

GLOWPOINT INC
Form DEF 14A
April 21, 2005

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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

Filed by the Registrant
Filed by a Party other than the
Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material pursuant to

Rule 14a-11(c) or Rule 14a-12

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Commission Only (as Permitted
by Rule 14a-6(e)(2))

Glowpoint, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Filing Party:

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**GLOWPOINT, INC.
225 Long Avenue
Hillside, New Jersey 07205**

April 21, 2005

Dear Stockholder:

We are pleased to invite you to the 2005 Annual Meeting of Stockholders of Glowpoint, Inc., which will be held at 9:00 a.m. local time, on May 26, 2005, at the Holiday Inn, 304 Route 22 West, Springfield, New Jersey 07081.

At the meeting, you will be asked to elect three Class III Directors to our board of directors to serve a three-year term each and to ratify the appointment of BDO Seidman, LLP as our Registered Public Accounting Firm for fiscal year 2005.

The enclosed notice and proxy statement contain complete information about the matters to be considered at the Annual Meeting. We are also enclosing our Annual Report on Form 10-K for 2004.

We hope you will be able to attend the 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 over the Internet, so that your shares will be represented and voted at the meeting.

Sincerely,

David C. Trachtenberg
Chief Executive Officer and President

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**GLOWPOINT, INC.
225 Long Avenue
Hillside, New Jersey 07205**

**NOTICE OF THE 2005 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 26, 2005**

To our Stockholders:

The Annual Meeting of Stockholders of Glowpoint, Inc. will be held at 9:00 a.m. local time on May 26, 2005, at the Holiday Inn, 304 Route 22 West, Springfield, New Jersey 07081, for the following purposes:

1. To elect three Class III Directors to the board of directors to serve a three-year term each;
2. To ratify the appointment of BDO Seidman, LLP as our Registered Public Accounting Firm for fiscal 2005; and
3. To transact other business as may properly come before the meeting.

Stockholders of record of our common stock as of the close of business on April 15, 2005 are entitled to attend and vote at the Annual Meeting or any adjournment or postponement thereof.

By order of the Board of Directors,

David C. Trachtenberg
Chief Executive Officer and President

April 21, 2005

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

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GLOWPOINT, INC.
225 Long Avenue
Hillside, New Jersey 07205

**PROXY STATEMENT
FOR THE 2005 ANNUAL MEETING OF STOCKHOLDERS**

The Board of Directors of Glowpoint, Inc. (referred to throughout this proxy statement as "Glowpoint" or "we" or "our") is soliciting proxies for our 2005 Annual Meeting of Stockholders or any adjournment or postponement thereof. The Annual Meeting will be held at 9:00 a.m. local time on May 26, 2005, at the Holiday Inn, 304 Route 22 West, Springfield, New Jersey 07081. This proxy statement, the accompanying proxy card and our Annual Report on Form 10-K for 2004 are first being mailed to stockholders on or about April 21, 2005.

At the Annual Meeting, stockholders will be asked to consider and vote on (1) the election of three directors each to serve a three-year term as a Class III Director; and (2) the ratification of the appointment of BDO Seidman, LLP as our Registered Public Accounting Firm for the fiscal year ending December 31, 2005. At the Annual Meeting, stockholders may also be asked to consider and take action with respect to other matters that properly come before the meeting. We have not received notice of other matters that may properly be presented for voting at the Annual Meeting.

RECORD DATE; QUORUM

Only holders of record of our common stock at the close of business on April 15, 2005 are entitled to vote at the Annual Meeting. As of the record date, approximately 46,034,176 shares of common stock were issued and outstanding, each of which entitles its holder to cast one vote on each matter to be presented at the Annual Meeting. A quorum is present at the Annual Meeting if a majority of shares of common 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

The shares represented by the proxies received, properly dated and executed and not revoked will be voted at the Annual Meeting in accordance with the instructions of the stockholders. Properly executed proxies that do not contain voting instructions will be voted (1) FOR each of the nominees named below for election as directors, and (2) FOR ratification of BDO Seidman, LLP as our Registered Public Accounting Firm for the fiscal year ending December 31, 2005, and with respect to other matters that may come before the Annual Meeting, at the discretion of the proxy holders.

Abstentions and broker "non-votes" will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum. An abstention is the voluntary act of not voting by a stockholder who is present at a meeting and entitled to vote. Abstentions are counted as a "no" vote for any proposals submitted to stockholders for a vote, excluding the election of directors. 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. A broker "non-vote" will be treated as unvoted for purposes of determining the approval of any matter submitted to the stockholders for a vote. A plurality of the votes duly cast is required for the election of directors. This means that the three nominees receiving the highest number of affirmative votes will be elected. Abstentions and broker "non-votes" are not counted for purposes of the election of directors.

Stockholders have the option to vote over the Internet or by telephone. If you have Internet access, WE ENCOURAGE YOU TO RECORD YOUR VOTE ON THE INTERNET. It is convenient, and it saves significant postage and processing costs. In addition, when you vote via the Internet or by phone 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.

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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, over the Internet or by telephone, you may use any of those three 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 Internet and telephone 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 the related reasonable out-of-pocket expenses.

STOCKHOLDER PROPOSALS

Any stockholder who intends to present a proposal at the 2006 Annual Meeting of Stockholders must deliver the proposal to the Corporate Secretary, Glowpoint, Inc., 225 Long Avenue, Hillside, New Jersey 07205, no later than December 28, 2005 if such proposal is to be considered for inclusion in our proxy materials for that meeting.

In addition, our by-laws provide that, in order for a stockholder to propose business for consideration at an annual meeting of stockholders, the stockholder must give written notice to our Corporate Secretary at our principal executive offices not less than 60 days nor more than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided however, that in the event the annual meeting is called for a date that is not within 30 days before or after such anniversary date, notice by the stockholder in order to be timely must be received not later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date the annual meeting was made, whichever occurs first.

QUESTIONS AND ANSWERS ABOUT THE 2005 ANNUAL MEETING

Q: What Is The Proposal Relating To The Election Of Directors That I Will Be Voting On At The Annual Meeting?

A: You will be asked to consider and vote upon a proposal to elect the following individuals to the board of directors: Dean Hiltzik, Richard Reiss and James Spanfeller.

Q: What Is The Proposal Relating To The Ratification Of The Audit Committee's Appointment Of a Registered Public Accounting Firm That I Will Be Voting On At The Annual Meeting?

A: You will be voting to ratify the audit committee's appointment of BDO Seidman, LLP, a Registered Public Accounting Firm, as our Registered Public Accounting Firm for the fiscal year ending December 31, 2005.

Q: Who Is Soliciting My Proxy?

A: This proxy solicitation is being made and paid for by Glowpoint. In addition to this solicitation by mail, proxies may be solicited by our directors, officers and other employees by telephone, Internet or fax, in

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person or otherwise. Such persons will not receive any additional compensation for assisting in the solicitation. We will also request brokerage firms, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares of our common stock. We will reimburse such persons and our transfer agent for their reasonable out-of-pocket expenses in forwarding such material.

Q: How Does The Board Recommend That I Vote On The Matters Proposed?

A: Your board unanimously recommends that stockholders vote FOR each of the proposals submitted at the Annual Meeting.

Q: Who Is Entitled To Vote At The Annual Meeting?

A: Only holders of record of our common stock as of the close of business on April 15, 2005 will be entitled to notice of and to vote at the Annual Meeting.

Q: When And Where Is The Annual Meeting?

A: The Annual Meeting of our stockholders will be held at 9:00 a.m. local time, on Thursday, May 26, 2005, at the Holiday Inn, 304 Route 22 West, Springfield, NJ 07081.

Q: Where Can I Vote My Shares?

A: You can vote your shares where indicated by the instructions set forth on the proxy card, including by Internet or by telephone, or you can attend and vote your shares in person at the Annual Meeting.

Q: If My Shares Are Held In Street Name By My Broker, Will My Broker Vote My Shares For Me?

A: Your broker may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on those matters, and will not be counted in determining the number of shares necessary for approval. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares.

Q: May I Change My Vote After I Have Mailed My Signed Proxy Card?

A: Yes. Just send in a written revocation or a later dated, signed proxy card before the Annual Meeting or vote again by telephone or over the Internet, or simply attend the Annual Meeting and vote in person. Simply attending the annual meeting, however, will not revoke your proxy; you must vote at the Annual Meeting.

Q: What Do I Need To Do Now?

A: Please vote your shares as soon as possible so that your shares may be represented at the Annual Meeting. You may vote by signing and dating your proxy card and mailing it in the enclosed return envelope or by telephone or over the Internet, or you may vote in person at the Annual Meeting.

Q: Whom Should I Call If I Have Questions?

A: If you have questions about any of the proposals on which you are voting, you may call Gerard E. Dorsey, our Chief Financial Officer, at (973) 282-2000.

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PROPOSAL NO. 1
ELECTION OF DIRECTORS

Our directors are divided into three classes. The number of directors is determined from time to time by our board of directors. A single class of directors is elected each year at the annual meeting of stockholders. Each director elected at an annual meeting will serve for a term ending at the third annual meeting of stockholders after his or her election and until his or her successor is elected and duly qualified. Lewis Jaffe resigned his position as a Class III Director as of June 2004 and James Spanfeller was appointed to fill the vacancy created by his resignation. James Kuster resigned his position as a Class I Director as of September 7, 2004; a new director has not yet been appointed to fill the vacancy.

The directors to be elected at the Annual Meeting are Class III Directors and are to serve until the 2008 annual meeting or until their respective successors are duly elected and qualified. The nominees who will stand for election are Dean Hiltzik, Richard Reiss and James Spanfeller, all of whom are currently members of our board of directors. The three nominees receiving the highest number of affirmative votes will be elected as Class III 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.

The following table sets forth information with respect to our current directors, director nominees and executive officers.

<u>Name</u>	<u>Age</u>	<u>Position with Company</u>
Director Nominees		
Richard Reiss	48	Chairman of the Board
Dean Hiltzik (2)(3)	51	Director
James Spanfeller (1)(3)	48	Director
Other Directors		
David C. Trachtenberg	42	Chief Executive Officer, President and Director
Karen Basian (1)(2)	43	Director
Michael Toporek (1)(2)(3)	40	Director
Non-Director Executive Officers		
Gerard E. Dorsey	58	Chief Financial Officer and Executive Vice President, Finance
Michael Brandofino	40	Chief Technology Officer
Christopher Zigmont	43	Executive Vice President

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Nominating Committee.

Biographies

Class III Director Nominees

Richard Reiss, Chairman of the Board of Directors. Mr. Reiss has been Chairman of our Board of Directors since May 2000 and served as our Chief Executive Officer from May 2000 to October 2003. Mr. Reiss served as our President from May 2000 to April 2002. Mr. Reiss served as Chairman of the Board of Directors, President and Chief Executive Officer of All Communications Corporation (ACC) from ACC's formation in 1991 until the formation of Glowpoint's predecessor pursuant to the merger of ACC and View Tech, Inc. (VTI) in May 2000.

Dean Hiltzik, Director. Mr. Hiltzik has been a member of our board of directors since May 2000. From September 1999 until May 2000, Mr. Hiltzik was a member of ACC's board of directors. Mr. Hiltzik, a certified public accountant, is a partner and director of the securities practice at Schneider & Associates LLP,

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which he joined in 1979. Schneider provides tax and consulting services to Glowpoint. Mr. Hiltzik received a B.A. from Columbia University and an M.B.A. in Accounting from Hofstra University.

James Spanfeller, Director. Mr. Spanfeller has been a member of our board of directors since June 2004. Mr. Spanfeller is currently President and Chief Executive Officer of Forbes.com, which he joined in November 2000. Before joining Forbes.com, Mr. Spanfeller served as President, Consumer Magazine Group of Ziff Davis Media, Inc.

Required Vote and Board Recommendation

Directors must be elected by a plurality of the shares of our common stock present at the annual meeting in person or by proxy entitled to vote. The three nominees for director receiving the highest number of affirmative votes will be elected as directors. Votes withheld from any nominee are counted for purposes of determining the presence or absence of a quorum, but have no other legal effect under Delaware law. Stockholders do not have the right to cumulate their votes in the election of directors. The board of directors recommends that the stockholders vote for the election of each nominee for director named above.

Directors Whose Terms of Office Continue After the Annual Meeting

David C. Trachtenberg, Chief Executive Officer, President and Director. Mr. Trachtenberg was named our Chief Executive Officer and President and a member of our board of directors in October 2003. Mr. Trachtenberg served as President and Chief Marketing Officer of StarBand Communications from August 2000 to September 2002. Starband filed a Chapter 11 bankruptcy petition in May 2002 and emerged from Chapter 11 in November 2003. Before Starband, he was President and Chief Operating Officer at Prodigy Communications Corporation from December 1998 to June 2000. Prior thereto, Mr. Trachtenberg spent nine years at MCI. Mr. Trachtenberg holds an M.B.A. from the Wharton School of Business, and an M.A. in International Affairs from the University of Pennsylvania and a B.A. from Tufts University. Mr. Trachtenberg currently serves on the Board of Governors of the Lauder Institute at the University of Pennsylvania.

Michael Toporek, Director. Mr. Toporek has been a member of our board of directors since July 2002. He is currently the Managing General Partner of Brookstone Partners, a private equity firm. From August 2000 to May 2002, Mr. Toporek was a Director at SG Cowen Corporation, providing investment banking and mergers and acquisitions advice to technology companies. From September 1996 to August 2000, Mr. Toporek was an investment banker at Dillon Read & Co. and its successor entity, UBS Warburg, providing investment banking and mergers and acquisitions advice to industrial companies.

Karen Basian, Director. Ms. Basian has been a member of our board of directors since November 2003. Ms. Basian is currently Principal of Firefly Strategy Capital Inc. Before Firefly, she served as President of KB Capital Management Strategy and Financial Consulting, a consulting and financial advisory firm. Prior thereto, Ms. Basian served as Chief Financial Officer and Senior Vice President, Corporate Services for 724 Solutions Inc., from February 1999 to November 2002. Between 1994 and 1999, Ms. Basian served in various positions at Frito-Lay, including as Chief Financial Officer and Vice President, Finance for Canada. Ms. Basian received a B.A. with Honors from the University of Western Ontario, a C.A. from the Canadian Institute of Chartered Accountants and an M.B.A. from IMD, Lausanne, Switzerland.

Executive Officers

The following individuals are our executive officers but are not directors or nominees for director:

Gerard E. Dorsey, Chief Financial Officer and Executive Vice President, Finance. Mr. Dorsey has been our Chief Financial Officer since December 2004 and is also our Executive Vice President, Finance. Mr. Dorsey joined the Company from Tatum Partners, LLP, where he was a CFO engagement partner since October 2003. Mr. Dorsey has also previously served as Executive Vice President and CFO of Scient, Inc. from June to December 2002. Scient filed for bankruptcy under Chapter 11 on July 16, 2002. Before joining Scient, Mr. Dorsey served as Executive Vice President and CFO of Predictive Systems, Inc. from 1999 to 2002. Mr. Dorsey received a B.B.A. in Accounting and an M.B.A. in Finance from Pace University.

Michael Brandofino, Executive Vice President and Chief Technology Officer. Mr. Brandofino has served as our Executive Vice President and Chief Technology Officer since October 2000. From 1988 to

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September 2000, Mr. Brandofino held several positions at Johns Brook Co., Inc., a technology consulting company, most recently in the position of President. Mr. Brandofino holds a B.S. degree in Management Information Systems from Pace University.

Christopher Zigmont, Executive Vice President. Mr. Zigmont served as our Chief Financial Officer and our Executive Vice President, Finance, from May 2000 until December 2004. He resigned from that position in December 2004, and is currently an Executive Vice President. From June 1999 until May 2000, Mr. Zigmont served as VTI's Chief Financial Officer. From March 1990 to May 1999, Mr. Zigmont held various positions at BankBoston Corporation, most recently as Director of Finance. He received a B.S. degree in Business Administration with a double major in Accounting/Finance from Boston University.

Board of Directors, Board Committees and Meetings

Corporate governance is typically defined as the system that allocates duties and authority among a company's stockholders, board of directors and management. The stockholders elect the board and vote on extraordinary matters; the board is the company's governing body, responsible for hiring, overseeing and evaluating management, particularly the chief executive officer; and management runs the company's day-to-day operations. The primary responsibilities of the board of directors are oversight, counseling and direction to our management in the long-term interests of us and our stockholders. Our board of directors currently consists of six directors as described in "Proposal No. 1: Election of Directors." The current board members and nominees for election include four independent directors and one current member and one former member of our senior management.

Our board of directors met six times during the year ended December 31, 2004. During this period, each of the directors attended or participated in more than 75% of the aggregate of (i) the total number of meetings of the board of directors held during the period for which he or she was a director and (ii) the total number of meetings of committees of the board on which he or she served, held during the period for which he or she served. The board has an audit committee, a compensation committee and a nominating committee.

As a general matter, board members are expected to attend our annual meetings. All members of our then current board of directors other than Lewis Jaffe attended our 2004 annual meeting of stockholders. Mr. Jaffe did not attend because he intended to resign from the board shortly after the meeting.

"Independent" Directors. Each of our directors other than Messrs. Reiss and Trachtenberg qualify as "independent" in accordance with the published listing requirements of Nasdaq. The Nasdaq 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 Nasdaq rules, the board has made a subjective determination as to each independent director that no relationship exist 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 Glowpoint and Glowpoint's management.

In addition, as required by Nasdaq rules, the members of the audit committee each qualify as "independent" under special standards established by the Securities and Exchange Commission (the "SEC") for members of audit committees. The audit committee is also required to have at least one independent member who is determined by the board to meet the qualifications of an "audit committee financial expert" in accordance with SEC rules, including that the person meets the relevant definition of an "independent director." Each member of the audit committee has been determined to be an audit committee financial expert. Stockholders should understand that this designation is a disclosure requirement of the SEC related to these directors' experience and understanding with respect to certain accounting and auditing matters. The designation does not impose upon 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.

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Audit Committee

We currently have an audit committee consisting of Karen Basian, James Spanfeller and Michael Toporek. James Kuster resigned from the audit committee as of September 7, 2004 and Mr. Spanfeller was appointed as his replacement. Ms. Basian is the chairperson of the audit committee. The audit committee consults and meets with our Registered Public Accounting Firm and 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 met six times during the year ended December 31, 2004.

Compensation Committee

We currently have a compensation committee consisting of Karen Basian, Dean Hiltzik and Michael Toporek. James Kuster resigned from the compensation committee as of March 25, 2004 and Mr. Hiltzik was appointed as his replacement. Each member of the compensation committee meets the independence requirements of Nasdaq. The compensation committee is responsible for supervising our executive compensation policies, reviewing officers' salaries, approving significant changes in employee benefits and recommending to the board of directors such other forms of remuneration as it deems appropriate. The compensation committee met three times during the year ended December 31, 2004.

Nominating Committee

We currently have a nominating committee consisting of Dean Hiltzik, James Spanfeller and Michael Toporek. Each member of the nominating committee meets the independence requirements of Nasdaq. 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 our stockholders.

The nominating committee considers qualified candidates to serve as a member of our board of directors suggested by our stockholders. Stockholders can suggest qualified candidates for director by writing to our Corporate Secretary at 225 Long Avenue, Hillside, New Jersey 07205. 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;
- A 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
- A 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 and officers, 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. The nominating

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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.

Director Compensation

Directors who are not our executive officers or employees receive a director's fee of a cash payment of \$2,000 and options to purchase 1,000 shares of common stock for each board meeting attended, a cash payment of \$1,000 and 500 shares of common stock for each committee meeting attended, whether in person or by telephone, and a cash payment of \$5,000 and options to purchase 4,000 shares of common stock for attendance at the annual meeting of stockholders. Each chairperson of a standing committee of our board of directors receives a cash payment of \$1,000 per year, paid following each annual meeting of our stockholders.

Each director who is independent in accordance with the published listing requirements of Nasdaq receives a one-time grant of 80,000 restricted shares of our common stock. The restricted shares have an exercise price equal to the closing price of our common stock on the Nasdaq National Market on the date of grant. 20,000 shares vest on the date of grant and 20,000 shares vest on each of the first, second and third anniversaries of the date of grant, provided that, with respect to each scheduled vesting date, the director in question (i) attended at least 75% of the meetings of the board of directors held in the twelve months prior to the scheduled vesting date and (ii) remains independent under the Nasdaq listing standards prevailing on the scheduled vesting date. The restricted shares become fully vested and exercisable upon a change in control of our company.

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., [Addressee], 225 Long Avenue, Hillside, New Jersey 07205

- Audit Committee of the Board of Directors
- Compensation Committee of the Board of Directors
- Nominating Committee of the Board of Directors
- Name of individual directors

These communications are sent by us directly to the specified addressee.

Code Of Business Conduct And Ethics

We have adopted a code of business conduct and ethics, which is designed to promote: honest and ethical conduct; full, fair, accurate, timely and understandable disclosure in our filings with the SEC and other public communications; compliance with applicable laws, rules and regulations; prompt internal reporting of violations of the code of business conduct and ethics; and accountability for adherence to the code of business conduct and ethics. The code of business conduct and ethics applies to our employees, officers and directors, including our principal executive officer, principal financial officer, principal accounting officer and controller. A copy of our code of business conduct and ethics is available at our website at www.glowpoint.com. You may request a copy of the code of business conduct and ethics, at no cost, by telephoning us at (973) 282-2000 or writing us at the following address: Glowpoint, Inc., 225 Long Avenue, Hillside, New Jersey 07205, Attention: Investor Relations. We may post amendments to or waivers of the

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provisions of the code of business conduct and ethics, if any, made with respect to our principal executive officer, principal financial officer, principal accounting officer or controller on that website. Please note, however, that the information contained on the website is not incorporated by reference in, or considered to be part of, this document.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The audit committee is composed of three directors. Each member meets the current independence standards under the applicable SEC and Nasdaq rules. The audit committee operates under a written audit committee charter, which was filed with our proxy statement for the 2003 annual meeting of our stockholders.

As described more fully in its charter, the purpose of the audit committee is to assist the board in its general oversight of Glowpoint's financial reporting, internal controls and audit functions. Management is responsible for the preparation, presentation and integrity of Glowpoint's financial statements; accounting and financial reporting principles; internal controls; and procedures designed to reasonably assure compliance with accounting standards, applicable laws and regulations. BDO Seidman, LLP, our 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 law, the audit committee has ultimate authority and responsibility to select, compensate, evaluate and, when appropriate, replace our 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 are not professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of management and the Registered Public Accounting Firm, nor can the audit committee certify that the Registered Public Accounting Firm 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 the Registered Public Accounting Firm on the basis of the information it receives, discussions with management and the Registered Public Accounting Firm, and the experience of the audit committee's members in business, financial and accounting matters. Each member of the audit committee has 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 Glowpoint 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 Glowpoint's Registered Public Accounting Firm, including the audit scope, external audit fees, Registered Public Accounting Firm independence matters and the extent to which the Registered Public Accounting Firm may be retained to perform non-audit services.

In accordance with audit committee policy and the requirements of law, all services to be provided by BDO Seidman, LLP, 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 its Registered Public Accounting Firm. 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

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that our consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States.

The audit committee has discussed with BDO Seidman, LLP, our Registered Public Accounting Firm, the matters required to be discussed by Statement of Auditing Standards No. 61 (Communication with Audit Committees). These discussions have included a review as to the quality, not just the acceptability, of our accounting principles.

Our Registered Public Accounting Firm also provided to the audit committee the written disclosures required by Independence Standards Board Standard No. 1 (Independence Discussion with Audit Committees), and the audit committee discussed with the Registered Public Accounting Firm its independence from management and our company. The audit committee has also considered the compatibility of non-audit services with the Registered Public Accounting Firm's independence.

Based on the audit committee's discussion with management and the Registered Public Accounting Firm, the audit committee's review of the audited financial statements, the representations of management and the report of the Registered Public Accounting Firm to the audit committee, the audit committee recommended that the board of directors include the audited consolidated financial statements in our annual report on Form 10-K for the year ended December 31, 2004 filed with the SEC.

Respectfully submitted,

Karen Basian
James Spanfeller
Michael Toporek

[Back to Contents](#)**EXECUTIVE COMPENSATION AND OTHER MATTERS****Executive Compensation**

The table below summarizes information concerning the compensation we paid during 2004 to our Chief Executive Officer and our four other most highly paid executive officers during that year (collectively, the "Named Executive Officers"), each of whom is currently one of our named executive officers:

Name and Principal Position	Annual Compensation			Long-Term Compensation Awards		
	Year	Salary(\$)	Bonus (\$)	Restricted Stock Awards	Securities Underlying Options	All Other Compensation
David Trachtenberg, Chief Executive Officer and President	2004	\$ 327,519	\$	\$	150,000	\$ 4,020(1)
	2003	\$ 64,212	\$	\$ 1,116,000(2)		\$ 2,969(1)
	2002	\$	\$	\$		\$
Gerard Dorsey, Chief Financial Officer, Executive Vice President, Finance and Secretary (December 7, 2004 to present)	2004	\$ 17,904(3)	\$	\$	125,000	\$
	2003	\$	\$	\$		\$
	2002	\$	\$	\$		\$
Michael Brandofino, Chief Technology Officer and Executive Vice President	2004	\$ 249,481	\$	\$	100,000	\$
	2003	\$ 194,694				