

NEOMEDIA TECHNOLOGIES INC
Form DEF 14A
July 08, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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

Confidential, For Use of the Commission Only (As Permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

NeoMedia Technologies, 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

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

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

NEOMEDIA TECHNOLOGIES, INC.
100 West Arapahoe Avenue, Suite 9, Boulder, CO 80302

Dear Stockholder:

You are invited to attend the 2013 Annual Meeting of Stockholders of NeoMedia Technologies, Inc. which will be held on Friday, August 2, 2013, 10:00 a.m., local time, at NeoMedia's headquarters at 100 West Arapahoe Avenue, Suite 9, Boulder, Colorado, 80302.

Details regarding the meeting and the business to be conducted are described in the accompanying proxy statement. In addition to considering the matters described in the proxy statement, we will report on matters of interest to our stockholders.

Whether or not you plan to attend the meeting, we encourage you to vote as soon as possible to ensure that your shares are represented at the meeting. The proxy statement explains more about proxy voting, so please read it carefully.

We look forward to your continued support.

Sincerely,

/s/ Laura A. Marriott

Laura A. Marriott
Chief Executive Officer

July 8, 2013

July 8, 2013

100 West Arapahoe Avenue, Suite 9

Boulder, CO 80302

It is important that your shares be represented at the 2013 Annual Meeting of Stockholders regardless of the number of shares you hold. **Whether or not you expect to attend the meeting in person, please complete, date, sign and return the accompanying proxy in the enclosed envelope to ensure the presence of a quorum at the meeting.** Even if you have voted by proxy, and you attend the meeting, you may, if you prefer, revoke your proxy and vote your shares in person. **Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you will not be permitted to vote in person at the meeting unless you first obtain a legal proxy issued in your name from the record holder.**

This proxy statement is dated July 8, 2013 and is going to be first mailed to stockholders of NeoMedia Technologies, Inc. on or about July 8, 2013. This proxy statement contains information on matters to be voted upon at the 2013 Annual Meeting of Stockholders or any adjournments of that meeting.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on Friday, August 2, 2013

The proxy statement and 2012 annual report to stockholders are available at www.proxyvote.com.

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PROXY STATEMENT FOR THE 2013 ANNUAL MEETING OF STOCKHOLDERS

NeoMedia Technologies, Inc. (“we,” “us,” “our,” “NeoMedia,” or the “Company”) is providing these proxy materials in connection with the 2013 Annual Meeting of Stockholders of NeoMedia Technologies, Inc. (the “2013 Annual Meeting”). This proxy statement contains important information for you to consider when deciding how to vote on the matters brought before the 2013 Annual Meeting.

QUESTIONS AND ANSWERS ABOUT THE 2013 ANNUAL MEETING

Q: When and where is the 2013 Annual Meeting?

A: The 2013 Annual Meeting is being held at NeoMedia Technologies, Inc. headquarters (100 West Arapahoe Avenue, Suite 9, Boulder, Colorado, 80302) at 10:00 a.m., local time on Friday, August 2, 2013.

Q: Who is entitled to vote at the 2013 Annual Meeting?

A: Holders of NeoMedia Technologies, Inc. common stock, par value \$0.001 per share (“Common Stock”), and Series C Convertible Preferred Stock, par value \$0.01 per share (“Series C Stock”), at the close of business on July 5, 2013, the record date for the 2013 Annual Meeting (the “Record Date”) established by our board of directors (the “Board”), are entitled to receive notice of the 2013 Annual Meeting (the “Meeting Notice”), and to vote their shares at the 2013 Annual Meeting and any related adjournments or postponements. The Meeting Notice, proxy statement and form of proxy are first expected to be made available to stockholders on or about July 8, 2013.

As of the close of business on the Record Date, there were 4,984,827,279 shares of our Common Stock outstanding and entitled to vote. Holders of our Common Stock are entitled to one vote per share at the 2013 Annual Meeting. As of the close of business on the Record Date, there were 4,840 shares of our Series C Stock outstanding and entitled to vote. Holders of our Series C Stock are entitled to the number of votes (on an as converted basis) at the 2013 Annual Meeting equal to the numbers of shares of Common Stock that would be issuable upon conversion of such Series C Stock as of the Record Date. As of the close of business on the Record Date, there were 3,481 shares of our Series D Convertible Preferred Stock outstanding (“Series D Stock”). Holders of our Series D Stock do not currently have voting

rights with respect to the matters to be acted upon at the 2013 Annual Meeting. Holders of the Common Stock and Series C Stock are collectively referred to herein as the Company's "stockholders." At the 2013 Annual Meeting, the stockholders will vote together as a class, as described above. Accordingly, there are a total of 4,984,832,119 outstanding shares of capital stock entitled to vote at the Meeting.

Q: Who can attend the 2013 Annual Meeting?

A: Admission to the 2013 Annual Meeting is limited to:

· stockholders as of the close of business on the Record Date, July 5, 2013;

· holders of valid proxies for the 2013 Annual Meeting;

our Board of Directors; and,

our invited guests.

Each stockholder may be asked to present valid picture identification such as a driver's license or passport and proof of stock ownership as of the Record Date.

Q: Can I vote my shares by filling out and returning the Meeting Notice?

A: No. The Meeting Notice identifies the items to be voted on at the 2013 Annual Meeting, but you cannot vote by marking the Meeting Notice and returning it.

Q: What is the difference between a stockholder of record and a stockholder who holds stock in street name?

A: If your shares are registered in your name as evidenced and recorded in the stock ledger maintained by the Company and our transfer agent, you are a stockholder of record. If your shares are held in the name of your broker, bank or other nominee, these shares are held in street name.

If you are a stockholder of record and you have requested printed proxy materials, we have enclosed a proxy card for you to use. If you hold our shares in street name through one or more banks, brokers or other nominees, you will receive the Meeting Notice, together with voting instructions, from the third party or parties through which you hold your shares. If you requested printed proxy materials, your broker, bank or other nominee has enclosed a voting instruction card for you to use in directing the broker, bank or other nominee regarding how to vote your shares.

Q: What are the quorum requirements for the 2013 Annual Meeting?

A: The presence in person or by proxy of at least one-third (1/3) of the issued and outstanding shares entitled to vote at the 2013 Annual Meeting constitutes a quorum. Your shares will be counted as present at the 2013 Annual Meeting for purposes of determining whether there is a quorum if a proxy card has been properly submitted by you or on your behalf, or you vote in person at the 2013 Annual Meeting. Abstaining votes and broker non-votes are counted for purposes of establishing a quorum.

Q: What matters will the stockholders vote on at the 2013 Annual Meeting?

The stockholders will vote on the following proposals:

Proposal 1. Election of Directors. To elect four (4) members of our Board, each to hold office until the next annual meeting of stockholders or until such director's successor shall have been duly elected and qualified.

Proposal 2. Advisory Vote on the Compensation Paid to our Named Executive Officers. An advisory vote on the compensation paid to our named executive officers.

Proposal 3. Advisory Vote on Frequency of Future Advisory Votes on the Compensation Paid to our Named Executive Officers. An advisory vote on the frequency of future advisory votes on the compensation paid to our named executive officers.

Proposal 4. Ratification of Independent Registered Public Accounting Firm. To ratify the appointment of StarkSchenkein, LLP as the Company's independent registered public accounting firm.

Proposal 5. Approval of Reverse Stock Split of Outstanding Common Stock While Keeping Authorized Amount of Common Stock Set at 5,000,000,000 Shares. To authorize the amendment of the Company's Certificate of Incorporation to effect a reverse stock split of the Company's outstanding Common Stock at a ratio of 1-for-1,700 while keeping the amount of authorized shares of Common Stock set at 5,000,000,000.

Proposal 6. Approval of Authorized Stock Increase. To authorize, in the event that Proposal 5 is not approved, the amendment of the Company's Certificate of Incorporation to increase its authorized Common Stock from 5,000,000,000 to 500,000,000,000 shares.

Q: What vote is required to approve these proposals?

A: Provided a quorum is present, the following are the voting requirements for each proposal:

Proposal 1. Election of Directors. The four (4) nominees receiving the highest number of votes will be elected.

Proposal 2. Advisory Vote on the Compensation Paid to our Named Executive Officers. The compensation paid to our named executive officers will be considered approved if the affirmative vote of the majority of shares present and entitled to vote in person or via proxy at the 2013 Annual Meeting are cast in favor of the proposal.

Proposal 3. Advisory Vote on Frequency of Future Advisory Votes on the Compensation Paid to our Named Executive Officers. If the affirmative vote of the majority of shares entitled to vote and present in person or via proxy at the 2013 Annual Meeting are cast in favor of a particular frequency alternative (whether every year, every two (2) years or every three (3) years) such frequency will be considered to be the recommendation of the stockholders on the advisory vote regarding the frequency of future advisory votes on the compensation paid to our named executive officers.

Proposal 4. Ratification of Independent Registered Public Accounting Firm. The Company's independent registered public accounting firm, StarkSchenkein, LLP, will be ratified if the affirmative vote of the majority of shares entitled to vote and present in person or via proxy at the 2013 Annual Meeting are cast in favor of the ratification.

Proposal 5. Approval of Reverse Stock Split of Outstanding Common Stock While Keeping Authorized Amount of Common Stock Set at 5,000,000,000 Shares. To authorize the amendment of the Company's Certificate of Incorporation to effect a reverse stock split of the Company's outstanding Common Stock at a ratio of 1-for-1,700 while keeping the amount of authorized shares of Common Stock set at 5,000,000,000 will be approved if a majority of the outstanding capital stock entitled to vote with respect to this matter has been voted in favor of the proposal.

Proposal 6. Approval of Authorized Stock Increase. An amendment of the Company's Certificate of Incorporation to increase its authorized Common Stock from 5,000,000,000 to 500,000,000,000 shares will be approved if a majority of the outstanding capital stock entitled to vote with respect to this matter has been voted in favor of the proposal.

Q: What are the Board's voting recommendations?

A: Our Board recommends that you vote your shares:

“FOR” the four (4) directors nominated by our Board as directors, each to serve until the next annual meeting of stockholders or until such director’s successor shall have been duly elected and qualified;

“FOR” the approval of the proposal regarding the compensation paid to our named executive officers;

“EVERY THREE (3) YEARS” for the proposal regarding the frequency of future advisory votes on the compensation paid to our named executive officers;

“FOR” the ratification of StarkSchenkein, LLP as the Company’s independent registered public accounting firm;

“FOR” the amendment of our Certificate of Incorporation to effect a reverse stock split of the Company’s Common Stock at a ratio of 1-for-1,700 while keeping the amount of authorized shares of Common Stock set at 5,000,000,000 shares; and

“FOR” the amendment of our Certificate of Incorporation to increase the amount of our authorized Common Stock from 5,000,000,000 to 500,000,000,000 shares.

Q: How do I vote?

A: You may vote by any of the following methods:

In Person. Stockholders of record and beneficial stockholders with shares held in street name may vote in person at the 2013 Annual Meeting. If you hold shares in street name, you must obtain a proxy from the stockholder of record authorizing you to vote your shares and bring it to the meeting along with proof of beneficial ownership of your shares. A photo I.D. is required to vote in person.

By mail. If you elected to receive printed proxy materials by mail, you may vote by signing and returning the proxy card provided. Please allow sufficient time for mailing if you decide to vote by mail.

By internet or telephone. You may also vote over the internet at www.proxyvote.com or vote by telephone at 1-800-690-6903. Please see proxy card for voting instructions.

Q: How can I change or revoke my vote?

A: You may change your vote as follows:

Stockholders of record. You may change or revoke your vote by submitting a written notice of revocation to NeoMedia Technologies, Inc., 100 West Arapahoe Avenue, Suite 9, Boulder, CO 80302, Attention: Barry S. Baer, Corporate Secretary, or by submitting another proxy card before the conclusion of the 2013 Annual Meeting. For all methods of voting, the last vote cast will supersede all previous votes.

Beneficial owners of shares held in "street name." You may change or revoke your voting instructions by following the specific directions provided to you by your bank or broker or other nominee.

Q: What if I do not specify a choice for a matter when returning a proxy?

A: Your proxy will be treated as follows:

Stockholders of record. If you are a stockholder of record and you sign and return a proxy card without giving specific voting instructions, then the proxy holders will vote your shares in the manner recommended by the Board on all matters presented in this proxy statement and as the proxy holders may determine in their discretion for any other matters properly presented for a vote at the meeting.

Beneficial owners of shares held in "street name." If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is referred to as a "broker non-vote."

Q: Which ballot measures are considered "routine" or "non-routine"?

A: The election of directors ("Proposal 1"), the advisory vote on the compensation paid to our named executive officers ("Proposal 2"), the advisory vote on the frequency of future advisory votes on the compensation paid to our named executive officers ("Proposal 3"), the amendment of our Certificate of Incorporation to effect a reverse stock split of the Company's Common Stock at a ratio of 1-for-1,700 while keeping the amount of authorized shares of Common Stock set at 5,000,000,000 shares ("Proposal 5"), and the approval of the amendment of our Certificate of Incorporation to increase the authorized Common Stock of the Company to 500,000,000,000 shares ("Proposal 6") are considered to be non-routine matters under applicable rules. The confirmation of StarkSchenkein, LLP as the Company's independent registered public accounting firm ("Proposal 4") is considered a routine matter. A broker or other nominee cannot vote without instructions on non-routine matters, and therefore there may be broker non-votes on Proposals 1, 2, 3, 5 and 6.

Q: Could other matters be decided at the 2013 Annual Meeting?

A: As of the date of the filing of this proxy statement, we were not aware of any matters to be raised at the 2013 Annual Meeting other than those referred to in this proxy statement.

If other matters are properly presented at the 2013 Annual Meeting for consideration, the proxy holders for the 2013 Annual Meeting will have the discretion to vote on those matters for stockholders who have submitted a proxy card.

Q: How are proxies solicited and what is the cost?

We are making, and we will bear all expenses incurred in connection with the solicitation of proxies. We may engage a proxy solicitation firm to assist us in soliciting proxies, and if we do so we will pay the fees of any such firm. In addition to solicitation by mail, our directors and officers may solicit proxies from stockholders by telephone, letter, email or in person. Following the original mailing of the Meeting Notice, we will request brokers, A: custodians, nominees and other record holders to forward their own notice and, upon request, to forward copies of the proxy statement and related soliciting materials to persons for whom they hold shares of our capital stock and to request authority for the exercise of proxies. In such cases, upon the request of the record holders, we will reimburse such holders for their reasonable expenses.

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Q: What should I do if I have questions regarding the 2013 Annual Meeting?

If you have any questions about the 2013 Annual Meeting, would like to obtain directions to be able to attend the A:2013 Annual Meeting and vote in person or would like additional copies of any of the documents referred to in this proxy statement, you should call our Investor Relations department at (303) 546-7946.

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PROPOSAL 1 - ELECTION OF DIRECTORS

General

At the 2013 Annual Meeting, a board of four (4) directors will be elected, each to hold office until the next annual meeting of stockholders or until such director's successor shall have been duly elected and qualified (or, if earlier, such director's removal or resignation from our Board). Information concerning all director nominees appears below. Although management does not anticipate that any of the persons named below will be unable or unwilling to stand for election, in the event of such an occurrence, proxies may be voted for a substitute designated by the Board. All of the Board's nominees are incumbent directors of the Company.

Information Concerning Director Nominees

Background information about the Board's nominees for election, as well as information regarding additional experience, qualifications, attributes or skills that led the Board to conclude that the nominee should serve on the Board, is set forth below:

Laura A. Marriott. Ms. Marriott was named to our Board in January 2009 and became our Chief Executive Officer and Chairperson of our Board on October 8, 2010. Ms. Marriott had previously served as President of the Mobile Marketing Association (MMA) since July 15, 2005 and prior to that, served as Director of Marketing for Intrado, Inc. from April 1, 2003 through July 14, 2005. During her tenure at MMA, the MMA membership experienced substantial growth, established global headquarters and regional chapters throughout the world, and developed guidelines for the industry. In 2011, she was named one of the industry's Top 10 Women in Wireless by *FierceMarkets*. Ms. Marriott has more than twenty (20) years of experience in the high-tech industry in the areas of business development, product management and marketing.

George G. O'Leary. Mr. O'Leary was named our Chief Operating Officer on October 19, 2010. Mr. O'Leary has been a director of NeoMedia since February 2007, and is currently the President of SKS Consulting of South Florida Corp. He was most recently a member of the board of directors of Protection Plus Security Corporation, where he was Chairman and acting CFO until the sale of the company in May, 2013. Prior to assuming his duties with the Company, Mr. O'Leary was a board member and a consultant to NeoGenomics, Inc. (NASDAQ—"NEO") and was acting Chief Operating Officer from October 2004 to April 2005. Prior to becoming a director of NEO, Mr. O'Leary was the President and CFO of Jet Partners, LLC from 2002 to 2004. From 1996 to 2000, Mr. O'Leary was CEO and President of Communication Resources Incorporated.

Sarah Fay. Sarah Fay has been a Director of NeoMedia since March 1, 2011. Ms. Fay has served in several capacities, including Chief Executive Officer of Aegis Media North America, from 2008 until May 11, 2009, and prior to that led Aegis' brands Carat Interactive from 2000 to 2004, and Isobar from 2004 to 2008. Ms. Fay currently serves as Chairman of the Board of Governors of DMG Group, a privately held event management organization serving the digital marketing industry, as well as a board member for five privately held businesses, and as an advisory board member for three privately held businesses, all providing services in the mobile/digital marketing, advertising and technology industries. She also serves on the board of one other public company, TheStreet, Inc. (NASDAQ-TST).

Peter Mannetti. Peter Mannetti has been a director of NeoMedia since October 1, 2011. Mr. Mannetti is a Managing Partner at iSherpa Capital, LLC, joining the firm in 2001. Mr. Mannetti previously founded and built Qwest Wireless from the ground up into a \$1 billion company with over one million subscribers. As the Chief Executive Officer of the firm, he won national and international awards for his leadership in developing innovative wireless products. Prior to joining Qwest, Mr. Mannetti was a Vice President at BellSouth Mobile Data and held various management positions during his 18-year tenure at General Electric. Mr. Mannetti sits on a number of boards and advisory boards and is also very active in the education and non-profit sectors.

Corporate Governance

Director Independence. The Board makes an affirmative determination that those members of its Board that serve as independent directors do not have any relationships with the Company and its businesses that would impair their independence. In connection with these determinations, the Board reviews information regarding transactions, relationships and arrangements involving the Company and its businesses and each director that it deems relevant to independence.

The Board has determined that each of Peter Mannetti and Sarah Fay are independent. The Audit Committee is composed of three directors, two of whom are independent under the applicable rules of the United States Securities and Exchange Commission (the “SEC”). The Compensation and Governance Committee are each composed of four directors, two of whom are independent under the applicable rules of the United States Securities and Exchange Commission (the “SEC”).

Director Nominations. Our Board does not have standing a Nominating Committee. As opposed to delegating such functions to a sub-group of the Board, it has been the Company’s preference to involve all of the Board members in the nomination process. All of the members of the Board consider and recommend candidates for election to the Board and nominees for committee memberships.

Director candidates are considered based upon a variety of criteria, including demonstrated business and professional skills and experiences relevant to our business and strategic direction, concern for long-term stockholder interests, personal integrity and sound business judgment. The Board seeks men and women from diverse professional backgrounds who combine a broad spectrum of relevant industry and strategic experience and expertise that, in concert, offer us and our stockholders diversity of opinion and insight in the areas most important to us and our corporate mission. However, we do not have a formal policy concerning the diversity of the Board. All director candidates must have time available to devote to the activities of the Board. We also consider the independence of director candidates, including the appearance of any conflict in serving as a director. A director who does not meet all of these criteria may still be considered for nomination to the Board, if our independent directors believe that the candidate will make an exceptional contribution to us and our stockholders.

Generally, when evaluating and recommending candidates for election to the Board, the Board will conduct candidate interviews, evaluate biographical information and background material and assess the skills and experience of candidates in the context of the then current needs of the Company. In identifying potential director candidates, the Board may also seek input from the executive officers and may also consider recommendations by employees, community leaders, business contacts, third-party search firms and any other sources deemed appropriate by such directors. The Board will also consider director candidates recommended by stockholders to stand for election at the annual meeting of stockholders so long as such recommendations are submitted in accordance with the procedures described below under “*Stockholder Recommendations for Board Candidates.*”

Board Leadership Structure. Our Board does not have a policy on whether the offices of Chairperson of the Board and Chief Executive Officer should be separate and, if they are to be separate, whether the Chairperson of the Board should be selected from among the independent directors. Our Board believes that it should have the flexibility to make these determinations at any given time in the way that it believes best to provide appropriate leadership for the Company at that time. Our Board has reviewed our current Board leadership structure in light of the composition of the Board, the Company's size, the nature of the Company's business, the regulatory framework under which the Company operates, and other relevant factors. Considering these factors, the Company determined to have the same individual, Laura A. Marriott, serve as Chief Executive Officer and Chairperson of the Board. The Board does not have or appoint a lead independent director.

Board Role in Risk Oversight. The Board administers its risk oversight function directly and through the Audit Committee. The Board and the Audit Committee regularly discuss with management the Company's major risk exposures, their potential financial impact on the Company, and the steps taken to monitor and control those risks.

Code of Conduct. The Company has not yet adopted a code of ethics that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, however, as part of the Board's commitment to the highest standard of conduct, the Board will consider adopting a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. Such code of conduct will cover such matters as: responsibilities to shareholders; compliance with laws and regulations; relations with customers; ethical responsibilities; employment practices; and responsibility to the environment and the community.

The Board and Board Committees

The Board. The Board met eight (8) times for regular meetings during 2012 and fourteen (14) times for special meetings. During 2012, each incumbent director attended 90% or more of the Board and applicable committee meetings for the periods during which each such director served. Directors are not required to attend annual meetings of our stockholders. We did not hold an annual meeting of stockholders in 2012.

The Board currently has three (3) standing committees: the Audit Committee, the Compensation Committee, and the Governance Committee.

Board Committees. The following table sets forth the current members of each standing Committee:

| Director Name | Audit Committee | Compensation Committee | Governance Committee |
|----------------------|----------------------------|-----------------------------------|---------------------------------|
| Laura A. Marriott | | X | X |
| George G. O'Leary | X (Chair) | X | X |
| Sarah Fay | X | X | X (Chair) |
| Peter Mannetti | X | X (Chair) | X |

Audit Committee. The Audit Committee is appointed by the Board to assist the Board with a variety of matters which include monitoring (1) the integrity of our financial statements, (2) the effectiveness of our internal control over financial reporting, (3) the qualifications and independence of our independent registered public accounting firm, (4) the performance of our independent registered public accounting firm and (5) our compliance with legal and regulatory requirements. The Audit Committee met four times during 2012. The formal report of the Audit Committee is set forth beginning on page 13. The Audit Committee does not have a charter.

The Board has determined that George G. O’Leary is an “audit committee financial expert” as such term is defined under applicable SEC rules.

Compensation Committee. The Compensation Committee is responsible for discharging the Board’s responsibilities relating to compensation, including stock options, of our Chief Executive Officer and our other executive officers and has overall responsibility for approving and evaluating all of our compensation plans, policies and programs as they affect our executive officers. The Compensation Committee met three (3) times during 2012. The Compensation Committee does not have a charter.

Governance Committee. The Governance Committee has overall responsibility for the corporate policies including bylaws. The Governance Committee did not meet in 2012.

Stockholder Recommendations For Board Candidates

The Board will consider qualified candidates for directors recommended and submitted by stockholders. Submissions that meet the then current criteria for board membership are forwarded to the Board for further review and consideration. The Board will consider a recommendation only if appropriate biographical information and background material are provided on a timely basis, accompanied by a statement as to whether the stockholder or group of stockholders making the recommendation has beneficially owned more than five percent (5%) of our common stock for at least one (1) year as of the date that the recommendation is made. To submit a recommendation for a nomination, a stockholder may write to the Board, at our principal office, Attention: Barry S. Baer, Corporate Secretary.

The Board will evaluate any such candidates by following substantially the same process, and applying substantially the same criteria, as for candidates submitted by Board members, assuming that appropriate biographical and background material is provided for candidates recommended by stockholders and the process for submitting the recommendation is followed.

Stockholder Communications with the Board

Stockholders may, at any time, communicate with any of our directors by mailing a written communication to NeoMedia Technologies, Inc., Inc., 100 West Arapahoe Avenue, Suite 9, Boulder, CO 80302, Attention: Barry S. Baer, Corporate Secretary. The mailing envelope must contain a clear notation indicating that the enclosed letter is a “Stockholder-Board Communication” or “Stockholder-Director Communication.” All such letters must identify the author

as a stockholder, provide evidence of the sender's stock ownership and clearly state whether the intended recipients are all members of the Board or a particular director or directors. The Corporate Secretary will then forward such correspondence, without editing or alteration, to the Board or to the specified director(s) on or prior to the next scheduled meeting of the Board. The Board will determine the method by which such submission will be reviewed and considered. The Board may also request the submitting stockholder to furnish additional information it may reasonably require or deem necessary to sufficiently review and consider the submission of such stockholder.

Board Recommendation

The Board unanimously recommends a vote "FOR" each nominee.

The four (4) nominees receiving the highest number of votes will be elected. This Proposal 1 is a "non-discretionary" or "non-routine" item, meaning that brokerage firms cannot vote shares in their discretion on behalf of a client if the client has not given voting instructions. Accordingly, if you hold your shares in street name and fail to instruct your broker to vote your shares, your shares will not be counted as votes cast and will have no effect on the outcome of this Proposal 1.

AUDIT COMMITTEE MATTERS

Audit Committee Report

The Audit Committee has certain operations and responsibilities, which include providing assistance to the Board with the monitoring of (1) the integrity of the Company's financial statements, (2) the effectiveness of the Company's internal control over financial reporting, (3) the qualifications and independence of the Company's independent registered public accounting firm, (4) the performance of the Company's independent registered public accounting firm and (5) the Company's compliance with legal and regulatory requirements. It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete, accurate and have been prepared in accordance with generally accepted accounting principles and applicable rules and regulations. These responsibilities rest with management and the Company's independent registered public accounting firm.

In fulfilling its responsibilities, the Audit Committee reviewed and discussed the audited consolidated financial statements of the Company for the fiscal years ended December 31, 2012 and December 31, 2011 with management, and with Kingery & Crouse, P.A., the Company's independent registered public accounting firm for the 2012 and 2011 fiscal years.

The Audit Committee has discussed with the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board ("PCAOB") in Rule 3200T. In addition, the Committee has received during the past fiscal year the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and discussed with Kingery & Course, P.A. its independence from the Company and its management.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board that the audited consolidated financial statements for the Company for the fiscal year ended December 31, 2012 be included in its Annual Report on Form 10-K for the year ended December 31, 2012 for filing with the SEC.

Submitted by the Audit Committee of the Board.

George G. O'Leary (Chair)
Peter Mannetti
Sarah Fay

INFORMATION CONCERNING EXECUTIVE OFFICERS
WHO ARE NOT DIRECTORS

Background information about our executive officers who are not nominees for election as directors is set forth below.

Barry S. Baer (Col. Retired). Colonel Baer joined the Company as Chief Financial Officer and Corporate Secretary on February 13, 2012, leaving the Chief Financial Officer position in August 2012 and returning thereto in March 2013. He has had an extensive career in financial management and has served as the CFO for a number of public and privately held companies including Ecotality, Inc. (ECTY) (from 2006 – 2010). He is currently serving as Assistant Treasurer of Ecotality, Inc. In addition, Colonel Baer has served as CFO at a number of manufacturing corporations, including Max Katz Bag Company (2006 until present).

EXECUTIVE AND DIRECTOR COMPENSATION

Our compensation philosophy is to offer our executive officers compensation that is competitive and meets our goals of attracting, retaining and motivating highly skilled management, which is necessary to achieve our financial and strategic objectives and create long-term value for our stockholders. We believe the levels of compensation we provide should be competitive, reasonable and appropriate for our business needs and circumstances. Our executive officers are not hired as employees or afforded the typical benefits related thereto, rather they are engaged as independent contractors and as such their compensation arrangements take into account the absence of typical employee-type benefits.

Summary Compensation Table

The following table sets forth, for the last two (2) completed fiscal years ended December 31, 2012 and 2011 respectively, the cash compensation paid by the Company, as well as certain other compensation paid with respect to those years:

| Name and Principal Position | Year | Salary (\$) | Bonus (\$) | Option Awards (\$) | Other Compensation (\$) | Total (\$) |
|--|------|----------------|-------------------------|--------------------------|-------------------------------|---------------|
| Laura A. Marriott Chief Executive Officer | 2012 | \$- | \$60,000 ⁽¹⁾ | \$86 | \$450,900 | \$510,986 |

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| | | | | | | |
|--------------------------------|------|-----------|-------------------------|---------|------------|-----------|
| | 2011 | \$- | \$- | \$2,412 | \$ 396,250 | \$398,662 |
| Jeff Huitt | | | | | | |
| Former Chief Financial Officer | 2012 | \$- | \$- | \$344 | \$ 48,619 | \$48,963 |
| Barry S. Baer | | | | | | |
| CFO, Secretary, Treasurer | 2012 | \$- | \$- | \$344 | \$ 52,469 | \$52,813 |
| Michael W. Zima | | | | | | |
| Former Chief Financial Officer | 2011 | \$83,689 | \$- | \$536 | \$ - | \$84,225 |
| George G. O'Leary | | | | | | |
| Chief Operating Officer | 2012 | \$- | \$15,000 ⁽²⁾ | \$86 | \$ 64,164 | \$79,250 |
| | 2011 | \$- | \$- | \$1,542 | \$ 131,500 | \$133,042 |
| Christian Steinborn | | | | | | |
| Former Chief Executive | 2012 | \$86,680 | \$- | \$- | \$ 1,240 | \$87,920 |
| Officer of NeoMedia Europe | 2011 | \$245,075 | \$- | \$412 | \$ 16,118 | \$261,605 |

¹ – 2011 bonus paid in 2012.

² – 2011 bonus paid in 2012.

Narrative Disclosure to Summary Compensation Table

All amounts presented for the value of Option Awards represent the aggregate grant date fair value computed in accordance with FASB ASC 718.

Laura A. Marriott – Ms. Marriott became our Chief Executive Officer and Chairperson of our Board on October 8, 2010. Prior to that she was a member of our Board. During 2012 Ms. Marriott provided services to us under a per-diem consulting agreement for her services to us as our Chief Executive Officer. The information presented in the Summary Compensation Table includes her aggregate compensation for all the services she provided. Ms. Marriott was granted a bonus for her performance in 2011 which was paid in 2012.

Michael W. Zima – Mr. Zima was our Chief Financial Officer from September 17, 2008 until July 19, 2011. His employment was not governed by an employment agreement. Mr. Zima's annual salary in 2011 was \$140,000. Mr. Zima received a grant of options to purchase our common stock. All Other Compensation for Mr. Zima includes amounts related to his participation in our employee benefit plans.

George G. O'Leary – Mr. O'Leary became our Chief Operating Officer and continued as a member of our Board on October 8, 2010. Prior to that, Mr. O'Leary served as a member of our Board. During 2012, Mr. O'Leary also provided services to us under a per-diem consulting agreement for his services to us as our Chief Operating Officer and for other general consulting services. The information presented in the Summary Compensation Table includes his compensation for all the services he provided in the aggregate. Mr. O'Leary received directors fees of \$43,000 and consulting fees of \$20,650, both of which are reported under the heading of All Other Compensation. Mr. O'Leary was granted a bonus for his performance in 2011 which was paid in 2012.

Dr. Christian Steinborn – Dr. Steinborn served as the Chief Executive Officer of our subsidiary, NeoMedia Europe GmbH until January 31, 2012. His employment was governed by an employment agreement which set his annual salary at €160,000 Euros. Dr. Steinborn has received several stock option grants during his employment and his tenure as an officer. All Other Compensation for Dr. Steinborn includes the annual value of his company provided automobile.

Barry S. Baer – Colonel Baer served as Chief Financial Officer from February 2012 until August 2012, subsequently as Secretary/Treasurer and then resumed the Chief Financial Officer position in March 2013. All other compensation reflects the payments received under the terms of his agreement with the company. In addition Colonel Baer received a stock option grant in November 2012.

Jeff Huitt – Mr. Huitt served as Chief Financial Officer from August 2012 until March 2013. All other compensation reflects the payments received under the terms of his agreement with the company. In addition Mr. Huitt received a stock option grant in August 2012.

Outstanding Equity Awards at Year-End

The following table contains information concerning unexercised options and stock that has not vested as of December 31, 2012 with respect to the executive officers named in the Summary Compensation Table:

Option Awards

| Name | Number of Securities Underlying Unexercised Options | | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options | Option Exercise Price (\$) | Option Expiration Date |
|--|---|-------------------|--|----------------------------|------------------------|
| | Exercisable (#) | Unexercisable (#) | (#) | | |
| Laura A. Marriott Chief Executive Officer | (1) | 25,000 | - | \$ 0.017 | 1/1/2019 |
| | (2) | 1,775 | - | \$ 0.017 | 4/29/2019 |
| | (3) | 100,000 | - | \$ 0.017 | 4/7/2021 |
| | (4) | 166,667 | 83,333 | \$ 0.014 | 10/3/2021 |
| | (5) | 25,000 | - | \$ 0.008 | 7/23/2022 |
| Barry S. Baer CFO/Secretary, Treasurer | (6) | - | 100,000 | \$ 0.008 | 11/10/2022 |
| Jeff Huitt Former Chief Financial Officer | (7) | - | 100,000 | \$ 0.008 | 8/27/2022 |
| George G. O'Leary Chief Operating Officer | (8) | 3,881 | - | \$ 0.017 | 7/20/2017 |
| | (9) | 1,502 | - | \$ 0.017 | 7/20/2017 |
| | (10) | 1,986 | - | \$ 0.017 | 10/3/2017 |
| | (11) | 2,165 | - | \$ 0.017 | 1/21/2018 |
| | (12) | 2,189 | - | \$ 0.017 | 4/17/2018 |
| | (13) | 7,050 | - | \$ 0.017 | 4/29/2019 |
| | (14) | 166,667 | 83,333 | \$ | |