

NEDERLANDER ROBERT E
Form 4
July 28, 2005

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
NEDERLANDER ROBERT E

(Last) (First) (Middle)
9 WEST 57TH STREET
(Street)

NEW YORK, NY 10019

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
CENDANT CORP [CD]

3. Date of Earliest Transaction
(Month/Day/Year)
07/26/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)			
			Code	V	Amount	(D)	Price			
Common Stock (series designated CD stock)	07/26/2005		A		1,119	A	\$ 21.57 (1)	26,318	I	Dirs. NQ Def. Comp. Plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Transaction (Instr. 5)
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
NEDERLANDER ROBERT E 9 WEST 57TH STREET NEW YORK, NY 10019		X		

Signatures

Jean M. Sera, by Power of Attorney for Robert E. Nederlander 07/28/2005

**Signature of Reporting Person
Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Award represents third quarter 2005 non-employee director retainer fee and reinvestment of previously credited dividend equivalents. All (1) shares are deferred into the 1999 Non-Employee Directors Deferred Compensation Plan and converted into deferred stock units thereunder. Payable upon termination of service as a director in accordance with the terms of the plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. 2(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 the number of authorized and outstanding shares of common stock would be reduced proportionately by the reverse split ratio. 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 two and ten which will be combined, converted and exchanged into one share of common stock, at any time before the first anniversary of the Special 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 nine 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 September 30, 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 two to ten 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. The primary reason the reverse stock split is being proposed is to attempt to maintain the eligibility of our common stock for listing on The Nasdaq SmallCap Market and avoid delisting. 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 June 30, 2003, the Company had stockholders' equity of approximately \$800,000. 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.

Explanation of Responses:

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 August 1, 2003 of \$0.51 per share, if the Board of Directors decided to implement the reverse stock split and selects a reverse stock split ratio of one-for-seven, there can be no assurance that the post-split market price of 8x8 common stock would be \$3.57 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, not less than two and not more than ten 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 nine shares (if the Company were to implement a 10-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 the pre-reverse stock split shares exchanged.

A holder of the pre-reverse stock split shares who receives cash will generally recognize gain or loss equal to the difference between the portion of the tax basis of the pre-reverse stock split shares allocated to the fractional share interest and the cash received. This gain or loss will be a capital gain or loss and will be short term if the pre-reverse stock split shares were held for one year or less and long term if held more than one year as of the effective date.

Required Vote

The affirmative vote of the holders of a majority of the outstanding shares of our common stock will be required to approve the reverse stock split and the certificate of amendment to the Company's Amended and Restated Certificate of Incorporation, as amended. As a result, abstentions will have the same effect as negative votes. Broker non-votes will have no effect.

The Board of Directors recommends that the stockholders vote "FOR" the approval of the proposal to, as determined by the Board of Directors in its sole discretion, amend the Restated Certificate of Incorporation to effect a reverse stock split at one of nine ratios.

SECURITY OWNERSHIP

The following table sets forth certain information with respect to the beneficial ownership of the Company's common stock as of July 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	12%

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Orin Hirschman (4)	3,834,500	12.5%
Joe Parkinson (5)	1,087,957	3.5%
Bryan R. Martin (6)	982,858	3%
Dr. Barry Andrews (7)	331,802	*
Dr. Paul Ning (8)	257,282	*
Christopher Peters (8)(9)	191,339	*
Huw Rees (9)(10)	316,776	*
Dr. Bernd Girod (8)	207,432	*
Guy L. Hecker, Jr. (8)	226,432	*
All directors and officers as a group (10 persons) (11)	3,911,472	12.7%

* 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 July 31, 2003. Applicable percentages are based upon 30,735,370 voting shares issued and outstanding as of July 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 July 31, 2003: Mr. Parkinson, 736,453; Mr. Martin, 670,776; Dr. Andrews, 187,518; Dr. Ning, 171,314; Mr. Peters, 162,039; Mr. Rees, 225,619; Mr. Hecker, 146,432; and Dr. Girod, 157,432; and all directors and officers as a group, 2,760,177.
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 warrants to purchase 1,533,800 shares at a price of \$0.60 per share, 383,450 shares at a price of \$0.75 per share and 383,450 shares at a price of \$1.00 per share.
5. 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.
6. Includes warrants to purchase 40,000 shares at a price of \$0.60 per share, 10,000 shares at a price of \$0.75 per share and 10,000 shares at a price of \$1.00 per share.
7. Includes warrants to purchase 30,000 shares at a price of \$0.60 per share, 7,500 shares at a price of \$0.75 per share and 7,500 shares at a price of \$1.00 per share.
8. 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 July 31, 2003. The number of shares subject to options that were exercisable at or within sixty days after July 31, 2003 was: Dr. Ning, 137,498; Dr. Girod, 16,145; and Mr. Hecker, 16,145. 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 July 31, 2003, adjusted as required by rules promulgated by the SEC.
9. 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 July 31, 2003 was: Mr. Rees, 187,498 and Mr. Peters, 143,748. The beneficial ownership represented by these options is less than 1% of the 25,500,000 shares of Centile, Inc. common stock outstanding at July 31, 2003, adjusted as required by rules promulgated by the SEC.
10. Includes warrants to purchase 20,000 shares at a price of \$0.60 per share, 10,000 shares at a price of \$0.75 per share and 10,000 shares at a price of \$1.00 per share.
11. 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.

OTHER MATTERS

The Company knows of no other matters to be submitted at the Special Meeting. If any other matters properly come before the meeting or any adjournment or postponement thereof, it is the intention of the persons named in the enclosed form of proxy to vote the shares they represent as the Board of Directors may recommend.

By Order of
the Board of
Directors

Bryan R.
Martin
President
and Chief
Executive
Officer

Santa Clara, California
August 15, 2003

8X8, INC.

PROXY FOR THE SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD SEPTEMBER 30, 2003

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned stockholder of 8x8, Inc., a Delaware corporation (the "Company"), hereby acknowledges receipt of the Notice of the Special Meeting of Stockholders and Proxy Statement, and hereby appoints Bryan R. Martin and James Sullivan, and each of them, proxies and attorneys-in-fact, with full power to each of substitution, on behalf of the undersigned, to represent the undersigned at the Special Meeting of Stockholders of 8x8, Inc. to be held at the offices of the Company at 2445 Mission College Boulevard, Santa Clara, California 95054 on Thursday, September 30, 2003 at 2:00 p.m., local time, and at any adjournment or adjournments thereof, and to vote all shares of the Company's voting securities that the undersigned would be entitled to vote if then and there personally present, on all matters set forth on the reverse side hereof.

THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE SPECIFICATIONS MADE HEREIN. IF NO SPECIFICATION IS INDICATED, THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED FOR EACH OF THE PERSONS AND THE PROPOSALS ON THE REVERSE SIDE HEREOF AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING AS THE PROXYHOLDERS DEEM ADVISABLE.

The Board recommends a vote for approval of the reverse stock split proposal.

Please mark your vote as indicated in this example. \acute{y}

1, PROPOSAL TO AMEND THE RESTATED CERTIFICATE OF INCORPORATION TO AUTHORIZE THE BOARD OF DIRECTORS, IN ITS SOLE DISCRETION, TO EFFECT A REVERSE STOCK SPLIT AT A RATIO OF NOT LESS THAN ONE-FOR-TWO AND NOT MORE THAN ONE-FOR-TEN.

FOR

AGAINST

ABSTAIN

..

..

..

2. TO VOTE OR OTHERWISE REPRESENT THE SHARES ON ANY AND ALL OTHER BUSINESS WHICH MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT OR ADJOURNMENTS THEREOF, ACCORDING TO THEIR DISCRETION AND IN THEIR DISCRETION.

PLACE "X" HERE IF YOU PLAN TO VOTE YOUR SHARES AT THE SPECIAL MEETING

..

MARK HERE FOR ADDRESS CHANGE AND NOTE NEW ADDRESS IN SPACE TO THE LEFT

..

Please mark, sign, date and return the proxy card promptly using the enclosed envelope.

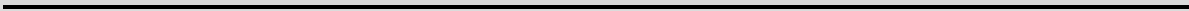
NOTE: Please sign exactly as name appears on your stock certificate. If the stock is registered in the names of two or more persons, each should sign. Executors, administrators, trustees, guardians, attorneys and corporate officers should insert their titles.

SIGNATURE: _____

DATE: _____

SIGNATURE: _____

DATE: _____



APPENDIX A

CERTIFICATE OF AMENDMENT OF
RESTATED CERTIFICATE OF INCORPORATION
OF 8X8, INC.

8x8, Inc. (the "Corporation"), a corporation duly organized and existing under the General Corporation Law of the State of Delaware, does hereby certify that:

1. The Restated Certificate of Incorporation of the Corporation, filed with the Secretary of State of the State of Delaware on July 7, 1997, as amended, is hereby amended by deleting the first paragraph of Article IV thereof in its entirety and substituting the following in lieu thereof:

"The Corporation shall be authorized to issue 105,000,000 shares of capital stock, of which 100,000,000 shares shall be shares of Common Stock, \$.001 par value ("Common Stock") and 5,000,000 shares shall be shares of Preferred Stock, \$.001 par value ("Preferred Stock").

Upon this Certificate of Amendment to the Restated Certificate of Incorporation of the Corporation becoming effective pursuant to the General Corporation Law of the State of Delaware (the "Effective Time"), every [] shares of the Corporation's common stock, par value \$.01 per share (the "Old Common Stock"), issued and outstanding immediately prior to the Effective Time, will be automatically reclassified as and converted into one share of common stock, par value \$.01 per share, of the Corporation (the "New Common Stock").

Notwithstanding the immediately preceding sentence, no fractional shares of New Common Stock shall be issued to the holders of record of Old Common Stock in connection with the foregoing reclassification of shares of Old Common Stock. In lieu thereof, the aggregate of all fractional shares otherwise issuable to the holders of record of Old Common Stock shall be issued to the Corporation's

transfer agent, as agent for, the accounts of all holders of record of Old Common Stock otherwise entitled to have a fraction of a share issued to them. The sale of all of the fractional interests will be effected by the transfer agent as soon as practicable after the Effective Time on the basis of prevailing market prices of the New Common Stock on either The Nasdaq SmallCap Market or The Nasdaq National Market at the time of sale. After such sale and upon the surrender of the stockholders' stock certificates, the transfer agent will pay to such holders of record their pro rata share of the net proceeds derived from the sale of the fractional interests.

Each stock certificate that, immediately prior to the Effective Time, represented shares of Old Common Stock shall, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent that number of whole shares of New Common Stock into which the shares of Old Common Stock represented by such certificate shall have been reclassified (as well as the right to receive cash in lieu of any fractional shares of New Common Stock as set forth above), provided, however, that each holder of record of a certificate that represented shares of Old Common Stock shall receive, upon surrender of such certificate, a new certificate representing the number of whole shares of New Common Stock into which the shares of Old Common Stock represented by such certificate shall have been reclassified, as well as any cash in lieu of fractional shares of New Common Stock to which such holder may be entitled pursuant to the immediately preceding paragraph."

2. The foregoing amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, 8x8, Inc. has caused this Certificate to be executed by its duly authorized officer on this day of , 200 .

8X8, INC.

BY: _____

Name:
Office