreement, in exchange for good and valuable consideration described in this Agreement, including in section 3 above, Executive, on behalf of Executive and Executive's executors, administrators, successors and assigns (collectively, the "Releasors") hereby releases, waives, acquits and forever discharges the Company and each of its employees, officers, directors, shareholders, agents, predecessors and successors in interest, parents, subsidiaries, affiliates, attorneys, and assigns, ("**Company- Affiliates**") of and from any and all claims, liabilities, demands, causes of action, costs, expenses, attorneys' fees, damages, indemnities, and obligations of every kind and nature, in law, equity, or otherwise, known and unknown, suspected and unsuspected, disclosed and undisclosed, arising out of or in any way related to agreements, events, acts, omissions, or conduct at any time prior to and including the date Executive signs this Agreement (collectively "**Claims**"). This general release includes, but is not limited to: (i) claims and demands arising out of or in any way connected with Executive's employment with the Company, the reduction of his job duties or the termination of that employment; (ii) claims or demands related to Executive's compensation or benefits with the Company, including but not limited to, any disputed wages, salary, bonuses, commissions, vacation pay, fringe benefits, expense reimbursements, incentive pay, severance pay, or any other form of compensation; (iii) claims pursuant to any federal, state or local law, statute, or cause of action including, but not limited to, claims for discrimination, harassment, retaliation, attorneys' fees or other claim arising under the federal Civil Rights Act of 1964, as amended; the federal Americans with Disabilities Act of 1990, as amended; the federal Family Medical Leave Act, as amended; the Fair Credit Reporting Act, the Genetic Information Nondiscrimination Act, the Immigration Reform and Control Act the federal Worker Adjustment and Retraining Notification Act, as amended; the Employee Retirement Income Security Act of 1974, as amended; California Fair Employment and Housing Act (Cal. Gov't Code §12900 et seq.); California Family Rights Act (Cal. Gov. Code §12945.2); California Spousal Military Leave Law (Cal. Mil. & Vet. Code §395.10); California WARN Act (Cal. Lab. Code §1400 et seq.); the California Labor Code, the California Private Attorney General Act; (iv) all tort claims, including without limitation, claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (v) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing, including claims arising out of the Employment Agreement, a sales commission plan or incentive compensation plan applicable to Executive's employment with the Company. To the extent permitted by law, Executive also promises never,

directly or indirectly, to bring or participate in an action against the Company or Company- Affiliates under California Business & Professions Code Section 17200 or any unfair competition law of any jurisdiction.

Excluded from this Agreement are any claims, which by law cannot be waived in a private agreement between an employer and employee. This release does not extend to claims for unemployment or workers' compensation benefits or waive the Executive's right to file an application for an award for original information submitted pursuant to Section 21F of the Securities Exchange Act of 1934. Moreover, this Release does not prohibit Executive from filing a charge with the Equal Employment Opportunity Commission (the "**EEOC**") or the Department of Fair Employment and Housing or participating in an EEOC or state agency investigation; however, Executive agrees to waive his right to monetary or other recovery should any claim be pursued with the EEOC, state agency, or any other federal, state or local administrative agency on his behalf which are released herein, arising out of or related to his employment with and/or separation from the Company.

9. **Release of unknown Claims**. This Agreement is intended to be effective as a general release of and bar to all claims as stated in this subsection. Accordingly, the Releasors specifically waive all rights under California Civil Code Section 1542 and any similar applicable laws. California Civil Code Section 1542 states,

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Executive acknowledges that Executive may later discover claims or facts in addition to or different from those which Executive now knows or believes to exist with regards to the subject matter of this Agreement, and which, if known or suspected at the time of executing this Agreement, may have materially affected its terms. Nevertheless, Releasors waive any and all claims that might arise as a result of such different or additional claims or facts.

10. **Specific ADEA Release**. In further consideration of the payments and benefits provided to Executive in this Agreement, the Releasors hereby irrevocably and unconditionally fully and forever waive, release, and discharge the Company and Company-Affiliates from any and all Claims, whether known or unknown, from the beginning of time through the date of Executive's execution of this Agreement arising under the Age Discrimination in Employment Act, as amended, and its implementing regulations. By signing this Agreement, Executive hereby acknowledges and confirms that: (a) Executive has read this Agreement in its entirety and understands all of its terms; (b) by this Agreement, Executive has been advised in writing to consult with an attorney of Executive's choosing before signing this Agreement; (c) Executive knowingly, freely, and voluntarily agrees to all of the terms and conditions set out in this Agreement including, without limitation, the waiver, release, and covenants contained in it;

(d) Executive is signing this Agreement, including the waiver and release, in exchange for good and valuable consideration in addition to anything of value to which Executive is otherwise

entitled; (e) Executive was given at least 21 days to consider the terms of this Agreement and consult with an attorney of Executive's choice, although Executive may sign it sooner if desired and changes to this Agreement, whether material or immaterial, do not restart the running of the 21-day period; (f) Executive understands that Executive has 7 days after signing this Agreement to revoke the release in this section by delivering written notice of revocation to Matt Zinn, at 675 Creekside Way, Campbell, California, 95131, by certified mail before the end of this 7-day period; and (g) Executive understands that the release contained in this section does not apply to rights and claims that may arise after the Employee signs this Agreement.

11. **No Release of Future Rights**. The general release of claims in this Agreement does not waive any rights or claims that Executive might have arising after the date Executive signs this Agreement.

12. **Non-Disclosure of Proprietary Information**. Subject to applicable law and the permitted disclosures set forth in section 15 of this Agreement, Executive promises and agrees that he will not, except upon written authorization from the Company or as required by law, disclose any confidential or proprietary information belonging to or concerning the Company, and/or Company-Affiliates,

vendors, or customers, including, without limitation, financial data, business and marketing plans, budgets, personnel information, product designs and specifications, research and development plans and budgets, technical drawings and specifications, manufacturing methods, technical know-how or other trade secrets. The Employee acknowledges and reaffirms in its entirety the Confidential Information and Inventions Assignment Agreement executed upon commencement of his employment (the “**IP Agreement**”). Nothing in this Agreement is intended to or shall be construed to modify, impair or terminate any obligation of Executive pursuant to the IP Agreement that by the terms of the IP Agreement continues after Executive’s separation from the Company’s employment for any reason.

13. **Confidentiality.** Except to the extent disclosed by the Company in compliance with the rules and regulations of the Securities and Exchange Commission (including any requirement to file this Agreement with Securities and Exchange Commission) and subject to the permitted disclosures set forth in section 15 of this Agreement, Executive promises to hold the provisions of this Agreement in strictest confidence. The Executive may disclose this Agreement, in confidence, to his immediate family, to his attorneys, accountants, auditors, tax preparers and financial advisors, and as may be necessary to enforce its terms or as otherwise required by law. Otherwise, the Executive agrees not to publicize or disclose its terms to anyone, in any manner.

14. **Non-Disparagement.** Executive agrees to refrain from any disparagement, defamation, libel or slander of the Company or Company-Affiliates or tortious interference with the contracts and relationships of the Company, and the Company agrees that it will instruct its officers and directors to refrain from any disparagement, defamation, libel or slander of you; *provided, however*, nothing in this Agreement shall prohibit Executive nor the Company’s directors or officers from truthfully participating in an investigation conducted by any government agency, complying with a subpoena or other court order, providing information otherwise required by law and/or other activities excluded from confidentiality obligations as set forth in section 15 of this Agreement.

15. **DTSA and Permitted Disclosure.**

(a) Pursuant to 18 U.S.C. § 1833(b), Executive will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret of the Company that (i) is made (A) in confidence to a Federal, State, or local government official, either directly or indirectly, or to Executive’s attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive’s attorney and use the trade secret information in the court proceeding, if Executive (i) files any document containing the trade secret under seal, and (ii) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section.

(b) Notwithstanding anything contained in this Agreement or the IP Agreement, Executive may disclose Company confidential information in confidence directly or indirectly to federal, state, or local government officials, including but not limited to the Department of Justice, the Securities and Exchange Commission, Congress, and any agency Inspector General, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law or regulation or making other disclosures that are protected under the whistleblower provisions of state or federal laws or regulations. Further, nothing in any agreement Executive has with the Company shall prohibit or restrict Executive from making any voluntary disclosure of information or documents to any governmental agency or

legislative body, or any self-regulatory organization, in each case, without advance notice to the Company.

16. **Return of Company Property.** Executive agrees to return to the Company on the Separation Date (or an earlier date if requested by the Company), or if applicable, the date this Agreement is terminated pursuant to section 17 of this Agreement all hard copy and electronic documents (and all copies thereof) and other Company property that he has had in his possession at any time, including, but not limited to, files, notes, drawings, records, business plans and forecasts, financial information, specifications, computer-recorded information (including email), tangible property (laptop computer, cell phone, PDA, etc.), credit cards, entry cards, identification badges and keys, and any materials of any kind that contain or embody any proprietary or confidential information of the Company (and all reproductions thereof). If Executive at any time discovers that he has retained any Company proprietary or confidential information after the Separation Date, or if applicable, the date this Agreement is terminated pursuant to section 17 of this Agreement, he agrees immediately upon discovery to contact the Company and make arrangements for returning the information. The Company shall pay, or reimburse Executive for, any costs associated with Executive's return of Company property to the Company.

17. **Early Termination of Employment During Transition Period.** Executive may terminate his employment with or without notice or cause at any time during the Transition Period. The Company may terminate Executive's employment during the Transition Period if it determines, in its sole discretion, that (a) Executive has materially breached any term of this Agreement, including but not limited to his obligations during the Transition Period under sections 4 and 14 herein, (b) Executive has materially breached the IP Agreement, (c) in the event of

Executive's conviction of (or plea of guilty of *nolo contendere*) to any felony or misdemeanor involving theft embezzlement, dishonesty or moral turpitude, or (d) Executive engages in misconduct resulting in material harm to the Company's business or reputation including conduct involving fraud, embezzlement, misappropriation of funds, sexual harassment or sexual misconduct, and/or race discrimination.

18. **Choice of Law.** This Agreement is to be governed by California law.

19. **Taxes.** Payments and benefits provided under this Agreement are taxable under the laws of the United States and the State of California and will be subject to all required withholdings and court ordered wage assignments and/or garnishments.

20. **Severability.** If any portion of this Agreement is found to be unenforceable, then both the Executive and the Company desire that all other portions that can be separated from it or appropriately limited in scope shall remain fully valid and enforceable.

21. **Arbitration.** Except as prohibited by law, any legal dispute between Executive and the Company (or between Executive and any Company-Affiliates, each of which or whom is hereby designated a third party beneficiary of this Agreement regarding arbitration) arising out of Executive's employment or termination of employment or this Agreement (a "**Dispute**") will be resolved through binding arbitration. The Parties understand and agree that this arbitration provision is governed by the Federal Arbitration Act, 9, U.S.C., § 1, *et seq.*, and that by entering into this arbitration provision they are waiving their respective rights to bring such Dispute to court, including any right to a jury trial. The arbitration shall be held in Santa Clara County, California, and shall be administered by JAMS in accordance with the existing employment arbitration rules of JAMS. Nothing in this arbitration provision is intended to limit any right Executive may have to file a charge or claim with (or, to the extent not

barred by the release, to obtain relief from) the National Labor Relations Board, or other federal or state administrative body, government agency or self-regulatory organization. The Parties agree that such arbitration shall be conducted on an individual basis only, not a class or collective basis, and hereby waive any right to bring class wide or collective claims before any arbitrator or in any forum. **THE PARTIES UNDERSTAND THAT BY AGREEING TO ARBITRATE DISPUTES THEY ARE WAIVING ANY RIGHT THEY MIGHT OTHERWISE HAVE TO A JURY TRIAL.** This arbitration provision is not intended to modify or limit substantive rights or the remedies available to the Parties, including the right to seek interim relief, such as injunction or attachment, through judicial process, which shall not be deemed a waiver of the right to demand and obtain arbitration.

22. **Integration clause.** This Agreement is intended by the Parties to be their final agreement with respect to the subject matter herein. It is understood and acknowledged that there are no other agreements or understandings between Executive and the Company about or pertaining to the subject matter herein, except for the Confidential Information, Non-Disclosure and Invention Assignment Agreement signed during Executive's employment with the Company. The Provisions of this Transition shall supersede the provisions of the Policy or the Employment Agreement. The statements, promises and agreements in this Agreement may not be contradicted by any prior or contemporaneous understandings, agreements, promises or statements. Executive states and promises that in signing this Agreement he has not relied on any statements or promises made by the Company, other than the promises contained in this Agreement. Any changes to this

Agreement must be in writing and signed by both Parties.

23. **Attorneys' Fees.** Company shall reimburse Executive for legal and professional fees incurred by Executive for advice related this Transition Agreement and the associated Separation Agreement, up to a maximum reimbursement of \$7,500 in total, provided that Executive shall provide Company with documentation of such expenses upon request. If either Party files any arbitration, lawsuit, claim, or charge based on, or in any way related to, Executive's employment with the Company, any claim that Executive has released in the Release or the promises and agreements contained in this Agreement, the Party that wins the lawsuit or arbitration or prevails on the claim or charge will be entitled to recover from the other Party all costs it incurs, in connection with the dispute, including reasonable attorneys' fees to the extent otherwise permitted by law.

24. **Authority to Bind.** In signing this Agreement, Executive intends to bind himself and his heirs, administrators, executors, personal representatives and assigns.

25. **Advice of Counsel and Executive Acknowledgments.** Executive hereby acknowledges that he: (a) fully understands his right to discuss this Agreement with independent counsel of his choice, and is encouraged to do so; (b) has read and understands this Agreement and the legal effect of the waivers and releases contained herein; and (c) is entering into this Agreement knowingly and voluntarily of his/her own free will and without coercion, duress, fraud or undue influence of any kind whatsoever.

26. **Representations and Warranties.** Executive represents and warrants that 1) Executive has had the opportunity to discuss this Agreement with counsel, and 2) Executive signs this Agreement of the Executive's own volition, without outside inducement or coercion, fully intending to be bound by its terms.

In order to bind the Parties to this Agreement, the Parties, or their duly authorized representatives have signed their names below.

8x8, Inc.
/s/ Matt Zinn
Authorized Representative

Steven Gatoff, Executive
/s/ Steven Gatoff
Steven Gatoff

Attachment A

Separation Agreement

This SEPARATION AGREEMENT AND GENERAL RELEASE (“**Separation Agreement**”) is entered into between Steven Gatoff (referred to as “Employee” or “you”), and 8x8, Inc. (referred to as “8x8” or the “**Company**”), regarding Employee’s termination of employment with 8x8. Together Employee and the Company are referred to as the “**Parties.**”

WHEREAS, the employment relationship between Employee and the Company terminated effective October 31, 2020.

WHEREAS, the Parties entered into a Transition Agreement, dated June 8, 2020, which provides for certain severance pay upon the completion of the Transition Period, as defined in the Transition Period.

WHEREAS, in connection with the termination of Employee’s employment with the Company, the Parties desire to enter into this Separation Agreement in order to set forth the terms and conditions pursuant to which the severance benefits contemplated by the Transition Agreement shall be paid to Employee; and Employee desires to provide a general release of claims against 8x8 in order to satisfy a condition to the payment of such severance benefits under the Transition Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

27. Severance.

(a) Your employment with 8x8 terminated on October 31, 2020 (the “**Termination Date**”).

(b) In accordance with the relevant provisions of Transition Agreement, and in consideration of your covenants and release of claims in this Separation Agreement, 8x8 agrees to provide you with severance benefits in the total gross amount set forth in the table below (“**Severance Pay**”), less appropriate deductions for federal and state withholding and other applicable taxes and regular deductions.

(c) Subject to the terms and conditions of this Separation Agreement (including, without limitation, Sections 11 and 13 below), and *provided* you adhere to the Confidential Information, Non-Disclosure and Invention Assignment Agreement between 8x8 and you (the “**IP Agreement**”), the Severance Pay shall be paid to you in one lump-sum cash payment within 60 days after the Termination Date.

(d) The Parties agree that the Severance Pay consists of two components as described in the table below, and that the amount of each component is as set forth in the table, subject to legally required payroll withholdings:

	Amount	Initials
1. a payment equal to seven (7) months of your current annual base salary;	\$227,500	
2. the value of seven (7) months' worth of premiums under COBRA for continued group health insurance at your elected levels as of the Termination Date (paid lieu of any direct reimbursement for such COBRA benefits);	\$15,810	
iii. a prorated portion of any and all bonuses estimated as potentially earned under the FY 2021 Management Incentive Plan.	\$65,075	
Total Severance Pay	\$308,385.00	

28. **Equity Awards.** In accordance with the relevant provisions of the Company's Amended and Restated 2012 Equity Incentive Plan and/or the Company's Amended and Restated 2013 New Employee Inducement Incentive Plan (collectively, the "**Plans**") and your award agreements, all of your outstanding and unvested restricted stock units (RSUs) and performance share units (PSUs) were forfeited and terminated automatically upon the termination of your employment effective October 31, 2020, without any acceleration of vesting thereunder.

29. **Wages, Benefits and Insurances Cease.** Other than those items specified in Section 1 above and in this Section 3, you agree that (a) you will receive no wages, benefits or other monies of any nature from 8x8 after the Termination Date and (b) except as required by COBRA or corresponding state law, you shall not have any right to continue to participate in, and to receive benefits under, any 8x8 group medical, dental, life, disability or other group insurance plans, as well as under 8x8's, educational assistance, holiday, and other benefit plans and policies. You acknowledge that 8x8 paid you all outstanding wages and all accrued but unused PTO on or prior to the Termination Date, and that you are not owed any wages, commissions, bonuses, severance pay, PTO or other compensation or benefits, or payments, or remuneration of any kind or nature, other than as provided in Section 1 above and subject to the terms and conditions of this Agreement. You acknowledge and agree that you submitted an expense report and receipts for all business-related expenses and 8x8 has reimbursed all reasonable business expenses incurred prior to the Termination Date. Your rights and obligations under any applicable ERISA 401(k) plan and any other ERISA retirement plan(s) and any loans extended thereunder shall be in accordance with the written terms of the plan(s) and applicable law.

30. **Protection of Proprietary and Confidential Information.** Subject to applicable law and the permitted disclosures set forth in this Separation Agreement, you promise and agree that you will not, except upon written authorization from the Company or as required by law, disclose any confidential or proprietary information belonging to or concerning the Company, and/or Company-Affiliates, vendors, or customers, including, without limitation, financial data, business and marketing plans, budgets, personnel information, product designs and specifications, research and development plans and budgets, technical drawings and specifications, manufacturing methods, technical know-how or other trade secrets. You acknowledge and reaffirm in its entirety the IP Agreement

31. **Confidentiality; Non-Disparagement.** Except to the extent disclosed by the Company in compliance with the rules and regulations of the Securities and Exchange Commission (including any requirement to file this Agreement with Securities and Exchange Commission), and subject to the permitted disclosures set forth in section 6 of this Agreement, the subject matter and terms of this Separation Agreement shall be deemed "confidential information" within the meaning of the Confidential Information, Non-Disclosure and Invention Assignment Agreement between 8x8 and you.

You further agree that you will not disparage 8x8, its employees, officers or directors, in any manner likely to reflect negatively on its/their business or personal reputations, and the Company agrees that it will instruct its officers and directors not to disparage you in any manner likely to reflect negatively on your personal reputation; *provided, however*, nothing in this Separation Agreement shall prohibit you or the Company's directors or officers from truthfully participating in an investigation conducted by any government agency, complying with a subpoena or other court order, providing information otherwise required by law and/or other activities excluded from confidentiality obligations as set forth in section 6 below.

32. DTSA and Permitted Disclosures.

(a) Pursuant to 18 U.S.C. § 1833(b), you will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret of the Company that (i) is made (A) in confidence to a Federal, State, or local government official, either directly or indirectly, or to your attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose the trade secret to your attorney and use the trade secret information in the court proceeding, if you (i) file any document containing the trade secret under seal, and (ii) do not disclose the trade secret, except pursuant to court order. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section.

(b) Notwithstanding anything contained in this Agreement or the IP Agreement, you may disclose Company confidential information in confidence directly or indirectly to federal, state, or local government officials, including but not limited to the Department of Justice, the Securities and Exchange Commission, Congress, and any agency Inspector General, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law or regulation or making other disclosures that are protected under the whistleblower provisions of state or federal laws or regulations. Further, nothing in any agreement you have with the Company shall prohibit or restrict you from making any voluntary disclosure of information or documents to any governmental agency or legislative body, or any self-regulatory organization, in each case, without advance notice to the Company.

33. Return of Company Property. You agree that you have returned to the Company all hard copy and electronic documents (and all copies thereof) and other Company property that you have had in your possession at any time, including, but not limited to, files, notes, drawings, records, business plans and forecasts, financial information, specifications, computer-recorded information (including email), tangible property (laptop computer, cell phone, PDA, etc.), credit cards, entry cards, identification badges and keys, and any materials of any kind that contain or embody any proprietary or confidential information of the Company (and all reproductions thereof). If you at any time discover that you have retained any Company proprietary or confidential information after the Termination Date, you agree immediately upon discovery to contact the Company and make arrangements for returning the information.

34. Release of Claims Against 8x8 and Others. In exchange for the good and valuable consideration of 8x8's agreement to pay the amounts set forth in this Separation Agreement, to the maximum extent permitted by applicable law, you, on behalf of yourself and your heirs, personal representatives, successors, spouses, registered domestic partners, children, and assigns, (collectively,

the “**Releasors**”) (a) hereby release, waive and forever discharge 8x8, its respective current and former officers, directors, employees, agents, stockholders, subsidiaries, predecessors, related companies, parent companies, companies with common or related ownership, successors, assigns, insurers, ERISA plans, trustees and administrators of ERISA plans, attorneys, owners and affiliates (the “**Released Parties**”) from any and all claims, liens, demands or liabilities whatsoever, whether known or unknown or suspected to exist by you, which you ever had or may now have against 8x8, or any of the other Released Parties, including any claims under the Plans or any other equity or equity-related plan of 8x8, or any award agreement thereunder and (b) agree not to sue or bring any claim against 8x8 for any reason whatsoever, in each case subject to applicable law and any exclusions specified below. The release and covenant not to sue in this Section 8 include, without limitation, any claims, liens, demands, attorney’s fees or liabilities in connection with your employment with 8x8 and the termination of that employment, pursuant to any federal, state, or local employment laws, regulations, executive orders, or other requirements. This release and covenant do not cover any rights or claims you may have under this Separation Agreement or that may arise after the date on which it is signed. Also excluded from this release and covenant are any claims which cannot be waived by law, including but not limited to claims for worker’s compensation, unemployment, the right to reimbursement of business expenses and the right to file a charge or participate in any investigation conducted by the Equal Employment Opportunity Commission or the California Department of Fair Employment and Housing; however you agree to waive your right to monetary or other recovery should any claim be pursued with the EEOC, state agency, or any other federal, state or local administrative agency on your behalf arising out of or related to his employment with and/or separation from the Company. This release does not in any way waive your right to file an application for an award for original information submitted pursuant to Section 21F of the Securities Exchange Act of 1934.

35. Examples of Laws Released. The laws under which you and your heirs, personal representatives, successors, spouses, registered domestic partners, children, and assigns, release 8x8 and the other Released Parties from any claims under Section 8 above include, but are not limited to, contract law, common and statutory law regarding employee benefits, tort law, defamation law, wrongful discharge law, privacy rights, whistleblower protections, constitutional protections, wage and hour law, the California Fair Employment and Housing Act and any similar state law (which may include claims for retaliation and/or discrimination and harassment based on age, gender, race, color, ancestry, national origin, disability, medical condition, marital status, sexual orientation, gender, gender identity, religious creed, pregnancy, veteran or military status and other protected classes), the Federal Civil Rights Act of 1964 and 1991, as amended, the Age Discrimination in Employment Act (“**ADEA**”), the Older Workers’ Benefit Protection Act, the Americans With Disabilities Act, the Employee Retirement Income and Security Act, the Family and Medical Leave Act, the California Family Rights Act, the Equal Pay Act, the National Labor Relations Act, the Fair Credit Reporting Act, the Worker Adjustment and Retraining Notification Act, the Genetic Information Nondiscrimination Act, the Immigration Reform and Control Act, wage and hour law, the Labor Management Relations Act, and any and all protections pursuant to any state’s Labor Code (to the extent waivable) including, the California Private Attorney General Act, in each case to the maximum extent available under, and subject to, applicable law. For avoidance of doubt, and without limiting any other provision hereof, the release includes claims for disputed back pay, front pay, wages, commissions, overtime compensation, penalties, accrued paid time off and attorneys’ fees, to the maximum extent available under, and subject to, applicable law. You acknowledge and agree that you have been fully paid all earned wages for work performed to date and that this waiver is for the purpose of resolving any disputed claim.

36. Waiver of Unknown Claims. This Separation Agreement is intended to be effective as a general release of and bar to all claims as stated in this subsection. Accordingly, the Releasors specifically

waive all rights under California Civil Code Section 1542 and any similar applicable laws. California Civil Code Section 1542 states,

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

You acknowledge that you may later discover claims or facts in addition to or different from those which you now know or believe to exist with regards to the subject matter of this Separation Agreement, and which, if known or suspected at the time of executing this Separation Agreement, may have materially affected its terms. Nevertheless, the Releasors waive any and all claims that might arise as a result of such different or additional claims or facts.

37. **Specific ADEA Release.** In further consideration of the payments and benefits provided to you in this Separation Agreement, the Releasors hereby irrevocably and unconditionally fully and forever waive, release, and discharge the Released Parties from any and all Claims, whether known or unknown, from the beginning of time through the date of your execution of this Separation Agreement (which shall be on or after the Termination Date) arising under ADEA, as amended, and its implementing regulations. By signing this Separation Agreement, you hereby acknowledge and confirm that: (a) you are being given this Separation Agreement on , 2020; (b) you have read this Separation Agreement in its entirety and understand all of its terms; (c) by this Separation Agreement, you have been advised in writing to

consult with an attorney of your choosing before signing this Separation Agreement; (d) you knowingly, freely, and voluntarily agree to all of the terms and conditions set out in this Separation Agreement including, without limitation, the waiver, release, and covenants contained in it; (e) you are signing this Separation Agreement, including the waiver and release, in exchange for good and valuable consideration in addition to anything of value to which you are otherwise entitled; (f) you were given at least twenty-one (21) days to consider the terms of this Separation Agreement and consult with an attorney of your choice, although you may sign it sooner if desired and changes to this Separation Agreement, whether material or immaterial, do not restart the running of the 21-day period; (g) you understand that you have seven (7) days after signing this Separation Agreement to revoke the release in this section by delivering written notice of revocation to Matt Zinn, at 675 Creekside Way, Campbell, California, 95131, by certified mail before the end of this 7-day period; (h) after the revocation period expires, all of the terms and commitments under this Separation Agreement shall cease to be revocable; and (i) you understand that the release contained in this section does not apply to rights and claims that may arise after the you sign this Separation Agreement.

38. **No Pending Claims or Actions.** You promise and state that you have not given or sold any claim discussed in this Agreement to anyone and that you have not filed a lawsuit, claim, or charge with any court or government agency asserting any claims that are released by the Release. Without limiting the generality of the foregoing, you agree that you will not bring or participate in any class action or collective action against the Company which asserts, in whole or in part, any claim(s), which arose prior to the date this Agreement, is signed by you, whether or not such claims are covered by the Release.

39. **No Assistance in Asserting Claims.** You agree not to counsel or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or

complaints by any third party against the Company and/or any officer, director, employee, agent, representative, shareholder or attorney of the Company, unless under a subpoena or other court order to do so.

40. **Certification of No Work-Related Injuries.** You agree, warrant and covenant that, to the best of your knowledge, you have not experienced or suffered any work-related occupational injuries or diseases (physical, mental or otherwise) arising out of or in the course of your employment with 8x8 and certify that you have not failed to report any work-related occupational injuries or diseases arising out of or in the course of your employment with 8x8.

41. **Section 409A.** All payments and benefits under this Separation Agreement are intended to be exempt to the maximum extent possible from Section 409A of the Internal Revenue Code of 1986 (the “**Code**”); and to otherwise comply with Section 409A of the Code. Any compensation or benefit due hereunder that is subject to and not exempt from Section 409A of the Code will: (a) not commence until the tax year of the last possible date for you to effectively revoke an executed copy of this Separation Agreement pursuant to Section 8, (b) not commence prior to your “separation from service” within the meaning of Section 409A of the Code, and (c) be subject to delay for up to six months as necessary to avoid a prohibited distribution under Section 409A(a)(2) of the Code in the event you are reasonably determined to be a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code. Each installment payment hereunder, if any, shall be considered a separate payment for purposes of Section 409A of the Code.

42. **Sole Agreement.** It is understood and acknowledged that there are no other agreements or understandings between you and 8x8 about or pertaining to the termination of your employment with 8x8, or 8x8’s obligations to you with respect to such termination, or any other matter covered by this Separation Agreement, except for the IP Agreement signed during your employment and the ongoing restrictions set for the in Prohibited Activities section (section 4) of the Transition Agreement, which shall remain in effect and pursuant to which your obligations therein shall continue to apply.

43. **Non-Admission of Liability.** This Separation Agreement shall not be construed to be an admission of any liability to you or to any other person.

44. **Construction and Severability.** The invalidity or unenforceability of any particular provision of this Separation Agreement shall not affect the other provisions hereof, all of which shall remain enforceable in accordance with their terms. Should any of the obligations hereunder be found illegal or unenforceable as being too broad with respect to the duration, scope or subject matter thereof, such obligations shall be deemed and construed to be reduced to the maximum duration, scope or subject matter allowable by law.

45. **Choice of Law.** This Agreement is to be governed by California law.

46. **Arbitration.** Except as prohibited by law, any legal dispute between you and the Company (or between you and any of the Released Parties, each of which or whom is hereby designated a third party beneficiary of this Separation Agreement regarding arbitration) arising out of your employment or termination of employment or this Separation Agreement (a “**Dispute**”) will be resolved through binding arbitration. The Parties understand and agree that this arbitration provision is governed by the Federal Arbitration Act, 9, U.S.C., § 1, *et seq.*, and that by entering into this arbitration provision they are waiving their respective rights to bring such Dispute to court, including any right to a jury trial. The arbitration shall be held in Santa Clara County, California, and shall be administered by JAMS in

accordance with the existing employment arbitration rules of JAMS. Nothing in this arbitration provision is intended to limit any right that you may have to file a charge or claim with (or, to the extent not barred by the release, to obtain relief from) the National Labor Relations Board, or other federal or state administrative body, government agency or self-regulatory organization. The Parties agree that such arbitration shall be conducted on an individual basis only, not a class or collective basis, and hereby waive any right to bring class wide or collective claims before any arbitrator or in any forum. THE PARTIES UNDERSTAND THAT BY AGREEING TO ARBITRATE DISPUTES THEY ARE WAIVING ANY RIGHT THEY MIGHT OTHERWISE HAVE TO A JURY TRIAL. This arbitration provision is not intended to modify or limit substantive rights or the remedies available to the Parties, including the right to seek interim relief, such as injunction or attachment, through judicial process, which shall not be deemed a waiver of the right to demand and obtain arbitration.

IN WITNESS WHEREOF, each party has executed this Separation Agreement as of the date set forth below next to its signature, which shall be on or after the Termination Date.

This Separation Agreement may be executed in one or more counterparts, each of which shall be an original, and both of which together shall constitute the same instrument.

Dated: __ , 2020 _____

Steven Gatoff

(on or after the Termination Date)

8x8, INC.

Dated: __ , 2020 _____

Name: Vikram Verma
Title: CEO



Samuel Colt Wilson

January 13, 2020

Re: Temporary Secondment from the United States to the United Kingdom

Dear Samuel:

It is our pleasure to present you with the opportunity of a temporary secondment from your position with 8x8, Inc. ("**Home Company**") to work with 8x8 UK Ltd. ("**Host Company**") in the United Kingdom. Provided you obtain the necessary work permits and related documents, the secondment is expected to begin no later than January 20, 2020 and to last up to January 20, 2022 and may be extended for up to an additional six months by agreement between you and the Host Company (the "**Secondment Term**").

During the Secondment Term, the terms and conditions of your employment with Home Company will remain applicable, unless expressly modified by the contents of this letter. In the event of any inconsistency between this letter and the terms and conditions of your employment with Home Company, this letter prevails to the extent of that inconsistency.

As part of your secondment, you will hold the position of Chief Customer Officer and Managing Director of EMEA. In that role, you will continue to report to the CEO, Vikram Verma. You also may be subject to instructions given by the management of Home Company.

Taxes & Social Charges

The intent of tax equalization is to ensure that your ultimate income and social tax burden while on international assignment will be approximately the same as the income and social tax burden that you would have incurred had you remained in the Home Company location. It is designed and intended to yield neither an economic benefit nor economic detriment to you as a result of having gone on assignment.

In general, under the concept of tax equalization, your contribution to the overall tax burden will be hypothetical income and social taxes based on: (1) your Home Company income including base, bonus, equity compensation, 401K, etc.; (2) your personal income such as interest, dividends, spousal income, capital gains, etc.; (3) less all applicable deductions. This hypothetical tax will be calculated at the beginning of the tax year by the tax provider and the Home Company will retain the prorated per-pay period amount from your base pay in lieu of actual federal income tax deductions. By signing this agreement, you are allowing the Home Company to retain the hypothetical tax from your pay.

The Company will in turn pay all world-wide taxes on your behalf for amounts covered by this agreement during the Secondment Term. Employees may be required to provide notice prior exercise of stock options to ensure tax planning alternatives for employee and Company are fully reviewed and maximized.

By accepting this agreement, you acknowledge that all interpretations of tax equalization shall be made by the Company in its sole discretion. You further understand and agree that, all tax positions affecting income, deductions and credits outside the scope of this agreement (i.e. amounts not covered by this agreement) are your sole responsibility. The Company is not liable for any taxes, penalties, or interest resulting from a successful challenge by any tax authority of any item not covered by this agreement.

All tax refunds related to your assignment are repayable to the Company and may be factored into your hypothetical tax calculation. All foreign tax credits generated by the Home Company are the property of the Home Company.

You are fully responsible for all penalties and interest charges assessed by any tax authority due to your failure to: (1) provide information on a timely basis, (2) notify of any significant stock option transactions, or (3) cooperate with the Home Company with respect to the tax equalization process. You must provide personal earnings and expense data on a timely basis, as well as copies of local, state and federal or national income tax returns.

If your employment is terminated with the Home Company for any reason (voluntary or involuntary) prior to the conclusion of any tax equalization period, you remain bound by this agreement as if still employed by the Home Company. In addition, in the event of termination of your employment, the Home Company shall have the right to estimate the hypothetical tax and, upon demand, such hypothetical tax shall be immediately due and payable by you to the Home Company.

The Home Company may apply for a certificate of coverage from the United States Social Security Administration to exempt you from the United States social security and related taxes.

You agree, acknowledge, and understand that the Home Company has not rendered any advice regarding the tax consequences and/or requirements of your secondment.

Secondment Benefits

In connection with your secondment, subject to the terms and conditions of this letter and your continuous employment with the Home Company in good standing, the Home Company agrees to pay on your behalf and/or reimburse you, for secondment expenses that you actually incur in connection with temporarily relocating to the United Kingdom. These secondment expenses may include:

- the reasonable cost in obtaining the appropriate work permit for you and your immediate family;
- airfare for you and your immediate family to and from the United States;
- the reasonable costs associated with moving household goods and personal effects to the United Kingdom;
- the cost of reasonable accommodation/rental fees for housing in the United Kingdom (subject to you agreeing on the rental fees upfront and you providing the Home Company with a copy of your rental agreement); and
- fees associated with the preparation of any United States federal, state or United Kingdom tax returns for taxes incurred during the duration of your temporary secondment in United Kingdom.

The Home Company agrees to pay up to a maximum of USD 150,000, per year for the duration of your assignment, for the foregoing relocation expenses. The expenses set forth above shall herein be referred to as the “**Secondment Expenses.**” The Home Company reserves the right at all times to pay vendor(s) directly on your behalf for Secondment Expenses, and/or to choose or approve specific vendors at the Home Company’s expense for your temporary secondment. As a condition to payment of Secondment Expenses, you may be required to submit actual receipts for Secondment Expenses via the Home Company’s online expense system no later than thirty (30) calendar days after the date on which you have incurred any Secondment Expense; otherwise the Home Company shall have no obligation to reimburse such Secondment Expenses.

This letter serves as written consent to your relocation to the United Kingdom and your repatriation to California in relation to the 2017 Executive Severance Policy. If, during your temporary secondment, you resign or are terminated “for cause” (definition of “cause” throughout this letter is as outlined in the 2017 Executive Severance

Policy and includes violation of policy, misconduct and performance issues), you shall reimburse the Home Company 100% of the Secondment Expenses paid on your behalf and/or reimbursed to you, and to the extent permissible by applicable law the Home Company shall be authorized to withhold such Secondment Expenses from any payments due to you.

Any reimbursement of expenses or in-kind benefit you are entitled to receive pursuant to this Agreement, other than any tax equalization payments, shall, to the extent subject to Section 409A of the Internal Revenue Code, be subject to the following: (a) such reimbursements shall be paid no later than the last day of your taxable year following the taxable year in which the expense was incurred, (b) the amount of expenses eligible for reimbursement, or in-kind benefits to be provided, during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, and (c) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

Immigration

You must obtain any necessary work permits and related documents, and this offer is contingent upon your obtaining any such permits and related documents. You are responsible to make sure that you provide all information requested in a timely manner to enable the completion of immigration documents. You must also obtain and maintain your passport to allow for travel to and from the United Kingdom during and on completion of the Secondment Term. If you lose your authorization to work in United Kingdom at any time, for any reason during the Secondment Term, your secondment will automatically terminate and you will be repatriated to California in the USA at the Home Company's reasonable cost as determined by the Home Company in its sole discretion.

Repatriation and At-Will Employment

It is anticipated that you will be repatriated to California in the USA at the end of the Secondment Term, and Home Company will make every effort to find a position for you within Home Company that is compatible with your skills, performance level and preferences. However, you shall at all times remain an at-will employee of Home Company and you shall not have any entitlement or guarantee of any position with Home Company and the Home Company reserves the right to modify your secondment terms, compensation, position, duties or reporting relationship to meet business needs.

Upon your repatriation at the end of the Secondment Term, the Home Company will pay reasonable relocation costs in order to relocate you and your spouse and your personal effects back to California in the USA subject to the provisions of this letter.

Termination of Secondment

Home Company may, at its sole discretion, terminate the secondment with immediate effect before the expiration of the Secondment Term.

If you resign from your employment with the Home Company during the Secondment Term, this letter and your secondment will automatically terminate. The Home Company may pay reasonable relocation costs in order to relocate you and your spouse and your personal effects back to the USA at its discretion.

If your employment with the Home Company is terminated during the Secondment Term, this letter and your secondment will automatically terminate, and the Home Company will pay reasonable relocation costs in order to relocate you and your spouse and your personal effects back to the USA. However, in those circumstances where your employment is terminated for Cause, the Home Company does not recognize an obligation to return you and your spouse and your personal effects to the USA, unless required by law.

Data Privacy

In this clause, "Employee Privacy Notice" means a notice (or notices) providing information under Articles 13

and 14 of the General Data Protection Regulation together with any applicable local data protection laws regarding the processing of your personal data in connection with this letter and your assignment. You confirm that you have read and understood each of:

- the Company's data protection policy, a copy of which is contained in the Employee Handbook available on the Company intranet; and
- the Employee Privacy Notice, a copy of which is available for review on the Company intranet.

You shall use all reasonable endeavours to keep the Home Company and Host Company informed of any changes to your personal data.

You acknowledge that in the course of the assignment you will have access to personal data and special categories of data relating to other employees and client/customers or contacts at clients/customers and you agree to comply with the Host Company's data protection policies and procedures in respect of such data at all times.

The Host Company may change its data protection policy and update the Employee Privacy Notice at any time and will notify employees and assignees in writing of any changes. The Employee Privacy Notice does not form part of this assignment.

Third-Party Beneficiary

Home Company and Host Company are each third-party beneficiaries of this agreement and each of them has the full right and power to enforce rights, interests and obligations under this agreement without limitation or restriction.

Choice of Law

This letter will be governed and construed in accordance with the laws of California, USA, excluding conflicts of laws rules.

Entire Agreement

This letter states the terms and conditions as well as the Home Company's entire understanding of your temporary secondment. This letter supersedes any prior representations or agreements, whether written or oral, concerning the subject matter herein. The conditions contained within this letter may not be modified or amended except by written agreement signed by both you and the Home Company.

Severability

Should any provision of this letter be or become or be held invalid, ineffective or unenforceable, whether in whole or in part, all other provisions will remain in full force and effect. Any invalid, ineffective or unenforceable provision will be deemed to be automatically amended and/or replaced by a valid, effective and enforceable provision, which accomplishes as far as possible the purpose and intent of the parties.

You understand that the terms of this letter apply only to your temporary secondment in the United Kingdom during the Secondment Term.

Your signature below will inform us of your acceptance of this secondment offer and of your agreement to its provisions. Please feel free to discuss this offer or any other aspects with a representative of Home Company's Human Resources Department at 2125 O'Nel Drive, San Jose California 95131.

Sincerely,

/s/ Vikram Verma

Vikram Verma

President and Chief Executive Officer

I agree to the terms of my temporary secondment, as indicated herein.

/s/ Samuel Wilson

Samuel Wilson

Date: February 24, 2020

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Vikram Verma, certify that:

1. I have reviewed this quarterly report on Form 10-Q of 8x8, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 4, 2020

/s/ VIKRAM VERMA

Vikram Verma

Chief Executive Officer

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Samuel Wilson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of 8x8, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 4, 2020

/s/ SAMUEL WILSON

Samuel Wilson

Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S. C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of 8x8, Inc. (the "Company") for the period ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Vikram Verma, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ VIKRAM VERMA

Vikram Verma

Chief Executive Officer

August 4, 2020

This certification accompanies this Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, or otherwise required, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.

CERTIFICATION PURSUANT TO
18 U.S. C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of 8x8, Inc. (the "Company") for the period ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Samuel Wilson, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ SAMUEL WILSON

Samuel Wilson
Chief Financial Officer

August 4, 2020

This certification accompanies this Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, or otherwise required, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.