

GLOWPOINT, INC.
Form DEF 14A
April 29, 2014
SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant [X]
Filed by a party other than the Registrant []

Check the appropriate box:

[] Preliminary Proxy Statement [] Confidential, for Use of the
 [X] Definitive Proxy Statement Commission Only (as permitted
 [] Definitive Additional Materials by Rule 14a-6(e)(2))
 [] Soliciting Material under
Rule 14a-11(c) or Rule 14a-12

GLOWPOINT, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.
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(4) Proposed maximum aggregate value of transaction:
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(1) Amount Previously Paid:
(2) Form, Schedule or Registration Statement No.:
(3) Filing Party:
(4) Date Filed:

GLOWPOINT, INC.
1776 Lincoln Street, Suite 1300
Denver, Colorado 80203

April 29, 2014

Dear Stockholder:

We are pleased to invite you to the 2014 Annual Meeting of Stockholders (the "Annual Meeting") of Glowpoint, Inc. (the "Company"), which will be held at 9:00 a.m. MDT on May 28, 2014, at our offices located at 1776 Lincoln Street, Suite 1300, Denver, Colorado 80203.

At the Annual Meeting, you will be asked to: (i) elect five members of our Board of Directors to serve until our next annual meeting of stockholders, or until their respective successors are duly elected and qualified; (ii) ratify the appointment of EisnerAmper LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014; (iii) approve the Glowpoint, Inc. 2014 Equity Incentive Plan; and (iv) transact other business as may properly come before the meeting. Following stockholder approval of the Glowpoint, Inc. 2014 Equity Incentive Plan, the Company plans to terminate the Glowpoint, Inc. 2007 Stock Incentive Plan.

The enclosed Notice and Proxy Statement contain complete information about the matters to be considered at the Annual Meeting. We are also enclosing our 2013 Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission on March 6, 2014. Copies of these materials are available for review at www.glowpoint.com/investor-relations or may be mailed to you free of charge by requesting a copy from us at 303-640-3838 or mailing a request to the Glowpoint Investor Relations department located at Glowpoint, Inc., 1776 Lincoln Street, Suite 1300, Denver, Colorado 80203. This Proxy Statement and our 2013 Annual Report to Stockholders are also available for viewing, printing and downloading at www.proxyconnect.com/glowpoint.

We hope you will be able to attend the Annual Meeting in person. Whether or not you expect to attend, we urge you to complete, date, sign and return the proxy card in the enclosed envelope or submit your proxy by telephone or internet, so that your shares will be represented and voted at the Annual Meeting.

Sincerely,

Peter Holst
President and Chief Executive Officer

GLOWPOINT, INC.
1776 Lincoln Street, Suite 1300
Denver, Colorado 80203

NOTICE OF THE 2014 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 28, 2014

To our Stockholders:

The 2014 Annual Meeting of Stockholders (the "Annual Meeting") of Glowpoint, Inc. (the "Company"), will be held at 9:00 a.m. MDT on May 28, 2014, at Glowpoint Inc.'s offices, located at 1776 Lincoln Street, Suite 1300, Denver, Colorado 80203, for the following purposes:

1. To elect five members of our Board of Directors to serve until our next annual meeting of stockholders, or until their respective successors are duly elected and qualified;
2. To ratify the appointment of EisnerAmper LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014;
3. To approve the Glowpoint, Inc. 2014 Equity Incentive Plan; and
4. To transact other business as may properly come before the Annual Meeting.

WHO MAY VOTE:

Stockholders of record of our Common Stock, \$0.0001 par value per share, and of our Series A-2 Convertible Preferred Stock, par value \$0.0001 per share, as of the close of business on April 24, 2014 are entitled to vote at the Annual Meeting, or any adjournment or postponement thereof. A list of stockholders will be available at the Annual Meeting and during the 10 days prior to the Annual Meeting at our principal executive offices located at 1776 Lincoln Street, Suite 1300, Denver CO 80203.

All stockholders are cordially invited to attend the Annual Meeting. Whether you plan to attend the Annual Meeting or not, we urge you to vote and submit your proxy by internet, telephone or mail to ensure the presence of a quorum. You may change or revoke your proxy at any time before it is voted at the Annual Meeting.

By order of the Board of Directors,

David Clark
Chief Financial Officer and Corporate Secretary

WE URGE YOU TO COMPLETE, SIGN, DATE AND RETURN PROMPTLY THE ACCOMPANYING PROXY CARD OR TO VOTE BY TELEPHONE OR INTERNET

GLOWPOINT, INC.
1776 Lincoln Street, Suite 1300
Denver, Colorado 80203

PROXY STATEMENT

FOR THE 2014 ANNUAL MEETING OF STOCKHOLDERS

This Proxy Statement (this "Proxy Statement"), along with the accompanying Notice of the 2014 Annual Meeting of Stockholders (the "Notice"), contains information about the 2014 Annual Meeting of Stockholders (the "Annual Meeting") of Glowpoint, Inc., including any adjournments or postponements of the Annual Meeting. We are holding the Annual Meeting at 9:00 a.m. MDT on May 28, 2014, at Glowpoint, Inc.'s offices located at 1776 Lincoln Street, Suite 1300, Denver, Colorado 80203. Directions to the Annual Meeting can be obtained by telephoning us at 303-640-3838. In this Proxy Statement, we refer to Glowpoint, Inc. as "we," "our," "us" or the "Company."

This Proxy Statement relates to the solicitation of proxies by our Board of Directors (the "Board of Directors" or the "Board") for use at the Annual Meeting.

On or about April 29, 2014, we will send this Proxy Statement, the attached Notice and the enclosed proxy card to all stockholders entitled to vote at the Annual Meeting. Although not part of the Proxy Statement, we will also send along with this Proxy Statement our 2013 Annual Report on Form 10-K, which includes our financial statements for the fiscal year ended December 31, 2013.

Important Notice Regarding the Availability of Proxy Materials for Our
Annual Meeting to Be Held on May 28, 2014

This Proxy Statement and our 2013 Annual Report on Form 10-K are available for viewing, printing and downloading at <http://www.proxyconnect.com/glowpoint>. We are providing a copy of our Annual Report on Form 10-K for the year ended December 31, 2013 with the accompanying proxy materials. Additionally, you can find a copy of our Annual Report on Form 10-K, which includes our financial statements for the fiscal year ended December 31, 2013, on the website of the Securities and Exchange Commission (the "SEC") at <http://www.sec.gov> or on our website at <http://www.glowpoint.com/investor-relations>.

RECORD DATE; VOTING SECURITIES; QUORUM

Only holders of record of our Common Stock, \$0.0001 par value per share ("Common Stock"), and our Series A-2 Convertible Preferred Stock, par value \$0.0001 per share ("Series A-2 Preferred Stock"), as of the close of business on April 24, 2014 (the "Record Date") are entitled to vote at the Annual Meeting. As of the Record Date, 35,549,145 shares of Common Stock were issued and outstanding and 53 shares of Series A-2 Preferred Stock were issued and outstanding.

Each holder of Common Stock is entitled to cast one vote per share of Common Stock held by such holder on each matter to be presented at the Annual Meeting. Each holder of Series A-2 Preferred Stock is entitled to vote on each matter to be presented at the Annual Meeting on an as converted basis up to 4.99% of (i) the Common Stock issuable upon conversion of the Series A-2 Preferred Stock held by such holder in accordance with the terms of the Certificate of Designations, Preferences and Rights of the Series A-2 Preferred Stock (the "Certificate of Designations"), plus (ii) all other shares of Common Stock beneficially owned by such holder, unless such holder has waived such holder's right to vote with respect to any or all of such holder's Series A-2 Preferred Stock in accordance with the Certificate of Designations, in which case such holder is not entitled to vote such Series A-2 Preferred Stock in respect of any matter to be presented at the Annual Meeting.

A quorum is present at the Annual Meeting if a majority of the shares of our capital stock issued and outstanding and entitled to vote on the Record Date are represented in person or by proxy. If a quorum is not present, the Annual Meeting may be adjourned from time to time until a quorum is obtained.

VOTING PROCEDURES; REQUIRED VOTES

The shares represented by the proxies received, properly dated and executed or authenticated, in the case of voting by telephone or internet, and not revoked will be voted at the Annual Meeting in accordance with the instructions of the stockholders.

Telephone and internet voting facilities for stockholders of record will be available 24 hours a day and will close at 11:59 p.m. Eastern Time on May 27, 2014.

If your shares are held in "street name" (held in the name of a bank, broker or other holder of record), you will receive instructions from the holder of record. You must follow the instructions of the holder of record in order for your shares to be voted. Telephone and internet voting also will be offered to stockholders owning shares through certain banks and brokers. If your shares are not registered in your own name and you plan to vote your shares in person at the Annual Meeting, you should contact your broker or agent to obtain a legal proxy or broker's proxy card and bring it to the Annual Meeting in order to vote.

Abstentions will be treated as shares that are present and entitled to vote, while broker "non-votes" will be treated only as shares that are present for purposes of determining the presence of a quorum. An abstention is the voluntary act of not voting by a stockholder who is present in person or by proxy at the Annual Meeting and entitled to vote. A broker "non-vote" occurs when a broker nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary power for that particular item and has not received instructions from the beneficial owner.

Proposal No. 1: Pursuant to our by-laws, a plurality of the votes duly cast at the Annual Meeting is required for the election of directors. This means that the nominees receiving the highest number of affirmative votes will be elected to fill the director positions available. Accordingly, votes withheld will not affect the outcome of the election. Additionally, the election of directors is not a matter on which a broker or other nominee is allowed to vote without

specific instructions from you.

Proposal No. 2: Pursuant to our by-laws, the vote of the holders of a majority of the total number of votes of our capital stock represented in person or by proxy and entitled to vote at the Annual Meeting, voting as a single class, is required for the ratification of the selection of EisnerAmper LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014. A properly executed proxy marked "ABSTAIN" will not be voted, although it will be counted as present and entitled to vote for purposes of the Proposal. Accordingly, an abstention will have the effect of a vote against the Proposal. Additionally, the ratification of the appointment of the independent registered public accounting firm for the fiscal year ending December 31, 2014 is a matter on which a broker or other nominee is allowed to vote, even if the broker or other nominee does not receive voting instructions from you.

Proposal No. 3: Pursuant to our by-laws, the vote of the holders of a majority of the total number of votes of our capital stock represented in person or by proxy and entitled to vote at the Annual Meeting, voting as a single class, is required for the approval of the Glowpoint, Inc. 2014 Equity Incentive Plan. In addition, NYSE MKT rules require that a majority of votes cast at the Annual Meeting approve this Proposal. A properly executed proxy marked "ABSTAIN" will not be voted, although it will be counted as present and entitled to vote for purposes of the Proposal. Accordingly, an abstention will have the effect of a vote

against the Proposal. Additionally, the approval of the Glowpoint, Inc. 2014 Equity Incentive Plan is not a matter on which a broker or other nominee is allowed to vote without specific instructions from you.

Stockholders have the option to vote by telephone or internet by following the instructions on the attached proxy card. **WE ENCOURAGE YOU TO RECORD YOUR VOTE BY TELEPHONE OR INTERNET.** These voting methods are convenient, and save significant postage and processing costs. In addition, when you vote by telephone or internet prior to the meeting date, your vote is recorded immediately and there is no risk that postal delays will cause your vote to arrive late and therefore not be counted.

SOLICITATION AND REVOCATION

After you have submitted a proxy, you may change your vote at any time before the proxy is exercised by submitting a notice of revocation or a proxy bearing a later date. Regardless of whether you voted using a traditional proxy card or by telephone or internet, you may use any of these methods to change your vote. You may change your vote either by submitting a proxy card prior to the date of the Annual Meeting or by voting again prior to the time at which the telephone and internet voting facilities close by following the procedures applicable to those methods of voting. In each event, the later submitted vote will be recorded and the earlier vote revoked. You may also revoke a proxy by voting in person at the Annual Meeting. Your attendance at the Annual Meeting will not by itself constitute revocation of a proxy.

We will bear the cost of the solicitation of proxies from our stockholders, including the cost of preparing, assembling and mailing the proxy solicitation materials. In addition to solicitation by mail, our directors, officers and employees may solicit proxies from stockholders by telephone or other electronic means or in person, but no such person will be specifically compensated for such services. We will cause brokerage houses and other custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of stock held of record by such persons. We will reimburse such custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in doing so. We have engaged American Stock Transfer and Trust Company to aid in the distribution of the proxy materials and will reimburse their related reasonable out-of-pocket expenses.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of our capital stock as of April 24, 2014 by each of the following:

- each person (or group within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) known by us to own beneficially more than 5% of any class of our voting securities;
- the executive officers named in the Summary Compensation Table under "Executive Compensation" below;
- each of our directors and director nominees; and
- all of our directors and executive officers as a group.

The amounts and percentages are based on 35,549,145 shares of Common Stock and 53 shares of Series A-2 Preferred Stock issued and outstanding as of April 24, 2014. As used in this table, "beneficial ownership" means the sole or shared power to vote or direct the voting or to dispose or direct the disposition of any security. A person is considered the beneficial owner of securities that can be acquired within 60 days of such date through the exercise or conversion of any option, warrant or other derivative security ("Derivative Securities"). Shares of Common Stock subject to options, warrants or other Derivative Securities which are currently exercisable, convertible or exercisable or convertible within such 60 days are considered outstanding for computing the ownership percentage of the person holding such options, warrants or other Derivative Security, but are not considered outstanding for computing the ownership percentage of any other person.

Name and Address of Beneficial Owners ⁽¹⁾	Common Stock Amount and Nature of Beneficial Ownership ⁽²⁾		Percent of Class	
Executive Officers and Directors:				
Peter Holst	1,285,519	(3)	3.6	%
David Clark	154,968	(4)	*	
Scott Zumbahlen	72,484	(5)	*	
Joseph Laezza	15,182	(6)	*	
Steve Peri	—	(7)	—	%
Kenneth Archer	54,167	(8)	*	
James H. Cohen	4,045	(9)	*	
Patrick J. Lombardi	4,045	(10)	*	
James S. Lusk	91,042	(11)	*	
All directors and executive officers as a group (7 people)	1,681,452		4.7	%
Greater than 5% Owners:				
Main Street Capital Corporation 1300 Post Oak Boulevard, Suite 800, Houston, TX 77056	15,349,586	(12)	43.2	%
Jason T. Adelman Cipher Capital Partners LLC, c/o Rothschild 1251 Avenue of the Americas, Suite 936, New York, NY 10020	2,725,750	(13)	7.7	%

* Less than 1%

(1) Unless otherwise noted, the address of each person listed is c/o Glowpoint, Inc., 1776 Lincoln Street, Suite 1300, Denver, CO 80203.

(2) Unless otherwise indicated by footnote, the named persons have sole voting and investment power with respect to the shares of Common Stock beneficially owned.

(3) Includes 860,757 shares of Common Stock, 291,667 shares of Common Stock subject to stock options presently exercisable or exercisable within 60 days and 133,095 shares of unvested restricted Common Stock.

(4) Includes 15,680 shares of Common Stock, 29,167 shares of Common Stock subject to stock options presently exercisable or exercisable within 60 days and 110,121 shares of unvested restricted Common Stock.

(5) Includes 72,484 shares of unvested restricted Common Stock.

(6) Mr. Laezza resigned from his position as the Company's Chief Executive Officer on January 11, 2013.

(7) Mr. Peri departed his position as Executive Vice President, General Counsel on September 15, 2013.

(8) Includes 12,500 shares of Common Stock and 41,667 shares of Common Stock subject to stock options presently exercisable or exercisable within 60 days.

(9) Mr. Cohen joined the Board of Directors on April 4, 2014. Includes 4,045 shares of unvested restricted Common Stock.

(10) Mr. Lombardi joined the Board of Directors on April 4, 2014. Includes 4,045 shares of unvested restricted Common Stock.

(11) Includes 38,750 shares of Common Stock and 52,292 shares of Common Stock subject to stock options presently exercisable or exercisable within 60 days.

(12) Based on ownership information from an amendment to Schedule 13D filed on April 7, 2014 (the "GPI Investor Group Schedule 13D") by GP Investment Holdings, LLC ("GPI"), Robert M. Shuford, Brian Pessin, Main Street Capital Corporation ("MSCC") and Sandra and Norman Pessin JTWROS (collectively, the "GPI Investor Group"). Includes 15,276,138 shares of Common Stock owned by GPI, 7,345 shares of Common Stock directly owned by

MSCC, 47,741 shares of Common Stock owned by MSCC's subsidiary Main Street Mezzanine Fund LP and 18,362 shares of Common Stock owned by MSCC's subsidiary Main Street Capital II, LP. According to the GPI Investor Group Schedule 13D, MSCC, as the owner of 50% of the limited liability company interests of GPI, Robert M. Shuford, as one of the two members of the board of managers and the Chief Executive Officer of GPI, Brian Pessin, as one of the two members of the board of managers and the President of GPI, and as the owner of approximately 3.9% of the limited liability company interests of GPI, and Sandra and Norman Pessin JTWROS, as the owner of approximately 46.1% of the limited liability company interests of GPI, may each be deemed to share voting and investment power with the other members of the GPI Investor Group with respect to the 15,276,138 shares of Common Stock owned by GPI. In addition, according to the GPI Investor Group Schedule 13D, MSCC has sole voting and investment power with respect to the 7,345 shares of Common Stock that it directly owns and MSCC may be deemed to share voting and investment power with its subsidiaries, Main Street Mezzanine

Fund LP and Main Street Capital II, LP, with respect to the 47,741 and 18,362 shares of Common Stock, respectively, owned by such subsidiaries.

- (13) Based on ownership information from an amendment to Schedule 13G filed on February 18, 2014 by Jason T. Adelman, which states that (i) Mr. Adelman beneficially owns, and shares voting and investment power with respect to, 2,725,750 shares of Common Stock held in joint tenancy, with a right of survivorship, with Mr. Adelman's spouse, Cass G. Adelman; and (ii) of the 2,725,750 shares of Common Stock beneficially owned by Mr. Adelman, 375,750 shares of Common Stock are held in trusts for Mr. Adelman's minor children under which Mr. Adelman's spouse is the custodian.

The issued and outstanding shares of our Series A-2 Preferred Stock are held by David Robinson and Bamdad Bastani, who hold 31.6 shares representing 60.0% of the class and 21.1 shares representing 40.0% of the class, respectively.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Directors to be elected are to serve until the next annual meeting of stockholders or until their respective successors are duly elected and qualified. The number of directors is determined from time to time by our Board of Directors and is currently five members. The nominees who will stand for election are Kenneth Archer, James H. Cohen, Peter Holst, Patrick J. Lombardi and James S. Lusk, all of whom are currently members of our Board of Directors. The five nominees receiving the highest number of affirmative votes will be elected as directors. In the event any nominee is unable or unwilling to serve as a nominee, the Board of Directors may select a substitute nominee. If a substitute nominee is selected, proxies will be voted in favor of such nominee. Our Board of Directors has no reason to believe that any of the named nominees will be unable or unwilling to serve as a nominee or as a director if elected. Proxies cannot be voted for a greater number of persons than the number of nominees named.

Director Nominees

The following table sets forth information with respect to our director nominees.

Name	Age	Position with Company
Kenneth Archer ⁽¹⁾⁽²⁾⁽³⁾	56	Director, Chairman of the Nominating Committee
James H. Cohen ⁽²⁾⁽³⁾	49	Director
Peter Holst	45	Director, Chief Executive Officer and President
Patrick J. Lombardi ⁽¹⁾	66	Director, Chairman of the Board
James S. Lusk ⁽¹⁾⁽²⁾⁽³⁾	58	Director, Chairman of the Audit Committee, Chairman of the Compensation Committee

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

(3) Member of the Nominating Committee

As described below under “Transactions with Related Persons,” Messrs. Cohen and Lombardi were appointed to the Board, and the Company agreed to nominate, recommend and support Messrs. Cohen and Lombardi as two of five total nominees to stand for election as directors of the Company at the Annual Meeting, pursuant to the terms of a letter agreement dated April 4, 2014 among the Company, GP Investment Holdings, LLC, Main Street Capital Corporation, Brian Pessin, Sandra Pessin and Norman Pessin.

Nominee Biographies

Kenneth Archer, Director. Mr. Archer joined our Board of Directors in June 2010. Mr. Archer is currently the Vice President of Global Sales Enablement for Hewlett-Packard and previously served as the Americas Vice President of Channels and Alliances for the Technology Services Business from November 2011 to March 2014. From June 2009 to October 2011, Mr. Archer was CEO of TriNET Systems, a provider of global design, implementation and support services for communication and networking solutions from Avaya, Extreme, Juniper, and Nectar Networks. From April 2008 to June 2009, Mr. Archer was President of Prime Communications, an Avaya Gold Business Partner, until it was acquired by TriNET Systems in June 2009. Prior to Prime Communications, Mr. Archer was Vice President of North American Channels for Avaya commencing in July 2005, where he was responsible for the channel strategy, program, operations, and partner management team, and spent 24 years before that at Hewlett-Packard working in various roles within the channels program. He previously served on the Board of Directors of Juma Technology Corp. (OTCBB:JUMT), a leading IP convergence firm specializing in managed services, and previously served on the Board

of PRG Group, Inc. (PRGJ.PK), the former holding company of Prime Communications. Mr. Archer graduated with a BS in Marketing from West Chester University of Pennsylvania and received an Executive MBA Management degree from Fairleigh Dickinson University in New Jersey.

In considering Mr. Archer as a director of the Company, the Board reviewed his specialized experience and extensive knowledge in sales and marketing (specifically in building and establishing a channel sales program and strategy) in the communications and networking industries, and also his leadership experience as a chief executive.

James H. Cohen, Director. Mr. Cohen joined our Board of Directors in April 2014. Mr. Cohen is an experienced public company executive with a background in investment banking, corporate law and private equity. From 2005 until February 2014, Mr. Cohen served as Executive Vice President of Mergers & Acquisitions for Consolidated Graphics, Inc., which until its acquisition by RR Donnelly & Sons on January 31, 2014 was a public company traded on the NYSE and one of North America's largest general commercial printing companies with revenues of approximately \$1.1 billion. Prior to Consolidated Graphics, Mr. Cohen's work experience includes employment as a Managing Director of Main Street Capital Partners, a private equity fund in Houston, TX as well as employment earlier in his career as a financial analyst with Morgan Stanley & Co. in New York. Mr. Cohen also previously practiced corporate law in New York and London with Simpson Thacher & Bartlett LLP and in Houston, TX with Baker Botts LLP. Mr. Cohen is an honors graduate of Princeton University and received his law degree from NYU School of Law.

In considering Mr. Cohen as a director of the Company, the Board reviewed his extensive expertise and knowledge regarding investment banking, private equity and corporate law matters, as well as public company mergers and acquisitions.

Peter Holst, Chief Executive Officer and Director. Prior to being named President and CEO in January 2013, Mr. Holst served as the Company's Senior Vice President for Business Development since October 1, 2012. Prior to joining the Company, Mr. Holst served as the Chief Executive Officer of Affinity VideoNet, Inc. ("Affinity") from June 1, 2008 until October 1, 2012, when the Company acquired Affinity. Prior to joining Affinity, Mr. Holst served as the President and Chief Operating Officer of Raindance Communications. Mr. Holst holds a degree in Business Administration from the University of Ottawa.

In considering Mr. Holst as a director of the Company, the Board reviewed his extensive knowledge and expertise in the communications as a service industry, and the leadership he has shown in his positions with prior companies.

Patrick J. Lombardi, Director. Mr. Lombardi joined our Board of Directors in April 2014. From 1996 to March 2013, Mr. Lombardi was a self-employed consultant to the telecommunications industry. From 1981 to 1996, Mr. Lombardi worked for Jones International, Ltd. and subsidiaries, serving as Group President and holding several senior management positions for subsidiaries of Jones. Mr. Lombardi formerly served on the Board of Directors for Jones Intercable, Inc., Bell Cablemedia plc and Raindance Communications, Inc. Mr. Lombardi holds a B.B.A. degree in Accounting from the University of Notre Dame and is a certified public accountant.

In considering Mr. Lombardi as a director of the Company, the Board reviewed his extensive expertise and knowledge regarding the telecommunications industry, as well as the prior directorships and executive positions he has held with public companies. Mr. Lombardi qualifies as an "audit committee financial expert" under the applicable SEC rules and accordingly contributes to the Board of Directors his understanding of corporate finance and his skills in analyzing and evaluating financial statements.

James S. Lusk, Director. Mr. Lusk joined our Board of Directors in February 2007. He has been Executive Vice President and Chief Financial Officer of ABM Industries Incorporated (NYSE:ABM), a leading provider of facility solutions with revenues of approximately \$5 billion and 100,000 employees in over 350 offices deployed throughout the United States and various international locations, since 2007. Prior to joining ABM, he served as Vice President, Business Services and Chief Operating Officer for the Europe, Middle East and Africa region for Avaya from 2005 to 2007. Mr. Lusk has also served as Chief Financial Officer, Treasurer of BioScrip/MIM, President of Lucent Technologies' Business Services division, and interim Chief Financial Officer and Corporate Controller of Lucent Technologies. Mr. Lusk earned his B.S. (Economics), cum laude, from the Wharton School, University of Pennsylvania, and his M.B.A (Finance) from Seton Hall University. He is a CPA and was inducted into the AICPA Business and Industry Leadership Hall of Fame in 1999.

In considering Mr. Lusk as a director of the Company, the Board reviewed his extensive expertise and knowledge regarding finance and accounting matters, as well as compensation, risk assessment and corporate governance. Mr. Lusk qualifies as an “audit committee financial expert” under the applicable SEC rules and accordingly contributes to the Board of Directors his understanding of generally accepted accounting principles and his skills in auditing, as well as in analyzing and evaluating financial statements.

Board Recommendation

The Board of Directors recommends that the stockholders vote FOR the election of each nominee for director to serve until our next annual meeting of stockholders, or until his successor is duly elected and qualified.

CORPORATE GOVERNANCE

Board of Directors, Board Committees and Meetings

Our Board of Directors consists of five directors. The current Board members include four independent directors and one member of our senior management. The primary responsibilities of the Board of Directors are oversight, counseling and direction to our management in the long-term interests of our stockholders and us. The Board has an audit committee, a compensation committee and a nominating committee.

Our Board of Directors met six times during the year ended December 31, 2013. During this period, each director attended in 75% or more of the aggregate of (i) the total number of meetings of the Board of Directors held during the period for which he was a director and (ii) the total number of meetings of committees of the Board of Directors on which he served, held during the period for which he served. The Company does not have a policy with regard to directors' attendance at our annual meetings of stockholders. Three of the five directors of the Company then in office attended the 2013 annual meeting of stockholders.

Director Independence

"Independent" Directors. Our Board of Directors has determined that each of our current directors, other than Mr. Holst, qualifies as "independent" in accordance with the rules of the NYSE MKT. Mr. Holst is currently our employee. Our Board of Directors previously determined that Grant Dawson, a member of the Board of Directors until his resignation as a director of the Company on April 4, 2014, qualified as "independent" in accordance with the rules of the NYSE MKT, and that Jon A. DeLuca, a member of the Board of Directors until his resignation as a director of the Company on April 4, 2014, did not qualify as "independent" because of a consulting agreement between Mr. DeLuca and the Company pursuant to which Mr. DeLuca's provided financial services as a consultant to the Company.

The NYSE MKT independence definition includes a series of objective tests, such as that the director is not an employee of the Company and has not engaged in various types of business dealings with the Company. In addition, as further required by the NYSE MKT rules, the Board has made a subjective determination as to each independent director that no relationship exists which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, the directors reviewed and discussed information provided by the directors and the Company with regard to each director's business and personal activities as they may relate to the Company and the Company's management.

Audit Committee

We currently have a separately-designated standing audit committee established in accordance with section 3(a)(58)(A) of the Exchange Act consisting of James S. Lusk, Kenneth Archer and Patrick J. Lombardi. Our Board of Directors has determined that Messrs. Lusk and Lombardi have the accounting and related financial management expertise to satisfy the requirements of an "audit committee financial expert," as determined pursuant to the rules and regulations of the SEC, and that each member satisfies applicable NYSE MKT independence standards. The audit committee consults and meets with our independent registered public accounting firm, Chief Financial Officer and accounting personnel, reviews potential conflict of interest situations where appropriate, and reports and makes recommendations to the full Board of Directors regarding such matters. The audit committee operates under a written audit committee charter, which was amended and restated by the Board on May 8, 2012. Our amended and restated audit committee charter is available online at www.glowpoint.com/investor-relations. You may also request a copy of the audit committee charter, at no cost, by telephoning us at 303-640-3838 or writing to us at Glowpoint, Inc., 1776 Lincoln Street, Suite 1300, Denver, Colorado 80203, Attention: Investor Relations. The audit committee met four times during the year ended December 31, 2013. Please see "Report of the Audit Committee of the Board of

Directors" below for additional information regarding the audit committee and the report of its members for the year ended December 31, 2013.

Compensation Committee

We currently have a compensation committee consisting of James S. Lusk, Kenneth Archer and James H. Cohen. Each member of the compensation committee meets the applicable independence requirements of the NYSE MKT. The compensation committee operates under a written compensation committee charter, which was adopted in May 2007 and is available online at www.glowpoint.com/investor-relations. You may also request a copy of the compensation committee charter, at no cost, by telephoning us at 303-640-3838 or writing to us at Glowpoint, Inc., 1776 Lincoln Street, Suite 1300, Denver, Colorado 80203, Attention: Investor Relations. The compensation committee met four times during the year ended December 31, 2013.

The compensation committee is responsible for establishing and administering our executive compensation policies. The role of the compensation committee is to (i) formulate, evaluate and approve compensation of the Company's directors, executive officers and key employees, (ii) oversee all compensation programs involving the use of the Company's stock and (iii) produce, if required under applicable securities laws, a report on executive compensation for inclusion in the Company's proxy statement for its annual meeting of stockholders. The duties and responsibilities of the compensation committee under its charter include:

- annually reviewing and making recommendations to the Board with respect to compensation of directors, executive officers and key employees of the Company;
- annually reviewing and approving corporate goals and objectives relevant to Chief Executive Officer compensation, evaluating the Chief Executive Officer's performance in light of those goals and objectives, and recommending to the Board the Chief Executive Officer's compensation levels based on this evaluation;
- reviewing competitive practices and trends to determine the adequacy of the executive compensation program;
- approving and overseeing compensation programs for executive officers involving the use of the Company's stock;
- approving and administering cash incentives for executives, including oversight of achievement of performance objectives, and funding for executive incentive plans;
- annually performing a self-evaluation on the performance of the compensation committee; and
- making regular reports to the Board concerning the activities of the compensation committee.

When appropriate, the compensation committee may, in carrying out its responsibilities, form and delegate authority to subcommittees. The Chief Executive Officer plays a role in determining the compensation of our other executive officers by evaluating the performance of those executive officers. The Chief Executive Officer's evaluations are then reviewed by the compensation committee. This process leads to a recommendation for any changes in salary, bonus terms and equity awards, if any, based on performance, which recommendations are then reviewed and approved by the compensation committee.

Nominating Committee

We currently have a nominating committee consisting of James S. Lusk, Kenneth Archer and James H. Cohen. Each member of the nominating committee meets the independence requirements of the NYSE. The nominating committee is responsible for assessing the performance of our Board of Directors and making recommendations to our Board regarding nominees for the Board. The nominating committee was formed in February 2004. Prior to the formation of the committee, its functions were performed by the Board of Directors. The nominating committee operates under a written nominating committee charter, which was filed with our Proxy Statement for the 2004 Annual Meeting of Stockholders and is available online at www.glowpoint.com/investor-relations. You may also request a copy of the nominating committee charter, at no cost, by telephoning us at 303-640-3838 or writing to us at Glowpoint, Inc., 1776 Lincoln Street, Suite 1300, Denver, Colorado 80203, Attention: Investor Relations. The nominating committee did not formally meet during the year ended December 31, 2013.

The nominating committee considers qualified candidates to serve as a member of our Board of Directors suggested by our stockholders. Nominees recommended by stockholders will be given appropriate consideration and evaluated in the same manner as other nominees. Stockholders can suggest qualified candidates for director by writing to our Corporate Secretary at 1776 Lincoln Street, Suite 1300, Denver, Colorado 80203. Stockholder submissions that are

received in accordance with our by-laws and that meet the criteria outlined in the nominating committee charter are forwarded to the members of the nominating committee for review. Stockholder submissions must include the following information:

• a statement that the writer is our stockholder and is proposing a candidate for our Board of Directors for consideration by the nominating committee;

• the name of and contact information for the candidate;

• a statement of the candidate's business and educational experience;

• information regarding each of the factors set forth in the nominating committee charter sufficient to enable the nominating committee to evaluate the candidate;

- statement detailing any relationship between the candidate and any of our customers, suppliers or competitors;
- detailed information about any relationship or understanding between the proposing stockholder and the candidate;
- and
- statement that the candidate is willing to be considered and willing to serve as our director if nominated and elected.

In considering potential new directors, the nominating committee will review individuals from various disciplines and backgrounds. Among the qualifications to be considered in the selection of candidates are broad experience in business, finance or administration; familiarity with national and international business matters; familiarity with our industry; and prominence and reputation. While there is no formal policy with regard to consideration of diversity in identifying director nominees, the nominating committee will consider diversity in business experience, professional expertise, gender and ethnic background, along with various other factors when evaluating director nominees. The nominating committee will also consider whether the individual has the time available to devote to the work of our Board of Directors and one or more of its committees.

The nominating committee will also review the activities and associations of each candidate to ensure that there is no legal impediment, conflict of interest or other consideration that might hinder or prevent service on our Board of Directors. In making its selection, the nominating committee will bear in mind that the foremost responsibility of a director of a corporation is to represent the interests of the stockholders as a whole. The nominating committee will periodically review and reassess the adequacy of its charter and propose any changes to the Board of Directors for approval.

Contacting the Board of Directors

Any stockholder who desires to contact our Board of Directors, committees of the Board of Directors and individual directors may do so by writing to: Glowpoint, Inc., 1776 Lincoln Street, Suite 1300, Denver, Colorado 80203, Attention: David Clark, Corporate Secretary. Mr. Clark will direct such communication to the appropriate persons.

Board Leadership Structure and Role in Risk Oversight

At no time during the year ended December 31, 2013 was the chairman of our Board of Directors also our Chief Executive Officer. Although the Board does not have a policy regarding the separation of the roles of chairman of the Board and Chief Executive Officer, the Board believes it is in the best interests of the Company to make that determination based on the position and direction of the Company, and also the membership of the Board. This structure facilitates a greater role for the Board of Directors in the oversight of the Company, and allows the chief executive officer to focus on the management of the Company's day-to-day operations. Currently, Patrick J. Lombardi holds the position of chairman.

The Board has an active role, directly and through its committees, in the oversight of the Company's risk management efforts. The Board carries out this oversight role through several levels of review. The Board regularly reviews and discusses with members of management information regarding the management of risks inherent in the operation of the Company's business and the implementation of the Company's strategic plan, including the Company's risk mitigation efforts.

Each of the Board's committees also oversees the management of the Company's risks that are under each committee's areas of responsibility. For example, the audit committee oversees management of accounting, auditing, external reporting, internal controls and cash investment risks. The nominating committee oversees and assesses the performance of the Board and makes recommendations to the Board from time to time regarding nominees for the

Board. The compensation committee oversees risks arising from compensation practices and policies. While each committee has specific responsibilities for oversight of risk, the Board is regularly informed by each committee about such risks. In this manner the Board is able to coordinate its risk oversight.

Executive Officers

The following table sets forth certain information regarding our executive officers.

Name	Age	Position
Peter Holst	45	President and Chief Executive Officer
David Clark	45	Chief Financial Officer and Corporate Secretary
Scott Zumbahlen	50	Senior Vice President, Sales

Biographies

Peter Holst, President and Chief Executive Officer. See “Nominee Biographies” above for Mr. Holst’s biography.

David Clark, Chief Financial Officer. Mr. Clark joined the Company in March 2013 as Chief Financial Officer and leads our global financial operations and investor relations, including financial planning and reporting, accounting, tax and treasury. Mr. Clark comes to the Company with more than 20 years of experience in finance and accounting. Prior to joining the Company, Mr. Clark spent over eight years with Allos Therapeutics, a publicly traded biopharmaceutical company, serving from 2007 to 2012 as Vice President of Finance, Treasurer and acting CFO. While at Allos, Mr. Clark was responsible for oversight and management of all financial activities, including equity financings, strategic financial planning, and investor relations. Prior to Allos, Mr. Clark spent nearly four years with Seurat Company (formerly XOR Inc.), an e-commerce managed services company, serving most recently as CFO. Mr. Clark started his career and spent over seven years in the audit practice of PricewaterhouseCoopers LLP. Mr. Clark is a Certified Public Accountant and received a Masters of Accountancy and a B.S. in Accounting from the University of Denver.

Scott Zumbahlen, Senior Vice President, Sales. Mr. Zumbahlen joined the Company in October 2013 as Senior Vice President, Sales. Mr. Zumbahlen has more than 20 years of experience in field sales and sales leadership with leading companies in the Unified Communications industry. Mr. Zumbahlen also has an extensive background in developing strategic alliances and in corporate development, including mergers and acquisitions. Prior to joining the Company, Mr. Zumbahlen served as Alliance Manager of Polycom from 2008 to October 2013. Prior to Polycom, Mr. Zumbahlen held several sales and marketing leadership positions with Cisco Systems (Regional Manager), Redback, now Ericsson (Sales Director), Proxim (VP of Sales and Marketing, Ricochet division) and Nomadix, now NTT DOCOMO (Director of Marketing). Mr. Zumbahlen was instrumental in these organizations’ sales growth in both enterprise and service-provider markets, and in the development and management of channel programs. Mr. Zumbahlen earned a Bachelor of Science in computer science and mathematics from the University of Illinois, Urbana-Champaign.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth for the year ended December 31, 2013 and 2012 compensation awarded to, paid to, or earned by the executive officers identified in the table (the “Named Executive Officers”).

Name and Principal Position	Year	Salary	Bonus	Stock Awards ⁽⁶⁾	Option Awards ⁽⁷⁾	All Other Compensation	Total
Peter Holst Chief Executive Officer and President ⁽¹⁾	2013	\$196,250	\$117,930 ⁽⁸⁾	\$402,911 ⁽⁹⁾	\$1,312,500	\$279,775 ⁽¹⁰⁾	\$2,309,366
	2012	\$56,250	\$135,000	\$—	\$—	\$—	\$191,250
David Clark Chief Financial Officer ⁽²⁾	2013	\$169,231	\$41,250 ⁽¹¹⁾	\$209,301 ⁽¹²⁾	\$113,500	\$3,201 ⁽¹³⁾	\$536,483
	2012	\$—	\$—	\$—	\$—	\$—	\$—
Scott Zumbahlen Senior Vice President, Sales ⁽³⁾	2013	\$27,933	\$—	\$—	\$—	\$—	\$27,933

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	2012	\$—	\$—	\$—	\$—	\$ —	\$—
Joseph Laezza Former Chief Executive Officer and President ⁽⁴⁾	2013	\$70,812	\$—	\$180,319	\$—	\$ 200,298	⁽¹⁴⁾ \$451,429
	2012	\$356,362	\$—	\$755,000	\$1,183,630	\$ 7,800	⁽¹⁵⁾ \$2,302,792
Steve Peri Former General Counsel ⁽⁵⁾	2013	\$177,083	\$50,000	\$—	\$—	\$ 82,623	⁽¹⁶⁾ \$309,706
	2012	\$81,570	\$16,667	\$313,500	\$151,032	\$ —	\$562,769

(1) Mr. Holst joined the Company as Senior Vice President of Business Development on October 1, 2012 and was appointed as Chief Executive Officer on January 11, 2013.

(2) Mr. Clark joined the Company as Chief Financial Officer on March 25, 2013.

- Mr. Zumbahlen joined the Company as Senior Vice President, Sales on November 5, 2013. Mr. Zumbahlen will
- (3) initially receive an annual base salary of \$175,000 and is eligible to receive a maximum annual incentive bonus equal to 100% of his base salary.
- (4) Mr. Laezza resigned from his position as the Company's Chief Executive Officer on January 11, 2013.
- (5) Mr. Peri joined the Company as Executive Vice President, General Counsel on September 4, 2012 and departed the Company on September 15, 2013.
- These amounts represent the aggregate grant date fair value for stock awards for fiscal years 2013 and 2012, respectively, computed in accordance with FASB ASC Topic 718. Please see Note 13 of the Notes to Consolidated
- (6) Financial Statements contained in our 2013 Annual Report on Form 10-K for an explanation of the assumptions made in valuing these awards.
- These amounts represent the aggregate grant date fair value for stock awards for fiscal years 2013 and 2012, respectively, computed in accordance with FASB ASC Topic 718. Please see Note 13 of the Notes to Consolidated
- (7) Financial Statements contained in our 2013 Annual Report on Form 10-K for an explanation of the assumptions made in valuing these awards.
- Represents: (i) a cash payment of \$44,805 received in 2013 relating to achievement of certain performance measures for the six-month period ended March 31, 2013 relating to the October 2012 acquisition of Affinity
- (8) VideoNet, Inc. ("Affinity"), and (ii) a \$73,125 bonus earned for fiscal year 2013 performance and paid in March 2014.
- Represents: (i) a grant of 100,000 shares of restricted Common Stock in January 2013 in connection with Mr. Holst's appointment as Chief Executive Officer, (ii) issuance of 149,350 shares of Common Stock in 2013 relating
- (9) to achievement of certain performance measures for the six-month period ended March 31, 2013 relating to the acquisition of Affinity, and (iii) a March 2014 grant of 62,261 shares of restricted Common Stock that were earned for fiscal year 2013 performance.
- Represents: (i) a cash payment of \$160,000 in April 2013 relating to a retention bonus the Company agreed
- (10) to pay in connection with the acquisition of Affinity and (ii) 2013 severance payments attributable to former employment with Affinity of \$115,000, and (iii) a Company matching contribution of \$4,775 under the Company's 401k Plan.
- (11) Represents a bonus earned for fiscal year 2013 performance and paid in March 2014.
- Represents: (i) a grant of 100,000 shares of restricted Common Stock in March 2013 in connection with Mr.
- (12) Clark's appointment as Chief Financial Officer and (ii) a March 2014 grant of 35,121 shares of restricted Common Stock that were earned for fiscal year 2013 performance.
- (13) Represents a Company matching contribution under the Company's 401k Plan.
- Represents: (i) severance payments of \$186,625 in 2013 under the separation agreement with Mr. Laezza and the
- (14) Company, (ii) payment of \$13,073 for unused paid-time-off, and (iii) a car allowance of \$600.
- (15) Represents payments for a car allowance.
- Represents (i) severance payments of \$72,917 in 2013 under the separation agreement with Mr. Peri and the
- (16) Company, (ii) payment of \$6,615 for unused paid-time-off, and (iii) a Company matching contribution of \$3,091 under the Company's 401k Plan.

Agreements with Named Executive Officers

Peter Holst Employment Agreement. On January 14, 2013, the Board appointed Peter Holst as the Company's President and Chief Executive Officer, and as a member of the Board. In connection with his appointment, the Company entered into an employment agreement with Mr. Holst (the "Holst Employment Agreement"). The initial term of the Holst Employment Agreement, which is terminable at will by either party, expires on December 31, 2014 and renews for successive one-year terms if not otherwise terminated. Pursuant to the Holst Employment Agreement, Mr. Holst initially received an annual base salary of \$195,000 and is eligible to receive a maximum annual incentive bonus equal to 100% of his base salary, at the discretion of the compensation committee of the Board based on meeting certain financial and non-financial goals. The Company also issued to Mr. Holst, pursuant to the Company's 2007

Stock Incentive Plan (the “2007 Plan”): (i) 100,000 restricted shares of Common Stock and (ii) an option to purchase 875,000 shares of Common Stock. The option has a term of 10 years and an exercise price of \$1.98. Twenty-five percent of the option and shares of restricted Common Stock vested on January 13, 2014, with the remainder of each vesting in equal monthly installments for 36 months thereafter; provided however, that the options and shares of restricted Common Stock will vest in full upon a Change in Control or Corporate Transaction, as each term is defined in the 2007 Plan. Effective March 1, 2014, the Board increased Mr. Holst’s annual base salary to \$199,875. Mr. Holst was awarded a bonus in March 2014, relating to fiscal year 2013 performance, of \$73,125 in cash and 62,261 shares of restricted Common Stock.

Mr. Holst also received, as payment for historical severance amounts attributable to his employment with Affinity, \$240,000 (the “Affinity Severance Payment”). The Affinity Severance Payment reduced the Company’s long-term debt obligation by reducing certain notes by the severance amount. Approximately \$115,000 of the Affinity Severance Payment was paid during the year ended December 31, 2013 and the remaining amount was paid in January 2014. Mr. Holst also received in 2013 a cash payment of \$160,000 relating to a retention bonus the Company agreed to pay in connection with the acquisition of Affinity. Mr. Holst was also entitled to earn up to 150,000 shares of Common Stock and a cash bonus of up to \$45,000 for the six-month period ended March 31, 2013, if he achieved certain performance measures, pursuant to his original employment agreement with the

Company; of which Mr. Holst actually earned and was issued 149,350 shares of Common Stock and \$44,805 as a cash bonus in June 2013.

David Clark Employment Agreement. On March 25, 2013, the Company entered into an employment agreement with David Clark (the “Clark Employment Agreement”) in connection with his appointment as Chief Financial Officer of the Company. Pursuant to the Clark Employment Agreement, Mr. Clark initially received an annual base salary of \$220,000 and is eligible to receive a maximum annual incentive bonus equal to 50% of his base salary, at the discretion of the compensation committee of the Board, based on meeting certain financial and non-financial goals. As part of the Clark Employment Agreement, the Company issued to Mr. Clark, pursuant to the 2007 Plan, (i) 100,000 shares of restricted Common Stock and (ii) an option to purchase 100,000 shares of Common Stock. The option has a term of 10 years and an exercise price of \$1.51. Twenty-five percent of the option and shares of restricted Common Stock vested on March 25, 2014, with the remainder of each vesting in equal monthly installments for 36 months thereafter; provided however, that the option and restricted shares of Common Stock will vest in full upon a Change in Control or Corporate Transaction, as each term is defined in the 2007 Plan. Effective March 1, 2014, the Board increased Mr. Clark’s annual base salary to \$225,133. Mr. Clark was awarded a bonus in March 2014, relating to fiscal year 2013 performance, of \$41,250 in cash and 35,121 shares of restricted Common Stock.

Joseph Laezza Employment Agreement. On August 30, 2010, the Company entered into an Amended and Restated Employment Agreement with Mr. Laezza, the Company’s Chief Executive Officer and President at the time (the “Laezza Employment Agreement”). The Laezza Employment Agreement replaced Mr. Laezza’s existing employment agreement dated March 11, 2004, which had been previously amended on several occasions. The Laezza Employment Agreement modified certain terms contained in Mr. Laezza’s prior agreement, including (i) extending the expiration date of such agreement from January 31, 2012 to December 31, 2012; (ii) increasing Mr. Laezza’s annual base salary from \$265,000 to \$275,000; and (iii) providing for additional severance benefits of one year of accelerated vesting of his shares of restricted Common Stock and options to purchase shares of Common Stock and up to 12 months of COBRA payments on his behalf so long as Mr. Laezza executed the Company’s standard form of release and waiver. Under the terms of the Laezza Employment Agreement, Mr. Laezza was also eligible to receive, at the discretion of the compensation committee of our Board of Directors, based on meeting certain corporate and personal goals, an annual incentive bonus with a target of 40% of his base salary.

On January 13, 2013, Mr. Laezza resigned from his position as the Company’s Chief Executive Officer and entered into a Separation Agreement and General Release with the Company (the “Laezza Separation Agreement”). Under the terms of the Laezza Separation Agreement, Mr. Laezza received, subject to certain conditions, full vesting of 113,334 shares of restricted Common Stock and an additional 13,500 shares of Common Stock, in exchange for forfeiture of options to purchase 145,000 shares of Common Stock, to which he would have otherwise be entitled. Pursuant to the Laezza Separation Agreement, as amended, Mr. Laezza also received in 2013 (i) severance payments of \$141,625 equal to six months of his annual base salary of \$283,250 (“Initial Severance”); (ii) an additional severance payment of \$35,000 following the completion of the Initial Severance payments; (iii) payment of COBRA until December 31, 2013; (iv) a single one-time payment of \$10,000 paid to Mr. Laezza on March 31, 2013 in consideration of his covenant not to compete; and (v) all due and accrued wages plus 12 days of unused paid-time-off.

Steven Peri Employment Agreement. On August 15, 2012, the Company entered into an employment agreement with Steven B. Peri (the “Peri Employment Agreement”) in connection with his appointment as the Company’s Executive Vice President, General Counsel and Secretary, effective as of September 4, 2012. On September 13, 2013, Mr. Peri entered into a separation agreement with the Company pursuant to which his employment was terminated effective September 15, 2013. Pursuant to the Peri Employment Agreement, Mr. Peri received an annual base salary of \$250,000. Mr. Peri was also eligible for annual incentive compensation of up to 40% of his base salary at the discretion of the compensation committee of the Board based on meeting certain corporate and personal goals. Mr. Peri was guaranteed 50% of his annual incentive compensation for the first twelve months of his employment.

As part of the Peri Employment Agreement, the Company issued to Mr. Peri, pursuant to the 2007 Plan, (i) 150,000 shares of restricted Common Stock and (ii) an option to purchase 100,000 shares of Common Stock. The options had an exercise price of \$3.02 for 50,000 of the options and \$3.47 for the remaining 50,000 options; provided, however, that each exercise price was subject to adjustment, upon issuance of the options, to be the greater of (i) \$3.02 and \$3.47, respectively, and (ii) the product of 1.0 and 1.15, respectively, of the fair market value. Following Mr. Peri's separation from the Company, Mr. Peri forfeited the restricted shares of Common Stock and the option referenced above. In connection with the separation agreement with Mr. Peri, Mr. Peri was entitled to (A) severance compensation of \$125,000 equal to six months of base salary; (B) payment of COBRA costs by the Company less the employee contribution portion, if any, for six months; and (C) a \$33,334 bonus payment.

Outstanding Equity Awards at Fiscal Year-End

The table set forth below presents the number and values of exercisable and unexercisable options and unvested shares of restricted Common Stock held by the Named Executive Officers at December 31, 2013:

Name	Option Awards				Stock Awards		
	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 (\$) ⁽¹⁾	
Peter Holst	—	875,000	⁽⁴⁾ \$ 1.98	1/13/2023	100,000	⁽⁴⁾ 138,000	
David Clark	—	100,000	⁽⁵⁾ \$ 1.51	3/25/2024	100,000	⁽⁵⁾ 138,000	
Scott Zumbahlen	—	—	\$—	—	—	—	
Joseph Laezza ⁽²⁾	—	—	\$—	—	—	—	
Steven Peri ⁽³⁾	—	—	\$—	—	—	—	

⁽¹⁾ The market value of the stock awards is based on the \$1.38 closing price of our Common Stock on December 31, 2013.

⁽²⁾ Mr. Laezza resigned from the Company on January 11, 2013.

⁽³⁾ Mr. Peri departed the Company on September 15, 2013.

Represents the unvested portion of an award that was granted on January 13, 2013. Twenty-five percent of the ⁽⁴⁾ award vested on the anniversary of the grant date, with the remainder vesting in equal monthly installments for 36 months thereafter.

Represents the unvested portion of an award that was granted on March 25, 2013. Twenty-five percent of the ⁽⁵⁾ award vested on the anniversary of the grant date, with the remainder of each vesting in equal monthly installments for 36 months thereafter.

Potential Payments to Named Executive Officers upon Termination or Change-in-Control

This section summarizes potential payments to our Named Executive Officers upon the occurrence of certain termination triggering events as of December 31, 2013. For the purposes of this discussion, set forth below are the standard definitions for the various types of termination, although exact definitions may vary by agreement and by person.

In accordance with the terms of the 2007 Plan, upon a Change in Control or Corporate Transaction, as each such term is defined in the 2007 Plan, all shares of restricted stock and all unvested options immediately vest. No Named Executive Officer is entitled to a payment in connection with Voluntary Resignation, retirement, disability or a Termination for Cause.

“Voluntary Resignation” means the resignation initiated by the executive officer.

“Resignation for Good Reason” means if the executive officer resigns because: (i) there has been a diminution in his base salary; (ii) the executive officer is required to be based in an office that is more than a certain distance (e.g., 50 or 75 miles) from the current location of the office; (iii) the executive officer is assigned duties that are materially inconsistent with his current position; or (iv) there is a material diminution of his status, office, title, responsibility, or

reporting requirements.

“Termination For Cause” means a termination of executive officer’s employment by the Company because, in the judgment of the Company: (i) the executive officer willfully engaged in any act or omission which is in bad faith and to the detriment of the Company; (ii) the executive officer exhibited unfitness for service, dishonesty, habitual neglect, persistent and serious deficiencies in performance, or gross incompetence, which conduct is not cured within fifteen (15) days after receipt by the executive officer of written notice of the conduct; (iii) the executive officer is convicted of a crime; or (iv) the executive officer refused or failed to act on any reasonable and lawful directive or order from the executive officer’s superior or the Board.

“Termination Without Cause” means a termination for a reason other than Termination For Cause, as defined above.

“Benefits upon a Change in Control or Corporate Transaction” means the benefit the named executive will receive upon a Change in Control or Corporate Transaction, as each such term is defined in the executive officer’s employment contract and restricted stock award agreement.

Under the terms of the Holst Employment Agreement, if the Company terminates Mr. Holst’s employment without just cause or Mr. Host resigns with good reason, or upon a Change in Control or Corporate Transaction, as such terms are defined in the 2007 Plan, Mr. Holst will be entitled to receive, subject to certain conditions, (i) any base salary and annual bonus earned but unpaid prior to the date of the termination; (ii) severance payments equal to six months of his annual base salary; (iii) 50% of the annual bonus paid to Mr. Holst for the most recent calendar year prior to the date of termination; and (iv) payment of COBRA costs by the Company for 12 months.

Under the terms of the Clark Employment Agreement, if the Company terminates Mr. Clark’s employment without just cause or Mr. Clark resigns with good reason, Mr. Clark will be entitled to receive, subject to certain conditions, (i) any base salary and annual bonus earned but unpaid prior to the date of termination; (ii) severance payments equal to three months of his annual base salary; and (iii) payment of COBRA costs by the Company less the employee contribution portion, if any, for three months. Notwithstanding the foregoing, upon a Change in Control or Corporate Transaction, as such terms are defined in the 2007 Plan, the severance payments representing a portion of his annual base salary will increase to six months of his annual base salary plus the pro-rated portion of Mr. Clark’s annual target bonus and the Company will pay his COBRA costs for six months.

Internal Revenue Code Section 162(m) Limitation

Section 162(m) of the Internal Revenue Code, generally disallows a tax deduction to publicly held companies for compensation exceeding \$1 million per year paid to certain executive officers. The limitation applies only to compensation that is not considered to be performance-based.

DIRECTOR COMPENSATION

Our director compensation policy in effect in 2013 (the “Director Policy”) provided that directors who are not our executive officers or employees were entitled to receive: (i) a one-time grant of 50,000 options to purchase shares of Common Stock upon appointment as a new director; (ii) an annual fee of \$25,000 (the “Annual Fee”); and (iii) an annual grant of 25,000 options to purchase shares of Common Stock. The Director Policy was amended in early 2014 and currently provides that directors who are not our executive officers or employees are entitled to receive: (i) restricted stock with a value of \$40,000 pro rated for the period of service from the director’s date of appointment to the Board until the next annual meeting of stockholders; (ii) an annual fee of \$25,000 (the “Annual Fee”); and (iii) an annual grant of restricted stock with a value of \$40,000. The Annual Fee is payable in equal quarterly installments on the first business day following the end of the calendar quarter, in cash or shares of restricted Common Stock, as chosen by the director on an annual basis on or before December 31 of the applicable fiscal year. The annual grants to directors are to be made as of the date of the annual meeting of the Company’s stockholders. The Director Policy also provides that the chairperson of the Board of Directors, if any, will receive an additional cash payment of \$20,000 per year, the chairperson of the Company’s audit committee will receive an additional cash payment of \$10,000 per year, the chairperson of the Company’s compensation committee, if any, will receive an additional cash payment of \$5,000 per year, and each non-chair member of any committee will receive an additional cash payment of \$3,000 per year, in each case payable in equal quarterly installments in arrears.

The following table represents compensation paid, accrued or granted to our non-employee directors during the year ended December 31, 2013. All compensation paid, accrued or granted to Peter Holst, our Chief Executive Officer and President, during the year ended December 31, 2013 is included in the Summary Compensation Table under “Executive Compensation” above.

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Name	Fees Earned or Paid in Cash	Stock Awards ⁽¹⁾	Option Awards ⁽²⁾	All Other Compensation	Total
Kenneth Archer	\$34,000	\$—	\$16,875	\$—	\$50,875
Grant Dawson	36,000	—	16,875	—	52,875
Jon DeLuca	—	45,000	⁽³⁾ 16,875	150,000	⁽⁴⁾ 211,875
James S. Lusk	41,000	—	16,875	—	57,875

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(1) These amounts represent the aggregate grant date fair value for stock awards granted to each director in 2013 computed in accordance with FASB ASC Topic 718. Please See Note 12 of the Notes to Consolidated Financial Statements contained in our 2013 Annual Report on Form 10-K for an explanation of the assumptions made in valuing these awards.

(2) These amounts represent the aggregate grant date fair value for option awards granted to each director in 2013 computed in accordance with FASB ASC Topic 718. Please See Note 12 of the Notes to Consolidated Financial Statements contained in our 2013 Annual Report on Form 10-K for an explanation of the assumptions made in valuing these awards.

(3) Mr. DeLuca elected to receive his Board fees in the form of restricted stock in accordance with the Director Policy.

(4) Mr. DeLuca received fees of \$150,000 during 2013 under his consulting agreement with the Company. The consulting agreement was terminated on April 4, 2014 in connection with Mr. DeLuca's resignation as a director of the Company.

As of December 31, 2013, the aggregate number of outstanding options and unvested shares of restricted stock for each non-employee director identified above is set forth below.

Name	Options	Restricted Stock
Kenneth Archer	100,000	—
Grant Dawson	100,000	—
Jon DeLuca	100,000	59,785
James S. Lusk	110,625	—

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information concerning our equity compensation plans as of December 31, 2013.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,792,141	\$ 2.21	177,556
Equity compensation plans not approved by security holders	—	\$ —	—
Total	1,792,141	\$ 2.21	177,556

Summary Description of the Company's Non-Stockholder Approved Equity Compensation Plans

On April 6, 2010, the Company made an issuance of 150,000 restricted shares of the Common Stock outside the scope of the 2007 Plan to certain members of management. The shares of restricted Common Stock vest upon a Change in Control (as defined in the 2007 Plan).

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The audit committee is composed of three members. Each member is a director who meets the current independence standards under the applicable SEC and NYSE MKT rules. The audit committee operates under a written audit committee charter. As described more fully in its charter, the purpose of the audit committee is to assist the Board in its general oversight of the Company's financial reporting, internal controls and audit functions. Management is responsible for: the preparation, presentation and integrity of Company's financial statements; accounting and financial reporting principles; internal controls; and procedures designed to reasonably assure compliance with accounting standards, applicable laws and regulations. EisnerAmper LLP ("EisnerAmper"), our independent registered public accounting firm, is responsible for performing an independent audit of the consolidated financial statements in accordance with the Standards of the Public Company Accounting Oversight Board (United

States). In accordance with applicable law, the audit committee has ultimate authority and responsibility to select, compensate, evaluate and, when appropriate, replace our independent registered public accounting firm. The audit committee has the authority to engage its own outside advisers, including experts in particular areas of accounting, as it determines appropriate, apart from counsel or advisers hired by management.

The audit committee members need not be professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of management and EisnerAmper, nor can the audit committee certify that EisnerAmper is “independent” under applicable rules. The audit committee serves a Board-level oversight role, in which it provides advice, counsel and direction to management and EisnerAmper on the basis of the information it receives, discussions with management and EisnerAmper, and the experience of the audit committee’s members in business, financial and accounting matters. Two members of the audit committee have been determined by the Board to meet the qualifications of an “audit committee financial expert” in accordance with SEC rules. Stockholders should understand that this designation is an SEC disclosure requirement related to these directors’ experience and understanding with respect to certain accounting and auditing matters. The designation does not impose on these directors any duties, obligations or liability that are greater than are generally imposed on them as a member of the audit committee and the Board, and their designation as an audit committee financial expert pursuant to this SEC requirement does not affect the duties, obligations or liability of any other member of the audit committee or the Board.

In accordance with law, the audit committee is responsible for establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by our employees received through established procedures, of concerns regarding questionable accounting or auditing matters. Among other matters, the audit committee monitors the activities and performance of EisnerAmper, including the audit scope, external audit fees, independence matters and the extent to which the firm may be retained to perform non-audit services.

In accordance with audit committee policy and applicable legal requirements, all services to be provided by EisnerAmper are pre-approved by the audit committee. Pre-approval includes audit services, audit-related services, tax services and other services. To avoid certain potential conflicts of interest, the law prohibits a publicly-traded company from obtaining certain non-audit services from EisnerAmper. We obtain these services from other service providers as needed.

The audit committee has reviewed our audited financial statements and met and held discussions with management regarding the audited financial statements. Management has represented to the audit committee that our consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States. The audit committee has discussed with EisnerAmper the matters required to be discussed by the statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T. These discussions have included a review as to the quality, not just the acceptability, of our accounting principles.

The audit committee has received the written disclosures and the letter from EisnerAmper required by applicable requirements of the Public Company Accounting Oversight Board regarding the EisnerAmper’s communications with the audit committee concerning independence, and the audit committee has discussed with EisnerAmper its independence from management and the Company. The audit committee has also considered the compatibility of non-audit services with EisnerAmper’s independence.

Based on the audit committee’s review and discussions described in this report, the audit committee recommended to the Board of Directors that our audited consolidated financial statements for the year ended December 31, 2013 be included in the Company’s Annual Report on Form 10-K for filing with the SEC.

Respectfully submitted,

James S. Lusk, Chairman
Kenneth Archer
Patrick J. Lombardi

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires executive officers and directors and persons who beneficially own more than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC. Executive officers, directors and greater than 10% stockholders are required by regulations of the SEC to furnish us with copies of all Section 16(a) reports they file.

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Based solely on our review of the copies of reports we received, or written representations that no such reports were required for those persons, we believe that, for the year ended December 31, 2013, all statements of beneficial ownership required to be filed with the SEC were filed on a timely basis.

TRANSACTIONS WITH RELATED PERSONS

The Company provides video collaboration services (the "Video Services") to ABM Industries, Inc. ("ABM"). James S. Lusk, who serves as a member of our Board of Directors, is an officer of ABM. Video Services revenue from ABM for the years ended December 31, 2013 and 2012 were \$136,000 and \$210,000, respectively.

The Company received general corporate strategy and management consulting services under a Consulting Agreement entered into on September 1, 2010 from Jon A. DeLuca (the "Consulting Agreement"), who until April 4, 2014 served as a member of our Board of Directors. The Consulting Agreement was a month-to-month engagement pursuant to which the Company paid Mr. DeLuca \$12,500 per month, plus any pre-authorized expenses incurred in providing services. Consulting fees pursuant to the Consulting Agreement for the years ended December 31, 2013 and 2012 were \$150,000 and \$150,000, respectively. The Consulting Agreement was terminated on April 4, 2014 in connection with Mr. DeLuca's resignation as a director of the Company.

The Company received financial advisory services from Burnham Hill Partners, LLC ("BHP") under certain engagement agreements. In October 2013, the Company terminated all such engagement agreements with BHP. Jason Adelman, a principal of BHP, is a greater than 5% stockholder of the Company. In October 2012, the Company issued 100,000 shares of unregistered Common Stock and paid \$250,000 in cash to BHP in consideration of services rendered. The cash and stock was divided equally between financing costs and acquisition costs. In connection with the termination of the agreements with BHP referenced above and to settle amounts due to BHP for financial advisory services, the Company agreed to pay BHP \$100,000 and issue 100,000 of shares of Common Stock to BHP. The shares were valued at \$135,000 using the October 15, 2013 stock price of \$1.35. Other financial advisory fees paid to BHP for the years ended December 31, 2013 and 2012, were \$96,000 and \$143,000, respectively. As of December 31, 2013, there were no accounts payable to BHP.

Pursuant to a Sales Partner Agreement between the Company and Nancy K. Holst (the "Sales Partner Agreement"), Ms. Holst was entitled to certain sales commissions. Ms. Holst is the wife of Peter Holst, the Company's President and Chief Executive Officer. For the years ended December 31, 2013 and 2012, Ms. Holst earned \$21,000 and \$15,000, respectively, in sales commissions under the Sales Partner Agreement. The Company terminated the Sales Partner Agreement with Ms. Holst effective December 31, 2013.

In August 2013, GP Investment Holdings, LLC ("GPI") purchased 8,942,805 shares of the Company's Common Stock and 95 shares of the Company's Series B-1 Preferred Stock from Vicis Capital Master Fund in a private transaction. Following this transaction, the Company then issued 6,333,333 shares of Common Stock to GPI in exchange for the conversion of 95 shares of the Company's Series B-1 preferred stock that GPI purchased. As of December 31, 2013, GPI owned 15,276,138 shares, or 43%, of the Company's Common Stock. GPI is an investment vehicle affiliated with Main Street Capital Corporation ("MSCC"), our debt lender and the Pessin family. Pursuant to a registration rights agreement between us and GPI, we filed a registration statement covering 6,333,333 shares of Common Stock with the SEC on November 6, 2013, which was declared effective on November 14, 2013.

On April 4, 2014, the Company entered into a letter agreement (the "Letter Agreement") with GPI, MSCC and Brian Pessin, Sandra Pessin and Norman Pessin (collectively, the "Investor Group"). Pursuant to the terms of the Agreement, among other things, the Company's Board of Directors appointed James H. Cohen and Patrick J. Lombardi (together, the "New Directors") as members of the Board of Directors to fill the vacancies resulting from the resignations of Jon A.

DeLuca and Grant Dawson (together, the “Resigning Directors”) as directors of the Company, the Company agreed to nominate, recommend and support the New Directors as two of five total nominees (the “Company Slate