ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
Form PRE 14A
April 02, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

Filed by the Registrant þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

þ	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 Pursuant to §240.14a-12.	

ALLSCRIPTS HEALTHCARE SOLUTIONS, 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):

þNo fee required.

¨Fee computed below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

2)Aggregate number of securities to which transaction applies:

3)Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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:

Allscripts Healthcare Solutions, Inc.

222 Merchandise Mart Plaza, Suite 2024

Chicago, Illinois 60654

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 29, 2015

To the stockholders of Allscripts Healthcare Solutions, Inc.:

Notice is hereby given that the 2015 Annual Meeting of Stockholders (the Annual Meeting) of Allscripts Healthcare Solutions, Inc., a Delaware corporation (the Company), will be held on Friday, May 29, 2015, at 10:00 a.m. local time at the Company s principal executive offices, located at 222 Merchandise Mart Plaza, Suite 2024, Chicago, Illinois 60654, for the following purposes:

1. To elect seven directors, each to serve until the Company s 2016 Annual Meeting of Stockholders or until their successors are duly elected and qualified, subject to earlier resignation or removal;

2. To ratify the appointment of Grant Thornton LLP as the Company s independent registered public accounting firm for the year ending December 31, 2015;

3. To approve, on an advisory basis, the Company s named executive officer compensation;

4. To approve the amendment and restatement of the Company s Fourth Amended and Restated Certificate of Incorporation to eliminate certain provisions that are no longer effective and to make other clerical changes; and

5. To transact such other business as may properly come before the Annual Meeting or any adjournment(s) or postponement(s) thereof.

These items are described more fully in the accompanying proxy statement. Only stockholders of record as of the close of business on April 2, 2015 are entitled to receive notice of, to attend, and to vote at, the Annual Meeting.

Sincerely,

Brian P. Farley
Senior Vice President
General Counsel and Corporate Secretary

Chicago, Illinois
April , 2015

YOUR VOTE IS IMPORTANT. PLEASE EXERCISE YOUR STOCKHOLDER RIGHT TO VOTE, REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE ANNUAL MEETING.

Allscripts Healthcare Solutions, Inc.

222 Merchandise Mart Plaza, Suite 2024

Chicago, Illinois 60654

PROXY STATEMENT

FOR

2015 ANNUAL MEETING OF STOCKHOLDERS

GENERAL INFORMATION

Why am I receiving these materials?

Allscripts Healthcare Solutions, Inc., a Delaware corporation (the Company), has made these materials available to you on the Internet or, upon your request, has delivered printed versions of these materials to you by mail, in connection with the Company s solicitation of proxies for use at the Company s 2015 Annual Meeting of Stockholders (the Annual Meeting), to be held on Friday, May 29, 2015 at 10:00 a.m., local time, and at any postponement(s) or adjournment(s) thereof. The Annual Meeting will be held at the Company s principal executive offices, located at 222 Merchandise Mart Plaza, Suite 2024, Chicago, Illinois 60654.

These materials were first sent or made available to the Company s stockholders on April , 2015. You are invited to attend the Annual Meeting and are requested to vote on the proposals described in this proxy statement (this Proxy Statement).

What is included in these proxy materials?

These proxy materials include:

- The Notice of Annual Meeting of Stockholders for the Annual Meeting;
- This Proxy Statement; and
- The Company s Annual Report on Form 10-K for the year ended December 31, 2014, as filed with the Securities and Exchange Commission (the SEC) on March 2, 2015 (the Annual Report).

If you requested printed versions by mail, these proxy materials also include the proxy card or voting instruction form for the Annual Meeting.

What items will be voted on at the Annual Meeting?

The Company is aware of four items on which stockholders may vote at the Annual Meeting:

- The election to the Company s Board of Directors (the Board) of the seven nominees named in this Proxy Statement (Proposal One);
- The ratification of the appointment of Grant Thornton LLP as the Company s independent registered public accounting firm for the year ending December 31, 2015 (Proposal Two);

A non-binding advisory resolution to approve the Company s named executive officer compensation (Proposal Three); and

The amendment and restatement of the Company s Fourth Amended and Restated Certificate of Incorporation (the Certificate of Incorporation) to eliminate certain provisions that are no longer effective and to make other clerical changes (Proposal Four).

Will any other business be conducted at the meeting?

The Company knows of no matters to be submitted to the Company s stockholders at the Annual Meeting, other than the proposals referred to in this Proxy Statement. If any other matters come before the Company s stockholders at the Annual Meeting, it is the intention of the persons named on the proxy to vote the shares represented thereby on such matters in accordance with their best judgment.

What are the Board s voting recommendations?

The Board recommends that you vote your shares:

FOR election of each of the nominees named in this Proxy Statement to the Board (Proposal One);

FOR ratification of the appointment of Grant Thornton LLP as the Company s independent registered public accounting firm for the year ending December 31, 2015 (Proposal Two);

FOR approval of the advisory resolution to approve the Company s named executive officer compensation (Proposal Three); and

FOR the amendment and restatement of the Certificate of Incorporation to eliminate certain provisions that are no longer effective and to make other clerical changes (Proposal Four).

Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

Pursuant to rules adopted by the SEC, the Company uses the Internet as the primary means of furnishing proxy materials to its stockholders. Accordingly, the Company is sending a Notice of Internet Availability of Proxy Materials (the Notice) to its stockholders. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or how to request a printed copy may be found in the Notice. In addition, stockholders may request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis. The Company encourages its stockholders to take advantage of the availability of the proxy materials on the Internet to help reduce the environmental impact of its annual meetings and reduce the cost to the Company associated with the physical printing and mailing of materials.

I share an address with another stockholder, and we received only one paper copy of the proxy materials. How can I obtain an additional copy of the proxy materials?

The Company has adopted an SEC-approved procedure called householding. Under this procedure, the Company may deliver a single copy of the Notice and, if applicable, this Proxy Statement and the Annual Report to multiple stockholders who share the same address unless the Company has received contrary instructions from one or more of its stockholders. This procedure reduces the environmental impact of the Company s annual meetings and reduces the Company s printing and mailing costs. Stockholders who participate in householding will continue to receive separate proxy cards. Upon request, the Company will deliver promptly a separate copy of the Notice and, if applicable, this Proxy Statement and the Annual Report to any stockholder at a shared address to which the Company delivered a single copy of any of these documents.

To receive free of charge a separate copy of the Notice and, if applicable, this Proxy Statement or the Annual Report, or separate copies of any future notice, proxy statement, or annual report, stockholders may write or call the Company at: Allscripts Healthcare Solutions, Inc., 222 Merchandise Mart Plaza, Suite 2024, Chicago, Illinois 60654, Attention: Investor Relations, or (312) 506-1200.

If you are receiving more than one copy of the proxy materials at a single address and would like to participate in householding, please contact the Company using the mailing address above. Stockholders who hold shares in street name (as described below) may contact their brokerage firm, bank, broker-dealer, or other similar organization to request information about householding.

How can I get electronic access to the proxy materials?

The Notice will provide you with instructions regarding how to use the Internet to view the Company s proxy materials for the Annual Meeting and instruct the Company to send future proxy materials to you by e-mail. Choosing to receive future proxy materials by e-mail will reduce the impact of the Company s annual meetings on the environment and will save the Company the cost of printing and mailing documents to you. If you choose to receive future proxy materials by e-mail, you will receive an e-mail message next year with instructions containing a link to those materials and a link to the proxy voting website. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

Who may vote at the Annual Meeting?

Each share of the Company s common stock has one vote on each matter. Only stockholders of record as of the close of business on April 2, 2015 (the Record Date) are entitled to receive notice of, to attend, and to vote at, the Annual Meeting. As of the Record Date, there were shares of the Company s common stock issued and outstanding, held by holders of record. In addition to stockholders of record of the Company s common stock, beneficial owners of shares held in street name as of the Record Date can vote using the methods described below.

What is the difference between a stockholder of record and a beneficial owner of shares held in street name?

Stockholder of Record. If your shares are registered directly in your name with the Company s transfer agent, Broadridge Investor Communication Solutions, Inc. (Broadridge), you are considered the stockholder of record with respect to those shares, and the Notice was sent directly to you by the Company.

Beneficial Owner of Shares Held in Street Name. If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in street name, and the Notice was forwarded to you by that organization. As a beneficial owner, you have the right to instruct your broker, bank, trustee, or nominee how to vote your shares.

If I am a stockholder of record of the Company s shares, how do I vote?

If you are a stockholder of record, there are four ways to vote:

In Person. You may vote in person at the Annual Meeting by requesting a ballot when you arrive. You must bring valid picture identification, such as a driver s license or passport, and may be requested to provide proof of stock ownership as of the Record Date.

Via the Internet. You may vote by proxy via the Internet by following the instructions provided in the Notice.

By Telephone. If you request printed copies of the proxy materials by mail, you will receive a proxy card and you may vote by proxy by calling the toll free number found on the proxy card.

By Mail. If you request printed copies of the proxy materials by mail, you will receive a proxy card and you may vote by proxy by filling out the proxy card and returning it in the envelope provided.

If I am a beneficial owner of the Company s shares held in street name, how do I vote?

If you are a beneficial owner of shares held in street name, there are four ways to vote:

In Person. If you are a beneficial owner of shares held in street name and wish to vote in person at the Annual Meeting, you must obtain a legal proxy from the organization that holds your shares. A legal proxy is a written document that will authorize you to vote your shares held in street name at the Annual Meeting. Please contact the organization that holds your shares for instructions regarding obtaining a legal proxy. You must bring a copy of the legal proxy to the Annual Meeting and ask for a ballot from an usher when you arrive. You must also bring valid picture identification, such as a driver s license or a passport. In order for your vote to be counted, you must hand both the copy of the legal proxy and your completed ballot to an usher to be provided to the inspector of election.

Via the Internet. You may vote by proxy via the Internet by visiting www.proxyvote.com and entering the control number found in your Notice. The availability of Internet voting may depend on the voting process of the organization that holds your shares.

By Telephone. If you request printed copies of the proxy materials by mail, you will receive a voting instruction form and you may vote by proxy by calling the toll free number found on the voting instruction form. The availability of telephone voting may depend on the voting process of the organization that holds your shares.

By Mail. If you request printed copies of the proxy materials by mail, you will receive a voting instruction form and you may vote by proxy by filling out the form and returning it in the envelope provided.

What is the quorum required for the Annual Meeting?

The presence, in person or by proxy, of the holders of not less than one-third of the total number of shares of the Company s common stock issued and outstanding as of the Record Date will constitute a quorum. You will be considered part of the quorum if you return a signed and dated proxy card, if you vote over the Internet or by telephone, or if you attend the Annual Meeting. If a quorum is not present, the Company may propose to adjourn the Annual Meeting to solicit additional proxies.

How are proxies voted?

All shares represented by valid proxies received prior to the taking of the vote at the Annual Meeting will be voted and, where a stockholder specifies by means of the proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the stockholder s instructions.

What happens if I do not give specific voting instructions?

Stockholders of Record. If you are a stockholder of record and you (i) indicate when voting on the Internet or by telephone that you wish to vote as recommended by the Board; or (ii) sign and return a proxy card without giving specific voting instructions, then the persons named as proxy holders, Paul M. Black and Richard J. Poulton, 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 with respect to any other matters properly presented for a vote at the Annual 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, then, under applicable rules, 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, that organization 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 generally referred to as a broker non-vote.

Which proposals are considered routine or non-routine ?

The ratification of the appointment of Grant Thornton LLP as the Company s independent registered public accounting firm for the year ending December 31, 2015 (Proposal Two) is considered a routine matter under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected in connection with Proposal Two.

Each of the other proposals, including the election of directors (Proposal One), the advisory resolution to approve the Company s named executive officer compensation (Proposal Three), and the amendment and restatement of the Certificate of Incorporation (Proposal Four) are considered non-routine matters under applicable rules. A broker or other nominee cannot vote without instructions on non-routine matters, and therefore broker non-votes may exist in connection with each of Proposals One, Three, and Four.

What is the voting requirement to approve each of the proposals?

With respect to the election of directors (Proposal One), in accordance with the policy of majority voting in uncontested director elections set forth in the Company s bylaws, if the number of shares voted FOR any nominee exceeds the number of shares voted AGAINST such nominee, he or she will be elected as a director to serve until the Company s 2016 Annual Meeting of Stockholders and until his or her successor has been duly elected and qualified, or until his or her earlier resignation or removal. If any nominee is an incumbent director and fails to receive a majority of the votes cast with respect to his or her nomination, he or she must tender a resignation as director, and such resignation will be considered by the Nominating and Governance Committee of the Board (the Nominating Committee) in accordance with the requirements of the Company s Corporate Governance Guidelines.

Approval of each of Proposal Two and Proposal Three requires the affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote on such matter. Approval of Proposal Four requires the affirmative vote of a majority of the Company s outstanding shares entitled to vote thereon.

How are broker non-votes and abstentions treated?

Broker non-votes and abstentions are counted for purposes of determining whether a quorum is present. With respect to the election of directors (Proposal One), a stockholder abstention or broker non-vote with respect to any nominee will have no effect on that nominee s election. With respect to Proposal Two and Proposal Three, a stockholder abstention will have the effect of a vote AGAINST the approval of each proposal, but a broker non-vote will have no effect on the approval of the proposal. With respect to Proposal Four, a failure to vote, stockholder abstention, or broker non-vote will have the same effect as a vote AGAINST the proposal.

In order to minimize the number of broker non-votes, the Company encourages you to vote or to provide voting instructions with respect to each proposal to the organization that holds your shares by carefully following the instructions provided in the Notice or voting instruction form.

Can I change my vote after I have voted?

You may revoke your proxy and change your vote at any time before the taking of the vote at the Annual Meeting. Prior to the applicable cutoff time, you may change your vote using the Internet or telephone methods described above, in which case only your latest Internet or telephone proxy submitted prior to the Annual Meeting will be counted. You may also revoke your proxy and change your vote by signing and returning a new proxy card or voting instruction form dated as of a later date, or by attending the Annual Meeting and voting in person. However, your attendance at the Annual Meeting will not automatically revoke your proxy unless you properly vote at the Annual Meeting or specifically request that your prior proxy be revoked by delivering a written notice of revocation to the Company s Corporate Secretary at 222 Merchandise Mart Plaza, Suite 2024, Chicago, Illinois 60654 prior to the Annual Meeting.

Who will serve as the inspector of election?

A representative of Broadridge will serve as the inspector of election.

Where can I find the voting results of the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. Final voting results will be tallied by the inspector of election after the taking of the vote at the Annual Meeting. The Company will publish the final voting results in a Current Report on Form 8-K, which the Company is required to file with the SEC within four business days following the Annual Meeting.

Where are the Company s principal executive offices located, and what is the Company s main telephone number?

The Company s principal executive offices are located at 222 Merchandise Mart Plaza, Suite 2024, Chicago, Illinois 60654. The Company s main telephone number is (312) 506-1200.

Who is paying the costs of the proxy solicitation?

The Company is paying the costs of the solicitation of proxies. The Company has retained MacKenzie Partners, Inc. (MacKenzie) to assist in the distribution of proxy materials and the solicitation of proxies from brokerage firms, banks, broker-dealers, or other similar organizations representing beneficial owners of shares for the Annual Meeting. The Company has agreed to pay MacKenzie a fee of approximately $15,000 plus out-of-pocket expenses. MacKenzie may be contacted at (800) 322-2885.

The Company must also pay brokerage firms, banks, broker-dealers, or other similar organizations representing beneficial owners of shares held in street name certain fees associated with (i) forwarding the Notice to beneficial owners; (ii) forwarding printed proxy materials by mail to beneficial owners who specifically request them; and (iii) obtaining beneficial owners voting instructions. In addition to solicitations by mail, the proxy solicitor and certain of the Company s directors, officers, and employees, without additional compensation, may solicit proxies on the Company s behalf in person, by telephone, or by electronic communication.

How can I attend the Annual Meeting?

Only stockholders as of the Record Date are entitled to attend the Annual Meeting. Each stockholder must present valid picture identification such as a driver s license or passport and, if asked, provide proof of stock ownership as of the Record Date. If you are a beneficial owner as of the Record Date of shares held in street name, you must also bring a proxy issued in your name from the brokerage firm, bank, broker-dealer, or other similar organization that is the record holder of your shares. The use of mobile phones, pagers, recording or photographic equipment, tablets, or computers is not permitted at the Annual Meeting.

What is the deadline to propose actions for consideration or to nominate individuals to serve as directors at the 2016 Annual Meeting of Stockholders?

Requirements for Stockholder Proposals to be Considered for Inclusion in the Company s Proxy Materials. Proposals that a stockholder intends to present at the Company s 2016 Annual Meeting of Stockholders and wishes to be considered for inclusion in the Company s proxy statement and form of proxy related to the Company s 2016 Annual Meeting of Stockholders must be received by no later than December , 2015. All proposals must comply with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the Exchange Act), which lists the requirements for the inclusion of stockholder proposals in company-sponsored proxy materials. Stockholder proposals must be delivered to the Company s Corporate Secretary by mail at 222 Merchandise Mart Plaza, Suite 2024, Chicago, Illinois 60654.

Requirements for Other Stockholder Proposals to be Brought Before the 2016 Annual Meeting of Stockholders and Director Nominations. Notice of any director nomination or any proposal that a stockholder intends to present at the Company s 2016 Annual Meeting of Stockholders, but does not intend to have included in the Company s proxy statement and form of proxy related to the Company s 2016 Annual Meeting of Stockholders, as well as any director nominations, must be delivered to the Company s Corporate Secretary by mail at 222 Merchandise Mart Plaza, Suite 2024, Chicago, Illinois 60654, not earlier than the close of business on December 31, 2015, and not later than the close of business on January 30, 2016. The notice must be submitted by a stockholder of record and must set forth the information required by the Company s bylaws with respect to each director nomination or other proposal that the stockholder intends to present at the Company s 2016 Annual Meeting of Stockholders. If you are a beneficial owner of shares held in street name, you can contact the organization that holds your shares for information about how to register your shares directly in your name as a stockholder of record.

DIRECTORS

Listed below are the seven nominees for election as a director, each of whom currently serves on the Board. On January 22, 2015, Robert J. Cindrich, 71, who has served on the Board since 2012, notified the Board of his intention to not stand for re-election at the end of his current term, which will expire at the Annual Meeting.

At the Annual Meeting, proxies cannot be voted for a greater number of individuals than the seven nominees named in this Proxy Statement. Each of the nominees listed below has consented to serving as a nominee, being named in this Proxy Statement, and serving on the Board if elected. Each director elected at the Annual Meeting will serve a one-year term.

The Board comprises a diverse group of leaders in their respective fields. Many of the Company s directors have senior leadership experience at major domestic and multinational companies. In these positions, they have also gained significant and diverse management experience, including strategic and financial planning, public company reporting, compliance, risk management, and leadership development. Many directors also have experience serving as executive officers of, or on boards of directors and board committees of, other public companies, and have an understanding of corporate governance practices and trends. The Board believes that the collective experiences, viewpoints, and perspectives of the Company s nominees for directors results in a Board with the commitment and energy to advance the interests of the Company s stockholders.

Name	Position with the Company	Age as of the Annual Meeting	Director Since
Stuart L. Bascomb	Director	73	2012
Paul M. Black	Director, Chief Executive Officer and President	57	2012
Dennis H. Chookaszian	Director	71	2010
Michael A. Klayko	Chairman of the Board	60	2013
Anita V. Pramoda	Director	40	2013
David D. Stevens	Director	62	2012
Ralph H. Randy Thurman	Director	65	2012

The Board and the Nominating Committee believe the skills, qualities, attributes, and experience of the nominees provide the Company with business acumen and a diverse range of perspectives to engage each other and the Company s management to address effectively the Company s evolving needs and represent the best interests of the Company s stockholders. The biographies below describe the skills, qualities, attributes, and experience of the nominees that led the Board and the Nominating Committee to determine that it is appropriate to nominate these directors.

Stuart L. Bascomb currently serves as Chairman Emeritus of Qualsight, Inc., a Chicago, Illinois-based company that manages laser vision correction surgery services. From 2004 through 2012, Mr. Bascomb was Chairman and Chief Executive Officer of Qualsight, Inc. From 1989 through 2004, Mr. Bascomb held various management and executive positions (including Chief Financial Officer and Executive Vice President of Sales, Client Services and Provider Relations) at Express Scripts, Inc., a public company focused on pharmacy benefit management services, at which he also served as a director from 2000 through 2004. From 1976 to 1989, Mr. Bascomb held several management positions (including Chief Financial Officer and Executive Vice President) at Medicare-Glaser Corp., a public retail pharmacy company, where he also served as a director. Among other qualifications, Mr. Bascomb brings extensive financial and accounting expertise and experience in the healthcare industry.

Paul M. Black has served as the Company s Chief Executive Officer and President since December 2012. Before joining the Company, Mr. Black served as Operating Executive of Genstar Capital, LLC, a private equity firm; and Senior Advisor at New Mountain Finance Corporation, an investment management company. From 1994 to 2007, Mr. Black served in various executive positions (including Chief Operating Officer) at Cerner Corporation, a healthcare information technology company. Mr. Black currently serves as a director of Truman Medical Centers. Within the past five years, Mr. Black has served as a director of Haemonetics Corporation, a publicly-traded medical device company, as well as several other private companies in the healthcare and software industries. Among other qualifications, Mr. Black brings extensive experience in the healthcare information technology industry, along with experience in the management of worldwide operations, sales, and support.

Dennis H. Chookaszian served as Chairman of the Board from April 2012 until March 2014. From 2007 until 2011, Mr. Chookaszian served as Chairman of the Financial Accounting Standards Advisory Council, the advisory council to the Financial Advisory Standards Board. From 1999 until 2011, Mr. Chookaszian served as Chairman and Chief Executive Officer of mPower, Inc., a financial advice provider focused on the online management of 401(k) plans. Previously, Mr. Chookaszian worked for over 27 years at CNA Insurance Companies, including as its Chairman and Chief Executive Officer from 1992 until 1999, its President and Chief Operating Officer from 1990 until 1992, and its Chief Financial Officer from 1975 until 1990. Mr. Chookaszian currently serves as a director of CME Group, Inc., a publicly-traded owner and operator of derivatives and futures exchanges as well as online trading platforms; a director of Career Education Corporation, a publicly-traded, for-profit, post-secondary higher education provider; and Internet Patents Corporation, a publicly-traded patent licensing business focused on e-commerce and online insurance distribution technologies. Within the past five years, Mr. Chookaszian has also served as a director of LoopNet, Inc. Mr. Chookaszian is a registered certified public accountant. Among other qualifications, Mr. Chookaszian brings extensive financial and accounting expertise, along with a wide range of business experience as a chief executive officer and public company board member.

Michael A. Klayko has been the Chairman of the Board since March 2014. Mr. Klayko currently serves as the Chief Executive Officer of AOptix Technologies, Inc., a privately-held provider of wireless communications and mobile network solutions; as well as Chief Executive Officer of MKA Capital, an investment company focused on technology investments. From 2005 until 2013, Mr. Klayko served as Chief Executive Officer of Brocade Communications Systems, Inc., a comprehensive network solutions provider. Mr. Klayko has previously held executive positions at Rhapsody Networks, Inc. (including as its Chief Executive Officer); McDATA Corp., EMC Corporation, Hewlett-Packard Company, and International Business Machines Corporation. Mr. Klayko currently serves as a director of PMC-Sierra, Inc., a publicly-traded semiconductor and software solutions company focused on storage, optical, and mobile networks. Within the past five years, Mr. Klayko served as a director of Bally Technologies, Inc., a publicly-traded manufacturer of slot machines and other gaming technologies, as well as several other private companies in the technology industry. Among other qualifications, Mr. Klayko brings over 35 years of leadership experience in the technology industry as well as extensive experience in the management of worldwide operations, sales, and support.

Anita V. Pramoda currently serves as Chief Executive Officer and a director of TangramCare, a privately-held healthcare information technology company. From 2009 until 2012, Ms. Pramoda served as the Chief Financial Officer of Epic Systems Corporation, a privately-held healthcare information technology company. From 2006 until 2008, Ms. Pramoda served as the Chief Financial Officer of Ontech Operations, Inc., a privately-held manufacturer of containers for food, beverage, and other manufacturers. Ms. Pramoda also currently serves as a director of Dignity Health Foundation, a non-profit organization. Among other qualifications, Ms. Pramoda has extensive financial and accounting experience as well as extensive experience in the healthcare information technology industry.

David D. Stevens currently serves as a private advisor and investor in private equity in the healthcare services industry. From 1983 until 2006, Mr. Stevens served in various executive roles at Accredo Health Group, Inc. (f/k/a Accredo Health, Inc.) and its predecessor companies, serving as its Chief Executive Officer from 1995 until 2006, its Chairman of the Board from 1995 until 2005, and its President and Chief Operating Officer from 1993 until 1996. Accredo Health Group, Inc. was acquired by Medco Health Solutions, Inc. in 2005. Mr. Stevens currently serves as a director of Viasystems Group, Inc., a publicly-traded company that provides complex multi-layer printed circuit boards and electro-mechanical solutions; Wright Medical Group, Inc., a publicly-traded orthopedic company that designs, manufactures, and distributes extremity and biologic solutions; and several privately-held healthcare companies. During the past five years, Mr. Stevens served as a director of Medco Health Solutions, Inc., a pharmacy benefits management company that was publicly-traded prior to its acquisition by Express Scripts, Inc. in 2012; and Thomas & Betts Corporation, a manufacturer of electrical, electronic, mechanical, and utility products that was publicly-traded prior to its acquisition by ABB Ltd in 2012. Among other qualifications, Mr. Stevens brings extensive financial and operating expertise, leadership experience, experience with serving on boards of directors, and significant experience in the healthcare industry.

Ralph H. Randy Thurman currently serves as a senior advisor in the private equity industry. He is currently Executive Chairman of Presbia PLC (an Orchard Capital Corporation company), a publicly-traded medical device company, and is a member of the executive investment council of Levitt Equity Partners, a private equity firm. From 2008 until 2011, Mr. Thurman served as Executive Chairman of CardioNet Inc. (now known as BioTelemetry, Inc.), and as its interim Chief Executive Officer from 2008 until 2010. From 2001 until 2007, Mr. Thurman was Founder, Chairman and Chief Executive

Officer of VIASYS Healthcare Inc., a diversified healthcare technology company, which was acquired by Cardinal Healthcare Inc. in 2007. Mr. Thurman served as a consultant to Cardinal Healthcare Inc. from the date of acquisition until 2008. From 1997 until 2001, Mr. Thurman served as Chairman and Chief Executive Officer of Strategic Reserves LLC, which provided advisory services to bio-pharmaceutical, genomic, and medical device companies. From 1993 until 1997, Mr. Thurman was Chairman and Chief Executive Officer of Corning Life Sciences, Inc., and from 1984 until 1993, Mr. Thurman held various positions at Rhone-Poulenc Rorer Pharmaceuticals, Inc., a global pharmaceutical company, ultimately as its President. Among other qualifications, Mr. Thurman brings significant operating and investing expertise as well as extensive expertise in the healthcare industry.

CORPORATE GOVERNANCE

Role of the Board

The Board oversees the Company s Chief Executive Officer and other senior management in the competent and ethical operation of the Company and assures that the long-term interests of the Company s stockholders are being served. The Company s Corporate Governance Guidelines are available at the Corporate Governance section at investor.allscripts.com.

Board Leadership Structure

The Board believes that its current leadership structure best serves the objectives of the Board s oversight of management, the Board s ability to carry out its roles and responsibilities on behalf of the Company s stockholders, and the Company s overall corporate governance. The Board currently believes that the separation of the Chairman and the Chief Executive Officer roles allows the Company s Chief Executive Officer to focus his time and energy on operating and managing the Company. The Board periodically reviews this leadership structure to determine whether it continues to best serve the Company and its stockholders.

Board Meetings and Committees

The Board met a total of six times during 2014. The Board has determined that all Board members, other than Mr. Black, are independent under applicable rules of the NASDAQ Stock Market LLC (NASDAQ) and the SEC.

The Board has a standing Audit Committee (the Audit Committee) and Compensation Committee (the Compensation Committee), in addition to the Nominating Committee. The Board has determined that each of the committee members is independent under applicable NASDAQ and SEC rules for committee memberships. The members of the committees are shown in the tables below.

Director	Audit Committee	Compensation Committee	Nominating and Governance Committee
Stuart L. Bascomb	Chairman		
Paul M. Black			
Dennis H. Chookaszian			Member
Robert J. Cindrich	Member		Member
Michael A. Klayko		Member	Member
Anita V. Pramoda	Member	Member	
David D. Stevens	Member		Chairman
Ralph H. Randy Thurman		Chairman	

The Audit Committee has been established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee is primarily responsible for assisting the Board in fulfilling its oversight and monitoring responsibility of reviewing the financial information that will be provided to the Company s stockholders and others; appointing and overseeing the services performed by the Company s independent registered public accounting firm, as well as pre-approving all services and fees related thereto; overseeing and periodically evaluating the performance and responsibilities of the Company s internal audit department, including approving the Company s annual internal audit plan and reviewing the results of internal audits, including management s responses thereto; reviewing with the Company s management, internal audit department, and independent registered public accounting firm the Company s critical accounting policies and its system of internal controls over financial reporting; and overseeing the risk assessments related to the Company conducted by the Company s management. The Audit Committee is also responsible for reviewing all related party transactions and has the authority to approve all such transactions. The Audit Committee met a total of nine times during 2014.

The Compensation Committee is primarily responsible for reviewing the compensation arrangements for the Company s executive officers, administering the Company s equity compensation plans, and reviewing the Board s compensation. For a further description of the Compensation Committee s processes and procedures, including the roles of the Company s management and independent compensation consultants in the Compensation Committee s decision-making process, see the Compensation Discussion and Analysis section below. The Compensation Committee met a total of five times during 2014.

The Nominating Committee assists the Board in identifying qualified individuals to become directors, makes recommendations to the Board concerning the size, structure, and composition of the Board and its committees, monitors the process to assess the Board s effectiveness, and is primarily responsible for the oversight of corporate governance at the

Company, including implementation of the Company s Corporate Governance Guidelines. In March 2015, the Nominating Committee recommended to the full Board each of the nominees named in this Proxy Statement for election to the Board. The Nominating Committee met a total of four times during 2014.

Each of the Audit Committee, the Compensation Committee, and the Nominating Committee operates under written charters adopted by the Board. These charters are available at the Corporate Governance section at investor.allscripts.com.

During 2014, each member of the Board attended or participated in 75% or more of the aggregate of (i) the total number of meetings of the Board (held during the period for which such person has been a director) and (ii) the total number of meetings held by each committee of the Board on which such person served (during the period that such person served).

There are no family relationships among the Company s executive officers and directors.

Consideration of Director Nominees

Stockholder Nominees

The Nominating Committee considers properly submitted stockholder nominations for candidates for membership on the Board in accordance with the Company s bylaws and as described below under Identifying and Evaluating Nominees for Directors. Stockholder nominations for candidates for membership on the Board must comply with the requirements set forth in the Company s bylaws, and must be accompanied by a written consent of each proposed nominee to be named as a nominee and to serve as a director if elected. No person will be eligible for election as a director unless nominated in accordance with the procedures set forth in the Company s bylaws. Nominations must be delivered to the Company s Corporate Secretary by mail at 222 Merchandise Mart Plaza, Suite 2024, Chicago, Illinois 60654, not earlier than the close of business on December 31, 2015, and not later than the close of business on January 30, 2016.

Director Qualifications

In discharging its responsibilities to nominate candidates to the Board, the Nominating Committee has not specified any minimum qualifications for serving on the Board. However, the Nominating Committee endeavors to identify and evaluate candidates based on their specific healthcare and related industry experience, business and professional accomplishments, integrity, demonstrated ability to make independent analytical inquiries, diversity, ability to understand the Company s business, willingness to devote the necessary time to Board duties, and any other areas that may be expected to contribute to an effective Board. With respect to diversity, the Nominating Committee may consider such factors as differences in viewpoint, professional experience, education, skills, and other individual qualifications that contribute to board heterogeneity, including characteristics such as gender, race, and national origin.

Identifying and Evaluating Nominees for Directors

The Nominating Committee utilizes a variety of methods for identifying and evaluating nominees for directors. Candidates may come to the attention of the Nominating Committee through management, current Company directors, Company stockholders, or other persons. These candidates are evaluated and discussed by members of the Nominating Committee from time to time. Candidates may be considered at any point during the year.

As described above, the Nominating Committee considers properly submitted stockholder nominations for candidates to the Board. Following verification of the stockholder status of persons proposing candidates, recommendations are aggregated and considered by the Nominating Committee. If any materials are provided by a Company stockholder in connection with the nomination of a director candidate, such materials are forwarded to the Nominating Committee. The Nominating Committee also may review materials provided by professional search firms or other parties in connection with a nominee.

Board Oversight of Risk Management

The Board believes that evaluating how the Company s senior management team manages the various risks confronting the Company is one of its most important areas of oversight. In carrying out this critical responsibility, the Board has designated the Audit Committee with primary responsibility for overseeing enterprise risk management.

In accordance with this responsibility, the Audit Committee monitors the Company s major financial, operational, privacy, security, business continuity, legal and regulatory, and reputational exposures, and reviews the steps management has taken to monitor and control these exposures. The Audit Committee s oversight includes, among other things, the review of regular reports from the Company s Senior Vice President, Chief Compliance Officer; the Company s Vice President,

Corporate Audit; and other members of the Company s management as to the identification and status of risks to the Company, including financial risks and litigation claims and risks. As with other matters, the Audit Committee regularly discusses these topics with the Board.

Additionally, when determined by the Board or by the Company s management to be advisable, the Board or selected committees of the Board may undertake a formal enterprise risk assessment, at which risks facing the Company and associated responses are evaluated in detail. The Board also receives regular financial and business updates from the Company s senior management, which updates involve detailed reports on financial and business risks facing the Company when applicable.

While the Audit Committee has primary responsibility for overseeing enterprise risk management, each of the other Board committees also considers risk within its area of responsibility. For example, the Nominating Committee reviews legal and regulatory compliance risks as they relate to corporate governance structure and processes, and the Compensation Committee reviews risks related to compensation matters. The Chairman of each of these committees may periodically apprise the Board of significant risks and the Company s management s response to these risks.

In establishing and reviewing the Company s executive compensation program, the Compensation Committee considers whether the program encourages unnecessary or excessive risk-taking and has concluded that it does not. The Company s executive officers base salaries are fixed in amount and thus do not encourage risk-taking, and the majority of compensation provided to the Company s executive officers is in the form of long-term equity awards that help align executive pay with the long-term interests of the Company s stockholders. The Compensation Committee believes that these awards do not encourage unnecessary or excessive risk-taking because the ultimate value of the awards is tied to the Company s financial or stock price performance, and because awards are subject to regular vesting schedules to help ensure that a significant component of executive compensation is tied to long-term stockholder value creation.

The Compensation Committee has also reviewed the Company s compensation programs for employees generally, and has concluded that these programs do not create risks that are reasonably likely to have a material adverse effect on the Company. The Compensation Committee believes that the Company s annual cash and long-term equity awards provide an effective and appropriate mix of incentives to help ensure the Company s performance is focused on long-term stockholder value creation and do not encourage short-term risk taking at the expense of long-term results.

While the Board and its committees oversee risk management strategy, the Company s management is responsible for implementing and supervising day-to-day risk management processes and reporting to the Board and its committees on such matters.

Audit Committee Financial Experts

The Board has determined that each of Mr. Bascomb and Ms. Pramoda qualifies as an audit committee financial expert as defined under applicable SEC rules. The Board has also determined that each member of the Audit Committee meets the additional criteria for independence of audit committee members set forth in Rule 10A-3(b)(1) under the Exchange Act.

Code of Conduct

The Company has adopted a Code of Conduct that applies to all of its employees, including the Company s principal executive officer, principal financial officer, and senior accounting officers, as well as to the Board. The Code of Conduct is available at the Corporate Governance section at investor.allscripts.com. The Company intends to disclose any changes in, or waivers from, this code by posting such information on the same website or by filing a Form 8-K with the SEC.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company s officers and directors, and persons who own more than ten percent of a registered class of the Company s equity securities, to file reports of securities ownership and changes in such ownership with the SEC. Officers, directors, and greater than ten percent stockholders also are required by SEC rules to furnish the Company with copies of all Section 16(a) forms they file.

Based solely upon a review of the copies of such forms furnished to the Company, and on written representations from the reporting persons, the Company believes that all Section 16(a) filing requirements applicable to the Company s directors and officers were timely met during 2014, except for the following: (a) one Form 3 was filed for James R. Hewitt on March 10, 2014 with respect to his initial report of ownership of the Company s common stock; (b) one Form 4 was filed for

Mr. Hewitt on March 10, 2014 with respect to the award of 20,260 service-based restricted stock units (RSUs); and (c) one Form 4 was filed for Mr. Hewitt on March 26, 2015 with respect to the disposition of 29,313 RSUs to cover tax withholding liabilities.

Certain Relationships and Related Transactions

The Company, or one or more of its subsidiaries, may occasionally enter into transactions with certain related persons. Related persons include the Company s executive officers, directors, beneficial owners of more than 5% of the Company s common stock, immediately family members of any of these persons, and entities in which one or more of these persons has a direct or indirect material interest. The Company refers to transactions with these related persons as related party transactions.

In accordance with the Company s written policy, the Audit Committee (or, in certain circumstances, disinterested members of the Board) is responsible for the review and approval of each related party transaction exceeding $120,000 in which a related person has a direct or indirect material interest. The Audit Committee considers all relevant factors when determining whether to approve a related party transaction, including, without limitation:

- The size of the transaction and the amount of consideration payable to a related person;
- The nature of the interest of the applicable executive officer, director, or five percent stockholder in the transaction;
- Whether the transaction may involve a conflict of interest;
- Whether the transaction involves the provision of goods or services to the Company that are available from unaffiliated third parties; and
- Whether the proposed transaction is on terms and made under circumstances that are at least as favorable to the Company as would be available in comparable transactions with or involving unaffiliated third parties.

Since January 1, 2014, neither the Board nor the Audit Committee has been made aware of or asked to review and approve any related party transactions.

Compensation Committee Interlocks and Insider Participation

Mr. Klayko, Ms. Pramoda, and Mr. Thurman were the members of the Compensation Committee during 2014. None of the members of the Compensation Committee is or has been an executive officer of the Company, nor did they have any relationships requiring disclosure by the Company under Item 404 of Regulation S-K. None of the Company s executive officers served as a director or a member of a compensation committee (or other committee serving an equivalent function) of any other entity, an executive officer of which served as a director of the Company or member of the Compensation Committee during 2014.

Attendance of Directors at 2015 Annual Meeting of Stockholders

The Company expects all of its directors to attend its annual meetings of stockholders absent an unavoidable and irreconcilable conflict. All of the Company s directors attended the Company s 2014 Annual Meeting of Stockholders.

Communications with the Board

Any matter intended for the Board, or for any individual member or members of the Board, should be directed to the Company s Corporate Secretary at 222 Merchandise Mart Plaza, Suite 2024, Chicago, Illinois 60654, with a request to forward the communication to the intended recipient(s). In general, any stockholder communication delivered to the Company for forwarding to the Board or specified Board member(s) will be forwarded in accordance with the stockholder s instructions. However, the Company reserves the right not to forward to Board members any abusive, threatening, or otherwise inappropriate materials.

Information regarding the submission of comments or complaints relating to the Company s accounting, internal accounting controls, or auditing matters can be found in the Company s Code of Conduct, which is available at the Corporate Governance section at investor.allscripts.com.

Compensation of Directors

The Compensation Committee is responsible for reviewing and approving the compensation program for the Company s non-employee directors. The Compensation Committee utilizes a combination of cash and equity as a way to attract and retain qualified directors.

Cash Compensation

For 2014, the annual retainer paid to the Company s non-employee directors was $60,000, payable in equal quarterly installments. Non-employee directors also received a retainer of $2,000 for attendance at Board meetings in excess of ten per year, and $1,500 for attendance at each committee meeting. The Chairman of the Board may waive the additional $2,000 fee for the entire Board, and may waive the $1,500 fee for any applicable committee meeting for the attendees thereof. The Chairman of each committee may also waive the $1,500 fee for any committee meeting he chairs. Each non-employee director of the Company is also reimbursed for expenses incurred when attending Board and committee meetings and other Board-related activities.

The Chairman of the Board receives an additional annual retainer in the amount of $100,000, payable in equal quarterly installments. Each Chairman of the Audit Committee, Compensation Committee, and Nominating Committee receives an additional annual retainer of $25,000, $25,000, and $15,000, respectively, for his service as chairman of the respective committees, payable in equal quarterly installments. Each member of the Audit Committee, Compensation Committee, and Nominating Committee also receives an additional annual retainer of $2,500 per committee served. All of the foregoing payments are pro-rated for the dates of applicable service.

Prior to the beginning of each calendar year, non-employee directors may elect to receive all or a portion of their quarterly cash retainer payment in the form of deferred stock units (DSUs). DSUs represent the right to receive shares of the Company s common stock at the time the director s Board service ends. The number of DSUs granted is determined by dividing the portion of the cash compensation with respect to which the election is made by the closing price of the Company s common stock on the date the cash compensation is due to be paid. DSUs issued in lieu of cash compensation are fully vested.

Equity Compensation

Under the Company s Amended and Restated 2011 Stock Incentive Plan (the 2011 Stock Incentive Plan), the Company s non-employee directors are eligible to receive equity awards in the form of stock options, restricted stock, or RSUs at the discretion of the Board or the Compensation Committee. For 2014, the value of each annual equity award was $200,000, delivered in the form of RSUs, which vest on a monthly basis or, if earlier, upon a change of control of the Company. The distribution of shares of common stock underlying the RSUs is deferred until the earlier to occur of the fourth anniversary of the grant date, the director s termination of service with the Board, or a change of control of the Company. Annual director equity awards are granted immediately following the Company s annual meeting of stockholders to coincide with the commencement of director terms.

Director Compensation 2014

The following table shows information regarding the compensation earned during 2014 by the Company s non-employee directors who served on the Board during the year. The compensation paid to Mr. Black is shown in the table entitled Summary Compensation Table 2014, 2013 and 2012 and the related explanatory tables in the Executive Compensation section below. Mr. Black does not receive any compensation for his service as a member of the Board.

Name	**Fees Earned or Paid in Cash ($)(1)**	**Stock Awards ($)(2)**	**Total ($)**
Stuart L. Bascomb	101,000	200,003	301,003
Dennis H. Chookaszian	87,944	200,003	287,947
Robert J. Cindrich	84,500	200,003	284,503
Michael A. Klayko	154,806	200,003	354,809
Anita V. Pramoda	78,750	200,003	278,753
David D. Stevens	99,500	200,003	299,503
Ralph H. Randy Thurman	95,000	200,003	295,003

(1) This column reports the amount of cash compensation earned by each director during 2014 for his or her Board and committee service. As described above, non-employee directors may elect to convert all or a portion of their cash compensation into fully-vested DSUs. No non-employee director elected to do so in 2014.

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(2) In accordance with SEC rules, the amounts shown reflect the aggregate grant date fair value of RSU awards granted to non-employee directors during 2014, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, *Stock Compensation*. The grant date fair value of RSUs is measured based on the closing fair market value of the Company s common stock on the date of grant. The aggregate number of equity awards outstanding, including DSUs issued in lieu of cash compensation, as of December 31, 2014, for the Company s non-employee directors are as follows:

	Number of Shares Subject to Outstanding RSUs/DSUs as of 12/31/14
Stuart L. Bascomb	46,056
Dennis H. Chookaszian	63,352
Robert J. Cindrich	46,056
Michael A. Klayko	27,757
Anita V. Pramoda	27,757
David D. Stevens	46,056
Ralph H. Randy Thurman	46,056

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SECURITY OWNERSHIP OF

CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following tables show certain information as of March 26, 2015 (the Table Date), unless otherwise indicated, with respect to the beneficial ownership of the Company s common stock by: (i) each person the Company believes beneficially holds more than five percent of the outstanding shares of the Company s common stock based solely on the Company s review of SEC filings; (ii) each director and nominee; (iii) each named executive officer listed in the table entitled Summary Compensation Table 2014, 2013 and 2012 in the Executive Compensation section below; and (iv) all directors and executive officers as a group.

Unless otherwise indicated, all persons named as beneficial owners of the Company s common stock have sole voting power and sole investment power with respect to the shares indicated as beneficially owned. In addition, unless otherwise indicated, the address for each person named below is c/o Allscripts Healthcare Solutions, Inc., 222 Merchandise Mart Plaza, Suite 2024, Chicago, Illinois 60654.

>5% Stockholders	Shares of Common Stock Beneficially Owned	Percent of Common Stock Outstanding
Wellington Management Group LLP(1)	25,145,448	13.91%
Goldman Sachs Asset Management, L.P.(2)	19,269,633	10.66%
Blue Harbour Group, LP(3)	12,639,700	6.99%
Vanguard Specialized Funds - Vanguard Health Care Fund(4)	11,198,893	6.19%
Eminence Capital, LP(5)	10,799,707	5.97%
BlackRock, Inc.(6)	10,591,357	5.86%
The Vanguard Group(7)	10,473,879	5.79%

Named Executive Officers, Directors, and Director Nominees	Shares of Common Stock Beneficially Owned	Options Exercisable, Stock Awards Vesting, and DSUs Convertible Within 60 Days(8)	Total	Percent of Common Stock Outstanding
Paul M. Black(9)	436,398	12,237	448,635	*
Richard J. Poulton	76,163	94,340	170,503	*
Dennis M. Olis	70,520	58,962	129,482	*
Brian P. Farley	21,504	47,416	68,920	*
James R. Hewitt	58,280	83,274	141,554	*
Stuart L. Bascomb	64,244	2,256	66,500	*
Dennis H. Chookaszian	111,096	2,256	113,352	*
Robert J. Cindrich	57,330	2,256	59,586	*
Michael A. Klayko(10)	49,001	2,256	51,257	*
Anita V. Pramoda	27,518	2,256	29,774	*
David D. Stevens	92,245	2,256	94,501	*
Ralph H. Randy Thurman	56,649	2,256	58,905	*
All directors and current executive officers as a group (12 persons)	1,120,948	312,021	1,432,969	*

* Represents less than 1% of the issued and outstanding shares of the Company s common stock as of the Table Date.

(1) This information is derived from a Schedule 13G/A filed by Wellington Management Group LLP on February 12, 2015. According to the Schedule 13G/A, Wellington Management Group LLP had sole power to vote or direct the vote of zero shares, sole power to dispose of or

direct the disposition of zero shares, shared power to vote or direct the vote of 9,822,300 shares, and shared power to dispose of or direct the disposition of 25,145,448 shares. According to the Schedule 13G/A, Wellington Management Group LLP lists its address as c/o Wellington Management Company LLP, 280 Congress Street, Boston, Massachusetts 02210.

(2) This information is derived from a Schedule 13G filed by Goldman Sachs Asset Management, L.P., filing jointly with GS Investment Strategies, LLC (collectively, GSAM), on March 10, 2015. According to the Schedule 13G, GSAM had sole power to vote or direct the vote of zero shares, sole power to dispose of or direct the disposition of zero shares, shared power to vote or direct the vote of 18,864,026 shares, and shared power to dispose of or direct the disposition of 19,269,633 shares. According to the Schedule 13G, each of the reporting persons lists its address as 200 West Street, New York, New York 10282.

(3) This information is derived from a Schedule 13D filed by Blue Harbour Group, LP, filing jointly with Blue Harbour Holdings, LLC and Clifton S. Robbins (collectively, the Blue Harbour Reporting Persons), on October 10, 2014. According to the Schedule 13D, the Blue Harbour Reporting Persons had sole power to vote or direct the vote of zero shares, sole power to dispose of or direct the disposition of zero shares, shared power to vote or direct the vote of 12,639,700 shares, and shared power to dispose of or direct the disposition of 12,639,700 shares. According to the Schedule 13D, each of the Blue Harbour Reporting Persons lists its or his address as 646 Steamboat Road, Greenwich, Connecticut 06830.

(4) This information is derived from a Schedule 13G filed by Vanguard Specialized Funds - Vanguard Health Care Fund (Vanguard Specialized Funds) on February 6, 2015. According to the Schedule 13G, Vanguard Specialized Funds had sole power to vote or direct the vote of 11,198,893 shares, sole power to dispose of or direct the disposition of zero shares, shared power to vote or direct the vote of zero shares, and shared power to dispose of or direct the disposition of zero shares. According to the Schedule 13G, Vanguard Specialized Funds lists its address as 100 Vanguard Blvd, Malvern, PA 19355.

(5) This information is derived from a Schedule 13G/A filed by Eminence Capital, LP, filing jointly with Eminence GP, LLC and Ricky C. Sandler (collectively, the Eminence Reporting Persons), on February 17, 2015. According to the Schedule 13G/A, the Eminence Reporting Persons had sole power to vote or direct the vote of 9,580 shares, sole power to dispose of or direct the disposition of 9,580 shares, shared power to vote or direct the vote of 10,789,707 shares, and shared power to dispose of or direct the disposition of 10,789,707 shares. According to the Schedule 13G/A, each of the Eminence Reporting Persons lists its or his address as 65 East 55th Street, 25th Floor, New York, New York 10022.

(6) This information is derived from a Schedule 13G/A filed by BlackRock, Inc. on February 9, 2015. According to the Schedule 13G/A, BlackRock, Inc. had sole power to vote or direct the vote of 9,758,384 shares, sole power to dispose of or direct the disposition of 10,591,357 shares, shared power to vote or direct the vote of zero shares, and shared power to dispose of or direct the disposition of zero shares. According to the Schedule 13G/A, BlackRock, Inc. lists its address as 40 East 52nd Street, New York, New York 10022.

(7) This information is derived from a Schedule 13G filed by The Vanguard Group (Vanguard) on February 11, 2015. According to the Schedule 13G, Vanguard had sole power to vote or direct the vote of 117,244 shares, sole power to dispose of or direct the disposition of 10,373,495 shares, shared power to vote or direct the vote of zero shares, and shared power to dispose of or direct the disposition of 100,384 shares. According to the Schedule 13G, Vanguard lists its address as 100 Vanguard Blvd, Malvern, PA 19355.

(8) Represents shares of the Company s common stock held and options held that were exercisable at the Table Date or within sixty days thereafter. Does not include RSUs that vest more than 60 days after the Table Date. RSUs are awards granted by the Company and payable, subject to vesting requirements, in shares of the Company s common stock.

(9) Voting and dispositive power over 68,555 shares of common stock presented for Mr. Black are shared with Mr. Black s wife.

(10) The shares of common stock presented for Mr. Klayko are held in a family trust in which he shares voting and dispositive power.

EQUITY COMPENSATION PLAN INFORMATION

The following table shows information, as of December 31, 2014, concerning shares of the Company s common stock authorized for issuance under the Company s equity compensation plans.

Name	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(1)(2) ($)(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 stockholders	7,804,259	14.35(1)	10,009,396(2)
Equity compensation plans not approved by stockholders			
Total	7,804,259(3)	14.35	10,009,396

(1) The weighted average exercise price excludes a total of 5,096,203 RSUs and awards granted under equity compensation plans approved by stockholders with no exercise price but with a weighted average grant date fair market value of approximately $15.69 as of December 31, 2014.

(2) Includes 2,659,177 shares available for issuance under the Amended and Restated Allscripts Healthcare Solutions, Inc. Employee Stock Purchase Plan. Also includes 7,215,980 shares available for issuance pursuant to the 2011 Stock Incentive Plan, which includes 2,500,000 additional shares approved by the Company s stockholders at the Company s 2013 Annual Meeting of Stockholders.

(3) Excludes 718,925 shares subject to options, restricted stock, and RSU awards outstanding pursuant to the Eclipsys Corporation 2005 Inducement Grant Stock Incentive Plan, 2008 Omnibus Incentive Plan, Inducement Grant Omnibus Incentive Plan, Inducement Grant Plan, and Amended and Restated 2000 Stock Incentive Plan, which the Company assumed in connection with its 2010 merger with Eclipsys Corporation. The options have a weighted-average exercise price of $15.96 as of December 31, 2014.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

During 2014, the Company continued to build on the operational and financial transformation that began in 2013 under its new management team. The Company took steps to strengthen its client base, develop its portfolio of solutions, and improve its business operations. The Company also distributed a number of major software releases to its core solutions, strengthened its relationships with existing clients, executed several multi-year agreements for managed services offerings, and expanded its global client base. The Company s financial performance in 2014 was indicative of continued improvement and increased efficiency in its business.

In response to the low level of stockholder support (45% of votes cast) for the Company s 2014 say-on-pay proposal, the Compensation Committee made changes to reinforce the Company s serious commitment to a competitive compensation program that aligns executive pay with the Company s performance. The Compensation Committee solicited feedback from several of the Company s largest stockholders, and found that many viewed the Company s February 2014 modifications to Mr. Black s equity awards, as more fully described below, as well as the Company s decision to pay additional cash bonuses to certain key employees, including certain of the Company s named executive officers (the NEOs), to each be inconsistent with the Company s otherwise strong pay-for-performance compensation plan design.

After considering this stockholder feedback, the Company and Mr. Black entered into subsequent agreements that had the effect of unwinding the equity award modifications in their entirety, including the forfeiture of the additional equity award made as part of the modifications. The modifications were disclosed in a forward-looking manner in the proxy statement for the Company s 2014 Annual Meeting of Stockholders, and the modifications and subsequent cancellation of the modifications are described in more detail in Equity Award Modification and Subsequent Reversal for Mr. Black below.

In addition, during 2014, the Compensation Committee continued its ongoing review of the Company s executive compensation program with an enhanced focus on aligning executive pay and the Company s performance. In designing the Company s annual cash incentive plan for 2014 (the 2014 Bonus Program), the Compensation Committee established a formulaic program that funded cash incentive bonuses based exclusively on pre-established, quantitative performance goals (non-GAAP adjusted EBITDA and non-GAAP revenue), instead of qualitative metrics that would provide the Compensation Committee with discretion in determining cash incentive bonus payments. Other than the operational efficiency-related cash incentive bonus paid to Mr. Olis as part of his 2012 employment agreement, the Company did not make any bonus payments to the NEOs in 2014 outside of the 2014 Bonus Program, due in part to the stockholder feedback described above.

The charts below illustrate the 2014 target total direct compensation opportunities (i.e., base salary and target incentive opportunities) for the Company s Chief Executive Officer, as well as the average of such opportunities for the other NEOs. As shown below, 87% of the Company s Chief Executive Officer s 2014 target total direct compensation, and 77% of the average of the other NEOs target total direct compensation, is at-risk compensation that is dependent on either the Company s financial performance or stock price. At-risk compensation includes annual cash incentive bonus opportunities and the granting of performance stock units (PSUs), each of which are dependent on the Company s financial performance; and service-based RSUs, the value of which is dependent on the Company s stock price.

(1) Values illustrated reflect the percentage of each compensation element at target.

(2) At-Risk Compensation is compensation where the value is either based upon the Company s financial performance or stock price.

(3) Performance-Based Compensation is compensation that is dependent on achievement against pre-established quantitative performance goals.

As part of its review of the Company s executive compensation program, the Compensation Committee approved the 2014 Bonus Program and annual equity awards to the NEOs. Under the 2014 Bonus Program, potential payouts were fully contingent on the Company s financial performance, namely on the achievement of equally weighted non-GAAP adjusted EBITDA and non-GAAP revenue performance measures.

In 2014, the annual equity awards to the NEOs, other than Mr. Black, were in the form of:

- 50% service-based RSUs, which vest, subject to continuous service, 25% per year over four years; and

- 50% PSUs, which vest based on the Company s non-GAAP adjusted EBITDA and non-GAAP revenue performance over one-, two-, and three-year performance periods.

Mr. Black s 2014 annual equity awards consisted of:

- 50% PSUs, which vest based on the Company s non-GAAP adjusted EBITDA and non-GAAP revenue performance over one-, two-, and three-year performance periods;

- 25% PSUs, which vest based on the performance of the Company s stock price over a three-year performance period, and which require a 50% increase over the Company s closing stock price on January 1, 2014 for any shares to vest; and

- 25% in service-based RSUs, which vest, subject to continuous service, 25% per year over four years.

Consequently, 75% of Mr. Black s 2014 annual equity awards are fully contingent on the Company s performance.

Executive Compensation Philosophy

The Compensation Committee engages in an ongoing review of the Company s executive compensation program to evaluate whether the program supports the Company s compensation objectives and is aligned with the long-term interests of the Company s stockholders. In connection with this ongoing review, the Compensation Committee has continued to revise the Company s executive compensation program to implement and maintain what it believes to be best practices with respect to executive compensation.

The Company s primary objective for its executive compensation program is to attract, retain, and motivate outstanding leaders who will drive the Company s success. The Compensation Committee seeks to establish and implement a compensation program for the Company s executive officers that emphasizes pay-for-performance, and is designed to meet the following objectives:

- Reward outstanding performance for an individual s performance against corporate goals;
- Provide long-term incentive compensation through equity awards, a material portion of which are performance-based;
- Provide for compensation that is both competitive in the executive market and internally equitable; and
- Align the Company s NEO compensation with the Company s financial performance and the long-term interests of the Company s stockholders.

The Company maintains the following balance of compensation practices that it believes enhances its pay-for-performance philosophy, and further aligns the Company s executives interests with the long-term interests of the Company s stockholders:

The Company HAS This Practice	The Company Does NOT Have This Practice
ü Pay aligned with the Company s financial performance and stockholder return	X Repricing of options without stockholder approval
ü Significant at-risk compensation for NEOs	X Tax gross-ups for NEOs
ü 75% of CEO and 50% of other NEO equity awards are performance-contingent	X Excise tax gross-ups for change of control benefits
ü Double-trigger change of control severance benefits	X Single-trigger change of control severance benefits
ü Stock ownership requirements for officers (CEO 6x base salary and other NEOs 2x base salary) and non-employee directors (5x cash retainer)	X Dividend payments on unearned equity awards
ü Limited perquisites	X Excessive perquisites
ü Anti-hedging policy	X Supplemental executive retirement benefits
ü Clawback policy	

The principal components of the Company s 2014 executive compensation program were base salary, cash incentive bonus payments, and long-term, equity-based compensation. The Company also provides a 401(k) retirement savings plan with certain matching contributions, group health and welfare plans, and group term life insurance. In addition, the Company provides the NEOs with severance benefits upon a termination of employment under certain circumstances, including following a change of control of the Company, as more fully described under Potential Payments Upon Termination or Change of Control in the Executive Compensation section below. The Company does not maintain defined benefit pension plans for its NEOs because the Compensation Committee believes that the existing compensation arrangements enable the Company s NEOs to adequately plan for their retirement, and that wealth creation should primarily be a function of long-term performance for the Company s stockholders.

2014 NEOs

For 2014, the Company s NEOs were:

- Paul M. Black, Chief Executive Officer and President;
- Richard J. Poulton, Chief Financial Officer;
- Brian P. Farley, Senior Vice President, General Counsel and Corporate Secretary;
- James R. Hewitt, Senior Vice President, Solutions Development; and
- Dennis M. Olis, Senior Vice President, Operations.

Mr. Hewitt joined the Company in March 2013 and became an executive officer of the Company in 2014.

Consideration of Stockholder Say-on-Pay Vote

The Compensation Committee considers the outcome of the Company s annual say-on-pay vote when making decisions regarding the Company s executive compensation program. At the Company s 2014 Annual Meeting of Stockholders, approximately 45% of the votes cast on the Company s 2014 say-on-pay proposal were cast in favor of approving the compensation of the NEOs. Although this was an advisory vote and not binding on the Company, the Board, or the Compensation Committee, the Compensation Committee deliberated extensively about the result of this vote and considered this result when engaging in its ongoing review of the Company s executive compensation program. Certain executive compensation decisions for 2014 had already been made as of the time of the say-on-pay vote, and in such cases, the Compensation Committee considered the outcome of the vote when making decisions regarding the Company s executive compensation in 2015, as discussed more fully below.

The Compensation Committee viewed the failure to secure stockholder approval of the Company s 2014 say-on-pay proposal seriously. During 2014, the Compensation Committee made changes to the Company s executive compensation program to address concerns that were raised in discussions with several of the Company s largest stockholders. In these discussions, stockholders were generally supportive of, and did not express substantial disagreement with, the overall design of the Company s executive compensation program. Negative feedback from stockholders focused primarily on the modifications made in February 2014 to Mr. Black s equity awards, as described more fully below, and the Company s decision in 2014 to pay additional cash bonus payments to certain key employees, including certain of the NEOs.

After considering these concerns, as well as the overall design of the Company s executive compensation program, the Company and Mr. Black entered into subsequent agreements that had the effect of unwinding the February 2014 modifications in their entirety. The original modifications, and the subsequent unwinding of these modifications, are described in more detail in Equity Award Modification and Subsequent Reversal for Mr. Black below.

Furthermore, the Compensation Committee also continued its ongoing review of the Company s executive compensation program and took actions intended to further align the Company s executive compensation program with the Company s financial performance and the long-term interests of the Company s stockholders. To this end, the 2014 Bonus Program was strictly formulaic, based upon the achievement of pre-established goals, and the Compensation Committee did not exercise discretion to establish cash incentive bonus payments in addition to those under the 2014 Bonus Program. The design of the 2015 executive compensation program also incorporates challenging incentive goals.

After the 2014 say-on-pay vote, the Compensation Committee designed the Company s next annual equity award to the NEOs, which was made in 2015, so that performance would be measured on the basis of the Company s three-year relative total shareholder return (TSR) for all NEOs, and additionally on the basis of the Company s four-year absolute TSR for Mr. Black, the Chief Executive Officer and President of the Company. With respect to the relative TSR awards granted to all NEOs, the Compensation Committee also required positive absolute TSR, as well as higher relative threshold performance against the peer group than previously-granted relative TSR awards, before any of these awards are earned. For each of 2014 and 2015, 75% of the total equity award provided to Mr. Black is solely contingent upon the financial performance of the Company or the performance of the Company s stock price. For 2015, 50% of Mr. Black s total equity award is contingent on the Company s three-year relative TSR, with a 65th percentile performance target; and 25% of his total equity award is contingent on the Company s four-year absolute TSR, targeted at 75% growth over four years with an opportunity to accelerate vesting if TSR is on track to achieve the four-year growth rate after three years.

The Company s management continues to engage in dialogue with many of the Company s largest stockholders, and the Compensation Committee will continue to consider the results of the Company s say-on-pay votes when designing its future executive compensation programs.

Compensation Procedures

Compensation Committee

During 2014, Ralph H. Randy Thurman (Chairman), Michael A. Klayko, and Anita V. Pramoda served on the Compensation Committee. All are relatively new directors who, as of the end of 2014, had not served on the Board for three full years. Mr. Thurman and Mr. Klayko served on the Compensation Committee for the entirety of 2014, Mr. Thurman having joined the Board and the Compensation Committee in June 2012 and Mr. Klayko having joined the Board and the Compensation Committee in May 2013. Ms. Pramoda joined the Board in May 2013 and the Compensation Committee in May 2014.

Role of Management

An objective of the Company s executive compensation program is to align the program with the Company s financial performance and the long-term interests of the Company s stockholders. The Compensation Committee believes that this alignment is best achieved through consultations with members of the Company s senior management, because of management s familiarity with the Company s day-to-day operations and their responsibility for creating and executing the Company s business plan. As such, the Company s management provides the Compensation Committee with valuable insight into the Company s day-to-day operations and future expectations, which the Company believes are supported by the rewards and incentives in the compensation program. In 2014, the Compensation Committee consulted with Messrs. Black, Poulton, and Farley in formulating compensation plans. Members of that group attended Compensation Committee meetings during which NEO and employee compensation decisions were made, but each was not present during the Compensation Committee s discussions regarding his own compensation. The Compensation Committee also regularly meets in executive session without any members of management present.

Role of Compensation Consultant

The Compensation Committee has retained Frederic W. Cook & Co., Inc. (FW Cook) to serve as its independent compensation consultant. FW Cook reports directly to the Compensation Committee and participates in Compensation Committee meetings. FW Cook did not perform any other services for the Company in 2014. The Compensation Committee determined that the services provided by FW Cook did not raise any conflicts of interest.

Specifically, FW Cook:

- Advises on the design of the Company s executive compensation program and periodically on the Company s non-employee director compensation program, in order to assist the Compensation Committee in evaluating the linkage between pay and performance;

- Provides and reviews market compensation and performance data to assist the Compensation Committee in setting executive compensation amounts relative to competitive market data;

- Advises the Compensation Committee regarding the elements of the Company s executive compensation program, equity grants, and equity compensation-related dilution levels relative to the Company s peers; and

- Advises the Compensation Committee regarding the Company s compensation risk assessment, which assessment concluded that the compensation programs did not create incentives that were reasonably likely to materially harm the Company.

Market Analysis

The Compensation Committee considers relevant market pay practices and relative performance when setting executive compensation and incentive goals. Market practices, or benchmarks, are based on peer group disclosure. When making compensation decisions, the Compensation Committee considers the market data in conjunction with other factors, such as an officer s individual performance, unique qualifications, role within the Company, and whether the officer was a new hire from outside of the Company. Working with FW Cook, the Compensation Committee established a peer group in 2013 to be

used in designing the Company s 2014 executive compensation program. The peer group used for context in the Company s 2014 compensation decisions included companies with the following characteristics:

- Software and business services companies generally in the technology sector, with a focus on direct healthcare technology competitors to the extent available;

- Revenues ranging generally between 0.5x and 2.5x of the Company s trailing four-quarter revenue, with median revenues of approximately $1.3 billion (the Company s trailing four-quarter revenue, when the peer group was determined, was approximately $1.4 billion), with one exception for a larger direct healthcare technology competitor that was outside of this revenue range (Catamaran Corporation); and

- A market capitalization range generally between 0.25x and 4x of the Company s market capitalization, with median market capitalization of $3.3 billion (for reference, the Company s market capitalization, as of December 31, 2014, was approximately $2.3 billion). Each of Catamaran Corporation and Cerner Corporation has a market capitalization outside of this range, but were included because they are each viewed as a healthcare technology company that competes directly with the Company for customers and executive talent.

The peer group used to evaluate the Company s 2014 executive compensation decisions consisted of the 22 U.S.-based publicly-traded healthcare technology companies and general software companies listed below (the 2014 peer group):

Healthcare Technology Companies	**Software Companies**
athenahealth, Inc.	Autodesk, Inc.
Catamaran Corporation	BMC Software Inc.
Cerner Corporation	Cadence Design Systems, Inc.
Haemonetics Corporation	Compuware Corporation
Hill-Rom Holdings Inc.	DST Systems Inc.
HMS Holdings Corp.	Equifax Inc.
MedAssets, Inc.	Gartner, Inc.
Quality Systems, Inc.	Informatica Corporation
	Mentor Graphics, Inc.
	MICROS Systems, Inc.
	Parametric Technology Corporation
	Sapient Corporation
	Solera Holdings, Inc.
	Synopsys, Inc.

In connection with establishing the 2014 peer group, the Compensation Committee approved modifications to the Company s peer group in 2013 to be used for evaluating compensation decisions going forward. Quest Software, Inc. was removed from the 2014 peer group because it was acquired in 2012, and HMS Holding Corp. was added to the 2014 peer group based on its similarity to the Company in terms of size and business relevance.

Elements of Compensation

The Compensation Committee believes that the Company s compensation programs for the NEOs are competitive and appropriately designed to attract and retain key employees, reward performance, and promote long-term stockholder value. This section describes the elements of the Company s compensation program for the NEOs, together with a discussion of various compensation decisions.

Base Salary

Base salaries are paid to the NEOs to compensate them for the performance of their respective job duties and responsibilities. The Compensation Committee reviews base salaries of the NEOs on an annual basis. In setting annual base salaries, the Compensation Committee takes into consideration the Company s overall financial and operating performance in the prior year, the Company-wide target for base salary increases for all employees, market and competitive salary information, changes in the scope of an NEO s job responsibilities, and other relevant factors. When considering market and competitive salary information, the Compensation Committee has historically reviewed peer compensation data, although there is no target compensation level. The Compensation Committee also reviews each NEO s role and performance, as well as the performance of the divisions, business units, and departments for which he is responsible, to the extent applicable. For Mr. Black, the Company s Chief Executive Officer and President, the Compensation Committee evaluates his performance and determines any salary adjustment. For each of the other NEOs, the Compensation Committee receives an evaluation from the Company s Chief Executive Officer on such NEO and a recommendation for any salary adjustment.

Each NEO, other than Mr. Black, received a salary increase for 2014. Mr. Hewitt received a 10% increase, because his role was deemed to be critical and his compensation was lower than both the other NEOs and the peer group median. Mr. Farley received a 4% increase, Mr. Olis a 3.75% increase, and Mr. Poulton a 3.33% increase. Mr. Black has not received an increase in his base salary since the date of his hire in December 2012, which was the level that was deemed necessary at the time to obtain his services. The following table sets forth the annualized base salary rate for each of the NEOs during 2014:

Name	**2014 Annual Salary Rate ($)**
Paul M. Black	1,000,000
Richard J. Poulton	465,000
Dennis M. Olis	415,000
Brian P. Farley	390,000
James R. Hewitt	375,000

Performance-Based Cash Bonuses

The Compensation Committee s approach in 2014 was to set incentive goals early in the year and allow actual performance compared to the goals to determine the outcome. Under the 2014 Bonus Program, each NEO was eligible to earn a cash incentive bonus payment based on the Company s non-GAAP adjusted EBITDA and non-GAAP revenue in 2014, each weighted at 50%. Non-GAAP adjusted EBITDA consists of GAAP net income/(loss) as reported and adjusts for the provision for revenue deferral; the provision/(benefit) for income taxes; net interest expense and interest income and other income/(expense); stock-based compensation expense; depreciation and amortization; deferred revenue and other related adjustments; non-recurring and transaction-related costs; and non-cash asset impairment charges. Non-GAAP revenue consists of GAAP revenue as reported and adds back deferred revenue and other related adjustments for GAAP purposes. The Compensation Committee chose to weigh the factors as such in order to align the awards with the Company s prior financial guidance, which was publicly disclosed in January 2014.

The Company s 2014 non-GAAP adjusted EBITDA target was $246 million, and the Company s 2014 non-GAAP revenue target was $1.415 billion. The Company earned non-GAAP adjusted EBITDA in 2014 that was below the performance threshold ($209 million versus a $246 million target), resulting in a payout of 0% attributable to the Company s non-GAAP adjusted EBITDA. The Company earned non-GAAP revenue of $1.39 billion in 2014, compared to a goal of $1.415 billion, which funded the non-GAAP revenue portion of the cash incentive bonus at 66.7% of the target under the formula. As each factor was equally weighted in the calculation of the 2014 cash incentive bonus payments, the resulting 2014 cash incentive bonus payment was 33.3% of each NEO s target cash incentive bonus. The Compensation Committee did not make any discretionary adjustments to any NEO s cash incentive bonus during 2014, due in part to stockholder feedback that 2013 discretionary bonuses were inconsistent with the Company s otherwise strong pay-for-performance philosophy. Consequently, the 2014 Bonus Program was fully contingent on the Company s financial performance.

Under his 2012 employment agreement, Mr. Olis was eligible to earn an operational efficiency-related cash incentive bonus in 2014 of up to $250,000 based on the achievement of specified cost reduction goals. Mr. Olis met one of the goals related to managing support costs, which achieved a savings of at least $4 million to the Company versus projections in 2014, and which represented 20% of Mr. Olis operational efficiency-related cash incentive bonus opportunity. Mr. Olis did not meet the other specified goals, and therefore Mr. Olis only earned an operational efficiency-related cash incentive bonus of $50,000 for 2014 under the predetermined formula. Mr. Olis does not have a similar operational efficiency-related cash incentive bonus opportunity in 2015 or beyond.

Name	2014 Bonus Program Target Amount ($)	2014 Actual Incentive Bonus ($)	2014 Actual Operational Efficiency-Related Bonus ($)
Paul M. Black	1,500,000	500,000	0
Richard J. Poulton	461,250	153,735	0
Dennis M. Olis	308,437	102,803	50,000(1)
Brian P. Farley	289,688	96,553	0
James R. Hewitt	274,688	91,554	0

(1) For Mr. Olis, this amount consists of the $50,000 operational efficiency-related cash incentive bonus described above that he earned for achieving certain cost reduction goals in 2014. This represented 20% of his operational efficiency-related cash incentive bonus opportunity for 2014. Mr. Olis does not have a similar operational efficiency-related cash incentive bonus opportunity in 2015 or beyond.

Equity Awards

Under the 2011 Stock Incentive Plan, the Compensation Committee may grant the NEOs and other employees incentive and non-qualified stock options, PSUs, RSUs, and other forms of equity compensation. The Compensation Committee believes the Company s stock incentive plans and the related issuance of equity-based awards is consistent with its stated objective of establishing an executive compensation program that aligns executives interests with the long-term interests of the Company s stockholders.

In February 2014, the Compensation Committee approved the annual equity awards to the NEOs. The amount of equity granted to each NEO was determined after considering market data for the Company s peer group, as well as individual factors such as the performance, responsibilities and qualifications of each NEO.

In 2014, each of the NEOs was provided 50% of his annual equity award in the form of operating growth PSUs. These operating growth PSUs are earned and vest based upon the compound annual growth rate (CAGR) of the Company s non-GAAP adjusted EBITDA and non-GAAP revenue over a three-year performance period, with one-third eligible to be earned based upon each of one-year, two-year, and three-year growth, respectively. Shares not earned based on growth in any performance period may be earned if growth targets are achieved in later performance periods. Any shares not earned at the end of the three-year performance period are forfeited.

For Mr. Black, 25% of his 2014 annual equity award was in the form of price-contingent PSUs, which are earned and vest based upon a performance requirement that the Company s stock price increase at least 50% during a three-year performance period. The remaining 25% of Mr. Black s annual equity award was in the form of service-based RSUs that vest 25% per year over four years. For each of the NEOs other than Mr. Black, 50% of their respective 2