ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
Form DEF 14A
April 12, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material 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):

No fee required.
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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):

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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 22, 2017

To the stockholders of Allscripts Healthcare Solutions, Inc.:

Notice is hereby given that the 2017 Annual Meeting of Stockholders (the “Annual Meeting”) of Allscripts Healthcare Solutions, Inc., a Delaware corporation (the “Company”), will be held on Monday, May 22, 2017, at 9:00 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 the nine directors named in the accompanying proxy statement, each to serve until the Company’s 2018 Annual Meeting of Stockholders or until their successors are duly elected, subject to earlier resignation or removal;

2. To approve an amendment and restatement of the Allscripts 2011 Stock Incentive Plan to, among other things, increase the number of shares available for grant thereunder;

3. To ratify the appointment of Grant Thornton LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2017;

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

5. To approve, on an advisory basis, the frequency of the advisory vote on the Company’s named executive officer compensation; and

6. 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 March 27, 2017 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 12, 2017

IMPORTANT NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS

The Company's Proxy Statement for the 2017 Annual Meeting of Stockholders and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 are available at: www.proxyvote.com.

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
2017 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 2017 Annual Meeting of Stockholders (the "Annual Meeting"), to be held on Monday, May 22, 2017 at 9:00 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 12, 2017. 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 2017 Annual Meeting of Stockholders;
- This Proxy Statement; and
- The Company's Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the Securities and Exchange Commission (the "SEC") on February 27, 2017 (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 five items on which stockholders may vote at the Annual Meeting:

- The election to the Company's Board of Directors (the "Board") of the nine nominees named in this Proxy Statement (Proposal One);
- To approve an amendment and restatement of the Allscripts 2011 Stock Incentive Plan (the "2011 Stock Incentive Plan") to, among other things, increase the number of shares available for grant thereunder (Proposal Two);
- The ratification of the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm for the year ending December 31, 2017 (Proposal Three);
- A non-binding advisory resolution to approve the Company's named executive officer compensation (Proposal Four); and
- A non-binding advisory vote to approve the frequency of the advisory vote on the Company's named executive officer compensation (Proposal Five).

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" the approval of an amendment and restatement of the Allscripts 2011 Stock Incentive Plan to, among other things, increase the number of shares available for grant thereunder (Proposal Two);
- "FOR" ratification of the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm for the year ending December 31, 2017 (Proposal Three);
- "FOR" approval of the advisory resolution to approve the Company's named executive officer compensation (Proposal Four); and
- For "ONE YEAR" as the frequency of the advisory vote to approve the Company's named executive officer compensation (Proposal Five).

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 set 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 March 27, 2017 (the “Record Date”) are entitled to receive notice of, to attend, and to vote on the Annual Meeting. As of the Record Date, there were 181,464,493 shares of the Company’s common stock issued and outstanding. 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 a 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 and vote at 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, 2017 (Proposal Three) 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 Three.

Each of the other proposals, including the election of directors (Proposal One), the amendment and restatement of the 2011 Stock Incentive Plan (Proposal Two), the advisory resolution to approve the Company's named executive officer compensation (Proposal Four), and the advisory vote to approve the frequency of the advisory vote on the Company's named executive officer compensation (Proposal Five) 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, Two, Four and Five.

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 2017 Annual Meeting of Stockholders and until his or her successor has been duly elected, 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, Proposal Three and Proposal Four 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. With respect to

Proposal Five, the option of one year, two years or three years that receives the highest number of votes cast by stockholders will be the frequency for the advisory resolution on the Company’s named executive officer compensation that has been selected by stockholders.

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, Proposal Three and Proposal Four, 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. Abstentions and broker non-votes will have no effect on the outcome of Proposal Five.

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 vote is taken 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 must 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. The Company has not, but may in the future decide to, retain a proxy solicitor to assist in the solicitation of proxies. Generally, the fee for such services is approximately $15,000 plus expenses. If the Company does elect to retain a proxy solicitor, the Company will pay the proxy solicitor reasonable and customary fees. In addition to solicitations by mail, the proxy solicitor, if any, 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 of record 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. The use of mobile phones, 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 2018 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 2018 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 2018 Annual Meeting of Stockholders must be received by no later than December 13, 2017. 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 2018 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 2018 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 2018 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 23, 2017, and not later than the close of business on January 22, 2018. 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 2018 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 nine nominees for election as a director. Each nominee other than Ms. Aspinall currently serves on the Board. Ms. Aspinall was recommended to the Board by a third-party search firm.

At the Annual Meeting, proxies cannot be voted for a greater number of individuals than the nine 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 |
|---|---|---|---|
| Mara G. Aspinall | Director Nominee | 54 | NA |
| Paul M. Black | Director, Chief Executive Officer | 59 | 2012 |
| P. Gregory Garrison | Director | 63 | 2015 |
| Jonathan J. Judge | Director | 63 | 2016 |
| Michael A. Klayko | Chairman of the Board | 62 | 2013 |
| Yancey L. Spruill | Director | 49 | 2016 |
| Dave B. Stevens | Director | 55 | 2016 |
| David D. Stevens | Director | 64 | 2012 |
| Ralph H. "Randy" Thurman | Director | 67 | 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.

Mara G. Aspinall currently serves as President and CEO of HealthCatalysts, a private healthcare consulting firm, and Executive Chairman of GenePeeks, Inc., a computational genomics company focused on genetic disease risk analysis. Ms. Aspinall also currently serves on the Board of Directors of Safeguard Scientifics, Inc. and Abcam plc, along with other privately held healthcare technology and medical insurance companies. From September 2011 until June 2014, Ms. Aspinall was the President and Chief Executive Officer of the Ventana Medical Systems and the Global Head of Roche Tissue Diagnostics, a global leader in the development and commercialization of tissue-based cancer diagnostics. Prior to 2011, Ms. Aspinall served as President of Genzyme Pharmaceuticals and Genzyme Genetics, a leading esoteric drug manufacturer and genetic test provider worldwide, respectively. Among other qualifications, Ms. Aspinall brings extensive international experience and operational expertise in the healthcare technology industry and is frequently recognized as an industry leader and pioneer with a focus on personalized medicine.

Paul M. Black has served as the Company’s Chief Executive Officer since December 2012. Mr. Black also served as the Company’s President from December 2012 until October 2015. 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.

P. Gregory Garrison was a senior leader of PricewaterhouseCoopers (“PwC”) for over twenty years, most recently serving as its Vice Chairman and Chief Operating Officer. Earlier in his career, Mr. Garrison also led PwC’s U.S. Assurance & Audit Services practice, the Global Risk Management Solutions practice, and served as the Managing Partner of PwC’s Los Angeles and St. Louis practices. Mr. Garrison has experience in strategic planning, operations, finance, information technology, mergers and acquisitions, human capital and sales and marketing. Over the course of his career, Mr. Garrison has also spent considerable time meeting and working with various regulators, as well as advising numerous boards and audit committees. Among other qualifications, Mr. Garrison brings experience as a successful business and operations leader, professional advisor and recognized financial expert.

Jonathan J. Judge currently serves on the board of directors of FEXCO Holdings Ltd., a global provider of finance and business solutions that is headquartered in Ireland, and D&H Corporation, a Toronto-based financial technology company. From April 2004 to January 2016, Mr. Judge served on the Board of Directors of PMC-Sierra, Inc., where he was the chairman of the board from August 2011 to January 2016 and was chairman of the compensation committee. From August 2010 until his retirement in January 2013, Mr. Judge served as the Chief Executive Officer of First Data Corporation, a global leader in electronic commerce and payment processing. From October 2004 until August 2010, Mr. Judge served as the President and Chief Executive Officer of Paychex Inc., a provider of payroll and human services. Previously, Mr. Judge served as President and Chief Executive Officer of Crystal Decisions, Inc. from October 2002 until the merger of Crystal Decisions with Business Objects S.A. in December 2003. From 1976 until October 2002, Mr. Judge was employed by International Business Machines Corporation, where he held senior management positions, most recently as General Manager of its personal computing division. Among other qualifications, Mr. Judge brings 45 years of experience in the technology industry and extensive management, leadership and global operations expertise.

Michael A. Klayko has been the Chairman of the Board since March 2014. Mr. Klayko currently serves as the Chief Executive Officer of MKA Capital, an investment company focused on technology investments. Previously, Mr. Klayko was Chief Executive Officer of AOptix Technologies, Inc., a privately-held provider of wireless communications and mobile network solutions, from July 2014 until January 2016. 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. Currently, Mr. Klayko serves as a director of Cyrus One Inc., a publicly-traded real estate investment trust focused on data centers. 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, PMC-Sierra, Inc., a publicly-traded semiconductor company, and 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.

Yancey L. Spruill currently serves as the Chief Operating Officer and Chief Financial Officer of SendGrid, Inc., a provider of email marketing services to companies. From September 2014 until June 2015, Mr. Spruill served as the Chief Financial Officer of TwentyEighty, Inc., a provider of training and performance improvement solutions. From August 2004 to September 2014, Mr. Spruill was the Chief Financial Officer of DigitalGlobe, Inc., a publicly-traded provider of geospatial information products and services. From 2000 to 2004, Mr. Spruill served as a Principal in the Investment Banking group at Thomas Weisel Partners. Additionally, Mr. Spruill's prior investment banking experience includes roles at Lehman Brothers, Inc. and at J.P. Morgan & Company. Mr. Spruill also served in several manufacturing engineering roles with Corning Incorporated and The Clorox Company. During the past five years, Mr. Spruill served as a director of Rally Software, a provider of enterprise-class software and services solutions to drive business agility, which was publicly-traded prior to its acquisition by CA, Inc. (f/k/a Computer Associates International, Inc.) in 2015. Mr. Spruill also currently serves as a member of the Tuck School of Business MBA Advisory Board. Among other qualifications, Mr. Spruill brings extensive financial and operating expertise, leadership experience, experience with serving on boards of directors, and significant experience in the technology industry.

Dave B. Stevens is the founder and managing director of Keelan Capital LLC and currently serves as an advisor to a variety of venture capital and private equity firms and private enterprises in the technology industry. From April 2012 to May 2015, Mr. Stevens served as a director of Imation Corp., a provider of global scalable storage and data security solutions. From September 2008 to June 2013, Mr. Stevens was the Chief Technology Officer of Brocade Communications Systems, Inc., a provider of networking solutions for data centers, enterprises and service providers, having re-joined the company through its acquisition of Rhapsody Networks, where Mr. Stevens was the founding Chief Executive Officer and Vice President of Business Development. From October 2005 to June 2008, Mr. Stevens was co-founder and Chief Executive Officer of Palo Alto Networks, Inc., a leader in the development of cyber security and next-generation firewall products. From January 2003 to June 2004, Mr. Stevens was the Chief Technology Officer of Transport systems for Brocade Communications Systems, Inc. Mr. Stevens previously served in senior management positions at Atmosphere Networks, Nortel, Bay Networks and SynOptics Communications. Among other qualifications, Mr. Stevens brings extensive technology experience in the security, computer, and data storage industries.

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 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; 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; and Viasystems Group, Inc., a leading manufacturer of complex multi-layer printed circuit boards and electro-mechanical solutions that was publicly-traded prior to its acquisition by TTM Technologies, Inc. in 2015. 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. In 2015, Mr. Thurman joined BC Partners, a private equity firm specializing in buyouts and acquisition financing, as a Senior Advisor. 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 corporate governance, 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 in support of the long-term interests of the Company’s stockholders. 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 ten times during 2016. The Board has determined that Ms. Aspinall and all Board members who served during 2016, 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.

| Name | Audit Committee | Compensation Committee | Nominating and Governance Committee | Transaction Advisory |
|---|---|---|---|---|
| Paul M. Black | - | - | - | - |
| P. Gregory Garrison | Chairman | - | - | Member |
| Jonathan J. Judge | - | Member | Member | - |
| Michael A. Klayko | - | Member | Member | Chairman |
| Yancey L. Spruill | Member | - | - | - |
| Dave B. Stevens | Member | - | - | - |
| David D. Stevens | Member | - | Chairman | Member |
| Ralph H. "Randy" Thurman | - | Chairman | - | Member |

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 eight times during 2016.

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 four times during 2016.

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 2017, 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 seven times during 2016.

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 2016, 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. 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 for the Company's 2018 Annual Meeting of Stockholders 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 23, 2017, and not later than the close of business on January 22, 2018.

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.

The Nominating Committee considers stockholder recommendations for candidates to the Board in the same manner as candidates identified by the Nominating Committee. 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 recommendation 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. Garrison and Mr. Spruill 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 2016, except that the Form 4 filed by Mr. Poulton on December 12, 2016, related to the vesting of performance stock units on November 15, 2016, was not timely filed due to an administrative error by the Company.

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, immediate 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 related person;
- 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.

In August 2016, the Audit Committee was asked to review a commercial transaction with Fligoo, a provider of specialized software development services ("Fligoo"), when it was determined that Fligoo would potentially provide services to the Company valued at approximately $2 million through December 31, 2016, and that Mr. Klayko could be deemed to have a material financial interest in the transaction due to his ownership of approximately 14% of the equity interests in Fligoo. The Audit Committee approved the related party transaction after determining that (a) Mr. Klayko was not involved in the Company's decision to retain the services of Fligoo, (b) the contract with Fligoo was fairly negotiated in accordance with the Company's normal contracting processes, and (c) the fees charged and the other terms and conditions of the transaction were customary and reasonable.

The services provided by Fligoo were completed in 2016.

Other than the transaction with Fligoo, since January 1, 2016, 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

Ms. Pramoda and Messrs. Klayko, Judge and Thurman were the members of the Compensation Committee during 2016. None of the members of the Compensation Committee is or has been an executive officer of the Company. 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 2016.

Attendance of Directors at 2017 Annual Meeting of Stockholders

The Company expects all of its directors and director nominees to attend its annual meetings of stockholders absent an unavoidable and irreconcilable conflict. All of the Company's then-current directors and director nominees attended the Company's 2016 Annual Meeting of Stockholders.

Communications with the Board

Any correspondence 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 Corporate Secretary 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 2016, 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. In addition, each of Messrs. Garrison, Klayko, Stevens and Thurman receive an additional annual retainer of $5,000 for serving on the Transaction Advisory Committee of the Board. 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 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 restricted stock units (“RSUs”) at the discretion of the Board or the Compensation Committee. For 2016, 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 – 2016

The following table shows information regarding the compensation earned during 2016 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 – 2016, 2015 and 2014" 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 (3) | 41,348 | 0 | 41,348 |
| Dennis H. Chookaszian (3) | 26,397 | 0 | 26,397 |
| P. Gregory Garrison | 92,632 | 200,005 | 292,637 |
| Jonathan J. Judge (4) | 43,786 | 200,005 | 243,791 |
| Michael A. Klayko | 180,500 | 200,005 | 380,505 |
| Anita Pramoda (3) | 34,893 | 0 | 34,893 |
| Yancey L. Spruill (4) | 45,275 | 200,005 | 245,280 |
| Dave B. Stevens (4) | 45,275 | 200,005 | 245,280 |
| David D. Stevens | 101,500 | 200,005 | 301,505 |
| Ralph H. "Randy" Thurman | 98,500 | 200,005 | 298,505 |

(1) This column reports the amount of cash compensation earned by each director during 2016 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. None of the non-employee directors elected to do so in 2016.

(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 2016, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Stock Compensation ("FASB ASC Topic 718"). 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, 2016 for each of the Company's non-employee directors are as follows:

| Name | Number of Shares Subject to Outstanding RSUs/DSUs as of |
|---|---|

| | 12/31/16 |
|---|---|
| Stuart Bascomb (3) | 0 |
| Dennis H. Chookaszian (3) | 0 |
| P. Gregory Garrison | 29,214 |
| Jonathan J. Judge (4) | 15,129 |
| Michael A. Klayko | 57,101 |
| Anita Pramoda (3) | 0 |
| Yancey L. Spruill (4) | 15,129 |
| Dave B. Stevens (4) | 15,129 |
| David D. Stevens | 57,101 |
| Ralph H. "Randy" Thurman | 57,101 |

(3) Mr. Bascomb, Mr. Chookaszian and Ms. Pramoda ceased serving as members of the Board as of the expiration of their last term as a director at the 2016 Annual Meeting of Stockholders held on May 24, 2016.

(4) Mr. Judge, Mr. Spruill and Mr. Stevens were elected as members of the Board on May 24, 2016.

## SECURITY OWNERSHIP OF
## CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following tables show certain information as of March 27, 2017 (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 – 2016, 2015 and 2014" under the section entitled "Compensation Discussion and Analysis" 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.

| >5% Stockholders | Shares of Common Stock Beneficially Owned | Percent of Common Stock Outstanding | |
|---|---|---|---|
| Wellington Management Group LLP (1) | 25,913,923 | 14.28 | % |
| Iridian Asset Management LLC (2) | 17,373,774 | 9.57 | % |
| BlackRock, Inc. (3) | 14,428,454 | 7.95 | % |
| The Vanguard Group (4) | 14,123,121 | 7.78 | % |
| Vanguard Specialized Funds - Vanguard Health Care Fund (5) | 11,198,893 | 6.17 | % |

| Named Executive Officers, Directors and Director Nominees | Shares of Common Stock Beneficially Owned | Options, Exercisable, Stock Awards Vesting, and DSUs Convertible Within 60 Days (6) | Total | Percent of Common Stock Outstanding |
|---|---|---|---|---|
| Paul M. Black (7) | 772,601 | - | 772,601 | * |
| Richard J. Poulton | 176,575 | - | 176,575 | * |
| Melinda D. Whittington | 18,357 | - | 18,357 | * |
| Brian P. Farley | 74,459 | 6,774 | 81,233 | * |

| | | | | |
|---|---|---|---|---|
| James R. Hewitt | 89,698 | - | 89,698 | * |
| Dennis M. Ollis | 148,239 | - | 148,239 | * |
| Mara G. Aspinall | - | - | - | * |
| P. Gregory Garrison | 26,692 | 2,522 | 29,214 | * |
| Jonathan J. Judge | 12,607 | 2,522 | 15,129 | * |
| Michael A. Klayko (8) | 78,079 | 2,522 | 80,601 | * |
| Yancey L. Spruill | 12,607 | 2,522 | 15,129 | * |
| Dave B. Stevens | 12,607 | 2,522 | 15,129 | * |
| David D. Stevens | 121,323 | 2,522 | 123,845 | * |
| Ralph H. "Randy" Thurman | 85,727 | 2,522 | 88,249 | * |
| All directors, director nominees and current executive officers as a group (14 persons) | 1,629,571 | 24,428 | 1,653,999 | * |

*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, Wellington Group Holdings LLP, Wellington Investment Advisors Holdings LLP and Wellington Management Company LLP (collectively, the "Wellington Reporting Persons") on February 9, 2017. According to the Schedule 13G/A, each Wellington Reporting Person, with the exception of Wellington Management Company 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 9,128,214 shares, and shared power to dispose of or direct the disposition of 25,913,923 shares. Wellington Management Company 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 9,019,152 shares, and shared power to dispose of or direct the disposition of 25,509,544 shares. According to the Schedule 13G/A, each Wellington Reporting Person lists its address as c/o Wellington Management Company LLP, 280 Congress Street, Boston, MA 02210.

(2) This information is derived from a Schedule 13G/A filed by Iridian Asset Management LLC, David L. Cohen and Harold J. Levy (collectively, the "Iridian Reporting Persons"), on February 2, 2017. According to the Schedule 13G/A, each Iridian Reporting Person 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 17,373,774 shares, and shared power to dispose of or direct the disposition of 17,373,774 shares. According to the Schedule 13G/A, each Iridian Reporting Person lists its address as 276 Post Road West, Westport, CT 06880-4704.

(3) This information is derived from a Schedule 13G/A filed by BlackRock, Inc. on January 19, 2017. According to the Schedule 13G/A, BlackRock, Inc. had sole power to vote or direct the vote of 13,376,392 shares, sole power to dispose of or direct the disposition of 14,428,454, 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 55 East 52nd Street, New York, NY 10055.

(4) This information is derived from a Schedule 13G/A filed by The Vanguard Group ("Vanguard Group") on February 9, 2017. According to the Schedule 13G/A, Vanguard Group had sole power to vote or direct the vote of 111,203 shares, sole power to dispose of or direct the disposition of 14,000,413 shares, shared power to vote or direct the vote of 21,094 shares, and shared power to dispose of or direct the disposition of 122,708 shares. According to the Schedule 13G/A, Vanguard Group lists its address as 100 Vanguard Blvd, Malvern, PA 19355.

(5) This information is derived from a Schedule 13G/A filed by Vanguard Specialized Funds - Vanguard Health Care Fund ("Vanguard") on February 13, 2017. According to the Schedule 13G/A, Vanguard 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/A, Vanguard lists its address as 100 Vanguard Blvd, Malvern, PA 19355.

(6) Represents shares of the Company's common stock underlying stock awards held that were vesting, options held that were exercisable and DSUs held that were convertible 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.

(7) Voting and dispositive power over 59,794 shares of common stock presented for Mr. Black are shared with Mr. Black's wife.

(8) 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, 2016, 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 ($)(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 | 8,149,027 | 13.95 | (1) | 4,226,273 | (2) |
| Equity compensation plans not approved by stockholders | - | - | | - | |
| Total (3) | 8,149,027 | 13.95 | | 4,226,273 | |

(1) The weighted average exercise price excludes a total of 5,147,771 RSUs and 1,099,048 performance stock units ("PSUs") (at target) 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 $13.54 as of December 31, 2016.

(2) Includes 1,227,580 shares available for issuance under the Amended and Restated Allscripts Healthcare Solutions, Inc. Employee Stock Purchase Plan. Also includes 2,998,693 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 45,615 shares subject to options outstanding pursuant to the Eclipsys Corporation 2005 Inducement Grant Stock Incentive Plan and the 2008 Omnibus Incentive Plan, which the Company assumed in connection with its 2010 merger with Eclipsys Corporation. The options have a weighted-average exercise price of $17.46 as of December 31, 2016.

EXECUTIVE OFFICERS

| Name | Age | Position |
| --- | --- | --- |
| Paul Black | 58 | Chief Executive Officer |
| Brian Farley | 47 | Senior Vice President, General Counsel and Corporate Secretary |
| James Hewitt | 50 | Executive Vice President, Solutions Development |
| Lisa Khorey | 50 | Executive Vice President, Chief Client Delivery Officer |
| Dennis Olis | 54 | Senior Vice President, Strategic Initiatives |
| Richard Poulton | 51 | President |
| Melinda Whittington | 49 | Chief Financial Officer |

Paul Black has served as our Chief Executive Officer since December 2012 and is also a member of our Board. Mr. Black also served as our President from December 2012 to September 2015. Prior to joining, 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 from 2005 to 2007) at Cerner Corporation, a healthcare IT company. Mr. Black has also served as a director of Truman Medical Centers since 2001.

Brian Farley has served as our Senior Vice President, General Counsel and Corporate Secretary since May 2013. From 2005 to 2013, Mr. Farley served in various positions at Motorola Mobility LLC, a provider of mobile communication devices and video and data delivery solutions. His most recent role at Motorola Mobility LLC was Corporate Vice President and General Counsel of Motorola's Home business.

James Hewitt has served as our Executive Vice President, Solutions Development since October 2015. Mr. Hewitt served as our Senior Vice President, Solutions Development from March 2013 to September 2015. From 2006 to 2013, Mr. Hewitt served as Chief Information Officer of Springfield Clinic, a multi-specialty health clinic. From 2009 to 2013, Mr. Hewitt also served as Chief Executive Officer of Jardogs, the developer of FollowMyHealth, a highly-rated, cloud-based patient engagement solutions provider, which we acquired in 2013.

Lisa Khorey has served as our Executive Vice President, Chief Client Delivery Officer since November 2016. Prior to joining, Ms. Khorey was an Executive Director specializing in analytics in the Healthcare Advisory Services Practice of Ernst & Young LLP, a multinational professional services firm, from August 2014 to November 2016. Ms. Khorey also spent 20 years in a variety of technology leadership roles at UPMC, one of the largest integrated delivery and financing organizations in the U.S.

Dennis Olis has served as our Senior Vice President, Strategic Initiatives since November 2016. From November 2012 to November 2016, Mr. Olis served as Senior Vice President, Operations. Prior to joining, Mr. Olis was employed by Motorola, Inc. and Motorola Mobility LLC, a provider of mobile communication devices and video and data delivery solutions, for over 28 years. His most recent role at Motorola was Corporate Vice President, Mobile Device Operations. From 2007 until 2009, he was Corporate Vice President of Finance, Research & Development, Portfolio Management, and Planning at Motorola.

Richard Poulton has served as our President since October 2015. From October 2012 to March 2016, Mr. Poulton served as our Chief Financial Officer. From October 2012 to September 2015, Mr. Poulton also served as our Executive Vice President. From 2006 to 2012, Mr. Poulton served in various positions at AAR Corp., a provider of products and services to commercial aviation and the government and defense industries. His most recent role at AAR Corp. was Chief Financial Officer and Treasurer. Mr. Poulton also spent more than ten years at UAL Corporation in a variety of financial and business development roles, including Senior Vice President of Business Development as well as President and Chief Financial Officer of its client-focused Loyalty Services subsidiary.

Melinda Whittington has served as Chief Financial Officer since March 2016. Ms. Whittington served as Senior Vice President of The Kraft Heinz Company, a food and beverage company, from July 2015 to October 2015; Senior Vice President, Corporate Controller and principal accounting officer of Kraft Foods Group, Inc., a food and beverage company, from February 2015 to June 2015; and Vice President, Corporate Controller and principal accounting officer of Kraft Foods Group, Inc. from January 2014 to January 2015. Prior to joining Kraft, Ms. Whittington served as Finance Director, Global Home Products, of The Procter & Gamble Company, a consumer packaged goods company, from July 2013 to January 2014.  Ms. Whittington joined Procter & Gamble in 1993 and served in a variety of finance leadership roles, including Finance Director, North America Home Care and Global Surface Care Brand Franchise, from 2010 to 2013.

## COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis explains the Company's executive compensation philosophy and program, the decisions the Compensation Committee made with respect to the Company's executive compensation program for 2016, and the factors that the Compensation Committee considered in making those decisions. The Compensation Committee has the principal responsibility for establishing, implementing and monitoring the Company's executive compensation program in accordance with the Company's executive compensation philosophy and what the Compensation Committee believes to be best practices with respect to executive compensation. This Compensation Discussion and Analysis focuses on the compensation of the Company's named executive officers (our "NEOs") for 2016, who were:

- Paul M. Black, Chief Executive Officer ("CEO");
- Richard J. Poulton, President;
- Melinda D. Whittington, Chief Financial Officer
- Brian P. Farley, Senior Vice President, General Counsel and Corporate Secretary;
- James R. Hewitt, Executive Vice President, Solutions Development; and
- Dennis M. Olis, Senior Vice President, Strategic Initiatives;

Mr. Poulton also served as Chief Financial Officer until March 1, 2016 when Melinda D. Whittington assumed the role as Chief Financial Officer and Mr. Poulton ceased serving in that position.

### Executive Summary

In 2016 the Company delivered strong financial and operational performance by continuing to execute on a multi-year plan designed to position the Company for sustainable future growth. Financially, during 2016 the Company was able to achieve record annual new business bookings and grow revenue, adjusted EBITDA and non-GAAP earnings per share, in each case from that achieved in 2015. Operationally, the Company demonstrated increased client satisfaction across all product lines, grew key strategic service offerings such as private cloud hosting and revenue cycle management services; and introduced a precision medicine solution that we believe will position the Company to lead innovation in a rapidly developing, high growth area of healthcare. The Company also added a new post-acute platform through its acquisition of Netsmart Technologies, Inc. with GI Partners.

Despite these financial and operational successes, the Company's stock price performance for 2016 was disappointing. The Company also delivered non-GAAP earnings per share ("EPS") growth at the lower end of the EPS range disclosed as part of the Company's 2016 financial guidance. Many elements of the Company's executive compensation program are designed to align compensation outcomes with either the Company's stock price or key financial measures used by stockholders to evaluate the Company. For example, annual cash incentive bonuses for 2016 were tied to a rigorous non-GAAP EPS range that required at least 10% EPS growth during 2016 for the payment of any bonuses. Because of this strong link between pay and performance, annual cash incentive bonuses for 2016 were paid at 25% and the PSUs granted to the NEOs in 2015 and 2016 had an expected payout of 0% as of the end of 2016.

The chart below compares the average for the three previous years of the target total compensation opportunity provided to Mr. Black, including base salary, annual bonus and equity awards, to the value for each element of compensation that was realized or realizable by Mr. Black as of the end of 2016. For the three-year period from 2014 to 2016, during which the Company achieved significant financial and operational success and growth, roughly 42% of Mr. Black's target compensation has either been realized or is realizable. For the chart below, Mr. Black's annual bonus amount in the column on the right reflects the average of the actual annual bonus that he received, as disclosed in the Summary Compensation Table – 2016, 2015 and 2014. Mr. Black's 2014 realized equity includes PSUs and RSUs earned and vested in 2014, 2015 and 2016 under awards made in 2014. For 2015 and 2016, his realizable equity includes time-based RSUs only, as the relative total shareholder return ("TSR") and cumulative TSR growth PSU awards made in each year had an expected payout of 0% as of the end of 2016. All equity awards are valued using $10.21 per share, the closing price of the Company's common stock on December 30, 2016.

CEO Three-Year Average Target Versus Realized or Realizable Compensation

The Compensation Committee considered financial and operational results, as well as the Company's stock price performance, when making compensation decisions for 2016. In designing and overseeing the various elements of the 2016 executive compensation program, the Compensation Committee focused on aligning executive compensation with financial performance metrics that the Compensation Committee believes are indicative of the Company's ability to build and sustain growth.

The charts below illustrate the 2016 target total direct compensation opportunities (i.e., base salary and target short- and long-term incentive opportunities) for the CEO, as well as the average of such opportunities for the Company's other NEOs. As shown below, 87% of the CEO's 2016 target total direct compensation, and 82% 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. Total direct compensation includes annual cash incentive bonus opportunities and PSUs, each of which are dependent on the Company's financial or stock price 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.

The at-risk elements of the Company's 2016 executive compensation program are annual incentive cash bonuses and long-term incentive equity awards. With respect to annual incentive cash bonuses, the Compensation Committee approved the Company's annual incentive cash bonus plan (the "2016 Bonus Plan"), with potential payouts that are fully contingent on the Company's non-GAAP EPS performance. A threshold level of non-GAAP EPS performance must be attained before payment of any bonuses under the 2016 Bonus Plan.

With respect to equity awards, in 2016 the Compensation Committee approved annual equity grants to the NEOs in the form of:

- 50% service-based RSUs, which vest, subject to continuous service, 1/3 per year over three years; and
- 50% PSUs, the number of which may be earned based on the Company's TSR relative to a pre-established peer group, measured over a single three-year performance period.

As in recent years, the Compensation Committee chose to structure each element of at-risk compensation awarded in 2016 such that the at-risk compensation actually realized by each NEO will be significantly impacted by the financial or stock price performance of the Company.

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 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 long-term success. The Compensation Committee seeks to establish and implement a compensation program for the Company's NEOs 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 significant portion of which are performance-based;
- Provide executive compensation levels and structures that are both competitive in the executive market and internally equitable; and
- Align the Company's executive compensation with the Company's financial performance in order to incentivize the creation of sustainable value for 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 |
| --- | --- |
| Pay aligned with the Company's financial performance and stockholder return | X Repricing of options without stockholder approval |
| Significant at-risk compensation for NEOs | X Tax gross-ups for NEOs |
| 50% of NEO annual equity awards are performance contingent and tied to relative stock price goals | X Excise tax gross-ups for change of control benefits |
| Double-trigger change of control severance benefits | X Single-trigger change of control severance benefits |
| 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 |
| Limited perquisites | X Excessive perquisites |
| Anti-hedging policy | X Supplemental executive retirement benefits |
| Clawback policy | X Guaranteed annual bonuses or annual equity rights |

The principal components of the Company’s 2016 executive compensation program were base salary, annual incentive cash bonuses, and long-term incentive equity awards. 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 elsewhere in this “Compensation Discussion and Analysis” section. 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 performance for the Company’s stockholders.

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 2016 Annual Meeting of Stockholders, approximately 98% of the votes cast on the Company’s 2016 say-on-pay vote were cast in favor of approving the compensation of its NEOs. The Compensation Committee viewed the outcome of the say-on-pay vote as indicative that a significant majority of the Company’s stockholders view the Company’s approach to executive compensation favorably. Accordingly, the Compensation Committee did not make any changes to the Company’s executive compensation program in response to the 2016 say-on-pay vote. 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 material stockholder feedback and the results of the Company’s say-on-pay votes when making future compensation decisions for the Company’s NEOs.

Compensation Procedures

Compensation Committee

During 2016, Ralph H. “Randy” Thurman (Chairman), Michael A. Klayko, Anita V. Pramoda, and Jonathan J. Judge served on the Compensation Committee. Mr. Thurman joined the Compensation Committee in June 2012, Mr. Klayko joined in May 2013 and Ms. Pramoda joined in May 2014. Ms. Pramoda did not stand for re-election at the annual meeting of stockholders in May 2016. At that annual meeting, Mr. Judge was elected to the Board and the Board elected Mr. Judge to the Compensation Committee.

Role of Management

The primary 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 management is familiar with the Company’s day-to-day operations and responsible for creating and executing the Company’s business plan. As such, the Company’s management provides the Compensation Committee with valuable insights 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 2016, 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 retained Compensia to serve as its independent compensation consultant with respect to decisions regarding 2016 compensation. Compensia reported directly to the Compensation Committee and participated in Compensation Committee meetings. Compensia did not perform any other services for the Company in 2016. After considering Compensia’s relationship with the Company, the services provided by Compensia, and information provided to the Committee by Compensia, the Compensation Committee determined that Compensia met the independence requirements to serve as its independent compensation consultant and that Compensia’s work did not raise any conflict of interest.

Specifically, Compensia:

- Advised on the design of the Company’s executive compensation program, in order to assist the Compensation Committee in evaluating the linkage between pay and performance;
- Provided and reviewed market compensation and performance data to assist the Compensation Committee in setting 2016 executive compensation relative to competitive market data;
- Advised the Compensation Committee regarding the elements of the Company’s 2016 executive compensation program, equity grants, and equity compensation-related dilution levels relative to the Company’s peers; and
- Advised the Compensation Committee regarding the Company’s compensation risk assessment, which assessment concluded that the compensation programs of the Company in 2016 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 tenure and performance, unique qualifications, role within the Company, and whether the officer was a new hire from outside of the Company. Working with Compensia, the Compensation Committee established a peer group in 2015 to be used in designing the Company's 2016 executive compensation program. The peer group used for context in the Company's 2016 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 2.4x 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); and
- A market capitalization range generally between 0.25x and 4.0x of the Company's market capitalization, with median market capitalization of $3.7 billion (for reference, the Company's market capitalization, as of March 31, 2017, was approximately $2.3 billion). Although Cerner Corporation has a market capitalization outside of this range, it was included because Cerner is viewed as a healthcare technology competitor that competes directly with the Company for customers and executive talent.

The peer group used to evaluate 2016 compensation decisions consisted of the 20 U.S.-based publicly-traded healthcare technology companies and general software companies listed below (the "2016 peer group"). This peer group was modified from the Company's 2015 peer group by (i) removing Compuware Corporation, Informatica Corporation, MICROS Systems, Inc., and Sapient Corporation, which were acquired, and Quality Systems, Inc. and Equifax, Inc., which fell outside the applicable revenue and/or market capitalization ranges for consideration and (ii) adding Medidata Solutions, Veeva Systems, Inc., Fair Isaac Corporation, Nuance Communications, Teradata Corporation, and Verint Systems Inc. because the Compensation Committee, with Compensia's input, identified those companies as the proposed additions that the Compensation Committee believed most represented companies that are comparable to the Company in financial characteristics, including revenue and market capitalization and industry alignment, and have executive positions of similar scope and complexity to the Company.

| Healthcare Technology Companies | Software Companies |
|---|---|
| athenahealth, Inc. | Autodesk, Inc. |
| Cerner Corporation | Cadence Design Systems, Inc. |
| Haemonetics Corporation | DST Systems, Inc. |
| Hill-Rom Holdings Inc. | Fair Isaac |
| HMS Holdings Corp. | Gartner Inc. |
| MedAssets, Inc. | Mentor Graphics, Inc. |
| Medidata Solutions, Inc. | Nuance Communications |
| Veeva Systems, Inc. | Parametric Technology Corporation |
| | Solera Holdings, Inc. |
| | Synopsys, Inc. |
| | Teradata |
| | Verint Systems |

Elements of Compensation

The Compensation Committee believes that the Company's compensation programs for its 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 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 business units and departments for which he or she is responsible, to the extent applicable. For Mr. Black, the Compensation Committee evaluates his performance and recommends any salary adjustment for approval by the Board. For each of the other NEOs, the Compensation Committee receives a performance evaluation from the CEO and a recommendation for any salary adjustment.

Only Mr. Farley received a base salary increase for 2016. His base salary was increased by 8% based on a review of market data and taking into account his increased individual responsibilities at the Company and his performance during 2015. Ms. Whittington's initial base salary was determined based on a review of market data and the Company's historical pay practices. Mr. Black has not received an increase in his base salary since the date of his hire in late 2012, which was the level that was deemed necessary at the time to obtain his services. The following table sets forth the base salary rate in effect as of December 31, 2016 for each NEO:

| Name | Salary Rate as of December 31, 2016 ($) | % Increase From 2015 Base Salary |
|---|---|---|
| Paul M. Black | 1,000,000 | 0% |
| Richard J. Poulton | 600,000 | 0% |
| Melinda D. Whittington | 450,000 | n/a |
| Brian P. Farley | 433,836 | 8% |
| James R. Hewitt | 450,000 | 0% |
| Dennis M. Olis | 427,450 | 0% |

Annual Incentive Cash Bonuses

The Compensation Committee's approach to establishing annual incentive cash bonuses for 2016 was to link bonus amounts to a financial goal that the Compensation Committee viewed as rigorous and reflective of a key measure stockholders consider when evaluating the performance of the Company. As with 2015, the Compensation Committee chose non-GAAP EPS as the financial performance measure for the 2016 Bonus Plan. The non-GAAP EPS targets established by the Committee were viewed as an appropriate measure for performance, particularly as they aligned with the financial guidance disclosed by the Company and incentivized the NEOs to drive non-GAAP EPS growth in 2016. Non-GAAP EPS is defined as non-GAAP net income divided by weighted shares outstanding, diluted in the applicable period. Non-GAAP net income consists of GAAP net income/(loss) as reported, and adds back deferred revenue and other adjustments, acquisition-related amortization, stock-based compensation expense, nonrecurring expenses and transaction-related costs, non-cash charges, and non-cash asset impairment charges, and equity in earnings of unconsolidated investments, in each case net of any related tax effects. Non-GAAP net income also includes a tax rate alignment adjustment.

Each NEO's bonus target, as a percentage of base salary, did not change for 2016. Mr. Black's target cash bonus for 2016 was 150% of his base salary, Mr. Poulton's target cash bonus was 100% of his base salary, and Ms. Whittington, Mr. Farley, Mr. Hewitt and Mr. Olis each had a target cash bonus of 75% of their respective base salaries. Ms. Whittington's target opportunity was determined based on a review of market data and the Company's internal pay practices.

For the 2016 Bonus Plan, each NEO's cash incentive bonus was based on the Company's non-GAAP EPS performance measured against a rigorous yet potentially achievable performance range. The chart below shows the non-GAAP EPS performance range that the Compensation Committee approved for 2016. The Compensation Committee chose this range because it set the level of achievement required for target performance above the midpoint of the non-GAAP EPS range disclosed in the Company's 2016 financial guidance, and it required at least 10% EPS growth from the non-GAAP EPS the Company achieved in 2015 for threshold payout.

| | Non-GAAP Adjusted EPS($) | % Payout |
|---|---|---|
| Maximum | 0.64 | 200% |
| | 0.63 | 185% |
| | 0.62 | 155% |
| | 0.61 | 125% |
| Target | 0.60 | 100% |
| | 0.59 | 80% |
| | 0.58 | 50% |
| | 0.57 | 40% |
| | 0.56 | 32% |
| | 0.55 | 25% |
| | 0.54 | 15% |
| Threshold | 0.53 | 10% |
| | 0.52 | 0% |

The Company achieved non-GAAP EPS of $0.55 for 2016, which funded the overall bonus pool at 25% of target based on the pre-established payout range. As a result, the Compensation Committee approved a 2016 cash incentive bonus for each NEO equal to 25% of the target opportunity. Given the performance of each NEO, the Committee did not exercise its discretion to decrease the actual cash incentive bonus paid payout to any NEO. The Company did not pay any cash bonuses to NEOs for 2016 other than pursuant to the 2016 Bonus Plan, which is consistent with the Company's strong pay-for-performance philosophy.

The following table shows the annual incentive cash bonuses paid to the NEOs as a result of 2016 performance.

| Name | 2016 Bonus Plan Target Amount | 2016 Actual Incentive Bonus ($) |
|---|---|---|

| | ($)(1) | |
|---|---|---|
| Paul M. Black | 1,500,000 | 375,000 |
| Richard J. Poulton | 600,000 | 150,000 |
| Melinda D. Whittington | 296,016 | 74,004 |
| Brian P. Farley | 319,352 | 79,838 |
| James R. Hewitt | 337,500 | 84,375 |
| Dennis M. Olis | 320,588 | 80,147 |

(1) The target amount reported for each NEO reflects the NEO's actual earnings in 2016. Ms. Whittington assumed her role as Chief Financial Officer on March 1, 2016, and therefore her target amount was pro-rated to reflect the fact that she was not employed by the Company for the full year.

Equity Awards

Under the 2011 Stock Incentive Plan, the Compensation Committee may grant incentive and non-qualified stock options, PSUs, RSUs, and other forms of equity compensation. The Compensation Committee believes that the issuance of equity-based long-term incentive awards to the Company's NEOs 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 considering equity grants, the Compensation Committee conducts an annual review of the Company's overall equity program and factors that review into decisions regarding the NEO equity awards. As part of its annual review, the Compensation Committee considers items such as the Company's total projected equity budget for the year, the Company's aggregate equity usage relative to peers, and the available share pool.

In February 2016 the Compensation Committee approved the annual equity awards for the NEOs. The amount and structure of equity awarded to each NEO was determined by considering market data for the Company's peer group, individual factors such as the performance, responsibilities and qualifications of each NEO, and each NEO's past equity awards and the unvested retention value attributable to past awards. In February 2016 the Compensation Committee also approved Ms. Whittington's new hire equity awards. The amount and structure of her new hire awards were determined through a review of the competitive market for chief financial officer positions in the Company's peer group, feedback from Compensia on the new hire executive equity awards in the broader technology market, and the Company's internal pay practices.

For 2016, each of the NEOs was provided 50% of his or her annual equity award, or in the case of Ms. Whittington, her new hire equity award, in the form of PSUs that may be earned based on the Company's TSR relative to a peer group of companies measured over a single three-year performance period. Using three-year relative TSR as the performance measure is consistent with the PSUs granted to the Company's NEOs in 2015. The Company's relative TSR is determined by comparing the change in the Company's stock price over the three-year performance period beginning on the grant date, taking into account any dividends paid (which are assumed to be reinvested in the stock). The change in value over the performance period is then divided by the Company's stock price on the grant date to determine a TSR gain/loss percentage. That gain/loss percentage is then compared to the TSR gain/loss percentages of the peer group companies to calculate the Company's relative TSR percentile. The Compensation Committee believes that using relative TSR as a performance measure provides an objective measure of the Company's performance relative to other investment alternatives similar to the Company both within the Company's industry and in the broader market.

The 2016 TSR PSU awards require performance to be at the $60^{th}$ percentile relative to the peer group for target vesting, and performance to be at the $31^{st}$ percentile relative to the peer group for any vesting to occur. The maximum payout of 200% of target requires TSR performance after the three-year performance period to at least be at the $90^{th}$ percentile relative to the peer group. In addition, if the Company's TSR is negative at the end of the three-year performance period, the 2016 TSR PSU awards will be capped at the target payout level even if the Company significantly outperforms the peer group.

The peer group for measuring relative TSR performance under the 2016 TSR PSU awards consists of the following companies:

| | | |
|---|---|---|
| ACI Worldwide | HMS Holdings | TeleTech |
| Acxiom | IMS Health | TiVo |
| Aspen Technology | j2 Global | Tyler Technologies |
| athenahealth | Leidos Holdings | Ultimate Software |
| Bankrate | Manhattan Assoc | Unisys |
| Blackbaud | Man Tech Intl. | Veeva Systems |
| Blackhawk Network | MAXIMUS | VeriFone Systems |
| Booz Allen Hamilton | Mentor Graphics | Verint Systems |
| CACI Intl | MicroStrategy | Virtusa |
| Cadence Design Sys. | NetScout Systems | WebMD Health |
| Cardtronics | NeuStar | WEX |
| Cerner | Nuance Comms. | Zynga |
| Comm Vault Systems | Omnicell | |
| Convergys | Pandora Media | |
| CoreLogic | Pegasystems | |
| DST Systems | PTC | |
| Endurance Intl. Grp. | Qlik Technologies | |
| EPAM Systems | Quality Systems | |
| Euronet Worldwide | RealPage | |
| EVERTEC | Rovi | |
| Fair Issac | Science Applications | |
| Gartner | Synchronoss Tech | |
| Genpact | Synopsys | |
| Gogo | Syntel | |
| Guidewire Software | Take-Two Interactive | |
| Haemonetics | TeleTech | |
| Hill-Rom Holdings | Teradata | |

The remaining 50% of the annual equity award made to each NEO for 2016, or in the case of Ms. Whittington, her new hire equity award, was in the form of service-based RSUs that vest 1/3 each year for three years. For Mr. Black, the Compensation Committee reduced the percentage of his annual equity awards granted in PSUs from 75% to 50%. The Compensation Committee elected to make this change to his equity award mix following a review of the practices of the companies in the peer group with respect to the equity awarded to their chief executive officers. Based on this evaluation, as well as its belief that, when his 2016 TSR PSU award was factored in, a substantial portion of Mr. Black's aggregate outstanding long-term incentive compensation opportunity was contingent upon Company performance, the Compensation Committee determined that is was reasonable to conform Mr. Black's equity awards for 2016 with the long-term incentive award opportunities of the other NEOs and that his overall long-term incentive award opportunity maintained a strong "pay-for-performance" focus.

The following table illustrates the annual equity awards made to the NEOs in 2016:

| Name | Service-Based RSUs (1) ($) | Relative TSR PSUs (1) ($) | Total 2016 Grant Value (1) ($) |
|---|---|---|---|
| Paul M. Black | 2,500,000 | 2,500,000 | 5,000,000 |
| Richard J. Poulton | 1,300,000 | 1,300,000 | 2,600,000 |
| Melinda D. Whittington | 1,000,000 | 1,000,000 | 2,000,000 |
| Brian P. Farley | 650,000 | 650,000 | 1,300,000 |
| James R. Hewitt | 800,000 | 800,000 | 1,600,000 |
| Dennis M. Olis | 500,000 | 500,000 | 1,000,000 |

(1) Represents the target equity award opportunity approved by the Compensation Committee for each NEO included in the table. The target award values are not the same as the grant date fair values computed for financial reporting purposes and reported in the "2016 Grants of Plan-Based Awards" table included in the section entitled "Executive Compensation" below because the target value of the PSUs reported for financial reporting purposes is determined based on the application of a Monte Carlo simulation method, while the amounts reported above represented the target compensation opportunity approved by the Compensation Committee.

Pre-2017 Equity Award Vesting Results

The Company has granted certain performance-based equity awards prior to 2016 that vest, based in part, on the Company's 2016 performance. A portion of each award was earned or forfeited according to the terms of the original agreements based on the Company's actual performance in 2016.

In February 2014, the then-serving NEOs were awarded PSUs that vest based on the compound annual growth rate ("CAGR") of the Company's non-GAAP adjusted EBITDA and non-GAAP revenue, both weighted at 50%, over one-, two- and three-year performance periods. Each performance period began on January 1, 2014 and ended on December 31, 2014, 2015, and 2016, respectively. 100% of the total shares available under the PSU awards were eligible to vest based on performance through December 31, 2016. In order to achieve target performance for the three-year performance period, the Company had to achieve a non-GAAP adjusted EBITDA CAGR and a non-GAAP revenue CAGR of 20% and 6.5%, respectively, as compared to 2013 actual performance. Based on 2014-2016 performance, the Company achieved non-GAAP adjusted EBITDA and non-GAAP revenue CAGR of approximately 19.09% and 4.45%, respectively, resulting in vesting attainment of 77% based on non-GAAP adjusted EBITDA and 43% based on non-GAAP revenue. In the aggregate this performance resulted in vesting of 60% of the shares eligible to vest under the awards through December 31, 2016. The table below illustrates 2016 performance and shares received for each NEO under the CAGR PSU awards granted in 2014.

| Name | Target Shares Eligible for | Shares Earned Based | Actual Shares |
|---|---|---|---|

| | Vesting in 2016 (1) | on 2016 Performance (as a % of Target) | Earned in 2016 |
|---|---|---|---|
| Paul M. Black | 112,553 | 60 | 58,531 |
| Richard J. Poulton | 36,017 | 60 | 18,729 |
| Brian P. Farley | 22,512 | 60 | 11,706 |
| James R. Hewitt | 16,885 | 60 | 8,779 |
| Dennis M. Olis | 22,512 | 60 | 11,706 |
| Melinda D. Whittington | - | - | - |

(1) Reflects portion of target PSU awards eligible to vest based upon the Company financial performance through December 31, 2016, which is 100% of the total shares available under each award.

In February 2014, Mr. Black was also awarded PSUs that may be earned based on the Company's stock price performance over three consecutive one-year performance periods ending December 31, 2014, 2015 and 2016 respectively. Mr. Black's stock price PSU award required the average closing price of the Company's common stock to exceed $23.09 over ten consecutive trading days prior to December 31, 2016 (the end of the third one-year performance period) for up to 100% the of award to be earned based on 2016 performance. The average closing price of the Company's common stock did not reach $23.09 for ten consecutive trading days at any time during 2016. As a result, Mr. Black did not earn any portion of the 2014 stock price PSU award. The table below illustrates 2016 performance and shares received by Mr. Black under the stock price PSU award granted in 2014.

| Name | Target Shares Eligible for Vesting in 2016 (1) | Shares Earned Based on 2016 Performance (as a % of Target) | Actual Shares Earned in 2016 |
|---|---|---|---|
| Paul M. Black | 110,267 | 0 % | 0 |

Benefits and Perquisites

Each of the NEOs participates in the health and welfare benefit plans and fringe benefit programs generally available to all other Company employees. Beyond this, the Company generally does not provide the NEOs with significant perquisites and personal benefits in excess of $10,000. Under certain circumstances, however, the Compensation Committee recognizes that special arrangements may be necessary or desirable. The total perquisites provided to each NEO are described in the "2016 All Other Compensation" table included below.

Severance Arrangements in Employment Agreements

The Company has entered into severance arrangements as a component of the employment agreements with certain members of its senior management team, including the NEOs. These severance arrangements provide for payments and other benefits if the officer's employment terminates for a qualifying event or circumstance, such as being terminated without "Cause" or leaving employment for "Constructive Discharge," as these terms are defined in the employment agreements. A termination following a "Change of Control" (as defined in the employment agreements) generally results in the NEOs receiving additional compensation under the employment agreements.

The Company has eliminated single trigger change of control benefits and tax gross-up payments on change of control benefits. Any change of control benefit is "double trigger," requiring termination of employment under all circumstances, including a situation where the officer is not offered a "Comparable Job" (as defined in each employment agreement) in connection with a "Change of Control," and the officer terminates employment within 10 days after the "Change of Control." Additional information regarding the above-referenced employment agreements, including a quantification of benefits that would have been received by each of the NEOs had termination or change of control occurred on December 31, 2016, is found under the heading "—Potential Payments upon Termination or Change of Control" section below.

The Compensation Committee believes that these severance and change of control arrangements are an important part of overall compensation for the NEOs, because these arrangements help to secure the continued employment and dedication of the NEOs, notwithstanding any concern that they might have at such time regarding their own continued employment, prior to or following a change of control. The Compensation Committee also believes that these arrangements are important as a recruitment and retention device, as many of the companies with which the Company competes for executive talent have similar arrangements in place for their senior employees.

Stock Ownership Requirements

The Board has approved stock ownership requirements for the Company's non-employee directors and for certain executives of the Company, including each of the NEOs. The CEO is required to maintain an ownership level with a fair market value equal to six times (6x) his base salary, while the other NEOs are required to maintain an ownership level with a fair market value equal to two times (2x) his or her respective base salary. The initial measurement date is five years from the date on which the NEO became subject to the guidelines. Common stock owned outright, service-based awards outstanding, and deferred stock units are included when determining the ownership level. Stock options and performance-based awards are excluded. If the stock ownership requirement is not met after five years, the NEO will be required to retain shares equal in value to no less than half of the after-tax value of shares vesting from any equity award until the stock ownership requirement is satisfied. The stock ownership guideline for the Company's non-employee directors is five times (5x) the annual cash retainer then paid to each such director, with no specific period for achievement.

Tax Considerations

Under Section 162(m) of the Code, a company generally may not deduct compensation in excess of $1,000,000 paid to its chief executive officer and its other three most highly compensated officers, other than the chief financial officer. Certain "performance-based compensation" is not included in compensation for purposes of the limit. The Compensation Committee will continue to assess the impact of Section 162(m) of the Code on its compensation practices; however, the Compensation Committee believes that it must maintain flexibility in its approach in order to structure a program that it believes is the most effective in attracting, motivating, and retaining the Company's key executives.

EXECUTIVE COMPENSATION

Summary Compensation Table – 2016, 2015 and 2014

The following table shows information regarding the compensation of each of the Company's NEOs for 2016, 2015 and 2014, except in the case of Mr. Whittington, who was not an NEO in 2014 or 2015.

| Name and Principal Position | Year | Salary $ | Bonus $ | Stock Awards (1) $ | | Option Awards $ | Non-Equity Plan Incentive Plan Compensation (2) $ | All Other Compensation (3) $ | Total $ |
|---|---|---|---|---|---|---|---|---|---|
| Paul M. Black | 2016 | 1,000,000 | - | 5,221,963 | | - | 375,000 | 4,902 | 6,601,865 |
| Chief Executive Officer | 2015 | 1,000,000 | - | 5,104,786 | | - | 1,125,000 | 24,912 | 7,254,698 |
| | 2014 | 1,000,000 | - | 9,041,050 | (4) | - | 500,000 | 4,902 | 10,545,952 |
| Richard J. Poulton | 2016 | 600,000 | - | 2,715,433 | | - | 150,000 | 14,602 | 3,480,035 |
| President | 2015 | 505,725 | - | 2,125,662 | | - | 379,294 | 17,469 | 3,028,150 |
| | 2014 | 465,000 | - | 1,600,000 | | - | 153,735 | 16,250 | 2,234,985 |
| Melinda D. Whittington (5) | 2016 | 394,688 | - | | | | | | |