

8X8 INC /DE/
Form PRE 14A
June 17, 2003

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for the use of the Commission only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to § 240.14(a)-11(c) or to § 240.14(a)-12

8X8, INC.

(Name of Registrant as Specified in its Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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1. Title of each class of securities to which transaction applies:
2. Aggregate number of securities to which transaction applies:
3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
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8X8, INC.

NOTICE OF THE 2003 ANNUAL MEETING OF STOCKHOLDERS

AUGUST 12, 2003

To our Stockholders:

The 2003 Annual Meeting of Stockholders of 8x8, Inc., a Delaware corporation (the "Company"), will be held on Tuesday, August 12, 2003 at 2:00 p.m., local time, at the offices of the Company at 2445 Mission College Boulevard, Santa Clara, California 95054, for the following purposes:

1. To elect five directors;
2. To ratify the appointment of PricewaterhouseCoopers LLP as independent accountants of the Company for the fiscal year ending March 31, 2004;
3. To consider and vote upon a proposal to authorize the Board of Directors to, if determined necessary and in its sole discretion, amend the Restated Certificate of Incorporation to effect a reverse stock split; and
4. To transact such other business as may properly come before the meeting.

These items of business are more fully described in the proxy statement accompanying this notice. Only stockholders of record at the close of business on June 16, 2003 are entitled to notice of and to vote at the meeting.

All stockholders are cordially invited to attend the annual meeting in person. However, to assure your representation at the meeting, you are urged to mark, sign, date and return the enclosed proxy card as promptly as possible in the enclosed self-addressed envelope. Any stockholder attending the annual meeting may vote in person even if he or she has previously returned a proxy.

By Order of the Board of Directors

Bryan R. Martin
President and Chief Executive
Officer

Santa Clara, California
June 17, 2003

YOUR VOTE IS IMPORTANT

IN ORDER TO ASSURE YOUR REPRESENTATION AT THE MEETING, YOU ARE REQUESTED TO COMPLETE, SIGN AND DATE THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE AND RETURN IT IN THE ENCLOSED ENVELOPE.

8X8, INC.

PROXY STATEMENT

INFORMATION CONCERNING SOLICITATION AND VOTING

General

The enclosed proxy is solicited on behalf of the Board of Directors of 8x8, Inc. (referred to throughout this Proxy statement as "8x8" or "the Company") for use at the 2003 Annual Meeting of Stockholders (the "2003 Annual Meeting") to be held August 12, 2003 at 2:00 p.m., local time, or at any adjournment thereof, for the purposes set forth in this proxy statement. The 2003 Annual Meeting will be held at the offices of the Company at 2445 Mission College Boulevard, Santa Clara, California 95054. The telephone number of the Company's offices is (408) 727-1885.

These proxy solicitation materials and the Company's Annual Report on Form 10-K for the year ended March 31, 2003 (the Company's fiscal 2003), including financial statements, should be mailed on or about June 30,

2003, to all stockholders entitled to vote at the 2003 Annual Meeting.

Record Date And Voting Securities

Stockholders of record at the close of business on June 16, 2003 (the "Record Date") are entitled to notice of and to vote at the 2003 Annual Meeting. At the Record Date, 28,475,370 shares of the Company's common stock were issued and outstanding having an equivalent number of votes.

Revocability Of Proxies

Any proxy given in connection with this solicitation may be revoked by the person giving it at any time before its use by delivering to the Secretary of the Company at or before the taking of the vote at the 2003 Annual Meeting a written notice of revocation or a duly executed proxy bearing a later date or by attending the 2003 Annual Meeting and voting in person.

Voting And Solicitation

Each stockholder holding common stock is entitled to one vote for each share of the Company's common stock they hold on all matters presented at the 2003 Annual Meeting. Stockholders do not have the right to cumulate their votes in the election of directors.

Shares of the Company's common stock represented by properly executed proxies will, unless such proxies have been previously revoked, be voted in accordance with the instructions indicated thereon. In the absence of specific

instructions to the contrary, properly executed proxies will be voted: (i) FOR the election of each of the Company's nominees for director; (ii) FOR ratification of the appointment of PricewaterhouseCoopers LLP as independent accountants for the Company for the period ending March 31, 2004; and (iii) FOR the proposal to authorize the Board of Directors, in its sole discretion, to effect a reverse stock split at one of four ratios (1 for 10, 1 for 20, 1 for 30, or 1 for 40). No business other than that set forth in the accompanying Notice of Annual Meeting of Stockholders is expected to come before the 2003 Annual Meeting. Should any other matter requiring a vote of stockholders properly arise, the persons named in the enclosed form of proxy will vote such proxy in accordance with the recommendation of the Board of Directors.

The Company will bear the cost of soliciting proxies. In addition, the Company may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners. Solicitation of proxies by mail may be supplemented by telephone, telegram, facsimile or personal solicitation by directors, officers or regular employees of the Company. No additional compensation will be paid to such persons for such services.

Quorum; Abstentions; Broker Non-Votes

The required quorum for the transaction of business at the 2003 Annual Meeting is a majority of the votes eligible to be cast by holders of shares of the Company's common stock issued and outstanding on the Record Date. Shares that are voted "FOR," "AGAINST," "WITHHELD" or "ABSTAIN" are treated as being present at the meeting for purposes of establishing a quorum and are also treated as shares entitled to vote at the 2003 Annual Meeting with respect to such matter.

Abstentions shall be counted for purposes of determining both (i) the presence or absence of a quorum for the transaction of business and (ii) the total number of shares entitled to vote with respect to a proposal (other than the election of directors). Accordingly, abstentions will have the same effect as a vote against the proposal.

In instances where brokers are prohibited from exercising discretionary authority for beneficial holders who have not returned a proxy (so-called "broker non-votes"), those shares will be counted for purposes of determining the presence or absence of a quorum for the transaction of business, but will not be counted for purposes of determining the number of shares entitled to vote. Thus, a broker non-vote will not affect the outcome of the voting on a proposal.

PROPOSAL ONE:

ELECTION OF DIRECTORS

Nominees

The Company's Board of Directors currently consists of six directors. Five of our current directors, as listed below, have been nominated for re-election at the 2003 Annual Meeting. One of our current directors is not standing for re-election.

Proxies cannot be voted for a greater number of persons than the number of nominees named. Each of the directors elected at the 2003 Annual Meeting will hold office until the 2004 Annual Meeting of Stockholders, or until his successor has been duly elected and qualified. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the Company's five nominees named below, all of whom are currently directors of the Company. In the event that any nominee of the Company becomes unable or declines to serve as a director at the time of the 2003 Annual Meeting, the proxy holders will vote the proxies for any substitute nominee who is designated by the current Board of Directors to fill the vacancy. It is not expected that any nominee listed below will be unable or will decline to serve as a director.

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In January 2000, the Company entered into a strategic relationship with STMicroelectronics NV, or STM, which included STM acquiring shares of the Company' common stock and obtaining the right to nominate a qualified representative to serve on the Board of Directors so long as STM holds at least 10% of the Company's outstanding common stock. STM currently holds 13% of the Company's common stock. Therefore, the Company has selected STM's nominee, Christos Lagomichos, for re-election to the Board of Directors. For further discussion of the Company's relationship with STM, please see the section of this proxy statement entitled "Certain Relationships and Related Party Transactions."

The names of the nominees and certain information about each of them are set forth below.

Name	Age
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Principal Occupation

Director Since

Joe Parkinson

57

Chairman of the Board, 8x8, Inc.

2000

Bryan R. Martin

35

President and Chief Executive Officer, 8x8, Inc.

2001

Dr. Bernd Girod

45

Professor of Electrical Engineering, Information Systems Laboratory, Stanford University

1996

Major General Guy L. Hecker, Jr.

71

President, Stafford, Burke and Hecker, Inc.

Retired, United States Air Force

1997

Christos Lagomichos

Vice President and General Manager, Set-Top Box Division, STMicroelectronics, Inc.

2000

Except as indicated below, each nominee or incumbent director has been engaged in the principal occupation set forth above during the past five years. There are no family relationships between any directors or executive officers of the Company.

Joe Parkinson

has been Chairman of the Board of the Company since November 2000, and served as its Chief Executive Officer from January 2001 to February 2002. He was Chairman and Chief Executive Officer of Netergy from November 2000 to January 2001. From October 1999 through August 2000, he served on the board of directors of Photobit Corporation, and from June 2000 through August 2000 served as its President and Chief Executive Officer. From October 1998 through September 1999, Mr. Parkinson served as Chairman of the Board of Diamonex, Incorporated. He also served as Chairman of the Board and Chief Executive Officer of the Company from June 1995 to January 1998. He previously served as Chairman of the Board and Chief Executive Officer of Micron Technology, Inc. He currently serves on the board of directors of Tulane University and of several private companies. Mr. Parkinson received a B.A. from Columbia College, a J.D. from Tulane University, and a L.L.M. in Taxation from New York University.

Bryan R. Martin

has served as President and Chief Executive Officer and as a director of the Company since February 2002. From February 2001 to February 2002, he served as President and Chief Operating Officer and a director of the Company. He has served as a director of Netergy since January 2001 and of Centile, Inc. ("Centile"), a subsidiary of the Company, since March 2001. He served as Senior Vice President, Engineering Operations from July 2000 to February 2001 and as the Company's Chief Technical Officer from August 1995 to August 2000. He also served as a director of the Company from January 1998 through July 1999. In addition, Mr. Martin served in various technical roles for the Company from April 1990 to August 1995. He received a B.S. and an M.S. in Electrical Engineering from Stanford University.

Dr. Bernd Girod

has served as a director of the Company since November 1996 and has served as a director of Netergy Microelectronics, Inc. ("Netergy"), a subsidiary of the Company, since January 2001. Dr. Girod is Professor of Electrical Engineering and (by courtesy) Computer Science in the Information Systems Laboratory of Stanford University, a position he has held since 1999. He was Chaired Professor of Telecommunications in the Electrical Engineering Department of the University of Erlangen-Nuremberg from 1993 to 1999. His research interests are in the areas of networked multimedia systems, video signal compression, and 3-D image analysis and synthesis. Prior visiting or regular faculty positions included MIT and Georgia Tech. He has been involved with several startup ventures as founder, director, investor, or advisor, among them Polycorn, Vivo Software and RealNetworks. Dr. Girod received a M.S. in Electrical Engineering from the Georgia Institute of Technology and a Doctoral degree from the University of Hanover, Germany. Dr. Girod is a Fellow of the Institute of Electrical and Electronics Engineers.

Major General Guy L. Hecker, Jr.

has served as a director of the Company since August 1997 and has served as a director of Netergy since December 2000. He has served as the President of Stafford, Burke and Hecker, Inc., a consulting firm based in Alexandria, Virginia, since 1982. Prior to his retirement from the Air Force in 1982, Major General Hecker's most recent positions included Director of the Air Force Office of Legislative Liaison and an appointment in the Office of the Deputy Chief of Staff, Research, Development and Acquisition for the Air Force. Earlier, he served as a pilot and commander in both fighter and bomber aircraft units, including command of a bomber wing and an air division. During his Air Force career, Major General Hecker was awarded a number of military decorations, including the Air Force Distinguished Service Medal, the Silver Star, the Legion of Merit (awarded twice) and the Distinguished Flying Cross. Major General Hecker received a B.A. from The Citadel, an M.A. in International Relations from George Washington University, an honorary Ph.D. in military science from The Citadel and completed the management development program at Harvard Business School.

Christos Lagomichos

has served as a director of the Company since June 2000. Mr. Lagomichos has been Vice President and General Manager of the Set-Top Box Division of STMicroelectronics, Inc., a subsidiary of STM, since July 1997. In December 1996, Mr. Lagomichos was promoted to Director of

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STM's PPG/Semicustom Products Division for the Americas, and was subsequently promoted to Worldwide General Manager of the Division in May 1997. From October 1989 through December 1996, Mr. Lagomichos served as Product Marketing Manager of STM's Semicustom Business Unit. From 1985 through 1988, he served in various technical roles in STM's Munich design center. Mr. Lagomichos holds an engineering degree from the Technical University of Munich.

Vote Required and Recommendation

The five nominees receiving the highest number of affirmative votes of the shares entitled to vote on this matter shall be elected as directors. Votes withheld from any director will be counted for purposes of determining the presence or absence of a quorum, but are not counted as affirmative votes. A broker non-vote will be counted for purposes of determining the presence or absence of a quorum, but, under Delaware law, it will have no other legal effect upon the election of directors.

The Board of Directors unanimously recommends voting "FOR" the nominees set forth above.

Board Meetings And Committees

The Board of Directors held a total of twelve meetings during the fiscal year ended March 31, 2003. No incumbent director attended fewer than 75% of the total number of meetings of the Board of Directors and committees of the Board of Directors upon which such director served during fiscal 2003. The Board of Directors has an Audit Committee and a Compensation Committee. The Board of Directors does not have a nominating committee or any committee performing similar functions.

The Audit Committee currently consists of Dr. Girod, Mr. Hecker and Mr. William Tai. The Audit Committee reviews the Company's financial controls, evaluates the scope of the annual audit, reviews audit results, and consults with management and the Company's independent auditors prior to the presentation of financial statements to stockholders and, as appropriate, initiates inquiries into aspects of the Company's financial affairs. The Audit Committee held four meetings during fiscal 2003.

The Compensation Committee currently consists of Dr. Girod and Mr. Tai. The Compensation Committee makes recommendations to the Board of Directors concerning the compensation for the Company's officers and directors and the administration of the Company's stock option and employee stock purchase plans. The Compensation Committee held one meeting during fiscal 2003.

Compensation Of Directors

Cash remuneration for non-employee directors consists of a \$1,000 fee for attendance of meetings of the Board of Directors. In addition, directors are reimbursed for reasonable expenses incurred in attending board and committee meetings upon approval of such reimbursement by the Board of Directors. Non-employee directors are also eligible for discretionary and non-discretionary grants of stock options under the 1996 Director Plan (the "Director Plan") and the 1996 Stock Option Plan (the "1996 Plan"). Under an amendment to the Director Plan approved by the Company's stockholders in August 2000, non-employee directors receive a non-discretionary option grant of 40,000 shares upon their initial election to the Board of Directors and receive annual grants of 15,000 shares upon their re-election to the board. The initial non-discretionary grant vests annually over a period of four years and subsequent non-discretionary grants vest monthly over a period of forty-eight months. Grants are not made upon re-election in cases where the initial term is shorter than six months. In April 2002, the Board of Directors reassessed its compensation policy and determined that another increase in non-discretionary grants to non-employee directors was warranted. As a result of this reevaluation, the Board of Directors increased the amount of the annual non-discretionary option grant for non-employee directors to 25,000 shares.

In addition, upon termination of service as a director of the Company or upon a Change in Control (as defined below)

of the Company, each of the non-employee directors and their immediate families will be eligible for medical insurance coverage for life, subject to the director reimbursing the cost of such coverage to the Company. However, if an individual commences coverage under another plan, coverage under the Company's medical insurance will be discontinued. In addition, upon a Change in Control of the Company any unvested non-employee director options shall become fully vested. For these purposes, a Change in Control is defined as a transaction or series of transactions, including by merger or consolidation of the Company into or with any other entity or corporation or the merger or consolidation of any other corporation into or with the Company, in which any person, entity or group of persons and/or entities acting in concert acquire(s) shares of the Company's stock representing 50% or more of the outstanding voting power of the Company, including voting shares issued or issuable upon conversion of any convertible security outstanding on the date of such transaction including, without limitation, stock options.

Under the foregoing policies, each of Dr. Girod, Mr. Hecker and Mr. Tai received an option to purchase 25,000 shares of the Company's common stock upon their re-election to the Company's Board of Directors on July 23, 2002 at an exercise price of \$0.56.

The exercise price represented the fair market value of the Company's stock on the date of grant. These grants vest monthly for forty-eight months subject to their continued service as a director of the Company.

Under a policy of STM, Mr. Lagomichos does not receive option grants in connection with his service on the board, nor does he receive the \$1,000 per meeting payment for attending meetings of the Board of Directors.

Directors who are also employees do not receive any additional compensation for their services as members of the Board of Directors.

Compensation Committee Interlocks And Insider Participation

The Compensation Committee of the Board of Directors currently consists of Dr. Girod and Mr. William Tai. Neither individual was, at any time since the formation of the Company, an officer or employee of the Company. No executive officer of the Company serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of the Company's Board of Directors or Compensation Committee. The employee directors of the Company, Messrs. Martin and Parkinson, participated in deliberations of the Company's Board of Directors concerning executive officer compensation during fiscal 2003.

EXECUTIVE OFFICERS

The following table sets forth certain information regarding the executive officers of the Company not shown in the table of the nominees for director above:

NAME	AGE	POSITION
Dr. Barry Andrews	36	Vice President, Engineering and Chief Technical Officer

Dr. Paul Ning	37	
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Vice President, Microelectronics Engineering

Christopher Peters

39

Chairman and Chief Executive Officer, Netergy Microelectronics, Inc.

Huw Rees

42

Chairman and Chief Executive Officer, Centile, Inc.

James Sullivan

35

Chief Financial Officer, Vice President, Finance and Secretary

Dr. Barry Andrews

was appointed Vice President, Engineering and Chief Technical Officer of the Company in February 2001. From December 2000 to February 2001, he served as Director of Customer Premise Equipment & Gateway Development of the Company. From January 1996 to December 2000, Dr. Andrews served as Video R&D Manager and Senior Software Engineer of the Company. He received a B.A.Sc. in Engineering Science from Simon Fraser University, a M.S. in Electrical Engineering, a M.S. in Statistics, and a Ph.D. in Electrical Engineering from Stanford University.

Dr. Paul Ning

was appointed Vice President, Engineering of Netergy and Vice President, Microelectronics Engineering of the Company in November 2002. Dr. Ning has been with Netergy and 8x8 since December 1996, and in previous roles served as Director of Software Engineering, Director of Platform Engineering, and Manager of Video Systems. His prior experience includes compression and digital media development at Silicon Graphics, ROLM Corporation, and Ford Aerospace. Dr. Ning received a B.S. and M.S. from the Massachusetts Institute of Technology, and a Ph.D. from Stanford University, all in Electrical Engineering.

Christopher Peters

has served as the Chairman and Chief Executive Officer of Netergy since November 2002 and as a member of the Board of Directors of Centile since October 2001. From October 2001 to November 2002 he served as the Company's Corporate Development Officer. From September 2000 to October 2001, Mr. Peters was Vice President of Business Development for Kinetic Tide, Inc. Prior to Kinetic Tide, Mr. Peters was Vice President of Sales for 8x8 from July 1997, and Vice President of Business Development from July 1999 to June 2000. Between January 1995 and July 1997, he held various sales positions at the Company. His prior experience includes sales positions at Media Vision Technology, and various technical and marketing roles at NCR Microelectronics. He received a B.S.E.E. from Colorado State University.

Huw Rees

has served as the Chairman and Chief Executive Officer of Centile since July 2001 and has been a member of Centile's board of directors since March 2001. From February 2001 to July 2001, he served as Vice President, Sales of the Company. Additionally, he served as Vice President, Sales and Business Development of Centile from March 2001 to July 2001. He served as Vice President, Sales of the Solutions Group of the Company from August 2000 until February 2001 and as Director, North American Sales of the Company from April 1999 to August 2000. He previously worked at Mitel Corporation as Sales Manager of the Western Region. He received a B.Sc. (Hons) from the University of Manchester, Institute of Science and Technology in Electrical and Electronic Engineering and a M.B.A. from the University of LaVerne.

James Sullivan

has been Chief Financial Officer of the Company since July 2002. Mr. Sullivan served as the Chief Financial Officer of Netergy from January 2001 to July 2002. Prior to joining the Company, Mr. Sullivan held various positions at PricewaterhouseCoopers LLP. He received a B.S. from New York University and is a certified public accountant.

EXECUTIVE COMPENSATION

The following table sets forth all compensation received for services rendered to the Company in all capacities during the fiscal years ended March 31, 2003, 2002 and 2001 by the Company's Chief Executive Officer and the Company's other four most highly compensated executive officers who served as executive officers of the Company on March 31, 2003 (collectively, the "Named Executive Officers").

Summary Compensation Table

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Long Term Compensation Securities Underlying Options (#)	All Other Compensation (\$ (1))
Bryan R. Martin President and Chief Executive Officer	2003	222,188	-	2,000	293
	2002	225,865	-	101,000	1,798
	2001	193,104	8,667	780,413	1,984
Dr. Barry Andrews (2), Chief Technology Officer and Vice President, Engineering	2003	190,000	-	-	250
	2002	190,731	-	163,000	1,752
	2001	137,599	5,333	133,256	1,682
Dr. Paul Ning (3), Vice President, Microelectronics Engineering	2003	190,000	-	2,000	250
Christopher Peters (4), Chairman, President and Chief Executive Officer, Netergy Microelectronics, Inc.	2003	190,000	-	2,000	250 113
	2002	85,546	-	100,000	
Huw Rees (5), Chairman and Chief Executive Officer, Centile, Inc.	2003	209,000	-	2,000	276
	2002	211,496	-	151,000	1,779
	2001	237,864	692	195,000	1,751

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1. Consists of Company contributions to the 8x8, Inc. 401(k) plan and premiums paid with respect to term life insurance on behalf of the Named Executive Officer.
2. Dr. Andrews became an officer of the Company in February 2001.
3. Dr. Ning became an officer of the Company in November 2002.
4. Mr. Peters became an officer of the Company in October 2001. In fiscal 2003, Mr. Peters was also granted an option to purchase 200,000 shares of Netergy common stock at an exercise price of \$0.50 per share.
5. Mr. Rees became an officer of the Company in February 2001. Mr. Rees' fiscal 2001 salary consisted of a base salary of \$157,864 and sales commissions of \$80,000. Mr. Rees' fiscal 2002 and 2003 compensation packages represented base salary only. In fiscal 2001, Mr. Rees was also granted an option to purchase 300,000 shares of Centile common stock at an exercise price of \$0.43 per share.

Option Grants in Fiscal 2003

The following table provides information with respect to stock option grants to each of the Named Executive Officers during the fiscal year ended March 31, 2003:

Name	Number of Securities Underlying Options Granted (#)(1)	Percent of Total Options Granted to Employees In Fiscal Year (2)	Exercise or		Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for	
			Base Price (\$/share) (3)	Expiration Date	Option Term (4)	
					5% (\$)	10% (\$)
Bryan R. Martin	2,000	*	\$ 0.56	7/23/12	\$004	\$1,785
Dr. Barry Andrews	2,000	*	\$ 0.56	7/23/12	\$004	\$1,785
Dr. Paul Ning	2,000	*	\$ 0.56	7/23/12	\$004	\$1,785
Christopher Peters	2,000	*	\$ 0.56	7/23/12	\$004	\$1,785
Huw Rees	2,000	*	\$ 0.56	7/23/12	\$004	\$1,785

* less than 1%.

1. The options were granted under the Company's 1996 Stock Plan and vest at a rate of 1/48th of the shares at the end of each month, subject to continued service as an employee, consultant or director. The term of each option is ten years. The exercise price of each option granted equaled the fair market value of the common stock of the Company on the date of grant. See information provided under the heading "Employment Contracts and Termination of Employment and Change-In-Control Arrangements" for circumstances that

would give rise to an acceleration of vesting for outstanding options held by the Named Executive Officers.

2. The Company granted options representing 782,800

shares to employees during fiscal 2003.

- The exercise price for each option may be paid in cash, in shares of common stock valued at fair market value on the exercise date or through a cashless exercise procedure involving a same day sale of the purchased shares.
- Potential gains are net of the exercise price, but before taxes associated with the exercise. The 5% and 10% assumed annual rates of compounded stock appreciation are mandated by the rules of the Securities and Exchange Commission and do not represent the Company's estimate or projection of the future price of the Company's common stock. Actual gains, if any, on stock option exercises are dependent on the future financial performance of the Company, overall market conditions and the option holders' continued employment through the vesting period. There can be no assurance that the potential realizable values shown in this table will be achieved.

Option Exercises and Holdings

None of the Named Executive Officers exercised any stock options during fiscal 2003. The following table provides information with respect to the value of unexercised stock options held as of March 31, 2003 by each of the Named Executive Officers.

Aggregated Fiscal Year End Option Values

Name	Number of Securities Underlying Unexercised Options at Fiscal Year End(#)		Value of Unexercised In-the-Money Options at Fiscal Year End (\$)(1)	
	Exercisable	Unexercisable	Exercisable	Unexercisable
Bryan R. Martin	558,635	414,728	-	-
Dr. Barry Andrews	150,643	177,534	-	\$2,821
Dr. Paul Ning (2)	139,938	148,338	-	-
Christopher Peters (3)	118,040	233,960	-	-
Huw Rees (4)	180,452	197,548	-	-

1. The value of unexercised options is based upon the difference between the exercise price and the closing price on The Nasdaq SmallCap Market on March 31, 2003 of \$0.22, multiplied by the number of shares underlying the option.

2. At March 31, 2003, Dr. Ning had an unexercised option to purchase 200,000 shares of Netergy's common stock at \$0.50 per share, of which 112,499 were exercisable and 87,501 were not exercisable.

3. At March 31, 2003, Mr. Peters had an unexercised option to purchase 200,000 shares of Netergy's common stock at \$0.50 per share, of which no shares were exercisable. In addition, Mr. Peters had an unexercised option to purchase 300,000 shares of Centile's common stock at \$0.43 per share, of which 106,249 shares were exercisable and 193,751 were not exercisable.
4. At March 31, 2003, Mr. Rees had an unexercised option to purchase 300,000 shares of Centile's common stock at \$0.43 per share, of which 149,998 were exercisable and 150,002 were not exercisable.

Employment Contracts and Termination of Employment and Change-In-Control Arrangements

Investment Arrangement

In March 2002, the Board of Directors authorized the Company to open securities trading accounts and make investments in classes of securities that may generate higher returns than the yields on governmental and corporate debt securities and money market funds. The amount allocated for such investments was \$1.0 million to be invested on behalf of 8x8 as directed by the Company's Chairman, Chief Executive Officer, or Chief Financial Officer. Mr. Parkinson agreed to personally reimburse 8x8 on a quarterly basis for any losses resulting from his trading activities in order to maintain a minimum investment account balance of \$1.0 million. The Board of Directors has been assured of Mr. Parkinson's ability to cover any such losses. As part of the arrangement, the Company's Board of Directors has expressed its intent, but not obligation, to pay Mr. Parkinson a quarterly bonus in an amount equal to 25% of the profits attributable to investments made on the Company's behalf by Mr. Parkinson to the extent such a bonus exceeds his salary for the corresponding period. The Company or Mr. Parkinson can terminate this arrangement at any time, subject to the terms of an agreement between Mr. Parkinson and the Company.

During fiscal 2003, the investment accounts opened by the Company incurred net trading losses (realized and unrealized) of approximately \$119,000. During fiscal 2003, Mr. Parkinson made replenishment payments to the Company of approximately \$137,000 to offset trading losses incurred. For tax purposes, these replenishment payments were treated as a reduction of Mr. Parkinson's compensation by the Company. As of March 31, 2003, the investment account balance approximated \$1,018,000, and the Company had a payable to Mr. Parkinson of \$18,000.

Severance Arrangements

In February 2001, the Board of Directors authorized a severance arrangement for Mr. Parkinson which provided for one year of severance benefits and option vesting. In November 2002, this severance arrangement was terminated at Mr. Parkinson's request.

In January 2001, the Company's Board of Directors authorized a severance arrangement with Mr. Martin which provided for one year of severance benefits and option vesting. In November 2002, the severance arrangement was terminated at Mr. Martin's request.

In January and February 2001, the Board of Directors authorized severance arrangements with Dr. Theodore Beck, Dr. Philip Bednarz, Mr. David Stoll and two other executives of Netergy Microelectronics, Inc., which provided for one year of severance benefits and option vesting. The severance was payable month by month, commencing upon the voluntary or involuntary termination of the executive, conditioned on the individual not competing with the Company and being available for consulting to the extent it did not interfere with his job responsibilities at a new company, in the discretion of the Chairman of the Board of Directors. If the Company is sold before the expiration of the twelve-month severance period, all remaining severance would be paid, and all remaining unvested options would vest, as of the closing of the sale of the Company. The executives were also entitled to continue coverage under the Company's medical plans for the severance period. During fiscal 2003, each of these five employees voluntarily terminated their employment with the Company and became eligible for their severance. Lump sum payments of approximately \$195,000 were made to Messrs. Beck and Bednarz and another executive of Netergy for one year of

severance and the estimated costs of one year of medical benefits. Stock options granted to these executives terminated thirty to ninety days subsequent to the termination of employment, based on their respective option agreement terms. Mr. Stoll and an executive of Netergy are receiving their \$190,000 annual severance monthly and continue to participate in the Company's medical plans. Mr. Stoll's severance payments and participation in the Company's medical plans terminates in July 2003, and the arrangement with the Netergy officer terminates in November 2003.

Change in Control Arrangements

Pursuant to the terms of the Netergy Microelectronics, Inc. 2000 Stock Option Plan, the initial option grants to Dr. Ning, Mr. Peters, Dr. Girod and Mr. Hecker for the purchase of Netergy Microelectronics, Inc. common stock will vest immediately upon a Change in Control of Netergy Microelectronics, Inc.

Notwithstanding the arrangements discussed above, in the event an individual or corporate entity and any related parties cumulatively acquire at least 35% of the Company's fully diluted stock, all stock options held by officers under any 8x8, Inc. stock option plan shall vest immediately without regard to the term of the option. In addition, in such an event, each officer shall be entitled to one year of severance pay and continuing medical benefits for life after leaving the Company, provided that such medical benefits shall cease should such officer accept employment with a competing company.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Agreements with STMicroelectronics

In the quarter ended March 31, 2000, the Company entered into a strategic relationship with STM. Under various agreements, STM purchased shares of the Company's common stock and was granted certain related rights, licensed certain of the Company's intellectual property and engaged the Company to jointly develop products that enable voice and other multimedia services over internet protocol networks. In addition, STM and the Company entered into a cross license agreement in March 2002 that is more fully described below.

Stock Purchase and Related Rights.

As part of the arrangement, STM purchased 3.7 million shares of 8x8's common stock for \$27.75 million. STM's share ownership currently represents 13.1% of our outstanding common stock making them the Company's largest stockholder. STM has been granted certain registration rights that expire upon the earlier of the date that STM can sell the remaining shares it holds in any three-month period under Rule 144, or February 2007. The registration rights allow STM to:

- require us to file a registration statement with the U.S. Securities and Exchange Commission covering the resale of some or all of the 3.7 million shares still held by STM, subject to certain conditions; and
- participate in future registration statements, including a registered public offering involving an underwriting, subject to certain conditions and limitations.

In addition, STM has preemptive rights that allow STM to purchase additional shares of common stock from the Company or receive rights to acquire shares of 8x8 common stock, in proportion to their ownership percentage, to the extent that shares of 8x8 common stock or rights to acquire 8x8 common stock are issued in connection with financing activities. STM's preemptive rights terminate on the later of the date that it owns less than 10% of 8x8's outstanding common stock or February 2003. Further, so long as STM holds at least 10% of 8x8's outstanding common stock, the Company is obligated to nominate one qualified nominee selected by STM for election to 8x8's board of directors. Christos Lagomichos, vice president and general manager of the Set- Top Box Division of STM's subsidiary, STMicroelectronics, Inc., was selected as a nominee by STM and currently serves on 8x8's board of directors.

License and Development Agreements

. Under a non-exclusive, royalty-bearing license agreement entered into in the quarter ended March 31, 2000 in conjunction with the stock purchase and rights agreements discussed above, the Company provided a subsidiary of STM, STMicroelectronics, Inc., or STM Inc., with rights to use certain of its voice-over-internet-protocol semiconductor and embedded software technology. STM Inc. is required to pay royalties based on a percentage of the net sales price of products sold by STM Inc. that incorporate the licensed technology.

Under a separate development agreement that was also executed in the quarter ended March 31, 2000, the Company and STM Inc. established a framework for the joint development of semiconductor products and defined two initial projects. One project provides for the joint development of a voice-enabled chipset for cable modems and cable television set-top boxes. STM Inc. is not required to pay the Company any engineering fees associated with the development efforts necessary to support this project, which is still ongoing. STM Inc. is required to pay certain per-unit royalties based upon shipments of products that may eventually result from this development effort. The other project involves the integration of certain of the Company's voice-over-internet protocol technology into products intended to be used in various internet telephony applications including digital subscriber line, or DSL, modems and internet protocol telephones. In May 2000, STM Inc. paid us \$1.0 million associated with this project; \$500,000 for engineering fees associated with the development effort and \$500,000 of prepaid royalties. We have substantially completed our obligations under this project and STM Inc. is currently marketing and selling a product resulting from this joint development effort. STM Inc. is required to pay the Company additional per-unit royalties based upon shipments of this product only if cumulative royalties owed eventually exceed the balance of prepaid royalties. Should STM Inc. elect to have us provide extended product maintenance and support, they are required to pay us additional fees of which a portion will be considered prepaid royalties. To date, royalties paid to the Company under this arrangement have not been significant.

In March 2002, the Company licensed certain Very Long Instruction Word, or VLIW, microprocessor cores, related tools and MPEG4 video compression firmware from STM for use in the Company's Internet protocol, or IP, video communication processor development initiatives. Additionally, the Company agreed to license STM certain of its existing and future H.263 and H.26L video compression/decompression firmware implementations for use with STM's semiconductor products. The licenses are non-exclusive, non-transferable and non-assignable and provide for the sharing of updates and enhancements to the licensed technology, subject to certain limitations. The agreement includes provisions that allow the Company to manufacture semiconductor devices that contain the VLIW microprocessor cores at STM or at other third-party fabrication facilities. The Company is required to pay STM per-unit royalties based upon shipments of products that incorporate the VLIW technology. In addition, STM is required to pay the Company certain per-unit royalties based upon shipments of STM semiconductor products that contain the Company's video technology.

REPORT OF THE AUDIT COMMITTEE

OF THE BOARD OF DIRECTORS

Notwithstanding any statement to the contrary in any of our previous or future filings with the Securities and Exchange Commission, this Report by the Audit Committee of the Board of Directors shall not be deemed "filed" under the Commission or "Soliciting Material" under the Securities Exchange Act of 1934, as amended, and shall not be deemed to be incorporated by reference by any general statement incorporating this Proxy Statement by reference into any filing under the Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such Acts.

The Audit Committee of the Board of Directors is comprised of three directors, and operates under a written charter adopted by the Board of Directors. Each member of the Audit Committee is "independent," as such term is defined under the Nasdaq SmallCap Market listing standards.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management is responsible for the Company's internal controls, financial reporting process and compliance with laws, regulations and ethical business standards. The Company's independent accountants, PricewaterhouseCoopers LLP (the "Auditors"), are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards and to issue a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes. In this capacity, the Audit Committee provides advice, counsel, and direction to management and the Auditors on the basis of the information it receives, discussions with management and the Auditors, and the experience of the Audit Committee's members in business, financial and accounting matters.

The Audit Committee has reviewed and discussed the Company's audited consolidated financial statements with the Company's management. The Audit Committee also discussed and reviewed with the Auditors all matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees). The Audit Committee has met with the Auditors, with and without management present, to discuss the overall scope of their audit, the results of their examinations, their evaluation of the Company's internal controls and the overall quality of the Company's financial reporting. Furthermore, the Audit Committee has discussed the Company's critical accounting policies with management and the Auditors.

The Audit Committee has received from the Auditors a formal written statement describing all relationships between the Auditors and the Company that might bear on the independence of the Auditors consistent with Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), discussed with them any relationships that may impact their objectivity and independence, considered the compatibility of non-audit services with the independence of the Auditors, and in so doing has satisfied itself as to the independence of the Auditors. Fees for audit and non-audit services provided by the Auditors in fiscal 2003 are summarized as follows:

Audit Fees

. During the fiscal year ended March 31, 2003, the aggregate fees billed by the Auditors for the audit of the Company's consolidated financial statements for such fiscal year, including the reviews of the Company's interim financial statements included in the Company's Quarterly Reports on Form 10-Q, and statutory audits of international subsidiaries were \$114,000.

Financial Information Systems Design and Implementation Fees.

During the fiscal year ended March 31, 2003, the Auditors billed no fees for information technology consulting services.

All Other Fees.

During the fiscal year ended March 31, 2003, the aggregate fees billed by the Auditors for professional services other than audit fees were \$57,000, \$44,000 of which were billed in connection with tax related services and \$13,000 of which were billed for services such as consulting on accounting standards and the review of registration statements.

Based on these reviews and discussions, the Audit Committee recommended to the Board of Directors, and the Board of Directors approved the inclusion of the Company's audited consolidated financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2003. The Audit Committee and the Board of Directors also have recommended, subject to stockholder approval, the ratification of the Company's Auditors.

Submitted by the following members of the Audit Committee:

Dr. Bernd Girod
Guy Hecker
William P. Tai

REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

Notwithstanding any statement to the contrary in any of our previous or future filings with the Securities and Exchange Commission, this Report of the Compensation Committee of the Board of Directors shall not be deemed "filed" with the Commission or "soliciting material" under the Securities Exchange Act of 1934, as amended, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such Acts.

This report of the Compensation Committee of the Board of Directors describes the Company's compensation policies and rationales applicable to the Company's executive officers with respect to compensation paid to such executive officers for fiscal 2003. The Compensation Committee makes recommendations to the board concerning the compensation for the Company's executive officers. The Board of Directors is responsible for reviewing and approving the Company's compensation policies and the compensation paid to executive officers, based in part on recommendations of the Compensation Committee. The Compensation Committee held one meeting during fiscal 2003 and compensation decisions during the fiscal year were made by the full Board of Directors.

Compensation Philosophy

The general philosophy of the Company's compensation program is to offer executive officers competitive compensation based both on the Company's performance and on the individual's contribution and performance. The Company's compensation policies are intended to motivate, reward and retain highly qualified executives for long-term strategic management and the enhancement of stockholder value, to support a performance-oriented environment that rewards achievement of specific internal Company goals and to attract and retain executives whose abilities are critical to the long-term success and competitiveness of the Company. There are three main components in the Company's executive compensation program: i) base salary, ii) incentive bonus and iii) stock incentives.

Base Salary

The salaries of the executive officers, including the Chief Executive Officer, are generally reviewed annually by the Compensation Committee and the Board of Directors with reference to surveys of salaries paid to executives with similar responsibilities at comparable companies, generally in the high technology industry and often within the Company's geographic area. The peer group for each executive officer is composed of executives whose responsibilities are similar in scope and content. The Company seeks to set executive compensation levels that are competitive with the average levels of peer group compensation. Salaries for executive officers are generally determined on an individual basis by evaluating each executive's scope of responsibility, performance, prior experience and salary history as well as the salaries for similar positions at comparable companies. In light of the Company's efforts to contain expenditures, there were no increases in the salaries of the Named Executive Officers during fiscal 2003. In June 2002, Mr. Parkinson requested that his base salary be reduced from \$200,000 to \$100,000 effective July 1, 2002, and in February 2003, Mr. Parkinson requested that his base salary be reduced to \$10, effective February 15, 2003. The Board of Directors agreed to honor these requests, and his base salary was adjusted accordingly. In February 2003, Mr. Martin requested that his base salary be reduced to \$202,500, effective February 15, 2003. The Board of Directors agreed to honor this request, and his base salary was adjusted accordingly.

Incentive Bonus

Annual incentive bonuses for executive officers are intended to reflect the Compensation Committee's belief that a significant portion of the annual compensation of each executive officer should be contingent upon the performance of the Company, as well as the individual contribution of each officer. The Company and its subsidiaries, Netergy and Centile, have implemented profit sharing plans that provide the potential for additional compensation to employees of the respective entities equal to up to 15% of the applicable entity's quarterly net income, if approved by the Board of

Directors. Of these amounts, one third is shared by all employees of the respective entity, one third is shared by key employees identified by the Board of Directors, and one third is shared by officers. Additionally, officers are eligible for certain discretionary bonuses based on criteria established by the Board of Directors and management. No profit sharing or discretionary bonuses were paid to officers during fiscal 2003.

Stock Incentives

The Company utilizes stock options as long-term incentives to reward and retain executive officers. The Compensation Committee believes that this practice links management interests with stockholder interests and motivates executive officers to make long-term decisions that are in the best interests of the Company. The Compensation Committee also believes that executive officers and other key employees should own a significant percentage of the Company's stock. Generally, stock options vest over four years after the grant date and optionees must be employed by the Company at the time of vesting in order to exercise the options.

The Compensation Committee believes that stock option grants provide an incentive that focuses the executives' attention on the Company from the perspective of an owner with an equity stake in the business. Because options are typically granted with an exercise price equal to the fair market value of the Company's common stock on the date of grant, the Company's stock options are tied to the future performance of the Company's common stock and will provide value to the recipient only when the price of the Company's stock increases above the exercise price, that is, only to the extent that stockholders as a whole have benefited. In fiscal 2003, the Compensation Committee and the Board of Directors considered all of these factors and authorized the granting of options to executive officers in July 2002 as part of a company-wide option grant program focusing on employee retention.

Compensation of the Chief Executive Officer

Mr. Martin's annual base salary had been increased from \$190,000 to \$225,000 in February 2001 when he was promoted to President and Chief Operating Officer of the Company. Mr. Martin was promoted to Chief Executive Officer of the Company in February 2002; however, no corresponding adjustment was made to his base salary at that time. In February 2003, Mr. Martin requested that his base salary be reduced from \$225,000 to \$202,500, effective February 15, 2003. The Board of Directors agreed to honor this request, and his base salary was adjusted accordingly.

In July 2002, Mr. Martin was granted an option to purchase 2,000 shares of the Company's common stock at a price of \$0.56 per share, which represented the fair market value of the Company's stock on the date of such grant. This grant will vest monthly for up to forty-eight months subject to his continued service as an officer or director of the Company.

Submitted by the following members of the Compensation Committee:

Dr. Bernd Girod
William P. Tai

STOCK PERFORMANCE GRAPH

Notwithstanding any statement to the contrary in any of our previous or future filings with the Securities and Exchange Commission, the following information relating to the price performance of our common stock shall not be deemed "filed" under the Commission or "Soliciting Material" under the Securities Exchange Act of 1934, as amended, and shall not be deemed to be incorporated by reference by any general statement incorporating this Proxy Statement by reference into any filing under the Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934, as amended, except to the extent that 8x8, Inc. specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

The graph compares the cumulative total stockholder return for the Company's common stock with the Nasdaq Stock Market (US) Composite Index and the Nasdaq Computer Index for the period commencing July 2, 1997 and ending March 31, 2003. The graph assumes that \$100 was invested on the date of the Company's initial public offering, July 2, 1997, and that all dividends for the respective Nasdaq indexes have been reinvested. The Company has never paid dividends on its common stock and has no present plans to do so. Historic stock price performance should not be considered indicative of future stock price performance.

	7/02/97	3/31/98	3/31/99	3/31/00	3/31/01	3/31/02	3/31/03
8x8, INC.	100	108	59	456	12	13	3
NASDAQ COMPOSITE INDEX	100	128	171	318	128	128	93
NASDAQ COMPUTER INDEX	100	131	221	458	151	154	104

SECURITY OWNERSHIP

The following table sets forth certain information with respect to the beneficial ownership of the Company's common stock as of March 31, 2003 by (i) each person (or group of affiliated persons) who is known by the Company to own beneficially 5% or more of the Company's common stock, (ii) each of the Company's directors nominated for re-election, (iii) each executive officer named in the Summary Compensation Table and (iv) all directors and officers as a group. Except as indicated in the footnotes to the table, the persons named in the table have sole voting and investment power with respect to all shares of Company common stock shown as beneficially owned by them, subject to community property laws where applicable.

Name and Address	Number of Shares Beneficially Owned (1)(2)	Percentage of Total Shares
STMicroelectronics NV (3) 20 Route de Pre-Bois - ICC Building CH-1215 Geneve 15 Switzerland	3,700,000	13.1%
Joe Parkinson (4)	1,054,373	3.7%
Bryan R. Martin	808,407	2.8%
Dr. Barry Andrews	232,217	*
Dr. Paul Ning (5)	236,529	*
Christopher Peters (5)(6)	162,005	*
Huw Rees(6)	218,942	*
Dr. Bernd Girod (5)	191,932	*
Guy L. Hecker, Jr. (5)	207,432	*
All directors and officers as a group (10 persons) (7)	3,111,837	11.3%

* Less than 1%

1. This table is based upon information supplied by officers, directors and principal stockholders and Schedules 13D and 13G filed with the Securities and Exchange Commission (the "SEC"). The number of shares of common stock beneficially owned by each person is determined under rules promulgated by the SEC. Under such rules, beneficial ownership includes any shares as to which the person has sole or shared voting power or investment power, and also includes any shares that the person has the right to acquire within sixty days after March 31, 2003. Applicable percentages are based upon 28,470,987 voting shares issued and outstanding as of March 31, 2003, and treating any shares issuable to any holder within sixty days as outstanding for purposes of computing their percent ownership.
2. Includes the following number of shares subject to options that were exercisable at or within sixty days after March 31, 2003: Mr. Parkinson, 702,869; Mr. Martin, 596,325; Dr. Andrews, 162,933; Dr. Ning, 150,561; Mr. Peters, 132,705; Mr. Rees, 195,785; Mr. Hecker, 127,432; and Dr. Girod, 141,932; and all directors and officers as a group, 2,210,542.
3. One of the Company's directors, Christos Lagomichos, serves as Vice President and General Manager of the Set-Top Box Division of STMicroelectronics, Inc., a subsidiary of STMicroelectronics NV.

4. Includes 10,000 shares held by Jarbridge, Inc., of which Mr. Parkinson is chairman of the board. Mr. Parkinson disclaims beneficial ownership of the shares except to the extent of his pecuniary interest therein.
5. Each of Mr. Peters, Dr. Ning, Dr. Girod and Mr. Hecker has been granted options to purchase shares of common stock of Netergy. No shares subject to option were exercisable by Mr. Peters at or within sixty days after March 31, 2003. The number of shares subject to options that were exercisable at or within sixty days after March 31, 2003 was: Dr. Ning, 120,832; Dr. Girod, 14,062; and Mr. Hecker, 14,062. The beneficial ownership represented by these options, individually and in the aggregate, is less than 1% of the 17,000,000 shares of Netergy common stock outstanding at March 31, 2003, adjusted as required by rules promulgated by the SEC.
6. Each of Mr. Rees and Mr. Peters has been granted options to purchase shares of common stock of Centile. The number of shares subject to said options that were exercisable at or within sixty days after March 31, 2003 was: Mr. Rees, 162,498 and Mr. Peters, 118,749. The beneficial ownership represented by these options is less than 1% of the 25,500,000 shares of Centile, Inc. common stock outstanding at March 31, 2003, adjusted as required by rules promulgated by the SEC.
7. Although Mr. Lagomichos is an employee of STMicroelectronics, Inc., we have not included the shares of common stock owned by STMicroelectronics NV in this amount.

EQUITY COMPENSATION PLAN INFORMATION

The following table gives information about the Company's common stock that may be issued upon the exercise of options, warrants and rights under all of the Company's existing compensation plans as of March 31, 2003, including the 1992 Stock Option Plan, the 1996 Stock Plan (the "1996 Plan"), the 1996 Director Option Plan (the "Director Plan") and the 1999 Nonstatutory Option Plan (the "1999 Plan"). Additionally, the table includes information about common stock of two of the Company's subsidiaries, Netergy and Centile, that may be issued upon the exercise of options under the Netergy 2000 Stock Option Plan (the "Netergy Plan") and the Centile 2001 Stock Option Plan (the "Centile Plan").

	(a)	(b)	(c)
Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants or Rights (1)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
8x8, Inc. equity compensation plans approved by security holders (2)	5,824,906	\$2.33	2,566,259
8x8, Inc. equity compensation plans not approved by security holders (3)	1,789,683	\$3.70	1,709,733
Total for 8x8, Inc. equity compensation plans	7,614,589	\$2.65	4,275,992

Netergy equity compensation plan not approved by security holders of 8x8, Inc.	1,714,676	\$0.50	3,285,324
Centile equity compensation plan not approved by security holders of 8x8, Inc.	1,901,872	\$0.43	2,598,128

1. The number of shares is subject to adjustment for changes in capitalization for stock splits, stock dividends and similar events.
2. The 1996 Plan incorporates an evergreen formula pursuant to which on each April 1, the aggregate number of shares of common stock reserved for issuance under the 1996 Plan will increase by a number of shares equal to 5% of the outstanding shares on the preceding day (March 31) up to a maximum annual increase of 1,000,000 shares.
3. Issued under the 1999 Plan, which due to the broad-based nature of the plan does not currently require approval of 8x8's stockholders. See a description of the 1999 Plan below.

1999 Plan

The 1999 Plan was adopted in December 1999 by the Company's Board of Directors and provides for the issuance of up to 3,600,000 shares of common stock pursuant to the exercise of options granted under the plan. The 1999 Plan provides for the granting of nonstatutory stock options (NSOs) to full and part-time employees and consultants. Under the terms of the 1999 Plan, options may not be issued to either officers or directors of the Company, except that options may be granted to an officer in connection with the officer's initial employment by the Company. The exercise price of options granted under the 1999 Plan is determined by the Board of Directors and is generally the fair market value on the date of grant. Payment of the exercise price may be made in cash, by check, promissory note, or other shares of the Company's common stock or through a same day sale program. Options generally vest over four years and expire ten years after grant. If an optionee's employment terminates for any reason, the option remains exercisable for a fixed period of three months or such shorter or longer period as may be fixed by the Board of Directors. In the event that the Company merges with or into another corporation, or substantially all of the Company's assets are sold, the 1999 Plan provides that each outstanding option will be assumed or substituted for by the successor corporation. If such substitution or assumption does not occur, each option will fully vest and become exercisable.

Netergy and Centile Plans

The Netergy Plan was adopted in December 2000 by the Netergy board of directors and provides for the issuance of up to 5,000,000 shares of Netergy common stock pursuant to the exercise of options granted under the plan. The Centile Plan was adopted in March 2001 by the Centile board of directors and provides for the issuance of up to 4,500,000 shares of Centile common stock pursuant to the exercise of options granted under the plan. The Netergy and Centile Plans provide for granting incentive stock options (ISOs) to full or part-time employees and NSOs to full or part-time employees, directors, and consultants of the respective companies. Options granted under the Netergy and Centile Plans may be granted for periods of up to ten years and at prices no less than 85% of the estimated fair value of the shares on the date of grant as determined by the board of directors, provided, however, that (i) the exercise price of an ISO and NSO shall not be less than 100% and 85% of the estimated fair value of the shares on the date of grant, respectively, and (ii) the exercise price of an ISO and NSO granted to a 10% shareholder shall not be less than 110% of the estimated fair value of the shares on the date of grant, respectively. To date, options granted vest over four years. Payment of the exercise price may be made in cash, by check, promissory note, or other shares of the

Company's common stock or through a same day sale program. In the event that Netergy or Centile, as the case may be, merge with or into another corporation, or sell substantially all of their assets, the Netergy and Centile Plans provide that each outstanding option will be assumed or substituted for by the successor corporation. If such substitution or assumption does not occur, each option will fully vest and become exercisable. In addition, under the Netergy Plan, in the event of a change in control, vesting for certain options will be accelerated even if the options are assumed. If an optionee's employment terminates for any reason, the option remains exercisable for a fixed period of thirty days or such longer period as may be fixed by the applicable board of directors.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's executive officers and directors and persons who own more than ten percent of a registered class of the Company's equity securities to file an initial report of ownership on Form 3 and changes in ownership on Form 4 or 5 with the SEC and furnish the Company with copies of all Section 16(a) forms that they file. Based solely on its review of the copies of such forms received by it and written representations from certain reporting persons, the Company believes that all filing requirements applicable to its officers, directors and ten percent stockholders were complied with for the year ended March 31, 2003.

PROPOSAL TWO:

RATIFICATION OF APPOINTMENT OF INDEPENDENT ACCOUNTANTS

The Board of Directors, based upon the recommendation of the Audit Committee, has selected PricewaterhouseCoopers LLP, independent accountants, to audit the financial statements of the Company for the fiscal year ending March 31, 2004. At the 2003 Annual Meeting, the stockholders are being requested to ratify the selection of PricewaterhouseCoopers LLP. PricewaterhouseCoopers LLP has served as the Company's independent accountants since 1987. A representative of PricewaterhouseCoopers LLP is expected to be present at the 2003 Annual Meeting and will have the opportunity to make a statement if they so desire. The representative is also expected to be available to respond to appropriate questions from stockholders. Please see the Report of the Audit Committee included in this proxy statement for more information concerning our relationship with PricewaterhouseCoopers LLP.

Vote Required And Recommendation

Although it is not required to do so, the Board of Directors is submitting its selection of the Company's independent accountants for ratification by the stockholders at the 2003 Annual Meeting in order to ascertain the view of our stockholders regarding such selection. The affirmative vote of a majority of the votes entitled to vote on this proposal that are present at the meeting in person or by proxy will be required to approve this proposal. Broker non-votes will not be counted as having been represented. Whether the proposal is approved or defeated, the Board of Directors may reconsider its selection.

The Board of Directors unanimously recommends voting "FOR" the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants for the fiscal year ending March 31, 2004.

PROPOSAL THREE:

APPROVAL TO AMEND THE RESTATED CERTIFICATE OF INCORPORATION TO EFFECT A REVERSE STOCK SPLIT AT ONE OF FOUR RATIOS (1 FOR 10, 1 FOR 20, 1 FOR 30, OR 1 FOR 40) AT SUCH TIME AS DETERMINED BY THE BOARD OF DIRECTORS IN ITS SOLE DISCRETION

The Board of Directors has unanimously adopted a resolution seeking stockholder approval to authorize the Board of Directors to effect a reverse stock split of 8x8 common stock. If the reverse stock split is approved by the stockholders, the Board of Directors may subsequently effect, in its sole discretion, the reverse stock split based upon any one of the following ratios: one-for-ten; one-for-twenty; one-for-thirty; or one-for-forty. In addition, notwithstanding approval of this proposal by the stockholder, the Board of Directors may, in its sole discretion, determine not to effect, and abandon, the reverse stock split without further action by the Company's stockholders.

Background

The Company's common stock has been quoted on The Nasdaq SmallCap Market under the symbol "EGHT" since the open of business on July 26, 2002. Prior to that time, the Company's common stock was listed on The Nasdaq National Market. The Company was transferred from The Nasdaq National Market to The Nasdaq SmallCap Market because it failed to maintain a closing bid price of at least \$1.00 per share for a consecutive thirty day trading period after having received notification from Nasdaq with respect to compliance with The Nasdaq National Market's listing maintenance standards.

In order for the Company's common stock to continue to be quoted on the Nasdaq SmallCap Market, the Company must satisfy various listing maintenance standards established by Nasdaq. Among other things, the Company is required to have stockholders' equity of at least \$2.5 million and the Company's common stock held by persons other than officers, directors and beneficial owners of greater than 10% of the Company's total outstanding shares, often referred to as the public float, must have an aggregate market value of at least \$1 million. Additionally, at least three hundred persons must each own at least one hundred shares of the Company's common stock and the Company's common stock must have a minimum bid price of at least \$1.00 per share.

Under Nasdaq's listing maintenance standards, if the closing bid price of shares of the Company's common stock is under \$1.00 per share for thirty consecutive trading days and does not thereafter reach \$1.00 per share or higher for a minimum of ten consecutive trading days during the one-hundred and eighty calendar days following notification by Nasdaq, Nasdaq may delist the Company's common stock from trading on The Nasdaq SmallCap Market. In that event, the Company's common stock would trade on the OTC Bulletin Board or in the "pink sheets" maintained by the National Quotation Bureau, Inc. These alternative markets are generally considered to be markets that are less efficient and less broad than The Nasdaq National Market or The Nasdaq SmallCap Market.

On April 10, 2002, the Company received a letter from Nasdaq advising it that its common stock had not met The Nasdaq National Market's minimum bid price requirement for thirty consecutive trading days and that, if the Company were unable to demonstrate compliance with this requirement for ten consecutive trading days during the ninety calendar day period ending on July 9, 2002, Nasdaq would provide the Company with written notice that its common stock would be delisted from The Nasdaq National Market. As the Company was not in compliance under The Nasdaq National Market minimum bid price listing standard by July 9, 2002, 8x8 transferred to and began trading on The Nasdaq SmallCap Market on July 26, 2002. As a result of the transfer to The Nasdaq SmallCap Market, the delisting determination was extended an additional ninety days until October 7, 2002. Although 8x8's common stock did not achieve a closing bid price of \$1.00 for at least ten consecutive trading days before October 7, 2002, the Company met the initial listing criteria for The Nasdaq SmallCap Market as of October 7, 2002. As a result, the Company remained eligible to be quoted on The Nasdaq SmallCap Market for an additional 180-calendar day grace period, which expired on April 7, 2003. On April 8, 2003, the Nasdaq staff notified the Company that it had been granted an additional ninety days, or until July 7, 2003 to regain compliance with the minimum bid price listing standard. To demonstrate compliance with the minimum bid price requirement, the Company is required to demonstrate a closing bid price of at least \$1.00 per share on or before July 7, 2003, and immediately thereafter, a closing bid price of at least \$1.00 per share for a minimum of ten consecutive trading days and meet the continued listing requirements of The Nasdaq SmallCap Market.

In response to these notices, the Board of Directors considered and has authorized the proposed amendment to the Company's Amended and Restated Certificate of Incorporation, as amended, to effect a reverse stock split, at the sole discretion of the board pursuant to Section 242(c) of the Delaware General Corporation Law, to be implemented for the purpose of increasing the market price of the Company's common stock above The Nasdaq SmallCap Market's minimum bid requirement.

In addition to the stock price criteria, the Company must maintain compliance with all requirements for continued listing on The Nasdaq SmallCap Market. The Company currently does not meet the continued listing requirements, and, as a result, a reverse stock split may not be sufficient to prevent the Company's stock from being delisted from The Nasdaq SmallCap Market.

The Board of Directors has recommended that this proposal be presented to the Company's stockholders for approval. Stockholders are now being asked to vote upon the amendment to the Amended and Restated Certificate of Incorporation, as amended, to effect a reverse stock split of the Company's common stock whereby each outstanding ten, twenty, thirty or forty shares would be combined, converted and changed into one share of common stock. Upon receiving stockholder approval, the Board of Directors will have the sole discretion pursuant to Section 242(c) of the Delaware General Corporation Law to elect, as it determines to be in the best interests of 8x8 and its stockholders, whether or not to effect a reverse stock split, and if so, the number of whole shares of common stock between and including ten and forty which will be combined, converted and exchanged into one share of common stock, at any time before the first anniversary of the 2003 Annual Meeting.

The Board of Directors believes that stockholder approval of multiple potential exchange ratios (rather than a single exchange ratio) provides the flexibility to achieve the desired results of the reverse stock split. If the stockholders approve this proposal, the reverse stock split would be effected, if at all, only upon a determination by the Board of Directors that the reverse stock split is in the best interests of the stockholders at that time. In connection with any determination to effect a reverse stock split, the Board of Directors would set the timing for such a split and select the specific ratio from among the four ratios set forth herein. No further action on the part of stockholders will be required to either implement or abandon the reverse stock split. If the Board of Directors does not implement the reverse stock split prior to August 12, 2004, the authority granted in this proposal to implement the reverse stock split on these terms will terminate. The Board of Directors reserves its right to elect not to proceed, and abandon, the reverse stock split if it determines, in its sole discretion, that this proposal is no longer in the best interests of 8x8's stockholders.

The text of the form of proposed amendment to the Company's Amended and Restated Certificate of Incorporation, as amended, is attached to this proxy statement as Appendix B, provided however, that the text of this amendment is subject to modification to include changes as may be required by the office of the Secretary of State of the State of Delaware and as the Board of Directors may deem necessary or advisable to effect a reverse stock split. If the Board of Directors determines to effect one of the reverse stock splits by filing one of these certificates of amendment with the Secretary of State of the State of Delaware, all other proposed amendments will be abandoned. The Board of Directors may also elect not to do any reverse stock split.

Stockholders should note that the effect of the reverse stock split upon the market prices for the Company's common stock cannot be accurately predicted. In particular, there is no assurance that prices for shares of the Company's common stock after the reverse stock split is implemented will be ten to forty times, as applicable, the prices for shares of the common stock immediately prior to the reverse stock split. Furthermore, the proposed reverse stock splits may not achieve the desired results that have been outlined above. Any reverse stock split may adversely impact the market price of the Company's common stock and any increased price per share of the common stock immediately after the reverse stock split may not be sustained for any prolonged period of time.

Reasons for the Reverse Stock Split

The Board of Directors believes that a reverse stock split may be desirable for a number of reasons. First, as previously described, the Board of Directors believes that a reverse stock split may allow the Company to avoid having its common stock delisted from The Nasdaq SmallCap Market. Second, the Board of Directors believes a reverse stock split could improve the marketability and liquidity of the Company's common stock. Third, the Board of Directors believes that a reverse stock split could improve the Company's ability to raise new capital.

As mentioned above, the Company is not in compliance with the continued listing requirements of The Nasdaq SmallCap Market. Even if the Company implements a reverse stock split, it may not be able to prevent Nasdaq from delisting its common stock from The Nasdaq SmallCap Market. However, the Board of Directors believes that a reverse stock split may enhance the Company's ability to prevent its stock from being delisted. There are several requirements that the Company must meet in order to maintain its listing on The Nasdaq SmallCap Market, one of which is that the Company's common stock have a minimum market price of \$1.00. As mentioned, above, the Company has been notified by Nasdaq that it has failed to maintain the \$1.00 minimum bid price. Although the Company may not be able to satisfy The Nasdaq SmallCap Market minimum bid continued listing requirement in order to prevent the Company's common stock from being delisted from The Nasdaq SmallCap Market, the Board of Directors believes that a reverse stock split will result in the market price of the Company's common stock rising to the level necessary to satisfy the \$1.00 minimum market price continued listing requirement. However, the Company's common stock may not remain equal to or in excess of \$1.00 for a substantial period of time. The market price of the Company's common stock is also based on other factors in addition to the number of shares outstanding, including the Company's future performance.

The Board of Directors also believes that the increased market price of the Company's common stock expected as a result of a reverse stock split could improve the marketability and liquidity of the Company's common stock and encourage interest and trading in the common stock. Many brokerage houses and institutional investors have internal policies and practices that either prohibit them from investing in low-priced stocks or tend to discourage individual brokers from recommending low-priced stocks to their customers. Some of those policies and practices may function to make the processing of trades in low-priced stocks economically unattractive to brokers. Additionally, because brokers' commissions on low-priced stocks generally represent a higher percentage of the stock price than commissions on higher-priced stocks, the current average price per share of the Company's common stock can result in individual stockholders paying transaction costs representing a higher percentage of their total share value than would be the case if the share price were substantially higher. However, it should be noted that a reverse stock split would decrease the total number of shares outstanding, which may impact the Company's liquidity. If a reverse stock split is implemented, however, holders of fewer than 100 shares of common stock after the reverse stock split is effected may be charged brokerage fees that are proportionately higher than holders of more than 100 shares of common stock. The Board of Directors is hopeful that the anticipated higher market price will reduce, to some extent, the negative effects on the liquidity and marketability of the Company's common stock inherent in some of the policies and practices of institutional investors and brokerage houses described above.

The Board of Directors does not intend for this transaction to be the first step in a series of plans or proposals of a "going private transaction" within the meaning of Rule 13e-3 of the Securities Exchange Act of 1934, as amended.

The Company will require additional sources of capital to fund its existing and future research and product development efforts and to fund continuing operations. The Company believes that an increase in per share value of its common stock, which the Company expects as a consequence of a reverse stock split, may enhance the attractiveness of the common stock for certain segments of the investing public and broaden the investor pool from which the Company might be able to obtain additional financing. For example, because of the trading volatility often associated with low-priced stocks, as a matter of policy many institutional investors are prohibited from purchasing these stocks. For the same reason, brokers often discourage their customers from purchasing these stocks. The reduction in the number of outstanding shares of common stock caused by a reverse stock split is anticipated initially to increase proportionally the per share market price of the common stock. However, because some investors may view a reverse stock split negatively in that it reduces the number of shares available in the public market, the market

price of the Company's common stock may not reflect proportionately a reverse stock split.

Certain Risk Factors Associated with the Reverse Stock Split

There can be no assurance that the Company will be able to meet Nasdaq's continued listing requirements, including minimum stockholders' equity of \$2.5 million

As of March 31, 2003, the Company had stockholders' equity of approximately \$2.2 million. The continued listing requirements of The Nasdaq SmallCap Market specifically require the Company to have stockholders' equity of at least \$2.5 million. There can be no assurance that the Company will be able to increase its stockholders' equity and satisfy the continued listing requirements, regardless of the trading price of its common stock.

There can be no assurance that the total market capitalization of 8x8 common stock (the aggregate value of all 8x8 common stock at the then market price) after the proposed reverse stock split will be equal to or greater than the total market capitalization before the proposed reverse stock split or that the per share market price of 8x8 common stock following the proposed reverse stock split will either equal or exceed the current per share market price.

There can be no assurance that the market price per new share of 8x8 common stock after the reverse stock split will remain unchanged or increase in proportion to the reduction in the number of old shares of 8x8 common stock outstanding before the reverse stock split. For example, based on the market price of 8x8 common stock on April 1, 2003 of \$0.23 per share, if the Board of Directors decided to implement the reverse stock split and selects a reverse stock split ratio of one-for-ten, there can be no assurance that the post-split market price of 8x8 common stock would be \$2.30 per share or greater. Accordingly, the total market capitalization of 8x8 common stock after the proposed reverse stock split may be lower than the total market capitalization before the proposed reverse stock split and, in the future, the market price of 8x8 common stock following the reverse stock split may not exceed or remain higher than the market price prior to the proposed reverse stock split.

A decline in the market price of 8x8 common stock after the reverse stock split may result in a greater percentage decline than would occur in the absence of a reverse stock split, and the liquidity of 8x8 common stock could be adversely affected following such a reverse stock split

If the reverse stock split is effected and the market price of 8x8 common stock declines, the percentage decline may be greater than would occur in the absence of a reverse stock split. The market price of 8x8 common stock will, however, also be based on 8x8's performance and other factors, which are unrelated to the number of shares outstanding. Furthermore, the liquidity of 8x8 common stock could be adversely affected by the reduced number of shares that would be outstanding after the reverse stock split.

Effects of the Reverse Stock Split on Voting Rights

Proportionate voting rights and other rights of the holders of the Company's common stock would not be affected by the reverse stock split, other than as a result of the payment of cash in lieu of fractional shares as described below. For example, a holder of 1% of the voting power of the outstanding shares of the Company's common stock immediately prior to the effective time of the reverse stock split would continue to hold 1% of the voting power of the outstanding shares of the Company's common stock after the reverse stock split. Although the reverse stock split would not affect the rights of stockholders or any stockholder's proportionate equity interest in the Company, subject to the treatment of fractional shares, the number of authorized shares of the Company's common stock would not be reduced and would increase significantly the ability of the Board of Directors to issue authorized and unissued shares without further stockholder action. The number of stockholders of record would not be affected by the reverse stock split, except to the extent that any stockholder holds only a fractional share interest and receives cash for that interest after

the reverse stock split.

Effect of the Reverse Stock Split on Par Value and the Authorized but Unissued Shares of Common Stock

The par value of the Company's common stock would remain unchanged at \$0.001 per share. In addition, the number of authorized shares of the Company's common stock will not change if the Company effects a reverse stock split. This will effectively increase significantly the number of authorized but unissued shares of the Company's common stock, which will increase significantly the ability of the board to issue authorized and unissued shares without further stockholder action. The issuance in the future of additional authorized shares may have the effect of diluting the earnings per share and book value per share, as well as the stock ownership and voting rights, of the currently outstanding shares of the Company's common stock. At this time, the Company does not have any plans, proposals or arrangements to acquire any business or engage in any investment opportunity or otherwise to issue additional shares of the Company's common stock, except in accordance with stock option plans. The effective increase in the number of authorized but unissued shares of common stock may be construed as having an anti-takeover effect by permitting the issuance of shares to purchasers who might oppose a hostile takeover bid or oppose any efforts to amend or repeal certain provisions of the Amended and Restated Certificate of Incorporation, as amended, or bylaws of the Company. In addition, management could issue additional shares of the Company's common stock to resist or frustrate a proposed third-party transaction that would provide an above-market premium to stockholders and that is favored by a majority of the independent stockholders of the Company.

Effect of the Reverse Stock Split on Stock Option Plans

The reverse stock split would reduce the number of shares of the Company's common stock available for issuance under the Company's stock option plans in proportion to the exchange ratio of the reverse stock split. In addition, the number of shares issuable upon the exercise of options and the exercise price for such options will be adjusted based on the reverse stock split ratio selected by the Board of Directors.

The Company also has outstanding stock options and warrants to purchase shares of common stock. Under the terms of the outstanding stock options and warrants, the reverse stock split will effect a reduction in the number of shares of common stock issuable upon exercise of the stock options and warrants in proportion to the exchange ratio of the reverse stock split and will effect a proportionate increase in the exercise price of the outstanding stock options and warrants. In connection with the reverse stock split, the number of shares of common stock issuable upon exercise or conversion of outstanding stock options and warrants will be rounded to the nearest whole share and no cash payment will be made in respect of such rounding.

Effective Date

The reverse stock split would become effective as of 5:00 p.m. Eastern time on the date of filing of the applicable certificate of amendment with the office of the Secretary of State of the State of Delaware. Except as explained below with respect to fractional shares, on the effective date of the reverse stock split, ten, twenty, thirty or forty shares, as applicable, of common stock issued and outstanding immediately prior that effective date will be, automatically and without any action on the part of the stockholders, combined, converted and changed into one share of common stock in accordance with the ratio of the reverse stock split determined by the Board of Directors within the limits set forth in this proposal.

Payment for Fractional Shares

No fractional shares of common stock would be issued as a result of the reverse stock split. In lieu of any fractional share interest, each holder of common stock who, as a result of the reverse stock split would otherwise receive a fractional share of common stock, will be entitled to receive cash in an amount equal to the product obtained by multiplying (i) the closing sales price of the Company's common stock on the effective date of the reverse stock split

as reported on The Nasdaq SmallCap Market by (ii) the number of shares of the Company's common stock held by a holder that would otherwise have been exchanged for a fractional share interest. This amount would be issued to the holder in the form of a check in accordance with the exchange procedures outlined under "Exchange of Stock Certificates" below. Holders of as many as thirty-nine shares (if the Company were to implement a 40-for-1 reverse stock split) of the Company's common stock would be eliminated as a result of the payment of fractional shares in lieu of any fractional share interest in connection with the reverse stock split. The exact number of stockholders that would be eliminated as a result of the payment of fractional shares in lieu of the issuance of any fractional share interests will depend on the reverse stock split ratio and the number of stockholders that hold a number of shares less than the reverse stock split ratio.

Exchange of Stock Certificates

Shortly after the effective date of the reverse stock split, each holder of an outstanding certificate theretofore representing shares of the Company's common stock will receive from Computershare Trust Company, as the Company's exchange agent for the reverse stock split, instructions for the surrender of the certificate to the exchange agent. The instructions will include a form of transmittal letter to be completed and returned to the exchange agent. As soon as practicable after the surrender to the exchange agent of any certificate which prior to the reverse stock split represented shares of the Company's common stock, together with a duly executed transmittal letter and any other documents the exchange agent may specify, the exchange agent shall deliver to the person in whose name the certificate had been issued certificates registered in the name of that person representing the number of full shares of common stock into which the shares of common stock previously represented by the surrendered certificate shall have been reclassified and a check for any amounts to be paid in cash in lieu of any fractional share interest. Each certificate representing shares of common stock issued in connection with the reverse stock split will continue to bear any legends restricting the transfer of the shares that were borne by the surrendered certificates representing the shares of common stock. Until surrendered as contemplated herein, each certificate which immediately prior to the reverse stock split represented any shares of common stock shall be deemed at and after the reverse stock split to represent the number of full shares of common stock contemplated by the preceding sentence.

No service charges, brokerage commissions or transfer taxes shall be payable by any holder of any certificate which prior to approval of the reverse stock split represented any shares of common stock, except that if any certificates of common stock are to be issued in a name other than that in which the certificates for shares of common stock surrendered are registered, it shall be a condition of the issuance that (i) the person requesting the issuance shall pay to the Company any transfer taxes payable by reason thereof (or prior to transfer of the certificate, if any) or establish to the satisfaction of the Company that the taxes have been paid or are not payable, (ii) the transfer shall comply with all applicable federal and state securities laws, and (iii) the surrendered certificate shall be properly endorsed and otherwise be in proper form for transfer.

No Appraisal Rights

Under the General Corporation Law of the State of Delaware, stockholders of the Company are not entitled to appraisal rights with respect to the reverse stock split.

Accounting Matters

The reverse stock split will not affect the par value of 8x8 common stock. As a result, as of the effective time of the reverse stock split, the stated capital attributable to 8x8 common stock on its balance sheet will be reduced proportionately based on the reverse stock split ratio selected by the Board of Directors, and the additional paid-in capital account will be credited with the amount by which the stated capital is reduced. The per-share net income or loss and net book value of 8x8 common stock will be restated because there will be fewer shares of 8x8's common stock outstanding.

Federal Income Tax Consequences of the Reverse Stock Split

The following is a summary of certain material United States federal income tax consequences of the reverse stock split, and does not purport to be a complete discussion of all of the possible federal income tax consequences of the reverse stock split and is included for informational purposes only. The summary also assumes that the pre-reverse stock split shares were, and the post-reverse stock split shares will be, held as a "capital asset," as defined in the Internal Revenue Code of 1986, as amended (i.e., generally, property held for investment). It does not address stockholders subject to special rules, such as financial institutions, tax-exempt organizations, insurance companies, dealers in securities, mutual funds, foreign stockholders, stockholders who hold the pre-reverse stock split shares as part of a straddle, hedge, or conversion transaction, stockholders who hold the pre-reverse stock split shares as qualified small business stock within the meaning of Section 1202 of the Internal Revenue Code of 1986, as amended, referred to below as the Code, stockholders who are subject to the alternative minimum tax provisions of the Code, and stockholders who acquired their pre-reverse stock split shares pursuant to the exercise of employee stock options or otherwise as compensation. This summary is based upon the provisions of the United States federal income tax law as of the date hereof, which is subject to change, prospectively or even retroactively. It does not address tax considerations under state, local, foreign, and other laws. Furthermore, the Company has not obtained a ruling from the Internal Revenue Service or an opinion of legal or tax counsel with respect to the consequences of the reverse stock split. EACH STOCKHOLDER IS ADVISED TO CONSULT HER OR HIS TAX ADVISOR WITH RESPECT TO ALL OF THE POTENTIAL TAX CONSEQUENCES TO HER OR HIM OF A REVERSE STOCK SPLIT.

The reverse stock split is intended to constitute a reorganization within the meaning of Section 368 of the Code. Assuming the reverse stock split qualifies as a reorganization, a stockholder generally will not recognize gain or loss on the reverse stock split, except to the extent of cash, if any, received in lieu of a fractional share interest in the post-reverse stock split shares. The aggregate tax basis of the post-reverse stock split shares received will be equal to the aggregate tax basis of the pre-reverse split shares exchanged therefore, excluding any portion of the holder's basis allocated to fractional shares, and the holding period of the post-reverse stock split shares received will include the holding period of

72,576

*

Andrew B. Schmitt

62,405

*

Paul S. Althasen

45,579

*

M. Jeannine Strandjord(7)

38,096

*

Dr. Andrzej Olechowski

17,129

*

Mark R. Callegari

12,796

*

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Eriberto R. Scocimara

9,662

*

All Directors, and Executive Officers as a Group (14 persons)(8)

4,152,542

7.7%

Five Percent Holders:

Waddell & Reed Financial, Inc.(9)

4,116,113

7.9%

6300 Lamar Avenue

Overland Park, KS 66202

The Vanguard Group(10)

3,718,137

7.1%

100 Vanguard Blvd.

Malvern, PA 19355

FMR LLC(11)

3,558,301

6.8%

245 Summer Street

Boston, MA 02210

Victory Capital Management Inc.(12)

3,430,492

6.6%

4900 Tiedeman Rd. 4th Floor

Brooklyn, OH 44144

Janus Capital Management LLC(13)

2,915,922

5.6%

151 Detroit St.

Denver, CO 80206

*The percentage of shares of Common Stock beneficially owned does not exceed one percent of the shares outstanding of Common Stock.

10

Calculation of percentage of beneficial ownership includes the assumed exercise of options to purchase Common Stock by only the
(1) respective named Stockholder that are vested or that will vest within 60 days of March 24, 2017 and any restricted stock units owned by such person that will vest within 60 days of March 24, 2017.

(2) Includes: (i) 871,123 shares of Common Stock issuable pursuant to options exercisable within 60 days of March 24, 2017, (ii) 316,199 shares of Common Stock pledged to secure a loan, (iii) 34,000 shares of Common Stock held by Mr. Brown's wife, (iv) 206,000 shares of Common Stock held by Mr. Brown's wife as guardian for their children, and (v) 52,000 shares of Common Stock held for the benefit of Mr. Brown's children in four family trusts, of which Mr. Brown's spouse is the trustee.

(3) Includes 387,083 shares of Common Stock issuable pursuant to options exercisable within 60 days of March 24, 2017.

(4) Includes 181,969 shares of Common Stock issuable pursuant to options exercisable within 60 days of March 24, 2017.

(5) Includes 88,919 shares of Common Stock issuable pursuant to options exercisable within 60 days of March 24, 2017.

(6) Includes 67,858 shares of Common Stock issuable pursuant to options exercisable within 60 days of March 24, 2017.

(7) Includes 2,000 shares held in Ms. Strandjord's individual retirement account.

(8) Includes 1,687,729 shares of Common Stock issuable pursuant to options exercisable within 60 days of March 24, 2017.

This information was supplied on Schedule 13G/A filed with the SEC on February 14, 2017. These shares are beneficially owned by one or more open-end investment companies or other managed accounts which are advised or sub-advised by Ivy Investment Management Company, an investment subsidiary of Waddell & Reed Financial, Inc. or Waddell & Reed Investment Management Company, an investment
(9) advisory subsidiary of Waddell & Reed, Inc. Ivy Investment Management Company has sole voting and dispositive power with respect to 2,440,250 shares. Waddell & Reed Investment Management Company, Waddell & Reed, Inc. and Waddell & Reed Financial Services, Inc. may each be deemed to have sole voting and dispositive power with respect to 1,675,863 shares. Waddell & Reed Financial, Inc. may be deemed to have sole voting and dispositive power with respect to 4,116,113 shares.

This information was supplied on Schedule 13G/A filed with the SEC on February 9, 2017. The Vanguard Group has sole voting power
(10) over 30,258 shares and sole dispositive power over 3,685,010 shares. The Vanguard Group has shared voting power over 5,600 shares and shared dispositive power over 33,127 shares.

(11) This information was supplied on Schedule 13G/A filed with the SEC on February 14, 2017. FMR LLC has sole voting power over 1,068,451 shares and sole dispositive power over 3,558,301 shares.

(12) This information was supplied on Schedule 13G/A filed with the SEC on February 13, 2017. Victory Capital Management, Inc. has sole voting over 3,389,398 shares and dispositive power over 3,430,492 shares.

This information was supplied on Schedule 13G/A filed with the SEC on February 13, 2017. Janus Capital Management LLC has sole
(13) voting and dispositive power over 2,808,122 shares. Janus Capital Management LLC has shared voting power and shared dispositive power over 107,800 shares.

CORPORATE GOVERNANCE

Director Independence

The Board of Directors has determined that all of the non-employee Directors are “independent” under the listing standards of The Nasdaq Stock Market LLC.

As highly accomplished individuals in their respective industries, fields and communities, the non-employee Directors are affiliated with numerous corporations, educational institutions and charities, as well as civic organizations and professional associations, many of which have business, charitable or other relationships with the Company. The Board considered each of these relationships and determined that none of these relationships conflict with the interests of the Company or would impair the relevant non-employee Director’s independence or judgment. In the event of Board-level discussions pertaining to a potential transaction, relationship or arrangement involving an organization with which a Director is affiliated, that Director would be expected to recuse himself or herself from the deliberation and decision-making process.

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

The Board held four meetings during 2016. The Board has established an Audit Committee, a Compensation Committee and a Nominating & Corporate Governance Committee. During 2016, each Director attended at least 75% of the total number of meetings held by the Board and Board committees on which he or she served (during the period for which he or she was a Director).

Board Committee Membership

During 2016, the Board committee membership was as follows:

Director	Audit	Compensation	Nominating & Corporate Governance
Michael J. Brown*			
Paul S. Althasen - I	M		M
Thomas A. McDonnell - I, L	M	M	M
Dr. Andrzej Olechowski - I		M	M
Eriberto R. Scocimara - I	M	M	C
Andrew B. Schmitt - I	M	C	M
M. Jeannine Strandjord - I	C	M	M
Mark R. Callegari - I	M	M	M

* Chairman of the Board C - Committee Chair M - Committee Member I - Independent Director L - Lead Director

Audit Committee

The Company has an Audit Committee established in accordance with the requirements of the Securities Exchange Act of 1934 (the "Exchange Act"). The Audit Committee of the Board, composed solely of independent Directors, met four times in 2016. The following five Directors are members of the Audit Committee: M. Jeannine Strandjord, Chair, Thomas A. McDonnell, Eriberto R. Scocimara, Mark R. Callegari and Andrew B. Schmitt. The Audit Committee operates under a written charter adopted by the Board, which is published on Euronet’s website at <http://ir.euronetworldwide.com/documents.cfm>.

The Board has determined that each of the Audit Committee members is independent, as that term is defined under the enhanced independence standards for audit committee members in the Exchange Act and rules promulgated thereunder, as amended and incorporated into the listing standards of The Nasdaq Stock Market LLC.

The Board has determined that all of the members of the Audit Committee are “audit committee financial experts” as that term is defined in the rules promulgated by the SEC pursuant to the Sarbanes-Oxley Act of 2002.

The Audit Committee has oversight responsibilities with respect to our financial reporting process and systems of internal controls regarding finance, accounting and legal compliance. The Audit Committee is responsible for retaining, evaluating and monitoring our independent registered public accounting firm and for providing an audit committee report for inclusion in our Proxy Statement. The Audit Committee is also responsible for maintaining open communication among the Audit Committee, management and our outside auditors. However, the Audit Committee is not responsible for conducting audits, preparing financial

statements, or assuring the accuracy of financial statements or filings, all of which is the responsibility of management and/or the outside auditors.

Compensation Committee

The Compensation Committee of the Board met four times in 2016 to determine policies regarding the compensation of our executives and to review, determine, and recommend to the full Board, as appropriate, the approval of the grant of options, restricted stock units and cash bonuses to our executives. The purpose of the Compensation Committee is to make determinations and recommendations, as appropriate, to the Board with respect to the compensation of our Chief Executive Officer and other senior executive officers. Andrew B. Schmitt, Chair, Thomas A. McDonnell, M. Jeannine Strandjord, Dr. Andrzej Olechowski, Eriberto R. Scocimara, Mark R. Callegari and Paul Althasen are the current members of the Compensation Committee. The Board has determined that all the members of the Compensation Committee are (i) independent as defined under the independence standards of the listing standards of the Nasdaq Stock Market LLC both for directors generally and those applicable to members of the Compensation Committee, (ii) “non-employee” directors under Section 16 rules, and (iii) “outside directors” for purposes of Internal Revenue Code Section 162(m).

The Compensation Committee performs its functions and responsibilities pursuant to a written charter adopted by our Board, which is published on Euronet’s website at <http://ir.euronetworldwide.com/documents.cfm>.

Its charter authorizes our Compensation Committee to delegate its responsibilities to one or more subcommittees or Directors, in accordance with restrictions set forth in the charter. Under the terms of our incentive plans, our Compensation Committee is authorized to administer the plans and may delegate its authority under such plans to another committee of the Board or a Director.

Our human resources department supports the Compensation Committee in its work and in some cases acts pursuant to delegated authority to fulfill various functions in administering the day-to-day ministerial aspects of our compensation and benefits plans.

Annual Process for Determining Compensation of Executive Officers

As further described in the “Compensation Discussion and Analysis,” our Compensation Committee, together with senior management and outside consultants engaged by the Compensation Committee, conducts an annual review of our overall compensation program for executive officers. With respect to executive officer compensation, our Compensation Committee reviews each of the key components of compensation - base salary and short- and long-term incentives, both within Euronet and as compared to peers and survey data to determine whether each of these components is consistent with our compensation philosophy and its related goals and objectives. Upon the recommendation of our Chief Executive Officer with respect to the compensation of each executive officer who directly reports to him, and, based on the findings of any outside consultants that may be engaged to assist in this review, our Compensation Committee determines or recommends to the full Board, as appropriate, the compensation for all key executives, including our Chief Executive Officer. Executive officers are not involved in proposing or seeking approval for their own compensation.

Process for Determining Non-Employee Director Compensation

Our Compensation Committee makes recommendations to the full Board about Board compensation and benefits for non-employee Directors, including cash, equity-based awards and other compensation. In making recommendations about non-employee Director compensation, our Compensation Committee seeks advice from outside compensation consultants who are retained by the committee to, among other functions: (i) conduct a competitive assessment of non-employee Director compensation compared to competitive practice, (ii) inform the committee of emerging trends in director pay practices, (iii) advise on stock ownership guidelines for non-employee Directors, and (iv) assess the amount of compensation that is adequate to compensate our Directors for their time and effort with respect to Board obligations. If, after the periodic review of non-employee Director compensation by our Compensation Committee, the committee determines that any changes should be made to such program, it will recommend such changes to our Board for approval.

Outside Executive Compensation Consultants

The Compensation Committee directly retained AON Hewitt as its outside compensation consultant for 2016. AON Hewitt assisted the Compensation Committee and performed functions in connection with executive compensation matters for the Compensation Committee including: (i) conducting a competitive assessment of key executives’ total direct compensation (e.g., sum of base salary, annual bonus and long-term incentive opportunity), (ii) evaluating appropriateness of annual incentive plan targets and standards, (iii) assessing whether the structure (the mix of cash and equity compensation, as well as annual and long term incentives) is appropriate and competitive, (iv) comparing Euronet’s annual share utilization and earnings per share dilution for equity-based compensation to competitive practices and institutional investor guidelines, (v) comparing Euronet’s expense for stock-based compensation to its peer companies, (vi) advising the Compensation Committee regarding design changes to compensatory programs and the development of new programs based on strategic goals, competitive assessment, regulatory changes and risk management, (vii) informing the Compensation Committee of emerging trends in executive compensation, the

institutional investor climate and corporate governance and accounting developments, (viii) providing and periodically advising on stock ownership or retention guidelines for senior executives, and (ix) providing the Compensation Committee with regular updates regarding changes in regulatory and legislative developments.

The Compensation Committee assessed the independence of AON Hewitt pursuant to Nasdaq's rules and concluded that no conflict of interest exists that would prevent AON Hewitt from independently advising the Committee.

Compensation Policies and Practices as They Relate to Risk Management

Together with management, the Compensation Committee considered the design and operation of the Company's compensation arrangements, including the performance objectives and target levels used in connection with incentive awards and evaluated the relationship between the Company's risk management and these arrangements. The Compensation Committee believes that the Company's compensation policies and practices do not encourage unnecessary or excessive risk taking and that any risks arising from the Company's compensation policies and practices for its employees are not reasonably likely to have a material adverse effect on the Company.

Nominating & Corporate Governance Committee

The Nominating & Corporate Governance Committee met once in 2016. It also met in February 2017 to evaluate the performance of the Board during 2016 and consider nominees for election at the Annual Meeting. Eriberto R. Scocimara, Chair, Andrew B. Schmitt, M. Jeannine Strandjord, Andrzej Olechowski, Thomas A. McDonnell, Mark R. Callegari and Paul Althasen are the current members of the Nominating & Corporate Governance Committee. The Board has determined that all of the members of the Nominating & Corporate Governance Committee are independent as defined under the general independence standards of the listing standards of The Nasdaq Stock Market LLC.

The Nominating & Corporate Governance Committee performs the functions of a nominating committee. The Nominating & Corporate Governance Committee's charter describes the committee's responsibilities, including developing corporate governance guidelines and seeking, screening and recommending Director candidates for nomination by the Board. This charter is published on our website at <http://ir.euronetworldwide.com/documents.cfm> under the Corporate Governance menu. Euronet's Corporate Governance Guidelines contain information regarding the selection, qualification and criteria for Director nominees and the composition of the Board, and are published on Euronet's website at <http://ir.euronetworldwide.com/documents.cfm>.

The Nominating & Corporate Governance Committee evaluates each Director in the context of the Board as a whole, with the objective of recommending a Director who can best perpetuate the success of the business and represent Stockholder interests through the exercise of sound judgment using his or her diversity of experience in these various areas. The Nominating & Corporate Governance Committee considers the experience, qualifications, attributes and skills of each director and nominee, including the person's particular areas of expertise and other relevant qualifications, and the interplay of such experience, qualifications, attributes and skills with the Board as a whole. As determining the specific qualifications or criteria against which to evaluate the fitness or eligibility of potential Director candidates is necessarily a dynamic and an evolving process, the Board believes that it is not always in the best interests of Euronet or its Stockholders to attempt to create an exhaustive list of such qualifications or criteria. Appropriate flexibility is needed to evaluate all relevant facts and circumstances in context of the needs of the Board and Euronet at a particular point in time. Accordingly, the Nominating & Corporate Governance Committee reserves the right to consider those factors as it deems relevant and appropriate, including the current composition of the Board, the balance of management and independent Directors, the need for Audit Committee expertise and the evaluations of other potential Director candidates. The committee does not have a policy concerning diversity but it believes that the above criteria will lead the committee to consider diversity in its various forms (including diversity of age, experience, background and perspective) in selecting director candidates. In determining whether to recommend a Director for re-election, the Nominating & Corporate Governance Committee also considers the Director's past attendance at meetings and participation in and contributions to the activities of the Board.

As general guidelines, members of the Board and potential Director candidates for nomination to the Board will be persons with appropriate educational background and training and who:

- have personal and professional integrity;
- act in a thorough and inquisitive manner;
- are objective;
- have practical wisdom and mature judgment;
- have demonstrated the kind of ability and judgment to work effectively with other members of the Board to serve the long-term interests of the Stockholders;
- have a general understanding of management, marketing, accounting, finance and other elements relevant to Euronet's success in today's business environment;

have financial and business acumen, relevant experience, and the ability to represent and act on behalf of all Stockholders; are willing to devote sufficient time to carrying out their duties and responsibilities effectively, including advance review of meeting materials; and are committed to serve on the Board and its committees for an extended period of time.

In addition, we do not permit any new Directors nominated by the Board (a) who serve as a member of Euronet's Audit Committee to serve on the audit committee of more than two other boards of public companies, (b) who serve as chief executive officers or in equivalent positions of other public companies to serve on more than two boards of public companies in addition to the Board, and (c) generally to serve on more than four other boards of public companies in addition to the Board. These policies were adopted in November 2003 and the Board determined that they would not be applied to Directors who were serving on the Board at that time, unless the Board considers that failure to comply is impairing the quality of a Director's service on the Board.

The Board values the contributions of a Director whose years of service has given him or her insight into Euronet and its operations and believes term limits are not necessary.

Director Candidate Recommendations and Nominations by Stockholders

The Nominating & Corporate Governance Committee's charter provides that the Nominating & Corporate Governance Committee will consider Director candidate recommendations by Stockholders. Director candidates recommended by Stockholders are evaluated in the same manner as candidates recommended by the Nominating & Corporate Governance Committee. Stockholders should submit any such recommendations to the Nominating & Corporate Governance Committee through the method described under "Other Matters - Recommendations or Nominations of Individuals to Serve as Directors" below. In addition, in accordance with Euronet's Bylaws, any Stockholder of record entitled to vote for the election of Directors at the applicable meeting of Stockholders may nominate persons for election to the Board of Directors if such Stockholder complies with the notice procedures set forth in the Bylaws and summarized in "Other Matters - Deadline to Propose or Nominate Individuals to Serve as Directors" below.

Lead Independent Director

Under the Company's Corporate Governance Guidelines, the Board annually selects a Lead Independent Director. The principal responsibilities of the Lead Independent Director are to call for and conduct executive sessions of the Board, serve as liaison between the Chairman of the Board and the independent Directors, approve meeting agendas and schedules for Board meetings, recommend matters to the Chairman for consideration by the Board and be available for consultation and direct communication with Stockholders and all interested parties. A full list of the roles and responsibilities is included in the Company's Corporate Governance Guidelines.

The Board believes that the existence of a Lead Independent Director enhances coordination of decision-making among the independent Directors and communication between them and the Chairman, and provides a single point of contact for Stockholders and other outside parties to communicate with the Board. Thomas A. McDonnell has acted as the Lead Independent Director since September 2014.

Combined CEO and Chairman Role

Michael J. Brown currently serves as both Chairman of the Board of Directors and Chief Executive Officer and President of the Company. The Nominating & Corporate Governance Committee and the Board have considered the advantages and disadvantages of the combination of these two roles and consider it appropriate to maintain the combined roles. In particular, the Board has concluded that this structure promotes unified leadership and direction for the Company and provides a single, clear focus for the chain of command to execute the Company's business plans and strategies.

Risk Oversight

The Board has delegated oversight of Euronet's risk management efforts to the Audit Committee. The Audit Committee's role in risk oversight includes reviewing information provided by members of senior management on areas of material risk to the Company, or to the success of a particular project or endeavor under consideration, including operational, financial, legal, regulatory, strategic and reputational risks. The Audit Committee uses such information to understand the Company's risk identification, risk management and risk mitigation strategies. The Board believes that risk management is an integral part of Euronet's annual strategic planning process, which addresses, among other things, the risks and opportunities facing the Company.

Part of the Audit Committee's responsibilities, as set forth in its charter, is to review with corporate management, the independent auditors and the internal auditors, if applicable, any legal matters, risks or exposures that could have a significant impact on the financial statements and the steps management has taken to minimize the Company's exposure. The Company's management regularly evaluates these controls, and the Audit Committee is provided regular updates regarding the effectiveness of the controls. The Audit Committee regularly reports to the full Board.

Communications with the Board of Directors

The Board has approved a formal policy for Stockholders to send communications to the Board or its individual members. Stockholders can send communications to the Board and specified individual Directors by mailing a letter to the attention of the Board or a specific Director (c/o the General Counsel) at Euronet Worldwide, Inc., 3500 College Blvd., Leawood, Kansas 66211 or by sending an email to directors@eef.com. Upon receipt of a communication for the Board or an individual Director, the General Counsel will promptly forward any such communication to all the members of the Board or the individual Director, as appropriate. If a communication to an individual Director deals with a matter regarding Euronet, the General Counsel will forward the communication to the entire Board, as well as the individual Director. Neither the Board nor a specific Director is required to respond to Stockholder communications and when responding shall do so only in compliance with the Corporate Governance Guidelines.

Director Attendance at Annual Meeting

Euronet has a policy encouraging its Directors to attend the Annual Meeting of Stockholders. Two Directors, Michael J. Brown and Mark R. Callegari, attended our 2016 Annual Meeting.

Code of Conduct

The Board has adopted a Code of Business Conduct & Ethics for Directors, Officers and Employees (the "Code of Conduct") that applies to all of our employees and Directors, including the Chief Executive Officer, the Chief Financial Officer and the Controller. The Code of Conduct is available on Euronet's website at <http://ir.euronetworldwide.com/documents.cfm>. Any amendment to or waiver of the Code of Conduct will be filed on Form 8-K or posted on our website.

PROPOSAL 1
ELECTION OF DIRECTORS

Our Directors are as follows:

Name	Age	Position	Term Expires
Michael J. Brown	60	Chairman, Chief Executive Officer and Class I Director	2019
Andrew B. Schmitt	68	Class I Director	2019
M. Jeannine Strandjord	71	Class I Director	2019
Dr. Andrzej Olechowski	70	Class II Director	2017
Eriberto R. Scocimara	81	Class II Director	2017
Mark R. Callegari	61	Class II Director	2017
Paul S. Althasen	52	Class III Director	2018
Thomas A. McDonnell	71	Class III Director	2018

Classified Board

We currently have eight Directors divided among three classes as described above.

The Board has determined that all of the Directors, other than Mr. Brown, are independent Directors as defined in the listing standards for The Nasdaq Stock Market LLC.

Three Class II Directors are to be elected at the Annual Meeting for three-year terms ending at the Annual Meeting of Stockholders in 2020. The Board has nominated Dr. Andrzej Olechowski, Eriberto R. Scocimara and Mark R. Callegari for election as Class II Directors. Unless otherwise instructed, each valid proxy will be voted for Dr. Olechowski and Messrs. Scocimara and Callegari. Each of the Class II nominees has consented to serve as a Director of Euronet. If a nominee is unable or subsequently declines to serve as a Director at the time of the Annual Meeting, the proxies will be voted for any alternative nominee who shall be designated by the present Board to fill the vacancy. We are not aware of any reason why Dr. Olechowski and Messrs. Scocimara and Callegari will be unable or will decline to serve as a Director.

Nominees for Election at the Annual Meeting

The following is a brief description of the business experience of each nominee for Director and a brief discussion of the specific experience, qualifications, attributes or skills that led to the conclusion that the nominee should continue to serve as a Director for the Company, in light of the Company's business and structure. Except for Mr. Callegari, all of these Directors have served on our Board for at least five years.

DR. ANDRZEJ OLECHOWSKI has served on our Board since May 2002. He previously served as a Director of Euronet from its incorporation in December 1996 until May 2000. From 2005 until 2009 when he retired, Dr. Olechowski was the President of Conseil DG, a Polish consulting company. From 1995 until 2008, Dr. Olechowski served as a Senior Advisor for Central Europe Trust, Poland, a consulting firm. He has held several senior positions with the Polish government: from 1993 to 1995, he was Minister of Foreign Affairs and in 1992 he was Minister of Finance. From 1992 to 1993, and again in 1995, he served as economic advisor to President Lech Walesa. From 1991 to 1992, he was Secretary of State in the Ministry of Foreign Economic Relations and from 1989 to 1991 he was Deputy Governor of the National Bank of Poland. From May 1998 to June 2000, Dr. Olechowski served as the Chairman of Bank Handlowy w Warszawie S.A. (Poland). Until April 2009, Dr. Olechowski sat on the Supervisory Board of Vivendi (France) and currently sits on the Supervisory Board of Bank Handlowy w Warszawie S.A. and the boards of various charitable and educational foundations. Dr. Olechowski is currently a Professor at Visula University. He received a Ph.D. in Economics in 1979 from the Central School of Planning and Statistics in Warsaw.

In selecting Dr. Olechowski as a nominee for Director, the Board considered his significant stature in Polish government and business, his extensive business connections in and knowledge of the banking industry in Poland and Central Europe (which have historically been among the Company's most important markets in the electronic funds transfer division), as well as his experience as a consultant and member of other boards with respect to the strategic and market factors affecting the Company's business.

ERIBERTO R. SCOCIMARA has been a Director of Euronet since its incorporation in December 1996 and previously served on the boards of Euronet's predecessor companies. From April 1994 through its liquidation in 2011, Mr. Scocimara served

as President and Chief Executive Officer of the Hungarian-American Enterprise Fund (“HAEF”), a private company that was funded by the U.S. government and invested in Hungary. From 1984 to 2016, Mr. Scocimara was the President of Scocimara & Company, Inc., an investment management company. Mr. Scocimara is currently a director of several privately owned companies as well as being a director and the chairman of the audit committee of ARC Document Solutions, Inc. He has a Licence de Science Economique from the University of St. Gallen, Switzerland, and an M.B.A. from Harvard University.

In selecting Mr. Scocimara as a nominee for Director, the Board considered his extensive financial and business experience acquired through his participation on other boards and committees and management of a Central European investment fund. These qualities as well as his broad range of business contacts and knowledge of Central Europe are considered particularly valuable by the Board.

MARK R. CALLEGARI has served on our Board since September 2014. Mr. Callegari is the Founder and Chief Executive Officer of Callegenix, LLC, an industry leader in lighting control and microprocessing systems founded in 1999. In 2002, Mr. Callegari founded LightWild LLC and served as its Chairman until 2013. In 2002, Mr. Callegari founded and served as Chairman of Animated Lighting, Inc., until its sale in 2005. In 1998, Mr. Callegari founded Tidestone Technologies and served as its Chairman until 2001. In 1979, Mr. Callegari co-founded Innovative Software, Inc., a computer software company that was merged in 1988 with Informix. Mr. Callegari served as Executive Vice President of Informix from 1988 to 1992. Mr. Callegari received a Bachelor of Science degree from Rockhurst University and is the holder of two patents on the process of illuminating building facades.

In selecting Mr. Callegari as a nominee for Director, the Board considered his extensive talent as a proven entrepreneur with valuable insight and his experience in developing industry leading technology and software solutions.

Other Directors

The following is a brief description of the business experience of each of our other Directors whose term of office will extend beyond 2017, and a brief discussion of the specific experience, qualifications, attributes or skills that led to the conclusion that the other Directors are qualified for service as a Director of the Company, in light of the Company’s business and structure.

MICHAEL J. BROWN is one of the founders of Euronet and has served as our Chairman of the Board and Chief Executive Officer since 1996 and as our President since December 2014. He also served as our President from December 11, 2006 to June 11, 2007. He founded our predecessor in 1994 with Daniel R. Henry, our former President and Chief Operating Officer. Mr. Brown has been a Director of Euronet since our incorporation in December 1996 and previously served on the boards of Euronet’s predecessor companies. In 1979, Mr. Brown co-founded Innovative Software, Inc., a computer software company that was merged in 1988 with Informix. Mr. Brown served as President and Chief Operating Officer of Informix from February 1988 to January 1989. He served as President of the Workstation Products Division of Informix from January 1989 until April 1990. In 1993, Mr. Brown was a founding investor of Visual Tools, Inc. Visual Tools, Inc. was acquired by Sybase Software in 1996. Mr. Brown was formerly a director of Blue Valley Ban Corp. and Nexus Lighting, Inc. Mr. Brown received a B.S. in electrical engineering from the University of Missouri-Columbia in 1979 and a M.S. in molecular and cellular biology at the University of Missouri-Kansas City in 1997.

The Board considers as particularly valuable Mr. Brown's deep commitment to the success of the Company (demonstrated in particular by his long-term stock holdings), his extensive experience as the founder of the Company and the initiator of each of the business lines of the Company, and the strategic, business and financial skills and knowledge he brings to his position as Director. Through his management of the Company since its inception, Mr. Brown has acquired a unique knowledge of the financial transaction processing industry in the markets in which the Company operates.

ANDREW B. SCHMITT has served on our Board since September 24, 2003. Mr. Schmitt served as President and Chief Executive Officer of Layne Christensen Company from October 1993 until his retirement on January 31, 2012. For approximately two years prior to joining Layne Christensen Company, Mr. Schmitt was a partner in two privately owned hydrostatic pump and motor manufacturing companies and an oil and gas service company. He served as President of the Tri-State Oil Tools Division of Baker Hughes Incorporated from February 1988 to October 1991. Currently, Mr. Schmitt serves on the board of directors of FreightCar America, Inc., where he chairs the Compensation Committee and is a member of the Nominating and Corporate Governance Committee. Mr. Schmitt served as a director of Layne Christensen Company until his retirement in 2012. Mr. Schmitt holds a bachelor of science degree from the University of Alabama School of Commerce and Business.

The Board considers as particularly valuable Mr. Schmitt's extensive financial, business and management experience and skills, including in particular, valuable knowledge and experience acquired from managing an international business that, like the Company, operated in many developing markets during his tenure.

M. JEANNINE STRANDJORD, CPA, has 40 plus years of financial management experience and was employed in three different industries after starting in public accounting on the audit staff of Ernst and Whinney in 1968. For 20 years, beginning in 1985, she held several senior financial management roles at Sprint Corporation. She managed the successful transformation

and restructuring of Sprint as Chief Integration Officer from 2003 until 2005 when she retired. Previously, she was Senior VP and Chief Financial Officer of Global Solutions, a \$9 billion division, from 1998 until 2003, and was Controller and Treasurer from 1986 to 1998. Ms. Strandjord has been a director of American Century Mutual Funds (for six registered investment companies) since 1994; was a director of DST Systems, Inc., from 1996 to 2012; and has been a director of MGP Ingredients since 2013. She has also been a director of JE Dunn Construction Corporation, a private company, since 2006. Her current non-profit boards are the Ewing Marion Kauffman Foundation, the Truman Library, and the World War I Museum. Past non-profit boards include Rockhurst University, the Heartland Chapter of the National Association for Corporate Directors and the Kansas City Community Foundation. She has been a director of the Company since 2001 and is currently the Chair of the Audit Committee. She also served as Lead Independent Director from 2010 to 2014. Ms. Strandjord holds a bachelor's degree in accounting and business administration from the University of Kansas.

The Board considers as particularly valuable Ms. Strandjord's experience on the boards of various other public companies, as well as an extensive background in finance, corporate governance, restructuring, talent management, and compensation and benefits.

PAUL S. ALTHASEN has served on our Board since May 2003. He joined Euronet in February 2003 in connection with Euronet's acquisition of e-pay Limited, a UK company. Mr. Althasen served as Executive Vice President of Euronet until his resignation on April 2, 2012. Mr. Althasen is a co-founder and former CEO and Co-Managing Director of e-pay, and he was responsible for the strategic direction of e-pay from its formation in 1999 until April 2012. From 1989 to 1999, Mr. Althasen was a co-founder and Managing Director of MPC Mobile Phone Center, a franchised retailer of cellular phones in the UK. Previously, Mr. Althasen worked for Chemical Bank in London where he traded financial securities. Mr. Althasen currently serves as a director of Lodwick Homes Ltd. Mr. Althasen has a B.A. (Honors) degree in business studies from the City of London Business School.

The Board considers as particularly valuable Mr. Althasen's broad first-hand knowledge and experience in the prepaid payments industry in Western Europe and especially in the UK.

THOMAS A. MCDONNELL has been a Director of Euronet since its incorporation in December 1996 and he previously served on the boards of Euronet's predecessor companies. He has served as Lead Independent Director since September 2014. From October 1984 until September 12, 2012, he served as Chief Executive Officer of DST Systems, Inc., a former Stockholder of Euronet. From September 12, 2012 through December 31, 2012, he served as non-executive Chairman of DST Systems, Inc. From 1973 to September 1995, he served as Treasurer of DST Systems, Inc. From January 1, 2013 until his retirement on December 31, 2014, Mr. McDonnell was President and Chief Executive Officer of the Ewing Marion Kauffman Foundation. Mr. McDonnell is currently a director of Blue Valley Ban Corp., Cohanzick HY Fund Ltd., and Kansas City Southern, where he is a member of the Audit Committee. Mr. McDonnell has a B.S. in Accounting from Rockhurst University and an M.B.A. from the Wharton School of Finance.

The Board considers as particularly valuable Mr. McDonnell's many years of experience in management of a public company in the transaction processing industry and participation on other company boards, whereby Mr. McDonnell has acquired extensive financial, accounting and management experience and substantive business knowledge. These qualities, as well as the knowledge of the Company's business gained from his participation on the Board since the Company's inception, are considered particularly valuable by the Board.

Required Vote and Board Recommendation

Election of the Company's three nominees for Director requires each Director nominee to receive the affirmative vote of a majority of the votes cast in person or represented by proxy at the Annual Meeting regarding the election of such Director nominee.

THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF DR. ANDRZEJ OLECHOWSKI, MR. ERIBERTO SCOCIMARA AND MR. MARK CALLEGARI AS CLASS II DIRECTORS OF EURONET.

PROPOSAL 2

RATIFICATION OF KPMG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR 2017

We are requesting our Stockholders ratify the selection by our Audit Committee of KPMG LLP as Euronet's independent registered public accounting firm for 2017. KPMG LLP will audit the consolidated financial statements of Euronet and its subsidiaries for 2017, review certain reports we will file with the SEC, audit the effectiveness of our internal control over financial reporting, provide our Board and Stockholders with certain reports, and provide such other services as our Audit Committee and its Chairperson may approve from time to time.

KPMG LLP served as our independent registered public accounting firm for 2016, and performed professional services for us as described below in the "Audit Matters" section. Representatives of KPMG LLP are expected to be present at the Annual Meeting and will have the opportunity to make a statement if they desire and to respond to appropriate questions. Although our Audit Committee has selected KPMG LLP, it nonetheless may, in its discretion, terminate KPMG's engagement and retain another independent registered public accounting firm at any time during the year if it concludes that such change would be in the best interests of Euronet and its Stockholders.

Required Vote and Board Recommendation

Approval of the ratification of KPMG LLP as our independent registered public accounting firm for 2017 requires the affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy at the Annual Meeting and voting on this proposal.

THE BOARD UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE RATIFICATION OF THE SELECTION OF KPMG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR 2017.

PROPOSAL 3

ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, enables our Stockholders to vote to approve, on a non-binding advisory basis, the compensation of our named executive officers as disclosed in this Proxy Statement in accordance with the SEC's rules.

As described in detail below under the heading "Compensation Discussion and Analysis," our executive compensation programs are designed (i) to align the interests of executive management and Stockholders by making individual compensation dependent upon achievement of financial goals and by providing long-term incentives through our equity-based award plans, and (ii) to provide competitive compensation that will help attract, retain and reward highly qualified executives who contribute to our long-term success. The overall compensation program is designed to reward a combination of strong individual performance, strong performance by Euronet in meeting its long-term strategic goals and stock price appreciation.

Our compensation package for executive officers consists of a balance of base salary, certain employee benefits, annual bonuses under our Executive Annual Incentive Plan, performance based equity grants and limited perquisites or other benefits. To serve the best interests of Stockholders, the Compensation Committee follows an executive compensation philosophy that emphasizes performance-based compensation. This philosophy also aligns the economic interests of executive officers and Stockholders by ensuring that nonvested performance-based equity incentive awards represent a substantial portion of an executive officer's total compensation package. The Compensation Committee periodically reviews our executive compensation practices to ensure they achieve our desired goals.

At last year's annual meeting, a substantial majority of the votes cast on the advisory vote on executive compensation were in favor of the Company's named executive officer compensation for 2015. We are asking our Stockholders to again indicate their support for our named executive officer compensation as described in this Proxy Statement. This proposal, commonly known as a "say-on-pay" proposal, gives our Stockholders the opportunity to express their views on our named executive officers' compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this Proxy Statement. Accordingly, we will ask our Stockholders to approve, on an advisory basis, the following resolution: "RESOLVED, that the Company's Stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company's Proxy Statement for the 2017 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and related narrative disclosure."

The say-on-pay vote is advisory, and therefore not binding on the Company, the Compensation Committee or our Board of Directors. However, our Board of Directors and Compensation Committee value the opinions of our Stockholders and will consider the outcome of the vote when making future executive compensation decisions.

THE BOARD UNANIMOUSLY RECOMMENDS AN ADVISORY VOTE "FOR" THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SECURITIES AND EXCHANGE COMMISSION, INCLUDING THE COMPENSATION DISCUSSION AND ANALYSIS, THE COMPENSATION TABLES AND RELATED NARRATIVE DISCLOSURE.

PROPOSAL 4

ADVISORY VOTE ON FREQUENCY OF STOCKHOLDER VOTE ON EXECUTIVE COMPENSATION

Background of the Proposal. In accordance with the Dodd-Frank Act, companies are required to provide a separate non-binding stockholder advisory vote on the compensation of our named executive officers once every six years to determine whether the stockholders' say-on-pay vote should occur every year, every two years or every three years. This proposal is commonly known as a "Say When on Pay" or "Frequency" proposal. Our last "Say When on Pay" vote was held in 2011 and our Stockholders voted in favor of annual frequency at that time.

Frequency Vote on Say on Pay. We believe that it is important that our executive compensation program directly links executive compensation to our financial performance and align the interests of our executive officers with those of our Stockholders. The Board of Directors believes that giving our Stockholders the right to cast an advisory say-on-pay vote is a good corporate governance practice and provides the Company with valuable Stockholder input on our compensation philosophy, policies and practices.

The Board of Directors and the Compensation Committee value the opinion of our Stockholders and will take into account the outcome of the vote when considering the frequency of the advisory vote. Because this Frequency vote is advisory, however, it is non-binding on the Company and the Board of Directors may decide it is in the best interests of the Company and the Stockholders to hold an advisory say-on-pay vote to approve executive compensation more or less frequently than the option approved by our Stockholders.

The recommendation of the Board of Directors appears below and aligns with the feedback that the Company received following the last Frequency vote in 2011. In connection with this year's voting, Stockholders may specify one of four choices for this Proposal No. 4 on the proxy card: three years, two years, one year or abstain. Stockholders are not voting to approve or disapprove the Board of Director's recommendation.

THE BOARD UNANIMOUSLY RECOMMENDS THAT THE ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION BE CONDUCTED EVERY YEAR.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

Euronet has a long-standing compensation philosophy that emphasizes performance-based compensation. In furtherance of that philosophy, Euronet provides its executives strong incentives to drive operating performance and profitability, while promoting an appropriate balance between short-term performance and sustainable long-term growth. Our Compensation Committee believes that an appropriate incentive-driven compensation program closely correlates with the achievement of operating and financial performance goals that lead to improvements in long-term stockholder value. As described directly below, Euronet's strong operational and financial performance over the last several years was reflected in the significant increase in our Common Stock - outperforming broad equity indices, such as the NASDAQ market index. Management's primary operating measures are earnings per share and operating income, each adjusted for currency fluctuations and certain pre-defined non-cash and non-recurring elements approved by the Compensation Committee, which we refer to as "adjusted EPS" and "adjusted operating income," respectively.

Financial Performance

In 2016, Euronet achieved strong financial results, while at the same time expanding both our network of ATMs under management and our money transfer network to help position our Company for long-term success. Our 2016 highlights include:

• We increased total revenues by 11%, or \$186.3 million, to \$1,958.6 million in 2016 from \$1,772.3 million in 2015;

• We increased our adjusted operating income (annual operating income excluding intangible amortization and share-based compensation) by 20%, or \$48.6 million, to \$290.2 million in 2016 from \$241.6 million in 2015 (22% increase on a constant currency basis)¹;

• We increased adjusted EPS by 21%, or \$0.70, to \$4.02 in 2016 from \$3.32 in 2015 (22% increase on a constant currency basis)¹; and

• We completed the acquisition of YourCash Europe Limited, which owns and operates primarily merchant filled ATMs in the United Kingdom, Netherlands, Belgium and Ireland.

The closing price of our Common Stock was \$72.43 per share on both December 31, 2016 and December 31, 2015. Euronet has delivered total shareholder return of 292% over the five-year period ended December 31, 2016, with an annual compound shareholder return of 31% during that period. A \$100 investment in Euronet at the beginning of 2012 would have grown to \$392 at the end of 2016, more than double the return of the NASDAQ Global Select Market and NASDAQ Financial Index over the same period.

¹ Adjusted operating income, adjusted EPS, adjusted operating income on a constant currency basis, and adjusted EPS on a constant currency basis are non-GAAP financial measures that exclude certain items. Please refer to Exhibit A to this Proxy Statement for a reconciliation of these measures relative to reported GAAP financial measures. To evaluate performance in a manner consistent with how management evaluates our operational results and trends, the Compensation Committee applies certain non-GAAP performance metrics to both annual incentive and long-term awards. Constant currency financial measures assume constant foreign currency exchange rates did not change from the prior period, which enables consistent year-over-year financial comparisons and ensures incentive payouts are not artificially inflated or impaired by local country currency fluctuations that are outside the control of management.

Set forth below is a graph comparing the total cumulative return on our Common Stock from December 31, 2011 through December 31, 2016 with the Total Returns Index for U.S. companies traded on the NASDAQ Global Select Market and the Total Returns Index for U.S. NASDAQ Financial Stocks.

NOTE: Index Data: Calculated (or Derived) based from CRSP NASDAQ Stock Market (US Companies) and CRSP NASDAQ Financial Index, Center for Research in Security Prices (CRSP®), Graduate School of Business, The University of Chicago. Copyright 2016. Used with permission. All rights reserved.

Overview and Philosophy

The Compensation Committee, which currently consists of seven independent Directors who each hold a significant amount of Company stock, administers our executive compensation programs. The Compensation Committee is responsible for recommending policies to the Board that govern both annual cash compensation and equity incentive programs.

Our executive compensation policies have the following objectives:

- to align the interests of executive management and Stockholders by making individual compensation dependent upon achievement of financial goals and by providing long-term incentives through our equity-based award plans; and
- to provide competitive compensation that will help attract, retain and reward highly qualified executives who contribute to our long-term success.

The overall compensation program is also designed to reward a combination of strong individual performance, strong performance by Euronet in meeting its long-term strategic goals and stock price appreciation.

Our compensation package for executive officers consists of a balance of base salary, certain employee benefits, annual incentive compensation under our Executive Annual Incentive Plan, which is based on a combination of corporate and individual performance criteria, and stock options or grants of restricted stock or restricted stock units (collectively referred to as "restricted stock") which vest over a period of years and/or upon the achievement of certain performance-based criteria. The base salary and benefit components are intended to compensate executive officers for day-to-day activity in accordance with each executive officer's employment arrangement with us. The annual incentive compensation component and the stock option and restricted stock awards are intended to reward executive officers for strong performance and to help align executive officers' interests with those of the Stockholders.

To best serve the interests of Stockholders, the Compensation Committee follows an executive compensation philosophy that emphasizes performance-based compensation. In determining compensation, the Compensation Committee considers measures of performance against pre-determined financial and strategic goals and objectives. This approach provides Euronet's top executive officers with an incentive to achieve strategic long-term goals that benefit Stockholders.

The Compensation Committee's executive compensation philosophy also aligns the economic interests of executive officers and Stockholders by ensuring that nonvested performance-based equity incentive awards represent a substantial portion of an executive officer's total compensation package.

The Compensation Committee considers input from our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") regarding the responsibilities and accomplishments of individual executive officers, information as to potential achievability of incentive goals and levels of various compensation elements necessary to provide incentives for and to retain executive management. Our Chief Executive Officer makes recommendations to the Compensation Committee on each of the other executive officer's compensation. Executive officers are not involved in proposing or seeking approval for their own compensation. For the Chief Executive Officer's review, the independent Directors meet in executive session to assess the Chief Executive Officer's performance and determine appropriate compensation levels.

The Compensation Committee has the authority to retain outside consultants or advisors as it deems necessary to provide desired expertise and counsel. The Compensation Committee engaged the services of AON Hewitt as its compensation consultant for 2016. AON Hewitt reports directly and exclusively to the Compensation Committee and provides advice regarding current and emerging best practices with regard to executive compensation. Representatives from AON Hewitt attended the December 2015 meeting, when the Committee approved grants of stock incentive awards and determined executive compensation and established the performance targets for 2016. During 2016, AON Hewitt provided other services to the Compensation Committee as outlined on page 13. AON Hewitt did not provide any other services to the Compensation Committee or the Company outside of its capacity as compensation consultant.

Performance Criteria

In determining the annual compensation of each executive officer, including the Chief Executive Officer, the Compensation Committee considers Euronet's financial performance both on an absolute basis and relative to comparable companies. In addition, it assesses individual performance against quantitative and qualitative objectives. Factors considered by the Compensation Committee in assessing individual performance include, but are not limited to:

Financial Results — company and business sector financial results for the most recent relevant period, on an absolute basis and relative to comparable companies with respect to certain financial parameters, including revenue growth, operating income growth, growth in per share earnings and return on equity;

Strategic Growth and Execution — strategic planning and implementation, business growth, acquisitions, technology and innovation;

Leadership and Effectiveness — management development and personal leadership; and

Governance and Controls — corporate reputation and brand, risk management, the strength of the internal control environment and contribution to a culture of ethics and compliance.

The Compensation Committee considers all factors collectively in determining executive officers' annual compensation. The weight given to a particular factor may vary from year to year depending on the goals and objectives of the organization, thus enabling the Compensation Committee to align annual financial objectives with strategic leadership initiatives.

The Compensation Committee believes that it establishes challenging performance goals for executive management incentive plans.

Performance goals primarily focus on adjusted EPS growth which the Compensation Committee believes provides a meaningful incentive for the executives and is strongly correlated with improved stockholder returns. Over the last several years, executive management has achieved its non-equity incentive compensation and long-term share-based incentive awards due to the Company's strong performance.

Peer Group

The Compensation Committee believes that it is essential for our continued success that overall compensation policies allow us to be competitive in attracting and retaining executive talent. However, the Committee does not establish compensation targets solely based on peer group compensation amounts, because it believes that individual and company performance should be the primary determinants of annual compensation.

The Company's peer group (the "Peer Group"), listed below, was used in evaluating the Company's executive compensation decisions in 2016. The Compensation Committee believes the group of companies have similar financial characteristics as Euronet and operate in similar industries. The companies comprising the Peer Group during 2016, all of which had revenues between \$700 million and \$5.4 billion and market capitalization between \$600 million and \$10.7 billion, were:

Total Systems Services, Inc.	VeriFone Systems, Inc.
Jack Henry & Associates, Inc.	ACI Worldwide, Inc.
FactSet Research Systems, Inc	Fair Issac Corp
Global Payments, Inc.	Cardtronics, Inc.
Broadridge Financial Solutions, Inc.	Blackhawk Network Holdings, Inc.
Vantiv, Inc.	MoneyGram International, Inc.
DST Systems, Inc.	Teletech Holdings, Inc.
WEX, Inc.	Green Dot Corporation
SS&C Technologies Holdings, Inc.	Square, Inc.
The Western Union Company	

Euronet's revenues and market capitalization ranked at the following percentile as compared to the Peer Group:

	Percentile Rank(1)	
	Revenues	Market Capitalization
Euronet Worldwide, Inc.	68%	45%

(1) Based on fiscal 2016 revenues as reported in SEC filings. Market capitalization is based on shares reported as outstanding in SEC filings as of December 31, 2016.

Members of the current Peer Group were included because they met all of the following criteria:

- the company was in the same or similar industry as Euronet, including Data Processing and Outsourced Services, Application Software and Internet Software and Services,
- the company was reasonably comparable in revenue and market capitalization size to Euronet,
- the company was headquartered in the United States and publicly traded on a major stock exchange, and
- the company had a similar operating structure as Euronet, such as offering similar services and/or having significant foreign sales.

The Compensation Committee evaluates whether the compensation opportunities for executives are appropriate and competitive by comparing each named executive officer's total compensation opportunity, which represents the sum of the executive's base salary and target award amounts under the Executive Annual Incentive Plan and Stock Incentive Plan, to the total compensation opportunities for executives in comparable positions at peer companies. The Compensation Committee references the 50th percentile of the Peer Group when making this comparison, although a named executive officer's total compensation opportunity may be higher or lower depending upon the executive's tenure, overall level of responsibility and performance. The Compensation Committee believes that the 50th percentile is an appropriate targeted level of total compensation opportunity because of Euronet's size relative to the Peer Group.

In December 2016, the Compensation Committee compared targeted executive compensation data with the median statistics of the relevant peer data. Base salaries for our executive officers were comparable to the median of our peers as was cash compensation, which included annual non-equity incentive compensation. However, after adding stock incentive compensation, the total targeted compensation of our executive officers was in the third quartile compared to our peers. Most of the stock incentive compensation is subject to performance-based vesting criteria and our executive officers will fully earn this compensation only if the performance-based vesting criteria are satisfied and our share price appreciates from the date of grant. The Compensation Committee believes this structure is appropriate for our executive officers as it emphasizes performance-based stock compensation, consistent with our compensation philosophy.

Elements of Compensation

Key elements of our Named Executive Officer compensation programs are as follow.

Element	Purpose	Characteristics
Base Salaries	Compensates executives for their level of responsibility and individual performance. Also helps attract and retain strong talent.	Fixed component; evaluated annually
Annual Non-Equity Incentives	Promotes achieving our annual corporate and business division goals.	Performance-based cash opportunity; amount varies based on company and business division performance.
Stock Incentives	Promotes (a) achieving our long-term corporate financial goals and (b) stock price appreciation.	Performance-based equity opportunity; amounts earned/realized will vary from the targeted grant-date fair value based on actual financial and stock price performance.

Each element of compensation is described below, including a discussion of the specific actions taken by the Compensation Committee for 2016 concerning the CEO and other executive officers.

Base Salary

In determining salary adjustments for the Chief Executive Officer and other executive officers, the Compensation Committee considered each executive officer's individual performance and the competitive salary levels for executives with similar responsibilities within the Peer Group. Based on its assessment, the only change the Compensation Committee made in December 2015 was to increase the annual salary of the CEO to \$850,000 effective January 1, 2016. This increase was designed to maintain the market competitiveness of our CEO's total compensation opportunity, taking into account the scope of his job responsibilities, and address continuity planning and management development considerations. The Compensation Committee determined the adjustment effective for 2016 was appropriate for the Chief Executive officer to provide a base salary opportunity that more closely approximates the 50th percentile for comparable executives in the Peer Group. The Compensation Committee determined that no other adjustments to our executives salaries were necessary for 2016.

Annual Non-Equity Incentive Compensation

In order to broaden senior management accountability for company-wide financial and strategic goals and to emphasize the long-term performance of Euronet, in 2011 the Board adopted, and Stockholders approved, the Executive Annual Incentive Plan for certain members of senior and executive management, including the Named Executive Officers. That plan was applicable throughout 2016. In determining annual non-equity incentive compensation, the Compensation Committee considers the overall performance of Euronet and the individual performance of each executive officer. In measuring individual performance, the Compensation Committee measures the level of responsibility of an executive officer against his base salary and other elements of compensation to determine whether overall compensation is sufficient to retain and motivate highly qualified individuals.

The Executive Annual Incentive Plan covers officers holding the office of Vice President and above. Non-equity incentive compensation to executive officers applies Company-wide performance criteria, as well as divisional performance metrics that executives directly influence, to ensure a link between annual performance and actual incentive payments. The performance measures used in the annual incentive program relate to Company-wide performance or divisional performance depending on the Named Executive Officer's position and scope of responsibility. In December 2015, the Compensation Committee established 2016 incentive targets for Messrs. Brown and Weller based on predetermined adjusted EPS targets on a constant currency basis. For Messrs. Fountas, Caponecchi and Bianchi, 2016 incentive targets consisted of achieving predetermined adjusted operating income targets on a constant currency basis of the respective divisions which they manage.

For 2016, Messrs. Brown and Weller were entitled to receive annual incentive compensation based on the achievement of predetermined threshold, target and maximum objectives for adjusted EPS on a constant currency basis. Adjusted EPS on a constant currency basis of \$3.60, \$3.80 or \$3.95 would result in a payout as a percentage of base salary of 75%, 150% or 300%, respectively, for Mr. Brown and 45%, 90% or 180%, respectively, for Mr. Weller. The threshold, target and maximum adjusted EPS objectives for 2016 represent an 8%, 13% and 18% increase over adjusted EPS of \$3.32 for 2015, respectively.

Mr. Fountas was entitled to receive 37.5%, 75% or 150% of his base salary based on the Europe EFT division achieving adjusted operating income of \$98.0 million, \$103.0 million or \$107.0 million, respectively.

Mr. Caponecchi was entitled to receive 37.5%, 75% or 150% of his base salary based on the epay segment, Software EFT division and Asia Pacific EFT division achieving combined adjusted operating income of \$90.0 million, \$95.0 million or \$98.0 million, respectively. Mr. Bianchi was entitled to receive 37.5%, 75% or 150% of his base salary based on the Money Transfer segment achieving adjusted operating income of \$115.0 million, \$121.0 million or \$125.0 million, respectively.

For 2016, adjusted EPS of \$4.02 (\$4.05 on a constant currency basis) was achieved, which resulted in the maximum annual incentive compensation being paid to Messrs. Brown and Weller. Additionally, in 2016, the Europe EFT division achieved adjusted operating income of \$113.5 million, which resulted in the payment of the maximum annual incentive compensation to Mr. Fountas. For 2016, the epay segment, Software EFT division and Asia Pacific EFT division achieved combined adjusted operating income of \$98.1 million, which resulted in the payment of the maximum annual incentive compensation to Mr. Caponecchi. For 2016, the Money Transfer segment achieved adjusted operating income of \$125.9 million, which resulted in the payment of the maximum annual incentive compensation to Mr. Bianchi. Therefore, Messrs. Brown, Weller, Fountas, Caponecchi and Bianchi were paid \$2,550,000, \$765,000, \$622,533, \$547,500 and \$600,000, respectively.

Stock Incentive Programs

Our stock incentive plans are designed to promote an alignment of long-term interests between our employees and our Stockholders and to assist in the retention and motivation of employees. The Compensation Committee can grant to key employees of Euronet and its subsidiaries a variety of stock incentives, including nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, performance awards and other stock-based incentives. Grants are usually approved by the Compensation Committee for recommendation to the Board during regularly scheduled committee meetings, of which there are typically four per year occurring at regular intervals. The Compensation Committee intends that performance-based stock incentives serve as a significant portion of our executive officers' total compensation package. They are granted in consideration of anticipated performance. Stock incentives offer the executive officers significant long-term incentives to increase their efforts on behalf of Euronet and its subsidiaries, to focus managerial efforts on enhancing stockholder value and to align the interests of the executive officers with the Stockholders. In certain circumstances, executives are awarded time-based stock incentives to provide a significant retention incentive. Grants of stock incentives are designed to be competitive with the companies in the Peer Group for the level of job the executive officer holds and to motivate the executive officer to contribute to an increase in our stock price over time.

Under the terms of the Stock Incentive Plan, last approved by the Stockholders in May 2013, the exercise price of all option awards made to our Named Executive Officers or any of our other employees is fixed at the closing trading price on the date of grant. We do not have a program, plan or practice of awarding options and setting the exercise price based on the stock's price on a date other than the grant date, and we do not have a practice of determining the exercise price of option grants by using average prices (or lowest prices) of our common stock in a period preceding or following the grant date.

In December 2016, the Named Executive Officers were granted a combination of stock options and restricted stock. The stock options vest based on service conditions over five years. The restricted stock awards were divided into two groups with different vesting criteria. The first group of awards vest based on achieving compound annual growth in adjusted EPS, on a constant currency basis, for the years 2017 through 2019, contingent upon continued employment from the grant date to the date of vesting. Threshold compound annual growth rate ("CAGR") of 3% results in vesting of 25% of the award, target CAGR of 5% results in 50% vesting of the award, and maximum CAGR of 7% results in 100% vesting of the award. The second group of awards vests over five years based on service conditions, contingent upon the achievement of adjusted operating income of \$60 million each year. These awards are further described in the paragraphs and tables below.

As described above, the Compensation Committee reviewed Euronet's performance in recent years in relation to the executive's incentive targets to confirm that the performance measures the Compensation Committee previously set for performance-based incentive stock awards were sufficiently rigorous and demanding. After this review, the Compensation Committee determined that the targets and the associated level of compensation awarded to the executive officers have generally been appropriate. Over the past five years, adjusted EPS grew at a compound annual rate of 22% and the Company's total shareholder return was 31% annually while our Peer Group had a median total shareholder return on its stock of 15% annually. The Compensation Committee believes this illustrates that it sets competitive compensation targets that align the interests of executives with those of Stockholders.

We reported and included each year's award as compensation in the summary compensation tables. These historical awards, while reported as compensation, are theoretical valuations assuming stock appreciation and full achievement of the established performance goals. We base the value realized on three important factors — a three to five year vesting period for equity awards, achievement of the predetermined performance goals and stock price appreciation. Therefore, actual compensation will differ from theoretical compensation based upon actual stock price and operating performance.

Compensation Mix

The Compensation Committee concluded that executive compensation reflects an appropriate mix of base salary, incentive bonuses, service-based equity compensation and performance-based equity compensation that provides sufficient retentive and motivational value to align the interests of executives with our Stockholders.

Benefits

Our employees in the United States are entitled to receive medical, dental, vision, life and short-term and long-term disability insurance benefits and may participate in our 401(k) plan. For 401(k) participants, we match 50% of participant deferrals on the first six percent or four percent of a participant's deferrals, depending on which subsidiary's plan the employee participates. Generally, employees outside the United States are covered by social benefit programs of their respective countries. Our executive officers generally participate in these benefit plans on the same basis as our other employees.

With the exception of Mr. Brown, who is prohibited from participating in an Employee Stock Purchase Plan ("ESPP") by Internal Revenue Service regulations because his ownership of Euronet exceeds five percent, all of our employees are entitled to participate in the ESPP, which was adopted in 2001. This plan, which has been established in accordance with certain federal income tax rules set forth in Section 423 of the Internal Revenue Code of 1986, as amended (the "Code"), permits employees to purchase stock from us at a price that is equal to 85% of the lower of the trading price on the opening or closing of certain three-month "offering periods."

Retirement Plans

We do not sponsor a defined benefit pension plan or any other deferred compensation plans for executives or any of our other employees.

Perquisites and Other Benefits

Perquisites and other benefits are a very small part of our executive compensation program. The aggregate incremental cost to the Company of providing perquisites and other benefits to our CEO and the other Names Executive Officers as a group in 2016 was \$13,831 and \$69,525, respectively, and is included in the "All Other Compensation" column of the Summary Compensation Table on page 32. Considered both individually and in the aggregate, the Compensation Committee believes that the perquisites and other benefits we offer to our Named Executive Officers are reasonable and appropriate.

Change in Control

Euronet has a change in control provision in our Stock Incentive Plan that applies to all plan participants, including our Named Executive Officers. The change in control provisions were adopted to mitigate the concern that, in the event the Company is considering a change in control transaction, the employees involved in considering the transaction will be motivated to act in their own interests rather than the interests of the Stockholders. Employees may not be in a position to influence the Company's performance after a change in control and may not be in a position to earn their incentive awards or vest in their equity awards. Thus, the provisions are designed to make any transaction neutral to the employees' economic interests. For a more detailed discussion of change in control arrangements with our Named Executive Officers see the "Employment Agreements" discussion below.

Employee and Director Stock Ownership

Euronet also encourages broad-based employee stock ownership through various Stockholder approved stock compensation plans. More than 400 employees have received awards in a combination of stock options and restricted stock. This means that, like other Stockholders, employees broadly participate in both the upside opportunity and the downside risk of our performance. The allocation of stock bonus awards is progressive, so that as an employee's total compensation increases, an increasing percentage of total compensation is paid in restricted stock and/or stock options. This ensures that higher paid employees have a greater at risk financial interest in the sustained success of Euronet. Further, our insider trading policy prohibits our executives and directors from engaging in hedging transactions designed to offset decreases in the market value of Euronet Common Stock. Our insider trading policy also contains restrictions on holding securities in a margin account or pledging securities as collateral for a loan. Exceptions to this restriction on pledging may be granted by the General Counsel under limited circumstances when the pledgor demonstrates the financial capacity to repay a loan without resorting to the pledged securities. Mr. Brown was granted a waiver of this restriction on pledging shares in connection with the pledge of shares to secure a loan from a third-party bank for a personal investment currently equal to approximately 8% of the total value of shares he holds.

The Compensation Committee has adopted stock ownership guidelines for the Chief Executive Officer and the non-executive Directors. The guidelines provide that after a compliance period of five years, the Chief Executive Officer is required to hold Euronet stock, or in-the-money value of equity awards of Euronet stock, with an aggregate value at least equal to five-times his annual base salary, and each Director is required to hold Euronet shares, or in-the-money value of equity awards of Euronet stock, with an aggregate value at least equal to four times the cash component of the annual Board fee. Our Chief Executive Officer and each Director exceeds the applicable stock ownership guideline thresholds. As of December 31, 2016, our CEO owned Euronet Stock with a value equal to 166 times his annual base salary. Our Directors owned Euronet Stock with values equal to a multiple of the cash component of the annual Board fee as follows: Messrs. Althasen (35 times), Olechowski (13 times), Schmitt (48 times), Scocimara (7 times), McDonnell (55 times); and Callegari (10 times); and Ms. Strandjord (30 times).

Repricing of Equity Awards

The Compensation Committee believes that equity awards should be made based upon conditions and financial metrics established as of the time of each award and that the terms of awards outstanding should not be revised as conditions change. The Compensation Committee is therefore committed not to engage in repricing of equity awards outstanding, except in the context of certain corporate reorganizations or with the approval of Stockholders. This policy has been confirmed through an amendment to our 2006 Stock Incentive Plan, which restricts us from engaging in repricing except in certain corporate reorganizations, without the approval of our Stockholders. The Compensation Committee extends its policy against repricing to all of Euronet's equity plans.

Adjustments to Compensation Plan

We currently have no formal policy on recapturing salary or incentive awards (equity or cash) granted to a Named Executive Officer in the event that we are required to restate our financial statements (whether arising from conduct or actions of the Named Executive Officer, or otherwise). There is currently no procedure to recover ("claw back") an element of compensation that has been paid and becomes final. The Compensation Committee believes that, despite the lack of a formal claw back policy, we have other policies and procedures in place that would deter and discourage Named Executives Officers from engaging in conduct or actions that may cause us to restate our financial statements. These include: (i) the forfeiture of outstanding equity awards upon termination for cause; (ii) the Compensation Committee's discretion over the value of equity awards grants that are made annually; and (iii) the vesting of performance-based awards granted to our Named Executive Officers generally occurs over a three to five year period. However, we intend to adopt such a policy after the SEC adopts final rules related to compensation claw backs pursuant to the Dodd-Frank Act. We believe it is prudent practice to await the SEC's guidance before adopting such a claw back policy.

Tax Treatment

The Code limits the allowable tax deduction we may take for compensation paid to executive officers required to be named in the Summary Compensation Table. The limit is \$1.0 million per executive per year, although compensation payable solely based on performance goals is excluded from the limitation. All compensation of executive officers for 2016 is fully tax deductible. Generally, the Compensation Committee intends that the annual non-equity incentive compensation, stock options and performance awards qualify as performance-based compensation so that these awards may qualify for the exclusion from the \$1.0 million limit.

Recent Advisory Vote on Executive Compensation

The Company conducts an advisory vote on executive compensation every year at its annual meeting. While the vote is not binding on the Company, the Board, or the Compensation Committee, the Compensation Committee believes that an annual advisory vote on executive compensation offers Stockholders the opportunity to express their views regarding the Company's compensation program and the Compensation Committee's decisions on executive compensation. The Board and the Compensation Committee value the opinions of Stockholders and the Compensation Committee will consider Stockholders' concerns and evaluate whether any actions are necessary to address those concerns. At last year's annual meeting, a substantial majority of the votes cast on the advisory vote on executive compensation were in favor of the Company's Named Executive Officer compensation as disclosed in the proxy statement. The Board and Compensation Committee believe this affirms that our Stockholders generally support the Company's approach to executive compensation. Accordingly, the Compensation Committee has taken no specific actions to modify our executive compensation program as a direct result of these non-binding, advisory votes but, rather, has continued to oversee the program in accordance with its best judgment and stated governing principles.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed the Compensation Discussion and Analysis presented above with management, and, based on that review, has recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

Compensation Committee

Andrew B. Schmitt, Chair

Thomas A. McDonnell

Eriberto R. Scocimara

M. Jeannine Strandjord

Dr. Andrzej Olechowski

Mark R. Callegari

Paul Althasen

The Compensation Committee report and the "Compensation Discussion and Analysis" is not deemed "soliciting material" and is not deemed filed with the SEC or subject to Regulation 14A or the liabilities under Section 18 of the Exchange Act.

COMPENSATION TABLES

Summary Compensation Table

The following table sets forth certain information regarding the compensation awarded or paid to our Chief Executive Officer, our Chief Financial Officer and the three other most highly compensated of our executive officers (the "Named Executive Officers") for the year ended December 31, 2016 for the periods indicated:

Name and Principal Position	Year	Salary	Bonus	Stock Awards(1)	Option Awards(2)	Non-Equity Incentive Compensation	All Other Compensation	Total
Michael J. Brown Chairman, Chief Executive Officer and President	2016	\$ 850,000	—	\$ 1,499,981	\$ 1,499,999	\$ 2,550,000	\$ 13,831	(4)\$ 6,413,811
	2015	750,000	—	1,500,004	1,500,000	1,875,000	13,564	5,638,568
Rick L. Weller Executive Vice President and Chief Financial Officer	2014	600,000	—	1,249,991	1,250,006	1,500,000	30,888	4,630,885
	2016	425,000	—	624,998	625,006	765,000	10,416	(4)2,450,420
Nikos Fountas(5) Executive Vice President and Chief Executive Officer, EFT Europe, Middle East and Africa Division	2015	425,000	—	625,033	624,998	637,500	10,416	2,322,947
	2014	365,000	—	499,973	500,006	547,500	10,116	1,922,595
Kevin J. Caponecchi Executive Vice President and Chief Executive Officer, epay, Software and EFT Asia Pacific Division	2016	415,022	—	499,969	500,000	622,533	11,616	(4)2,049,140
	2015	416,325	—	399,976	400,011	624,488	11,670	1,852,470
Juan C. Bianchi Executive Vice President and Chief Executive Officer, Money Transfer Segment	2014	438,566	—	399,979	400,001	431,795	10,363	1,680,704
	2016	365,000	—	499,969	500,000	547,500	10,989	(4)1,923,458
	2015	365,000	—	500,026	500,008	547,500	10,845	1,923,379
	2014	365,000	—	499,973	500,006	547,500	10,545	1,923,024
	2016	400,000	—	499,969	500,000	600,000	36,504	(3)2,036,473
	2015	400,000	—	399,976	400,011	600,000	37,569	1,837,556
	2014	330,000	—	399,979	400,001	330,000	35,080	1,495,060

- Compensation for restricted stock is computed in accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, Compensation — Stock Compensation. Assumptions used in calculating the aggregate (1) grant date fair value in accordance with ASC Topic 718 are set out in Note 15 to our audited consolidated financial statements contained in the Form 10-K for the fiscal year ended December 31, 2016. Restricted stock awards for each fiscal year include awards subject to performance conditions that were valued based on the assumption the highest level of the performance targets would be achieved. Compensation for stock options is computed in accordance with the provisions of ASC Topic 718. Amounts represent the grant date fair value determined using the Black-Scholes-Merton model. The grant date fair values are only theoretical values and may not accurately determine present value. The actual value, if any, to be realized from an option will depend on the excess of the market value of the Common (2) Stock over the exercise price on the date the option is exercised. Assumptions used in calculating the aggregate grant date fair value in accordance with ASC Topic 718 are set out in Note 15 to our audited consolidated financial statements contained in the Form 10-K for the fiscal year ended December 31, 2016. (3) The following table sets forth the incremental costs to the Company of each perquisite or other benefits that are required to be quantified by SEC rules.

Named Executive Officer	Personal Travel	Company-Paid Vehicle	Euronet 401(K) Plan Matching Contributions	Health and Group Life Insurance	Total
Juan C. Bianchi	—	7,200	—	29,304 (a)	36,504

(a) Mr. Bianchi is Managing Director of our Money Transfer Division, which is headquartered in California, and as such, he participates in a health insurance plan that is not generally available to other Named Executive Officers.

(4) Other compensation for Messrs. Brown, Weller and Caponecchi is comprised of matching contributions under the Euronet 401(k) Plan and group life insurance premiums. For Mr. Brown, other compensation also includes personal travel. All other compensation for Mr. Fountas is for a company-paid vehicle.

Mr. Fountas is paid in euros and the U.S. dollar amounts disclosed for salary, non-equity incentive compensation and other compensation (5) were converted from euros using the average foreign currency exchange rate of \$1.11 per Euro for the period over which the amounts were paid. Restricted stock and option awards are valued in U.S. dollars; therefore, no foreign currency conversion occurs.

Grants of Plan-Based Awards for 2016

The following table summarizes estimated possible payouts under non-equity incentive plan awards made to Named Executive Officers during the fiscal year ended December 31, 2016.

Name	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards		
	Threshold (\$)	Target (\$)	Maximum (\$)
Michael J. Brown	\$637,500	\$1,275,000	\$2,550,000
Rick L. Weller	191,250	382,500	765,000
Nikos Fountas	155,633	311,267	622,533
Kevin J. Caponecchi	136,875	273,750	547,500
Juan C. Bianchi	150,000	300,000	600,000

The following table summarizes estimated future payouts under equity incentive plan awards made to Named Executive Officers during the fiscal year ended December 31, 2016.

Name	Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Options (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (#)	Target (#)	Maximum (#)				
Michael J. Brown	12/13/2016(1)	3,052	6,104	12,208			\$ 899,974	
	12/13/2016(2)		8,139				600,007	
	12/13/2016(3)					59,277	\$ 73.72	1,499,999
Rick L. Weller	12/13/2016(1)	1,272	2,544	5,087			375,014	
	12/13/2016(2)		3,391				249,985	
	12/13/2016(3)					24,699	73.72	625,006
Nikos Fountas	12/13/2016(1)	1,017	2,035	4,069			299,967	
	12/13/2016(2)		2,713				200,002	
	12/13/2016(3)					19,759	73.72	500,000
Kevin J. Caponecchi	12/13/2016(1)	1,017	2,035	4,069			299,967	
	12/13/2016(2)		2,713				200,002	
	12/13/2016(3)					19,759	73.72	500,000
Juan C. Bianchi	12/13/2016(1)	1,017	2,035	4,069			299,967	
	12/13/2016(2)		2,713				200,002	
	12/13/2016(3)					19,759	73.72	500,000

- Restricted stock award that vests on achieving threshold, target or maximum compound annual growth in adjusted EPS, on a constant currency basis, for the years 2017 through 2019, contingent upon the Named Executive Officer's continued employment on the vesting date.
- (1) A threshold compound annual growth rate ("CAGR") of 3% results in vesting of 25% of the award, target CAGR of 5% results in 50% vesting of the award, and maximum CAGR of 7% results in 100% vesting of the award.
 - (2) Restricted stock award that vests 20% each year, over five years from the grant date, contingent upon the achievement of adjusted operating income of \$60 million each year and the Named Executive Officer's continued employment on the vesting dates.
 - (3) Stock option award that vests 20% on each of the first five anniversaries of the grant date, contingent upon the Named Executive Officer's continued employment on the vesting dates.

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Outstanding Equity Awards at Fiscal Year-End for 2016

The following table sets forth equity awards outstanding for the Named Executive Officers as of December 31, 2016.

Name	Grant Date	Option Awards			Restricted Stock Awards				
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Michael J. Brown	12/16/2008	378,631		\$ 10.10					
	12/15/2010	184,936		17.05					
	12/14/2011	146,279		16.39					
	12/11/2012	281,476	20,368	(3)23.63	12/11/2022	4,881 (2)	353,531	3,386	(4) 245,248
	12/10/2013	40,695	27,129	(6)45.93	12/10/2023	2,177 (7)	157,680	4,355	(7) 315,433
	12/10/2013					16,329 (8)	1,182,709		
	12/10/2014	26,850	40,272	(9)56.24	12/10/2024	1,778 (10)	128,781	5,334	(10)386,342
	12/10/2014							13,336	(11)965,926
	12/10/2015	12,256	49,021	(5)74.72	12/10/2025	1,606 (12)	116,323	6,424	(12)465,290
	12/10/2015							12,045	(13)872,419
	12/13/2016		59,277	(1)73.72	12/13/2026			8,139	(1) 589,508
	12/13/2016							12,208	(1) 884,225
Rick L. Weller	12/16/2008	148,613		10.10					
	12/15/2010	92,468		17.05					
	12/14/2011	73,139		16.39					
	12/11/2012	240,738	10,184	(3)23.63	12/11/2022	2,442 (2)	176,874	1,693	(4) 122,624
	12/10/2013	16,278	10,852	(6)45.93	12/10/2023	871 (7)	63,087	1,743	(7) 126,245
	12/10/2013					6,532 (8)	473,113		
	12/10/2014	10,740	16,109	(9)56.24	12/10/2024	711 (10)	51,498	2,134	(10)154,566
	12/10/2014							5,334	(11)386,342
	12/10/2015	5,107	20,425	(5)74.72	12/10/2025	669 (12)	48,456	2,677	(12)193,895
	12/10/2015							5,019	(13)363,526
	12/13/2016		24,699	(1)73.72	12/13/2026			3,391	(1) 245,610
	12/13/2016							5,087	(1) 368,451
Nikos Fountas	12/15/2010	27,741		17.05					
	12/14/2011	17,553		16.39					
	12/11/2012	20,369	5,092	(3)23.63	12/11/2022				
	12/11/2012					846 (14)	61,276		
	12/10/2013	11,395	7,596	(6)45.93	12/10/2023	610 (7)	44,182	1,220	(7) 88,365
	12/10/2013					4,572 (8)	331,150		
	12/10/2014	4,592	12,887	(9)56.24	12/10/2024	569 (10)	41,213	1,707	(10)123,638
	12/10/2014							4,267	(11)309,059
	12/10/2015	3,269	13,072	(5)74.72	12/10/2025	428 (12)	31,000	1,713	(12)124,073
	12/10/2015							3,212	(13)232,645
	12/13/2016		19,759	(1)73.72	12/13/2026			2,713	(1) 196,503
	12/13/2016							4,069	(1) 294,718

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Name	Option Awards				Restricted Stock Awards				
	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Kevin J. Caponecchi	12/15/2010	36,988		17.05	12/15/2020				
	12/14/2011	73,139		16.39	12/14/2021	2,442 (2)	176,874		
	12/11/2012	40,738	10,184	(3) 23.63	12/11/2022	1,693 (4)	122,624	1,693	(4) 122,624
	12/10/2013	16,278	10,852	(6) 45.93	12/10/2023	871 (7)	63,087	1,743	(7) 126,245
	12/10/2013					6,532 (8)	473,113		
	12/10/2014	10,740	16,109	(9) 56.24	12/10/2024	711 (10)	51,498	2,134	(10) 154,566
	12/10/2014							5,334	(11) 386,342
	12/10/2015	4,086	16,340	(5) 74.72	12/10/2025	535 (12)	38,750	2,142	(12) 155,145
	12/10/2015							4,015	(13) 290,806
	12/13/2016		19,759	(1) 73.72	12/13/2026			2,713	(1) 196,503
12/13/2016							4,069	(1) 294,718	
Juan C. Bianchi	12/15/2010	4,624		17.05	12/15/2020				
	12/14/2011	14,628		16.39	12/14/2021	1,221 (2)	\$ 88,437		
	8/15/2012	27,700	13,850	(15) 17.55	8/15/2022				
	12/10/2013	139,045		45.93	12/10/2023	1,210 (16)	87,640		
	12/10/2014	148,592	12,887	(9) 56.24	12/10/2024	569 (10)	41,213	1,707	(10) 123,638
	12/10/2014							4,267	(11) 309,059
	12/10/2015	3,269	13,072	(5) 74.72	12/10/2025	428 (12)	31,000	1,713	(12) 124,073
	12/10/2015							3,212	(13) 232,645
	12/13/2016		19,759	(1) 73.72	12/13/2026			2,713	(1) 196,503
	12/13/2016							4,069	(1) 294,718

(1) See footnotes to table under "Grants of Plan-Based Awards for 2016" for a description of the vesting schedule for these awards.

Restricted stock award granted on December 14, 2011, contingent upon the achievement of adjusted operating income of \$60 million and the

(2) Named Executive Officer's continued employment on the vesting date. The shares earned based on 2016 performance vested on March 1, 2017.

(3) Stock option award granted December 11, 2012. The remaining unexercisable stock options will vest on December 11, 2017, contingent upon the Named Executive Officer's continued employment on the vesting dates.

Restricted stock award granted on December 11, 2012. The remaining award for fiscal year 2017 will vest, contingent upon the achievement

(4) of adjusted operating income of \$60 million and the Named Executive Officer's continued employment on the vesting dates. The shares earned based on 2016 performance vested on March 1, 2017.

(5) Stock option award granted December 10, 2015. One-fourth of the remaining unexercisable stock options will vest on each of December 10, 2017, 2018, 2019 and 2020, contingent upon the Named Executive Officer's continued employment on the vesting dates.

(6) Stock option award granted December 10, 2013. One-half of the remaining unexercisable stock options will vest on each of December 10, 2017 and 2018, contingent upon the Named Executive Officer's continued employment on the vesting dates.

- Restricted stock award granted on December 10, 2013. The remaining award will vest one-half for each of the fiscal years 2017 and 2018, (7) contingent upon the achievement of adjusted operating income of \$60 million each year and the Named Executive Officer's continued employment on the vesting dates. The shares earned based on 2016 performance vested on March 1, 2017.
- Restricted stock award granted on December 10, 2013. The award vests based on achieving threshold, target or maximum compound annual growth in adjusted EPS, on a constant currency basis, for the years 2014 through 2016, contingent upon the Named Executive Officer's (8) continued employment on the vesting date. A threshold CAGR of 2% results in vesting of 25% of the award, target CAGR of 4% results in 50% vesting of the award, and maximum CAGR of 6% results in 100% vesting of the award. Based on the performance, 100% of the awards are earned and vested on March 1, 2017.
- Stock option award granted December 10, 2014. One-third of the remaining unexercisable stock options will vest on each of December 10, (9) 2017, 2018 and 2019, contingent upon the Named Executive Officer's continued employment on the vesting dates.
- Restricted stock award granted on December 10, 2014. The remaining award will vest one-third for each of the fiscal years 2017 through (10) 2019, contingent upon the achievement of adjusted operating income of \$60 million each year and the Named Executive Officer's continued employment on the vesting dates. The shares earned based on 2016 performance vested on March 1, 2017.
- Restricted stock award granted on December 10, 2014. The award vests based on achieving threshold, target or maximum compound annual growth in adjusted EPS, on a constant currency basis, for the years 2015 through 2017, contingent upon the Named Executive Officer's (11) continued employment on the vesting date. A threshold CAGR of 3% results in vesting of 25% of the award, target CAGR of 5% results in 50% vesting of the award, and maximum CAGR of 7% results in 100% vesting of the award. Maximum amounts are reported based on performance to date.
- Restricted stock award granted on December 10, 2015. The remaining award will vest one-fourth for each of the fiscal years 2017 through (12) 2020, contingent upon the achievement of adjusted operating income of \$60 million each year and the Named Executive Officer's continued employment on the vesting dates. The shares earned based on 2016 performance vested on March 1, 2017.
- Restricted stock award granted on December 10, 2015. The award vests based on achieving threshold, target or maximum compound annual growth in adjusted EPS, on a constant currency basis, for the years 2016 through 2018, contingent upon the Named Executive Officer's (13) continued employment on the vesting date. A threshold compound annual growth rate ("CAGR") of 3% results in vesting of 25% of the award, target CAGR of 5% results in 50% vesting of the award, and maximum CAGR of 7% results in 100% vesting of the award. Maximum amounts are reported based on performance to date.
- Restricted stock award granted on December 11, 2012. The remaining award will vest on December 11, 2017, contingent upon the Named (14) Executive Officer's continued employment on the vesting date.
- Stock option award granted August 15, 2012. The remaining unexercisable stock options will vest on August 15, 2017, contingent upon the (15) Named Executive Officer's continued employment on the vesting dates.
- Restricted stock award granted on December 10, 2013. The award vests one-third each year, based on achieving a 9% year over year growth (16) rate for the Money Transfer division in EBITDA, on a constant currency basis, for the years 2014 through 2016, contingent upon the Named Executive Officer's continued employment on the vesting dates. The shares earned based on 2016 performance vested on March 1, 2017.

Option Exercises and Stock Vested for 2016

The following table sets forth certain information concerning options exercised and stock vested for the Named Executive Officers during the fiscal year ended December 31, 2016.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting	Value Realized on Vesting (\$)
Michael J. Brown	—	\$	37,613	\$2,465,156
Rick L. Weller	—	—	18,410	1,206,591
Nikos Fountas	—	—	9,104	609,693
Kevin J. Caponecchi	58,573	3,831,587	18,410	1,206,591
Juan C. Bianchi	—	—	4,207	286,378

(1) Market value of underlying securities on the date of exercise, minus the exercise price.

Employment Agreements

Messrs. Brown, Weller, Caponecchi and Bianchi

Messrs. Brown, Weller, Caponecchi and Bianchi have employment agreements that have substantially the same terms, except with respect to the levels of compensation, and as otherwise discussed below or under "Compensation Tables" above. The agreements with Messrs. Brown and Weller were entered into in October 2003 and were amended and restated in April 2008, principally to bring them into conformity with the provisions of the Jobs Creation Act of 2004. The agreements with Messrs. Caponecchi and Bianchi were entered into during 2007 in connection with their hiring. Mr. Bianchi's agreement was also amended in April 2008.

The employment agreements have indefinite terms and provide that they may be terminated by the executives at any time upon 60 days' notice for Messrs. Brown, Weller, and Caponecchi and 30 days' notice for Mr. Bianchi. The agreements may be terminated by Euronet with or without "cause" provided that, in the case of termination due to "cause," Euronet provides the executive with 14 days' notice. The agreements define "cause" to mean: (i) conviction of the executive of, or the entry of a plea of guilty or nolo contendere by the executive to, any felony or any misdemeanor involving moral turpitude; (ii) fraud, misappropriation or embezzlement by the executive; (iii) willful failure or gross misconduct in the performance of the executive's assigned duties; (iv) willful failure by the executive to follow reasonable instructions of any officer to whom the executive reports or the Board of Directors; and (v) the executive's gross negligence in the performance of his assigned duties. In each case, the employment agreements provide that, in a three-year period following a "change in control," termination for "cause" is limited to only mean an act of dishonesty by an executive constituting a felony that was intended to or resulted in gain or personal enrichment of the executive at Euronet's expense. Euronet's termination of an executive's employment for cause does not result in separation payments, separation benefits or accelerated or extended vesting of unvested stock option or restricted stock awards.

If Euronet terminates an executive absent cause and prior to a "change in control" as discussed below, the employment agreements provide that Messrs. Brown, Weller, Caponecchi and Bianchi will be entitled to certain severance benefits for a period of 24 months, including the payment of the executive's then current base salary, the continuation of the vesting and rights to exercise any then outstanding equity-based awards and the continuation of health and life insurance benefits.

In general, voluntary termination by Messrs. Brown, Weller, Caponecchi and Bianchi does not result in separation payments, separation benefits or accelerated or extended vesting of unvested stock options or restricted stock, except under certain circumstances constituting constructive termination. These circumstances include certain changes in conditions of the executives' employment, such as a significant diminution in responsibilities or salary or a forced relocation. In such circumstances, these executives are entitled to the same severance benefits as if they were terminated by Euronet absent cause, prior to a "change of control." In addition, voluntary termination by Mr. Bianchi prior to a "change in control" generally entitles Mr. Bianchi to the same severance benefits as a termination absent cause.

The following table summarizes the severance benefits due Messrs. Brown, Weller and Caponecchi upon their termination by Euronet without cause, or their voluntary termination due to their constructive termination, and, in the case of Mr. Bianchi, the severance benefits due upon his termination without cause by Euronet or upon his voluntary termination for any reason as of December 31, 2016:

Name	Base Salary	Unvested Equity Comp(1)	Benefits	Total
Michael J. Brown	\$1,700,000	\$ 5,885,970	\$27,183	\$7,613,153
Rick L. Weller	850,000	2,544,248	28,369	3,422,617
Kevin J. Caponecchi	730,000	2,515,044	27,183	3,272,227
Juan C. Bianchi	800,000	1,551,592	58,608	2,410,200

Represents value of unvested awards at December 31, 2016 that would become vested upon a termination without cause or constructive termination. For the purpose of this table, we have assumed the following for restricted stock awards that vest based on various performance (1) measurements: (a) an annual increase in adjusted EPS of 7% each year, which represents a reasonable estimate of average annual long-term equity returns, (b) that adjusted operating income will exceed \$60 million each year, and (c) that Euronet's Common Stock price remains at the December 31, 2016 price through the 24-month vesting period.

In the event of a "change of control," all equity incentive awards outstanding held by Messrs. Brown, Weller, Caponecchi and Bianchi will become immediately vested and the term of the employment agreements become fixed at three years from the date of the change of control and they may be terminated without cause only upon payment to the executive of a lump sum within five days of the termination equal to the full amount of base salary that would have been payable during the remaining term of the agreement (or for two years, if the remaining term is less than two years), discounted at a rate of 7.5% per annum. These provisions also apply if the executive resigns for "good reason" following a "change of control." "Good reason" includes certain changes in conditions of employment, as a result of which the executive can be considered to have been constructively terminated, including a significant diminution in responsibilities

or salary or a forced relocation. In general, the employment agreements provide that “change of control” includes: (i) completion of any merger, consolidation or sale of substantially all of our assets and such merger results in our Stockholders immediately prior to the merger holding less than 50% of the surviving entity; (ii) replacement of over 25% of our Directors without the approval of at least 75% of the Directors in office as of the effective date of the employment agreement or of Directors so approved; or (iii) the acquisition by any person or group of persons of 40% or more of the voting rights of our outstanding voting securities.

Assuming a “change in control” occurred on December 31, 2016, the remaining term of the agreement was three years and assuming the amounts due under the change of control provisions outlined above would be paid in a lump sum, the following table summarizes amounts that would have accrued to these Named Executive Officers:

Name	Base Salary	Unvested Equity Comp(1)	Benefits	Total
Michael J. Brown	\$2,277,144	\$ 9,273,454	\$ 40,774	\$ 11,591,372
Rick L. Weller	1,138,572	3,942,298	42,553	5,123,423
Kevin J. Caponecchi	977,832	3,698,282	40,774	4,716,888
Juan C. Bianchi	1,071,597	2,497,660	87,912	3,657,169

(1) Represents the value of all unvested equity awards at December 31, 2016.

The Compensation Committee has considered the above “change of control” provisions in the Named Executive Officers' employment agreements, and determined that the provisions offered to executives by Euronet are reasonable and appropriate.

Additionally, the employment agreements entitle the executives to certain rights to income and excise tax gross-up amounts in the event Section 4999 of the Code, or any similar tax law, applies to the change in control payments. If an executive is entitled to such tax gross-up payments, the gross-up payments will be made either to the executive or directly to the Internal Revenue Service. The gross-up amounts are subject to additional conditions and limitations and exclude excise taxes or other penalties under Section 409A of the Code. Assuming calendar year 2016 federal and state income rates, a termination without cause or good reason in connection with a change in control, and in the case of Mr. Bianchi, termination without cause or voluntary termination for any reason, each executive officer would have not been entitled to receive any tax gross-up payment as of December 31, 2016.

The Compensation Committee has considered these tax gross-up clauses and has determined that it would not require elimination of such clauses where they appear in existing executive employment agreements. However, in February 2011, the Committee adopted a policy that from that date forward, it would not renew any existing agreements with tax gross-up clauses nor would it grant tax gross-up clauses in new executive employment agreements entered into by the Company.

In the event of the death of an executive officer, with the exception of Mr. Caponecchi who is discussed below, the provisions of our equity award agreements generally provide that all unvested equity awards outstanding shall vest immediately. As of December 31, 2016, the value of unvested equity awards outstanding that would vest in the event of death was \$9,273,454 for Mr. Brown, \$3,942,298 for Mr. Weller and \$2,497,660 for Mr. Bianchi.

In the event of disability of an executive officer, with the exception of Mr. Caponecchi who is discussed below, the employment agreements with Messrs. Brown, Weller and Bianchi provide for the payment of a lump-sum disability benefit equal to 12 months of the current base salary, which as of December 31, 2016 represented \$850,000 for Mr. Brown, \$425,000 for Mr. Weller and \$400,000 for Mr. Bianchi. In addition, the provisions of our equity award agreements generally provide that all equity awards outstanding shall vest immediately. As of December 31, 2016, the value of unvested equity awards outstanding that would vest in the event of disability was \$9,273,454 for Mr. Brown, \$3,942,298 for Mr. Weller and \$2,497,660 for Mr. Bianchi. The employment agreements with Messrs. Brown, Weller and Bianchi also provide that the executives' right to exercise any such awards will continue for a period of 12 months after termination due to disability.

In the event of death or disability of Mr. Caponecchi, his employment agreement provides for a payment of a lump sum benefit equal to 24 months of the current base salary, which as of December 31, 2016 represented a total of \$730,000. Mr. Caponecchi's employment agreement also stipulates that all unvested equity incentive awards shall vest immediately, which represents \$3,698,282 as of December 31, 2016. The stock options will remain exercisable pursuant to their terms after the death or disability of Mr. Caponecchi.

Messrs. Brown, Weller, Caponecchi and Bianchi must not disclose confidential information during the term of the employment agreements and following termination. Each of the agreements includes a restriction on the ability of the executive to compete with Euronet or solicit our employees during the severance period following termination. Any severance payments are conditioned on the executive officer complying with these restrictions.

Mr. Fountas

Mr. Fountas' employment agreement was entered into in October 2005 and was amended in February 2011 in connection with his promotion to Managing Director of the Europe EFT division. His employment agreement is generally governed by Greek law. Accordingly, the Company would make no payment upon his voluntary termination, termination absent cause, death or disability. Rather, Mr. Fountas is covered by Greek health and social security benefits. In the event Mr. Fountas resigns for good reason or is terminated without cause within one year of a "change in control," all equity incentive awards outstanding held by him will become vested on the date of such termination, which were valued at \$2,536,271 as of December 31, 2016. Mr. Fountas must not disclose confidential information during the term of his employment agreement and following termination. His agreement includes a restriction on his ability to compete with Euronet during the severance period following termination.

DIRECTOR COMPENSATION

Non-management Directors currently receive \$190,000 annually for serving on the Board. The Board fee consists of annual cash compensation in the amount of \$95,000 paid quarterly and common stock valued at \$95,000 that is granted on the date of our annual meeting of Stockholders and vests immediately. Non-management Directors receive additional annual compensation for serving in certain Board leadership roles as follows: (i) the Lead Independent Director receives cash compensation of \$25,000, (ii) the Chairperson of the Audit Committee receives cash compensation of \$20,000, (iii) the Chairman of the Compensation Committee receives cash compensation of \$12,500, and (iv) the Chairman of the Nominating and Corporate Governance Committee receives cash compensation of \$12,500. Non-management Directors are reimbursed for reasonable expenses incurred in connection with Board-related activities.

We believe that the compensation paid to non-management Directors in 2016 was appropriate and was properly weighted between cash and equity.

During 2016, in addition to reimbursement of out-of-pocket expenses, each non-management Director was compensated as summarized in the table below:

Director Compensation for 2016

Name	Fees Earned or Paid in Cash	Stock Awards(5)	Total
M. Jeannine Strandjord(1)	\$ 115,000	\$ 95,000	\$ 210,000
Thomas A. McDonnell(2)	120,000	95,000	215,000
Andrew B. Schmitt(3)	107,500	95,000	202,500
Dr. Andrzej Olechowski	95,000	95,000	190,000
Eriberto R. Scocimara(4)	107,500	95,000	202,500
Paul S. Althasen	95,000	95,000	190,000
Mark R. Callegari	95,000	95,000	190,000

(1) Includes \$20,000 in cash compensation annually for her role as Chairperson of the Audit Committee.

(2) Includes \$25,000 in cash compensation for his role as Lead Independent Director.

(3) Includes \$12,500 in cash compensation annually for his role as Chairman of the Compensation Committee.

(4) Includes \$12,500 in cash compensation for his role as Chairman of the Nominating and Corporate Governance Committee.

The stock awards granted to Directors as compensation vest immediately on the grant date. For 2016, the value per share at the grant date was

(5) \$76.03 per share, for a total grant date fair value of \$95,000 for each non-management Director. The aggregate grant date fair value is computed in accordance with FASB Accounting Standards Codification Topic 718.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the persons who served on the Company's Compensation Committee during the last completed fiscal year (Thomas A. McDonnell, M. Jeannine Strandjord, Andrzej Olechowski, Andrew B. Schmitt, Eriberto R. Scocimara, Mark R. Callegari and Paul Althasen) (i) during the last three fiscal years, was an officer or employee of the Company; or (ii) had any relationship requiring disclosure under Item 404 of Regulation S-K.

None of the Company's executive officers, during the last completed fiscal year, served as a (i) member of the compensation committee (or equivalent) of another entity, one of whose executive officers served on the Company's Compensation Committee; (ii) director of another entity, one of whose executive officers served on the Company's Compensation Committee; or (iii) member of the compensation committee (or equivalent) of another entity, one of whose executive officers served as the Company's Director.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

On January 1, 2014, we entered into a Non-Continuous Aircraft Dry Lease (the "Birardi Dry Lease") with Birardi Investments, LLC ("Birardi"), a company that is fifty-percent (50%) owned by our Chief Executive Officer, President and Chairman of the Board of Directors, Mr. Brown. The Birardi Dry Lease replaced a previous lease with Birardi which makes a Sabreliner aircraft available to Euronet for transportation of executives for up to 110 hours per year, with no minimum usage requirements, in consideration of payment of a fee of \$3,611.00 per hour. In addition, we entered into a separate Non-Continuous Aircraft Dry Lease with M+M X, LLC, a company that is jointly owned by Mr. Brown (the "M+M Lease") under substantially similar terms as the Birardi Dry Lease with an identical fee of \$3,611.00 per hour. The M+M Lease makes a Cessna Model 750 aircraft available to Euronet for transportation of executives. The Audit Committee of the Board examined the Birardi Dry Lease and the M+M Lease and determined that those terms were fair to Euronet. The total amount paid to M+M X, LLC under the lease agreement during the year 2016 was \$0.3 million. There were no fees paid to Birardi under the lease agreement during 2016.

In June 2014, we entered into an ATM operating agreement ("ATM Agreement") with Rontec Ltd., a U.K. company in which Mr. Gerald Ronson, CBE, holds a majority of the shares. Mr. Ronson is the father-in-law of Paul Althasen, one of the Company's Directors. This is a commercial agreement under which we lease ATM sites from Rontec Ltd. at rates which we consider to be competitive commercial rates. We paid \$0.1 million under this agreement in 2016. The Audit Committee of the Board considered the terms of the ATM Agreement and determined that the terms of the arrangement were fair to Euronet.

Our Code of Conduct provides that no related party transaction that would require disclosure under the U.S. securities laws may be consummated or continued unless the transaction is approved or ratified by the Audit Committee. In determining whether to approve or ratify a related party transaction, the Audit Committee will take into account, among other factors it deems appropriate, whether the related party transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related person's interest in the transaction. The Birardi Dry Lease, the M+M Lease and the ATM Agreement, were each ratified by the Audit Committee in accordance with this policy.

All of our Directors, with the exception of Mr. Brown, are independent under the listing standards of The Nasdaq Stock Market LLC.

AUDIT MATTERS

Report of the Audit Committee

The Audit Committee reviewed and discussed Euronet's audited consolidated financial statements for fiscal year 2016 with management. The Audit Committee has also discussed with the independent registered public accounting firm the matters required to be discussed by the Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 1301, "Communications With Audit Committees."

The Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm its independence.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that Euronet's audited consolidated financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2016 for filing with the Securities and Exchange Commission.

Audit Committee

M. Jeannine Strandjord, Chair

Thomas A. McDonnell

Andrew B. Schmitt

Eriberto R. Scocimara

Mark R. Callegari

The Audit Committee Report is not deemed "soliciting material" and is not deemed filed with the SEC or subject to Regulation 14A or the liabilities under Section 18 of the Exchange Act.

Fees of the Company's Independent Auditors

KPMG LLP served as Euronet's independent registered public accounting firm as of and for the year ended December 31, 2016. As such, KPMG LLP performed professional services in connection with the audit of the consolidated financial statements of Euronet and the review of reports filed with the SEC, and performed an audit of the effectiveness of our internal control over financial reporting as of December 31, 2016.

Audit Fees

Audit fees for financial statement audits were \$2,248,664 during 2016 and \$2,152,900 during 2015. Audit fees include fees for services performed to comply with the standards of the Public Company Accounting Oversight Board (United States) and Generally Accepted Auditing Standards, including the recurring audit of Euronet's consolidated financial statements and fees related to the audit of the effectiveness of our internal control over financial reporting as required by the Sarbanes-Oxley Act of 2002. This category also includes fees for audits provided in connection with integrated audits and statutory filings, comfort letters, consents and assistance with and review of documents filed with the SEC.

Audit-Related Fees

Audit-related fees were \$132,600 during 2016 and \$162,800 during 2015. This category includes fees related to reporting on controls at a service organization, assistance in financial due diligence related to mergers and acquisitions, consultations regarding Generally Accepted Accounting Principles, reviews and evaluations of the impact of new regulatory pronouncements, general assistance with implementation of new SEC guidance, audit services not required by statute or regulation and other attest services.

Tax Fees

Tax fees were \$19,400 during 2016 and \$78,600 during 2015. This category includes fees associated with tax compliance and other services related to tax disclosure and filing requirements.

All Other Fees

No other fees were paid to KPMG LLP during both 2016 and 2015.

The Audit Committee has concluded that the provision by KPMG LLP of the services described under the captions "Audit-Related Fees," "Tax Fees" and "All Other Fees" above is compatible with maintaining the independence of KPMG LLP.

Audit Committee Pre-Approval Policy

The Audit Committee has adopted policies that prohibit us from engaging our independent registered public accounting firm to perform any service that the independent registered public accounting firm is prohibited by the securities laws from providing. Such procedures require the Audit Committee to pre-approve or reject any audit or non-audit services. The Chairperson, with the assistance of Euronet's Chief Financial Officer, presents and describes at regularly scheduled Audit Committee meetings all services that are subject to pre-approval. The authority to pre-approve permitted services may be delegated to one or more members of the Audit Committee and pre-approval may be granted between meetings, as long as any such pre-approval of services is presented to the full Audit Committee at its next scheduled meeting. The Audit Committee regularly examines whether the fees for auditor services exceed estimates.

The Audit Committee pre-approved all services that KPMG LLP rendered to Euronet for 2016.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and Directors and any person or entity who owns more than ten percent of a registered class of our Common Stock or other equity securities to file with the SEC certain reports of ownership and changes in ownership of our securities. We prepare Section 16(a) forms on behalf of our executive officers and Directors based on the information provided by them. Based solely on a review of copies of reports available to us and representations made to us that no other reports were required, we believe that the reporting persons complied with all applicable Section 16(a) filing requirements during the year 2016.

OTHER MATTERS

Other Business

The Board knows of no other business which may come before the Annual Meeting. If, however, any other matters are properly presented at the Annual Meeting, it is the intention of the persons named in the accompanying proxy to vote, or otherwise act, in accordance with their judgment on such matters.

Householding

If you and other residents at your mailing address own shares in street name, your broker, bank or other nominee may have sent you a notice that your household will receive only one Annual Report and Proxy Statement for each company in which you hold shares through that broker, bank or nominee. This practice is called "householding." If you did not respond that you did not want to participate in householding, you are deemed to have consented to that process. If these procedures apply to you, your broker, bank or other nominee will have sent one copy of the Notice and, if applicable, our Annual Report to Stockholders and Proxy Statement to your address. You may revoke your consent to householding at any time by contacting your broker, bank or other nominee. If you did not receive an individual copy of the Notice and, if applicable, our Annual Report to Stockholders and/or Proxy Statement, we will send copies to you if you contact us by writing to the Secretary of Euronet, 3500 College Boulevard, Leawood, Kansas 66211 or by calling (913) 327-4200. If you and other residents at your address have been receiving multiple copies of the Notice and, if applicable, our Annual Report to Stockholders and Proxy Statement and desire to receive only a single copy of these materials, you may contact your broker, bank or other nominee or contact us at the above address or telephone number.

Proposals for Inclusion in Euronet's Proxy Statement

You may submit proposals for consideration at future Stockholder meetings. For a Stockholder proposal to be considered for inclusion in Euronet's Proxy Statement for the annual Stockholder meeting next year, the Secretary must receive the written proposal at our principal executive offices no later than December 14, 2017. Such proposals also must comply with SEC regulations under Rule 14a-8 regarding the inclusion of Stockholder proposals in company-sponsored proxy materials. Proposals should be addressed to:

Secretary

Euronet Worldwide, Inc.
3500 College Blvd.
Leawood, Kansas 66211

If Euronet intends to exclude such a Stockholder proposal from its Proxy Statement, it must file its reasons with the SEC no later than 80 calendar days before the filing date of its definitive Proxy Statement and simultaneously provide the Stockholder with a copy of Euronet's submission.

Proposals Not Intended for Inclusion in Euronet's Proxy Statement

For a Stockholder proposal that is not intended to be included in Euronet's Proxy Statement for the annual meeting next year under Rule 14a-8, the Stockholder must provide the information required by our Bylaws and give timely notice to the Secretary in accordance with our Bylaws, which, in general, require that the notice be received by the Secretary:

not earlier than the close of business on January 23, 2018; and

not later than the close of business on February 22, 2018.

If the date of the Stockholder meeting is moved more than 30 days before or 60 days after the anniversary of Euronet's Annual Meeting for 2017, then notice of a Stockholder proposal that is not intended to be included in Euronet's Proxy Statement under Rule 14a-8 must be received not earlier than the close of business 120 days prior to the meeting and not later than the close of business 90 days prior to the meeting, or if later, the tenth day following the day on which the notice of the annual meeting was first publicly disclosed.

Recommendations or Nominations of Individuals to Serve as Directors

You may propose Director candidates for consideration by the Board's Nominating & Corporate Governance Committee. Any such written recommendations should include: (a) the name of the proposing shareholder and proof of ownership of the Company's common stock; (b) consents signed by the potential Director candidate and the proposing shareholder authorizing the Company to conduct a background check on the potential Director candidate and to disclose the information provided in the recommendation in its proxy materials or otherwise; (c) supporting information regarding the potential Director candidate; and (d) such other information required by our Bylaws.

You may send a proposed Director candidate's name and other required information to the Board at anytime. Generally, such proposed candidates are considered at the Board meeting prior to the next annual meeting subject to the advance notice provisions in our Bylaws.

Deadline to Propose or Nominate Individuals to Serve as Directors

Our Bylaws permit Stockholders to nominate Directors for election at an annual Stockholder meeting. To nominate a Director, the Stockholder must deliver the information required by our Bylaws.

To nominate an individual for election at the 2018 Annual Meeting, the Stockholder must give timely notice to the Secretary in accordance with our Bylaws, which, in general, require that the notice be received by the Secretary between the close of business on January 23, 2018 and the close of business on February 22, 2018, unless the date of the Stockholder meeting is moved more than 30 days before or 60 days after the anniversary of our Annual Meeting for 2017, then the nomination must be received not earlier than the close of business 120 days prior to the meeting and not later than the close of business 90 days prior to the meeting or, if later, the tenth day following the day on which the 2018 Annual Meeting was first publicly disclosed.

Availability of Euronet's Bylaws

You may contact the Secretary at our principal executive offices for a copy of the relevant Bylaw provisions regarding the requirements for making Stockholder proposals and nominating director candidates. A copy of our Amended and Restated Bylaws is filed as Exhibit 3.2 to our

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Current Report on Form 8-K filed on February 28, 2017.

By Order of the Board,

Jeffrey B. Newman
Executive Vice President,
General Counsel and Secretary
April 13, 2017

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APPENDIX A

Reconciliation of Non-GAAP Measures

Adjusted operating income, adjusted EPS, adjusted operating income to constant currency, and adjusted EPS to constant currency are non-GAAP financial measures that exclude certain items noted below. However, we believe investors should consider these measures as they are indicative of our ongoing performance and reflect how management evaluates our operational results and trends.

Reconciliation of Net Income to Operating Income and Adjusted Operating Income
(in millions)

	Year ended		Growth
	12/31/2016	12/31/2015	
Net income	\$174.0	\$ 98.4	
Add: Income tax expense	58.8	42.5	
Add: Total other expense, net	17.0	64.0	
Operating income	\$249.8	\$ 204.9	
Add: Intangible amortization	25.5	23.9	
Add: Share-based compensation	14.9	12.8	
Adjusted operating income	\$290.2	\$ 241.6	20 %
Impact of foreign currency			2 %
Constant currency adjusted operating income growth			22 %

Reconciliation of Adjusted Earnings per Share (EPS)
(in millions, except share and per share data)

	Year ended		Growth
	12/31/2016	12/31/2015	
Net income attributable to Euronet Worldwide, Inc.	\$174.4	\$ 98.8	
Foreign currency exchange loss	10.1	41.5	
Intangible asset amortization	25.5	23.9	
Share-based compensation	14.9	12.8	
Other non-operating gains	(19.9)	—	
Income tax effect of above adjustments	(1.0)	(6.0)	
Non-cash interest accretion	10.4	9.9	
Non-cash GAAP tax expense (benefit)	3.7	(0.4)	
Adjusted earnings	\$218.1	\$ 180.5	
Adjusted earnings per share - diluted	\$4.02	\$ 3.32	21 %
Impact of foreign currency	0.03		1 %
Constant currency adjusted EPS	\$4.05		22 %

Diluted weighted average shares outstanding (GAAP)	54,001,075	54,076,676
Effect of unrecognized share-based compensation on diluted shares outstanding	293,470	321,702
Adjusted diluted weighted average shares outstanding	54,294,545	54,398,378

