

STREAMLINE HEALTH SOLUTIONS INC.  
Form DEF 14A  
May 04, 2015

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

**Information Required in Proxy Statement  
Schedule 14A Information**

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

Filed by the Registrant

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 Rule 14a-12

**Streamline Health Solutions, Inc.**

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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-

May 4, 2015

Dear Fellow Stockholder,

On behalf of the board of directors, I cordially invite you to attend the 2015 Annual Meeting of Stockholders of Streamline Health Solutions, Inc., which will be held at the company's corporate headquarters, 1230 Peachtree Street NE, Second Floor, Atlanta, Georgia 30309, on Wednesday, May 27, 2015, commencing at 9:30 a.m., Eastern Time. The matters to be acted upon at the meeting are described in the attached Notice of Annual Meeting of Stockholders and Proxy Statement.

Your vote on the business to be considered at the meeting is important, regardless of the number of shares you own. To ensure your representation at the Annual Meeting, you are urged to vote by proxy via the Internet or telephone pursuant to the instructions provided in the enclosed proxy card; or by completing, dating, signing and returning the enclosed proxy card.

The Notice of Annual Meeting of Stockholders and Proxy Statement contain information about the official business of the Annual Meeting. Whether or not you expect to attend, please vote your shares now. Of course, if you decide to attend the Annual Meeting, you will have the opportunity to revoke your proxy and vote your shares in person. The Notice of Annual Meeting of Stockholders and Proxy Statement also are available at <http://www.edocumentview.com/STRM>.

Regards,

**David W. Sides**

*President and Chief Executive Officer*

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**STREAMLINE HEALTH SOLUTIONS, INC.**

1230 Peachtree St. NE, Suite 600  
Atlanta, Georgia 30309

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 27, 2015**

To the Stockholders of Streamline Health Solutions, Inc.:

Notice is hereby given that the Annual Meeting of the Stockholders of Streamline Health Solutions, Inc. will be held on May 27, 2015, at 9:30 a.m., Eastern Time, at the company's corporate headquarters, 1230 Peachtree Street NE, Second Floor, Atlanta, Georgia 30309, for the following purposes:

1. PROPOSAL 1 To elect the six candidates nominated by our board of directors to serve as directors until a successor is duly elected and qualified at the 2016 Annual Meeting of Stockholders or otherwise or until any earlier removal or resignation.
2. PROPOSAL 2 To approve a non-binding advisory vote on the compensation of our named executive officers ("say-on-pay").
3. PROPOSAL 3 To ratify the appointment of the firm of KPMG LLP to serve as our independent registered public accounting firm for fiscal year 2015.
4. To consider any and all other business that may properly come before the meeting or any adjournment thereof.

Only stockholders of record at the close of business on April 7, 2015 will be entitled to notice of, and to vote at, the Annual Meeting of Stockholders and any adjournment thereof.

**By Order of the Board of Directors**

**Jack W. Kennedy Jr.**

*Senior Vice President, Chief Legal Counsel & Corporate Secretary*

Atlanta, Georgia  
May 4, 2015

**A Proxy Statement and proxy card are included herewith. As a stockholder, you are urged to vote. See "General Information Voting Methods" in the included Proxy Statement for more information on your voting options. It is important that your shares be voted. In order to avoid the additional expense of further solicitation, we ask your cooperation in voting promptly.**

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2015 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 27, 2015.**

**Our Notice of Annual Meeting of Stockholders, Proxy Statement for the 2015 Annual Meeting of Stockholders and 2014 Annual Report to Stockholders are also available at <http://www.edocumentview.com/STRM>.**

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## **STREAMLINE HEALTH SOLUTIONS, INC.**

1230 Peachtree St. NE, Suite 600  
Atlanta, Georgia 30309

### **PROXY STATEMENT ANNUAL MEETING OF STOCKHOLDERS TO BE HELD MAY 27, 2015**

#### **GENERAL INFORMATION**

##### **Introduction**

We are furnishing this Proxy Statement on behalf of the board of directors of Streamline Health Solutions, Inc., a Delaware corporation, for use at our 2015 Annual Meeting of Stockholders, or at any adjournments or postponements of the meeting (the "Annual Meeting"), for the purposes set forth below and in the accompanying Notice of Annual Meeting of Stockholders. The Annual Meeting will be held at the company's corporate headquarters, 1230 Peachtree Street NE, Second Floor, Atlanta, Georgia 30309, at 9:30 a.m. Eastern Time, on Wednesday, May 27, 2015. You may obtain directions to the location of the Annual Meeting by visiting <http://www.edocumentview.com/STRM>.

As used in this Proxy Statement, the terms "Streamline," the "company," "we," "us," and "our" refer to Streamline Health Solutions, Inc. The term "common stock" means shares of our common stock, par value \$.01 per share. The term "preferred stock" means shares of our Series A 0% Convertible Preferred Stock, par value \$.01 per share.

This Proxy Statement and the enclosed proxy card are first being mailed to stockholders on or about May 6, 2015. A copy of the 2014 Annual Report to Stockholders, including the Annual Report on Form 10-K for the fiscal year ended January 31, 2015, as filed with the Securities and Exchange Commission (the "SEC"), is being mailed with this Proxy Statement.

##### **Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting To Be Held on May 27, 2015:**

**This Proxy Statement and the 2014 Annual Report to Stockholders are available at <http://www.edocumentview.com/STRM>.**

##### **Stockholders Entitled to Notice and to Vote**

All holders of record of our common stock and our preferred stock at the close of business on April 7, 2015 (the "Record Date"), will be entitled to notice of and to vote at the Annual Meeting. Our shares of common stock and preferred stock vote together as a single class.

At the close of business on the Record Date, we had 18,628,289 shares of common stock outstanding and entitled to vote and 2,949,995 shares of preferred stock outstanding and entitled to vote. Holders of common stock are entitled to one vote for each share of our common stock held. Holders of preferred stock are entitled to vote such shares on a modified converted basis with each holder of preferred stock entitled to such number of votes equal to the total number of shares of preferred stock held multiplied by 75%, rounded down to the nearest whole share. Unless waived, holders of our preferred stock are subject to certain beneficial ownership limitations. As of the Record Date, the holders of preferred stock were entitled to an aggregate of 2,212,496 votes. Shares of our common stock and preferred stock may not be voted cumulatively.

##### **Quorum**

Our bylaws provide that the holders of a majority of all of the shares of our capital stock issued, outstanding, and entitled to vote, whether present in person or represented by proxy, shall constitute a quorum for the transaction of business at the Annual Meeting. Shares that are voted FOR, AGAINST, WITHHELD, or ABSTAIN, as applicable, with respect to a matter are treated as being present at the

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meeting for purposes of establishing a quorum. At the Annual Meeting, 10,420,393 shares will constitute a quorum for the transaction of business.

### **Distinction between Holding Shares as a Stockholder of Record and as a Beneficial Owner**

Some of our stockholders hold their shares through a broker, trustee, or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those shares owned beneficially.

***Stockholder of Record.*** If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., then you are considered, with respect to those shares, the "stockholder of record." As the stockholder of record, you have the right to grant your voting proxy directly to us or to a third party, or to vote in person at the Annual Meeting.

***Beneficial Owner.*** If your shares are held in a brokerage account, by a trustee or by another nominee, then you are considered the "beneficial owner" of those shares. As the beneficial owner of those shares, you have the right to direct your broker, trustee, or nominee how to vote and you also are invited to attend the Annual Meeting. However, because a beneficial owner is not the stockholder of record, you may not vote these shares in person at the Annual Meeting unless you obtain a "legal proxy" from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the Annual Meeting.

If you are not a stockholder of record, please understand that we do not know that you are a stockholder, or how many shares you own.

### **Voting Methods**

#### ***Stockholders of Record***

***By Mail.*** Registered stockholders may vote their shares by signing, dating and mailing the enclosed proxy card using the enclosed postage pre-paid envelope. We strongly encourage you, however, to consider using the Internet or telephone voting options described below because these voting methods are faster and less costly than voting by mailing your signed and dated proxy card. If you vote via the Internet or telephone, you do not need to mail your proxy card.

***By Internet.*** Registered stockholders may vote on the Internet at <http://www.envisionreports.com/STRM>. Please have your proxy card in hand when going online and follow the online instructions. Stockholders that vote by Internet must bear all costs associated with electronic access, including Internet access fees. Internet voting for registered stockholders is available up until 1:00 a.m., Central Time, on May 27, 2015, the day of the Annual Meeting. The Internet voting procedures are designed to authenticate each stockholder by use of a control number to allow stockholders to vote their shares and to confirm that their instructions have been properly recorded. The control number can be found on the enclosed proxy card.

***By Telephone.*** Registered stockholders also may vote by telephone by calling 1-800-652-8683 (toll-free) and using any touch-tone telephone to transmit their votes up to 1:00 a.m., Central Time, on May 27, 2015, the day of the Annual Meeting. Please have your proxy card in hand when you call and then follow the instructions. The control number necessary to vote your shares by telephone can be found on the enclosed proxy card.

***By Attending the Annual Meeting.*** If you attend the Annual Meeting and wish to vote in person, you may request a ballot when you arrive. Alternatively, if you are a registered stockholder and attend the Annual Meeting, you may deliver your signed and dated proxy card in person. You must present a valid photo identification for admission to the Annual Meeting.

***Beneficial Owners***

If your shares are held of record in the name of a bank, broker or other nominee you should follow the separate instructions that the nominee provides to you. Although most banks and brokers now offer Internet and telephone voting, availability and specific processes will depend on their voting arrangements.

If your shares are held of record in the name of your bank, broker or other nominee and you would like to vote in person at the Annual Meeting, you must bring to the Annual Meeting a letter from the nominee indicating that you were the beneficial owner of the shares on the Record Date and have been granted a proxy by your bank, broker or nominee to vote the shares. You also must present a valid photo identification for admission to the Annual Meeting.

**Voting Requirements**

At the Annual Meeting, stockholders will consider and act upon (1) the election of six directors for terms expiring at the 2016 Annual Meeting of Stockholders, (2) the approval of a non-binding advisory vote on the compensation of our named executive officers ("say-on-pay"), (3) the ratification of KPMG LLP to serve as the company's independent registered public accounting firm for fiscal year 2015, and (4) such other business as may properly come before the Annual Meeting.

With regard to Proposal 1 (Election of Directors), votes may be cast for the nominees or may be withheld. All nominees are current directors. The election of directors requires a plurality of the votes of the shares present in person or represented by proxy at the Annual Meeting, and the six nominees receiving the greatest number of votes will be elected. Abstentions and broker "non-votes" will have no effect on the outcome of this proposal.

With regard to Proposal 2 ("Say-on-Pay"), votes may be cast for or against the proposal, or stockholders may abstain from voting on the proposal. The approval of Proposal 2 requires the affirmative vote of the majority of the shares present in person or represented by proxy at the Annual Meeting. Abstentions will have the same effect as a vote against this proposal. Broker "non-votes" will not be counted in determining the number of votes cast and, therefore, will have no effect on the outcome of this proposal. The vote on Proposal 2 is a non-binding advisory vote.

With regard to Proposal 3 (Ratification of KPMG LLP), votes may be cast for or against the proposal, or stockholders may abstain from voting on the proposal. The approval of Proposal 3 requires the affirmative vote of the majority of the shares present in person or represented by proxy at the Annual Meeting. Abstentions will have the same effect as a vote against this proposal. Broker "non-votes" will not be counted in determining the number of votes cast and, therefore, will have no effect on the outcome of this proposal.

**Treatment of Voting Instructions**

If you provide specific voting instructions, your shares will be voted as instructed.

If you hold shares as the stockholder of record and provide a proxy without giving specific voting instructions, then your shares will be voted in accordance with the recommendations of our board of directors. Our board of directors recommends voting "FOR ALL NOMINEES" listed in Proposal 1, "FOR" Proposals 2 and 3, and in accordance with the discretion of the named proxies on other matters brought before the Annual Meeting.

You may have granted to your broker, trustee, or other nominee discretionary voting authority over your account. Your broker, trustee, or other nominee may be able to vote your shares depending on the terms of the agreement you have with your broker, trustee, or other nominee.

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The persons identified as having the authority to vote the proxies granted by the proxy card also will have discretionary authority to vote, in their discretion, to the extent permitted by applicable law, on such other business as may properly come before the Annual Meeting and any postponement or adjournment. The board of directors is not aware of any other matters that are likely to be brought before the Annual Meeting. If any other matter is properly presented for action at the Annual Meeting, including a proposal to adjourn or postpone the Annual Meeting to permit us to solicit additional proxies in favor of any proposal, the persons named in the proxy card will vote on such matter in their own discretion.

### **Revocability of Proxies**

A stockholder of record who has given a proxy may revoke it at any time prior to its exercise at the Annual Meeting by (i) giving written notice of revocation to our Corporate Secretary, (ii) properly submitting a duly executed proxy bearing a later date, or (iii) appearing in person at the Annual Meeting and voting in person.

If you are the beneficial owner of shares held through a broker, trustee, or other nominee, you must follow the specific instructions provided to you by your broker, trustee, or other nominee to change or revoke any instructions you already have provided to your broker, trustee, or other nominee.

Attendance at the Annual Meeting, in and of itself, will not constitute a revocation of a proxy.

### **Costs of Proxy Solicitation**

We will bear the expense of electronically hosting, printing and mailing proxy materials and soliciting the proxies we are seeking. In addition to the solicitation of proxies by mail, solicitation may be made by certain of our directors, officers, and other employees in person, by telephone, or via facsimile. Our directors, officers and other employees will receive no additional compensation for any such solicitations. We will request brokers and nominees who hold shares of our common stock in their names to furnish proxy materials to beneficial owners of such shares, and we will reimburse such brokers and nominees for the reasonable expenses incurred in forwarding the materials to such beneficial owners. Your cooperation in voting promptly will help to avoid additional expense.

### **List of Stockholders**

In accordance with Delaware law, a list of stockholders entitled to vote at the Annual Meeting will be available at the Annual Meeting and at our principal executive offices, which are located at 1230 Peachtree St. NE, Suite 600, Atlanta, Georgia 30309, on the date of our Annual Meeting, May 27, 2015, and for ten days prior to the Annual Meeting, between the hours of 9:00 a.m. and 4:00 p.m. Eastern Time.



### PROPOSAL 1 ELECTION OF DIRECTORS

At the Annual Meeting, the stockholders will elect six directors, each to hold office until a successor is duly elected and qualified at the 2016 Annual Meeting of Stockholders, or otherwise, or until any earlier resignation or removal. All nominees standing for election are currently serving as members of our board of directors and have consented to continue to serve. If any nominee for any reason is unable to serve or will not serve, the proxies may be voted for such substitute nominee as the proxy holder may determine. We are not aware of any nominee who will be unable or unwilling to serve as a director.

The board terms of Andrew L. Turner, Edward J. VonderBrink and Robert E. Watson expire at this year's Annual Meeting, and they have decided not to stand for re-election. Our bylaws provide that the number of directors shall be fixed by our board of directors. The size of the board of directors currently is fixed at nine directors. The board of directors has decided to reduce the size of the board from nine directors to six directors, effective upon the time of the Annual Meeting. Accordingly, the board of directors has nominated six directors for election at the Annual Meeting.

Candidates for director were identified (other than Messrs. Moseley and Valentine, who were specified by Noro-Moseley Partners VI, L.P. and Great Point Partners, LLC, respectively, as described below) and recommended for nomination by the Governance and Nominating Committee of our board of directors. All members of the Governance and Nominating Committee are independent directors. The Governance and Nominating Committee and our board of directors have determined that a potential candidate to be nominated to serve as a director should have the following primary attributes: high achievement expectations with regard to increasing stockholder value; uncompromising position on maintaining ethics; conservative attitude towards financial accounting and disclosure; and ownership of shares of our common stock to bring the perspective of a stockholder to the board of directors. The Governance and Nominating Committee and our board of directors believe that the composition of the board of directors as a whole should reflect diversified business experiences, education, knowledge of and skills relating to the healthcare and healthcare technology industries, sales and marketing, investment banking, accounting and finance, and knowledge of our operations. The Governance and Nominating Committee and the board of directors take all of these diversity factors into account when considering individual director candidates because we believe that these diversity factors can enhance the overall perspectives of our board of directors and of management.

To date, neither our board of directors nor the Governance and Nominating Committee has deemed it necessary to engage a third party search firm to assist in identifying suitable candidates for directors, but have the authority to do so in the future. Accordingly, no fees were paid to any such search firm in connection with the nominees for directors named in this Proxy Statement. The Governance and Nominating Committee currently believes that the existing members of our board of directors and executive management have sufficient networks of business contacts to form the candidate pool from which nominees will be identified. Once a candidate is identified as a possible director nominee by the Governance and Nominating Committee, our board of directors (or as many members of the board of directors as feasible) will meet with such candidate. The Governance and Nominating Committee will then take any feedback that it receives from the board of directors regarding the possible director nominee and evaluate the candidate using the criteria outlined above. The Governance and Nominating Committee would evaluate a director candidate recommended by a stockholder using the same process described above. To date, other than the candidates specified by Noro-Moseley Partners VI, L.P. and Great Point Partners, LLC as described below, we have never received a director candidate recommended by a stockholder.

In August 2012, we completed an equity investment from affiliated funds and accounts of Great Point Partners, LLC ("GPP"), Noro-Moseley Partners VI, L.P. ("NMP"), and another investor affiliated with NMP (the "2012 Private Placement"). In conjunction with such transaction, our board of directors

increased the size of the board of directors in accordance with our bylaws, creating two vacancies on the board of directors. Pursuant to the terms we agreed to in conjunction with the 2012 Private Placement, GPP and NMP were each granted the right to specify a director candidate to be nominated by our board of directors for election at each Annual Meeting of Stockholders thereafter. Such right will expire for each holder at such time as GPP (collectively with its affiliated funds and accounts) or NMP (collectively with its affiliates), as the case may be, holds shares of preferred and common stock representing less than 7.5% of our issued and outstanding shares of common stock (on a fully diluted basis). Allen S. Moseley, a member of the general partner of NMP, was designated by NMP to fill one of the two vacancies, and Michael G. Valentine was designated by GPP to fill the second vacancy. Messrs. Moseley and Valentine were evaluated by the Governance and Nominating Committee in accordance with our director review process and were appointed by the board of directors to fill the vacancies.

Each of NMP and GPP currently owns more than 7.5% of our shares of common stock (on a fully diluted basis) and has specified Messrs. Moseley and Valentine, respectively, to be nominated by our board of directors for election at the Annual Meeting. In the event that Mr. Moseley or Mr. Valentine is not elected to our board of directors, NMP or GPP, as the case may be, will be granted board observation rights.

#### **Nominees for Election as Directors**

The following six incumbent directors are being nominated by the board of directors for re-election to the board of directors: Michael K. Kaplan, Allen S. Moseley, Jonathan R. Phillips, David W. Sides, Judith E. Starkey and Michael G. Valentine. The name, age, principal occupation for the last five years, selected biographical information and period of service as a director of Streamline for each director nominee are set forth below.

*Michael K. Kaplan*, age 49, has served on our board of directors since January 2012. Mr. Kaplan brings more than 20 years of experience in various roles in the healthcare industry. He is currently Founder and Managing Director of Altos Health Management, a venture capital firm focused on the healthcare industry. He also serves as a co-founder and Managing Director of MMC Health Services, a private equity firm. Prior to founding Altos Health Management in 2009, Mr. Kaplan was a partner at Three Arch Partners, a venture capital firm focused on healthcare. He was involved with 19 portfolio companies during nearly a decade at Three Arch Partners. Before joining Three Arch Partners, Mr. Kaplan was an operating executive at Blue Shield of California where he had a variety of roles, including Vice President of Corporate Development and Strategic Planning, Regional Chief Executive for Northern California, and Vice President of Business Transformation. Earlier in his career, Mr. Kaplan was a Senior Manager in consulting for APM Incorporated/CSC Healthcare and a Financial Analyst at Kidder, Peabody & Co. Incorporated. Mr. Kaplan received his BS in Business Administration from Washington University in St. Louis and an MBA from the Stanford Graduate School of Business. Mr. Kaplan is well-qualified to serve on our board of directors. He brings a wealth of industry knowledge and experience to the board of directors from his experience in the healthcare industry. Mr. Kaplan's venture capital experience also allows him to provide our board of directors with valuable insights and analysis as to strategic and financial developments within the industry and potential opportunities and consequences such developments create for us.

*Allen S. Moseley*, age 45, has served on our board of directors since August 2012. He has served as a General Partner at Noro-Moseley Partners ("Noro-Moseley") since 1998 and leads the firm's healthcare practice focused primarily in healthcare information technology, healthcare services, and medical devices. He currently represents Noro-Moseley on the boards of various healthcare vendors. Prior to joining Noro-Moseley, Mr. Moseley was in the corporate finance group at The Robinson-Humphrey Company, an investment banking firm previously owned by Citigroup and now part of SunTrust Banks, Inc. Mr. Moseley worked extensively in the healthcare and business services industries,

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advising on a number of initial public offerings, mergers and acquisitions, and private placements. He also was involved in R-H Capital Partners, the private equity investment arm of the firm. Previously, he held investment banking positions with Bowles Hollowell Conner & Company and Merrill Lynch & Co. Mr. Moseley currently serves on the Board of Trustees of the Georgia Research Alliance and the Technology Association of Georgia. He was recently Chairman of Venture Atlanta and Chairman of the Technology Association of Georgia. Mr. Moseley received a BA from the University of North Carolina at Chapel Hill, where he was a member of Phi Beta Kappa, and an MBA from Harvard Business School. Mr. Moseley is well-qualified to serve on our board of directors. With vast experience in the healthcare industry and a background in investment banking, Mr. Moseley brings a wealth of industry knowledge to our board of directors. Mr. Moseley's venture capital experience also allows him to provide our board of directors with valuable insights and analysis as to strategic and financial developments within the industry and potential opportunities and consequences such developments create for us.

*Jonathan R. Phillips*, age 42, has served on our board of directors since May 2005 and was elected Chairman of our board of directors in May 2009. In 2005, Mr. Phillips founded Healthcare Growth Partners, a provider of strategic and financial advisory services to healthcare technology companies, and has served as its Managing Director since that time. Prior to founding Healthcare Growth Partners, Mr. Phillips was a member of the Healthcare Investment Banking Group at William Blair and Company, LLC, an investment banking firm. Prior to William Blair, he served in various roles in the healthcare practice of Deloitte Consulting for more than four years where he provided strategic consulting to healthcare providers and other organizations. From 2007 until immediately prior to its acquisition by Merge Healthcare Incorporated (NASDAQ: MRGE) in 2011, Mr. Phillips was a director of Ophthalmic Imaging Systems, Inc., a public company that provided software and technology for ophthalmology practices, where he served on the audit, compensation, and nominating committees and chaired the special committee. Mr. Phillips also serves as a director for several private companies. Mr. Phillips serves on the nonprofit board of the Ray Graham Association, where he is a member of the finance committee, and on the Rush University Medical Center Associates board. Mr. Phillips is a securities principal having completed the Series 24, 7 and 63 exams. Mr. Phillips earned his MBA in Finance, Marketing and Health Services Management from the J. L. Kellogg School of Management, Northwestern University, and his BA in Economics and Management from DePauw University. Mr. Phillips is well-qualified to serve on our board of directors. He brings a wealth of industry knowledge and experience to the board of directors as the founder and Managing Director of Healthcare Growth Partners, an investment banking firm focused on sub-middle market healthcare information technology companies. During his career, Mr. Phillips has completed over 70 transactions involving healthcare companies, which transactions had an aggregate value of over \$2 billion. He also has completed over 40 strategic advisory engagements for healthcare technology and services companies. These experiences within the healthcare sector allow Mr. Phillips to provide our board of directors with valuable insights and analysis as to strategic and financial developments within the industry and potential opportunities and consequences such developments create for us.

*David W. Sides*, age 44, has served as President, Chief Executive Officer and a member of the company's board of directors since January 2015. From September 2014 until he was appointed to his current positions, Mr. Sides served as Executive Vice President and Chief Operating Officer of the company. Mr. Sides served as Chief Executive Officer of iMDsoft from July 2012 to March 2014. While with iMDsoft, a global leader of high-end clinical information systems, Mr. Sides led the company's transformation following the acquisition of the company by a private equity firm. From 1995 to 2012, Mr. Sides held a number of successive positions at Cerner Corporation, a global supplier of health care information technology solutions, services, devices and hardware, culminating in serving as Senior Vice President of Worldwide Consulting. In that position, he led professional services in 24 countries worldwide. From March 2014 to September 2014, Mr. Sides was an independent consultant. Mr. Sides has a B.A. in biophysics from the University of California, Berkeley as well as master's of both health

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administration and business administration from the University of Missouri, Columbia. Mr. Sides is a Fellow of the American College of Healthcare Executives. Mr. Sides's service as our President and Chief Executive Officer, as well as his extensive experience in the healthcare information technology industry, qualifies him to be an effective member of our board of directors. This experience provides the board with valuable insight into our industry and business strategy.

*Judith E. Starkey*, age 67, has served on our board of directors since September 2014. Ms. Starkey is the Founder and former Chairperson of Chamberlin Edmonds & Associates, which she launched in 1986 and was acquired by Emdeon in 2010. Chamberlin Edmonds is a leading provider of patient eligibility and enrollment services to hospitals, government agencies and managed care organizations. Since 2010, Ms. Starkey has been a self-employed entrepreneur, speaker and author. Ms. Starkey began her career in health service management, medical cost control and government systems with the Social Security Administration. While employed by the government, Ms. Starkey designed a management system that enabled states to comply with federal and state regulations. She also designed and implemented a process that reduced the cost of administering the Social Security Disability Insurance Benefits program by several million dollars. Ms. Starkey is an oft-honored expert in her field and is an advanced member of the Healthcare Financial Management Association, has delivered Congressional testimony and presents at national/state forums of healthcare professionals. She currently serves on three not-for-profit boards including Baddour Memorial Center, Inc., The Johns Hopkins Berman Institute of Bioethics and Emory Palliative Day Visiting Committee. Ms. Starkey received her BS degree in Psychology from Spring Hill College and her MS in Psychology from Georgia State University. Ms. Starkey's experience as an entrepreneur and executive in the healthcare information technology industry provides our board with important insight in growing and managing our business. Further, her experience in government provides the board with an important understanding of the regulatory environment for our company.

*Michael G. Valentine*, age 46, has served on our board of directors since October 2012. He has served as the Chief Executive Officer of Netsmart Technologies, Inc., an information technology company, since May 2011. From December 1998 to May 2011, he served as Executive Vice President and Chief Operating Officer at Cerner Corporation, an information technology company. He held a succession of business ownership roles during his 13 years at Cerner. Prior to his role as Chief Operating Officer, he maintained ownership of all client delivery and relationships for Cerner's worldwide operations. Prior to joining Cerner, Mr. Valentine started and managed a Midwest-based technology solutions and services company. Before that, he was an executive in telecommunications and technology industry groups for seven years at Andersen Consulting. Mr. Valentine earned his BS in Industrial Engineering from Kansas State University. With his extensive experience in healthcare information technology, Mr. Valentine brings valuable insight and experience to our board of directors. Further, his leadership in key roles at information technology companies qualifies him to be an effective member of our board. Our board of directors has determined that Mr. Valentine is an audit committee financial expert under SEC and NASDAQ Stock Market standards.

**The board of directors recommends a vote "FOR ALL" nominees listed above.**

**PROPOSAL 2 ADVISORY VOTE ON COMPENSATION  
OF NAMED EXECUTIVE OFFICERS ("SAY-ON-PAY")**

**Proposed Advisory Resolution of Stockholders**

At the Annual Meeting, stockholders will be given the opportunity to vote on the following advisory resolution:

RESOLVED, that the stockholders of Streamline Health Solutions, Inc. hereby approve, on an advisory basis, the compensation of the company's named executive officers, as disclosed in the company's Proxy Statement for the 2015 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the disclosure under "Compensation Discussion and Analysis," and the compensation tables and related narrative disclosure under "Executive Compensation."

References in this Proxy Statement to "named executive officers" refer to David W. Sides, Nicholas A. Meeks, Jack W. Kennedy Jr., Lois E. Rickard, Randolph W. Salisbury and Robert E. Watson. For information regarding the compensation of our named executive officers, see "Compensation Discussion and Analysis" and "Executive Compensation."

**Background on Proposal**

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and related SEC rules, stockholders are being given the opportunity to vote at the Annual Meeting on this advisory resolution regarding the compensation of our named executive officers (commonly referred to as "say-on-pay"). As discussed in "Compensation Discussion and Analysis Overview of Streamline Health's Executive Compensation" the Compensation Committee's compensation objectives are to motivate executive officers to deliver superior short-term performance by providing conservative, but competitive, base salaries and cash bonus opportunities; align the interests of our executive officers with the long-term interests of the company's stockholders through the grant of equity incentive awards; and provide an overall compensation package that is conservative, but competitive and, therefore, promotes executive recruitment and retention. The Compensation Committee has determined that the compensation structure for our named executive officers is effective and appropriate.

**Effects of Advisory Vote**

While the resolution is non-binding and will not be construed as overruling any decision by our board of directors or create or imply any fiduciary duty by the board of directors, the board and the Compensation Committee value the opinions of our stockholders and will take into account the outcome of the vote when considering future executive compensation arrangements.

**Our board of directors recommends a vote "FOR" the advisory vote on the compensation of the named executive officers as set forth in this Proposal 2.**

### **PROPOSAL 3 RATIFICATION OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee proposes and recommends that the stockholders ratify the selection by the Audit Committee of the firm of KPMG LLP ("KPMG") to serve as our independent registered public accounting firm for fiscal year 2015. Action by our stockholders is not required by law in the appointment of an independent registered public accounting firm, but their appointment is submitted by the Audit Committee in order to give our stockholders a voice in the designation of auditors. If the resolution ratifying our selection of KPMG as our independent registered public accounting firm is rejected by our stockholders then the Audit Committee will reconsider its choice of independent auditors. Even if the resolution is approved, the Audit Committee at its discretion may direct the appointment of different independent auditors at any time during the year if it determines that such a change would be in the best interests of the company and our stockholders.

KPMG was engaged as our independent registered public accounting firm on April 22, 2013 with their service effective May 1, 2013. Prior to such time, BDO USA, LLP ("BDO") served as our independent registered public accounting firm. See "Independent Registered Public Accounting Firm Change in Independent Registered Public Accounting Firm" below for more information on our change in independent registered public accounting firms.

**Our board of directors recommends a vote "FOR" ratification of the appointment of KPMG as our independent registered public accounting firm for fiscal year 2015.**

### **CORPORATE GOVERNANCE**

We have established corporate governance practices designed to serve the best interest of our company and our stockholders. We are in compliance with the current corporate governance requirements imposed by the rules and regulations of the SEC and the listing standards of NASDAQ. Set forth below is information regarding the meetings of the board of directors during fiscal 2014, a description of the board's standing committees and additional information about our corporate governance policies and procedures.

#### **Board of Directors Meetings and Committees**

The board of directors met six times during fiscal year 2014. Standing committees of the board of directors currently include the Audit Committee, the Compensation Committee, the Governance and Nominating Committee, and the Strategy Committee.

All nominees for election as directors at the Annual Meeting were unanimously recommended by the Governance and Nominating Committee and unanimously nominated by the current board of directors, including all of the independent directors. Under our bylaws, director nominations may be brought at an Annual Meeting of Stockholders only by or at the direction of the board of directors or by a stockholder entitled to vote who has submitted a nomination in accordance with the requirements of the bylaws as in effect from time to time. For this Annual Meeting, we received no director nominations from stockholders, other than the candidates specified by NMP and GPP as described above. For additional information, see "Stockholder Proposals for 2016 Annual Meeting of Stockholders."

Our board of directors has determined that Messrs. Kaplan, Moseley, Phillips, Turner, Valentine, and VonderBrink and Ms. Starkey are all "Independent Directors" in accordance with the standards set forth in Item 407(a)(1)(i) of Regulation S-K and in Rule 5605(a)(2) of the NASDAQ Stock Market ("NASDAQ") Marketplace Rules.

There are no family relationships among any of the above named nominees for director or among any of the nominees and any of our executive officers.

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In fiscal year 2014, each director attended at least 75% of the aggregate number of meetings of our board of directors and of the committees of the board of directors on which he or she served.

Our board of directors has separated the positions of the Chairman of the Board and of the Chief Executive Officer. Our board of directors believes that this separation allows the Chief Executive Officer to focus his attention on the day-to-day operation of the business and leadership of the management team. The board of directors further believes that having an independent Chairman of the Board provides better accountability between the board of directors and our management team, and facilitates discussions among our directors, formally and informally. As Chairman of the Board, Mr. Phillips is responsible for setting the board of directors' meeting agendas in consultation with the Chief Executive Officer and the other directors, and presides over meetings of our board of directors and stockholders. Our directors believe that this structure provides strong leadership for our board of directors, while maintaining the Chief Executive Officer as our leader in the eyes of customers, employees and stockholders.

### *The Audit Committee*

The Audit Committee is comprised entirely of independent directors. Messrs. Valentine (Committee Chairman), Moseley and VonderBrink are presently the members of the Audit Committee. Mr. Phillips, as the independent Chairman of the Board, attends Audit Committee meetings in a non-voting capacity. The Audit Committee operates under a charter approved by our board of directors and available through our website at <http://www.streamlinehealth.net/investors>. The Audit Committee met separately as a committee seven times during fiscal year 2014. The Audit Committee, along with management, met separately or as part of the entire board of directors to review each of our quarterly and annual financial statements filed on Form 10-Q or Form 10-K prior to the filing of those reports with the SEC. The Audit Committee Chairman separately discusses our financial reports with the auditors on a regular basis. The Audit Committee's functions include the engagement of our independent registered public accounting firm, review of the results of the audit engagement and our financial results, review of our financial statements by the independent registered public accounting firm and their opinion thereon, review of the auditors' independence, review of the effectiveness of our internal controls and similar functions, and approval of all auditing and non-auditing services performed by our independent registered public accounting firm. The board of directors has determined that Messrs. VonderBrink and Valentine are audit committee financial experts.

### *The Compensation Committee*

The Compensation Committee is comprised entirely of independent directors. Messrs. Turner (Committee Chairman), Moseley and VonderBrink and Ms. Starkey are presently the members of the Compensation Committee. Mr. Phillips, as the independent Chairman of the Board, attends Compensation Committee meetings in a non-voting capacity. Our board of directors adopted a formal written charter for the Compensation Committee, which is available through our website at <http://www.streamlinehealth.net/investors>, in January 2013 and amended it in March 2014. The Compensation Committee met seven times during fiscal year 2014. The Compensation Committee reviews the performance of, and establishes the salaries and all other compensation of, our named executive officers and other executive officers. The Compensation Committee also administers the Amended and Restated 1996 Associate Stock Purchase Plan (the "ESPP") and the Streamline Health Solutions, Inc. Amended and Restated 2013 Stock Incentive Plan (the "2013 Plan") and is responsible for grants of equity awards under the 2013 Plan.

### *The Governance and Nominating Committee*

The Governance and Nominating Committee is comprised entirely of independent directors. Messrs. Kaplan (Committee Chairman), Phillips and Turner are presently the members of the

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Governance and Nominating Committee. The purposes of the Governance and Nominating Committee are to assist the board of directors in complying with and overseeing our Code of Business Conduct and Ethics (the "Code of Conduct"), to review and consider developments in corporate governance practices, to identify and recommend individuals to the board of directors for nomination as members of our board of directors and its committees, and to develop and oversee the process for nominating board members. The Governance and Nominating Committee operates under a charter approved by our board of directors and available through our website at <http://www.streamlinehealth.net/investors>. The Governance and Nominating Committee met six times during fiscal year 2014.

The Governance and Nominating Committee has established procedures through which confidential complaints may be made by employees directly to the Chairman of the Governance and Nominating Committee regarding: illegal or fraudulent activity; questionable accounting, internal controls or auditing matters; conflicts of interest, dishonest or unethical conduct; disclosures in our filings with the SEC; violations of our Code of Conduct; or any other matters relating to questionable actions taken by our employees, officers or directors.

The Governance and Nominating Committee also has established a review process for all members of our board of directors. In this process, all members perform a self-review and assessment of their own performance as a director and also review and provide constructive feedback of all the other directors. The Governance and Nominating Committee oversees a similar 360 degree review process for our Chief Executive Officer where he is reviewed by himself, by the other directors, and by his direct management reports.

### *The Strategy Committee*

Messrs. Phillips (Committee Chairman), Kaplan, Moseley and Valentine are presently the members of the Strategy Committee. The purpose of the Strategy Committee is to work with the Chief Executive Officer and senior management to oversee the development of our strategic plan and to assess and evaluate our strategic and financial opportunities. The Strategy Committee met six times during fiscal year 2014.

## **Corporate Governance Policies**

### *Communications with the Board of Directors*

We encourage stockholder communication with the board. Any stockholder who wishes to communicate with the board or with any particular director, including any independent director, may send a letter addressed to the Corporate Secretary at Streamline Health Solutions, Inc., 1230 Peachtree St. NE, Suite 600, Atlanta, GA 30309. Communications should indicate that you are a company stockholder and clearly specify whether it is intended to be delivered to the entire board or to one or more particular directors(s). All communications to directors will be transmitted promptly without any editing or screening by the Corporate Secretary.

### *Code of Conduct*

The board of directors adopted our Code of Conduct, which applies to all of our directors, officers (including our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, and any person performing similar functions), and employees. Our Code of Conduct is available through our website at <http://www.streamlinehealth.net/investors>.

### *Director Attendance at Annual Meetings of Stockholders*

We have not implemented a formal policy regarding director attendance at the Annual Meeting of Stockholders. Typically, our board of directors holds its annual organizational meeting directly following the Annual Meeting of Stockholders, which results in most directors attending the Annual Meeting of Stockholders. All of our directors attended the 2014 Annual Meeting of Stockholders, and we currently expect all directors standing for re-election to attend the Annual Meeting.



***Risk Management***

Our management is responsible for day-to-day risk management of the company. Management reports to the board of directors on the material risks the company faces when management determines that the company's risk profile materially changes. The board of directors uses management's reports to evaluate the company's exposure to risks in light of the company's business plan and growth strategies. The board of directors primarily focuses on risks in the areas of operations, liquidity and compliance, which the board of directors believes are the areas most likely to have a potential impact on the company in a material way.

***Executive Sessions of Independent Directors***

Our board of directors has scheduled regular executive sessions of our independent directors. At executive sessions, our independent directors meet without management or any non-independent directors present. The board believes that executive sessions foster open and frank communication among the independent directors, which will ultimately add to the effectiveness of the board, as a whole. Mr. Phillips, as the independent Chairman of the Board, presides over these executive sessions.

***No Executive Loans***

We do not extend loans to executive officers or directors, and we have no such loans outstanding.

**STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information regarding the beneficial ownership of our common stock as of the Record Date (April 7, 2015) by: (i) each stockholder known by us to be the beneficial owner of more than 5% of our common stock; (ii) each director and each nominee for director; (iii) each named executive officer; and (iv) all directors and current executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC, which deem a person to beneficially own any shares the person has or shares voting or dispositive power over and any additional shares obtainable within 60 days through the conversion of preferred stock or the exercise of options, warrants or other purchase rights. Shares of common stock subject to preferred stock that is currently convertible or convertible within 60 days of the Record Date and options, warrants or other rights to purchase that are currently exercisable or are exercisable within 60 days of the Record Date (including shares subject to restrictions that lapse within 60 days of the Record Date) are deemed outstanding for purposes of computing the percentage ownership of the person holding such preferred stock, options, warrants or other rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person. Unless otherwise indicated, each person possesses sole voting and investment power with respect to the shares identified as beneficially owned. The percentages are based on 18,628,289 shares of common stock outstanding as of the Record Date. None

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of our directors or executive officers beneficially owns any shares of our preferred stock. An asterisk indicates beneficial ownership of less than 1% of the common stock outstanding.

| Name of Beneficial Owner   | Common Stock<br>Beneficially<br>Owned | Percent of<br>Common Stock<br>Owned |
|--|---------------------------------------|-------------------------------------|
| <b>Five Percent Stockholders</b>   |                                       |                                     |
| Cortina Asset Management, LLC(1)   | 1,158,965                             | 6.2%                                |
| Deerfield Mgmt, L.P.(2)  | 1,822,759                             | 9.8%                                |
| Great Point Partners, LLC(3)   | 2,049,543                             | 9.9%                                |
| IPP Holding Company, LLC(4)  | 989,477                               | 5.3%                                |
| Noro-Moseley Partners VI, L.P.(5)  | 2,123,333                             | 10.2%                               |
| Tamarack Capital Management, LLC(6)                                      | 1,138,000                             | 6.1%                                |
| Thomson Horstmann & Bryant, Inc.(7)                                      | 1,378,820                             | 7.4%                                |
| <b>Directors and Named Executive Officers</b>                            |                                       |                                     |
| Michael K. Kaplan(8)   | 67,815                                | *                                   |
| Jack W. Kennedy Jr.(9)   | 65,781                                | *                                   |
| Nicholas A. Meeks(10)  | 144,703                               | *                                   |
| Allen S. Moseley   |                                       | *                                   |
| Jonathan R. Phillips(11)   | 469,958                               | 2.5%                                |
| Lois E. Rickard(12)  | 44,050                                | *                                   |
| Randolph W. Salisbury(13)  | 163,819                               | *                                   |
| David W. Sides(14)   | 110,555                               | *                                   |
| Judith E. Starkey(15)  | 25,433                                | *                                   |
| Andrew L. Turner(16)(17)   | 101,553                               | *                                   |
| Michael G. Valentine(18)   | 49,952                                | *                                   |
| Edward J. VonderBrink(19)(17)  | 169,022                               | *                                   |
| Robert E. Watson(20)(17)   | 781,430                               | 4.1%                                |
| All current directors and executive officers as a group (13 persons)(21) | 2,194,071                             | 11.2%                               |

- (1) Based on the Schedule 13G/A filed with the SEC on February 4, 2015. Cortina Asset Management, LLC ("Cortina") is deemed to have sole voting power over 769,250 shares of common stock and sole dispositive power over 1,158,965 shares of common stock. Cortina's address is 825 N Jefferson Street, Suite 400, Milwaukee, WI 53202.
- (2) Based on the Schedule 13G/A filed with the SEC on February 17, 2015. Includes 995,226 shares of common stock held by Deerfield Special Situations Fund, L.P. ("DSSF") and 827,533 shares of common stock held by Deerfield Special Situations International Master Fund, L.P. ("DSSIMF"). Deerfield Mgmt, L.P. ("DM") is the general partner of, and Deerfield Management Company, L.P. ("DMC") is the investment advisor for, each of DSSF and DSSIMF. DM, DMC and James E. Flynn may be deemed to be the beneficial owner of shares held by DSSF and DSSIMF. The address of DSSF, DSSIMF, DM, DMC and Mr. Flynn is 780 Third Avenue, 37<sup>th</sup> Floor, New York, NY 10017.
- (3) Based on the Schedule 13G/A filed with the SEC on February 17, 2015. Includes (i) 151,611 shares of common stock, (ii) 1,283,329 shares of common stock issuable upon conversion of preferred stock and (iii) 614,603 shares of common stock issuable upon exercise of warrants, collectively owned by funds and accounts for which Great Point Partners, LLC ("GPP") is the investment manager. By virtue of such status, GPP may be deemed to be the beneficial owner of such shares. Each of Dr. Jeffrey R. Jay, M.D., as senior managing member of GPP, and David Kroin, as special managing member of GPP, has voting and investment power with respect to such shares and therefore may be deemed to be the beneficial owner thereof. GPP, Dr. Jay, and Mr. Kroin disclaim

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beneficial ownership of such shares, except to the extent of their respective pecuniary interests therein. Does not include 85,397 shares of common stock issuable upon the exercise of warrants owned by funds and accounts for which GPP is the investment manager and for which beneficial ownership is not permitted pursuant to certain applicable beneficial ownership limitation restrictions. GPP's address is 165 Mason Street, 3<sup>rd</sup> Floor, Greenwich, CT 06830.

- (4) Based on the Schedule 13G filed with the SEC on April 18, 2013. Includes 989,477 shares remaining from those issued to IPP Holding Company, LLC ("IPP") on June 15, 2012 upon conversion of the convertible note in the original principal amount of \$3,000,000. IPP and W. Ray Cross, a member and manager of IPP, are deemed to share voting and dispositive power over all 989,477 shares. IPP's address is 2773 Marshall Drive, Tifton, GA 31794.
- (5) Based on the Schedule 13D filed with the SEC on August 29, 2012, as amended by the Schedule 13D/A filed with the SEC on September 5, 2013. Includes (i) 1,633,333 shares of common stock issuable upon conversion of preferred stock and (ii) 490,000 shares of common stock issuable upon exercise of warrants, collectively beneficially owned by Noro-Moseley Partners VI, L.P. and its general partner, Moseley and Company VI, LLC. Both entities are deemed to share voting and dispositive power of all 2,123,333 shares. Noro-Moseley's address is 4200 Northside Parkway, N.W. Building 9, Atlanta, GA 30327.
- (6) Based on the Schedule 13G filed with the SEC on January 28, 2015. Tamarack Capital Management, LLC ("Tamarack") is deemed the beneficial owner of such shares pursuant to separate arrangements whereby it acts as investment adviser to certain persons. Each person for whom Tamarack acts as investment adviser has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the common stock purchased or held pursuant to such arrangements. Justin J. Ferayorni is deemed to be the beneficial owner of such shares because he is the managing member and majority owner of Tamarack. Tamarack's address is 5050 Avenida Encinas, Suite 360, Carlsbad, CA 92008.
- (7) Based on the Schedule 13G filed with the SEC on January 29, 2015. Thomson Horstmann & Bryant, Inc. ("Thomson") is deemed to have shared voting power over 726,024 shares of common stock and sole dispositive power over 1,378,820 shares of common stock. Thomson's address is 501 Merritt 7, Norwalk, CT 06851.
- (8) Includes 6,864 shares of restricted stock over which the holder has sole voting but no investment power.
- (9) Includes (i) stock options that are currently exercisable or exercisable within 60 days of the Record Date to purchase 51,388 shares of common stock, (ii) 5,843 shares of restricted stock over which the holder has sole voting but no investment power and (iii) 2,000 shares of common stock held in an individual retirement account.
- (10) Includes (i) stock options that are currently exercisable or exercisable within 60 days of the Record Date to purchase 129,513 shares of common stock and (ii) 9,394 shares of restricted stock over which the holder has sole voting but no investment power.
- (11) Includes (i) stock options that are currently exercisable or exercisable within 60 days of the Record Date to purchase 30,000 shares of common stock, (ii) 18,306 shares of restricted stock over which the holder has sole voting but no investment power and (iii) 10,000 shares of common stock held by Mr. Phillips's wife.
- (12) Includes (i) stock options that are currently exercisable or exercisable within 60 days of the Record Date to purchase 31,250 shares of common stock and (ii) 5,800 shares of restricted stock over which the holder has sole voting but no investment power.

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- (13) Includes (i) stock options that are currently exercisable or exercisable within 60 days of the Record Date to purchase 55,555 shares of common stock, (ii) stock options that are currently exercisable or exercisable within 60 days of the Record Date to purchase 26,666 shares of common stock and that are held by a limited liability company of which Mr. Salisbury is the managing member and the owner with his wife of all of the equity interests, (iii) 8,648 shares of restricted stock over which the holder has sole voting but no investment power and (iv) 55,810 shares of common stock held in an individual retirement account.
- (14) Includes (i) stock options that are currently exercisable or exercisable within 60 days of the Record Date to purchase 55,555 shares of common stock and (ii) 50,000 shares of common stock held by a trust controlled by and for the benefit of Mr. Sides.
- (15) Includes 8,433 shares of restricted stock over which the holder has sole voting but no investment power.
- (16) Includes (i) stock options that are currently exercisable or exercisable within 60 days of the Record Date to purchase 35,000 shares of common stock, (ii) 9,153 shares of restricted stock over which the holder has sole voting but no investment power and (iii) 2,000 shares of common stock held by Mr. Turner's wife.
- (17) The board terms of Messrs. Turner, VonderBrink and Watson expire at this year's Annual Meeting and they have decided not to stand for re-election.
- (18) Includes 9,153 shares of restricted stock over which the holder has sole voting but no investment power.
- (19) Includes (i) stock options that are currently exercisable or exercisable within 60 days of the Record Date to purchase 45,000 shares of common stock and (ii) 9,153 shares of restricted stock over which the holder has sole voting but no investment power.
- (20) Includes (i) stock options that are currently exercisable or exercisable within 60 days of the Record Date to purchase 508,888 shares of common stock, (ii) 59,244 shares of restricted stock over which the holder has sole voting but no investment power and (iii) 1,500 shares of common stock held by Mr. Watson's wife.
- (21) Includes (i) stock options that are currently exercisable or exercisable within 60 days of the Record Date to purchase 968,815 shares of common stock and (ii) 121,310 shares of common stock held indirectly.

## EXECUTIVE OFFICERS

The names, ages, and positions held by our executive officers as of the Record Date are below. All of our current executive officers hold office until their successors are elected and qualified or until any removal or resignation. Our executive officers are elected by the board of directors and serve at the discretion of the board. For more information about David W. Sides, our President and Chief Executive Officer, please see "Proposal 1 Election of Directors Nominees for Election as Directors" in this Proxy Statement.

| Name                  | Age | Position  | First Appointed as Executive Officer |
|-----------------------|-----|---|--------------------------------------|
| David W. Sides        | 44  | President, Chief Executive Officer, and Director  | 2014                                 |
| Nicholas A. Meeks     | 31  | Senior Vice President and Chief Financial Officer | 2013                                 |
| Jack W. Kennedy Jr.   | 39  | Senior Vice President and Chief Legal Counsel     | 2013                                 |
| Lois E. Rickard       | 62  | Senior Vice President and Chief People Officer    | 2014                                 |
| Randolph W. Salisbury | 61  | Senior Vice President and Chief Marketing Officer | 2014                                 |

*Nicholas A. Meeks* has served as our Senior Vice President and Chief Financial Officer since May 2013. Prior to that time, he served as our Vice President of Financial Planning from the time he joined us in June 2012. Mr. Meeks has financial executive experience in areas including mergers and acquisitions, budgeting, forecasting, and equity and debt capital financing transactions. From 2008 to June 2012, Mr. Meeks worked at Chamberlin Edmonds, which was acquired by Emdeon Inc., a leading provider of comprehensive healthcare eligibility and enrollment services. At Chamberlin Edmonds, Mr. Meeks served as Director of Financial Planning and Analysis and led the finance function for the provider payment integrity operating unit. He holds an MBA from The Fuqua School of Business at Duke University and a bachelor's degree from Emory University.

*Jack W. Kennedy Jr.* was appointed Senior Vice President and Chief Legal Counsel in September 2013. From 2009 to September 2013, he was Vice President and Corporate Counsel for PRGX Global, Inc., a multinational provider of recovery audit, consulting and software services, where he provided legal advice on all aspects of the company's operations. From 2007 to 2009, Mr. Kennedy served as in-house counsel for Stiefel Laboratories, Inc., a specialty pharmaceutical company acquired by GlaxoSmithKline plc, where he provided legal advice on mergers and acquisitions, commercial contracts and international operations. Prior to his in-house legal career, Mr. Kennedy practiced at the law firms of Troutman Sanders LLP in Atlanta, Georgia and Akin Gump Strauss Hauer & Feld LLP in Houston, Texas. Mr. Kennedy has extensive experience in software and other intellectual property licensing, mergers and acquisitions, securities, and corporate governance. He received a JD from Tulane University School of Law and both a BA and BS from Mercer University and is admitted to the state bars of Texas and Georgia.

*Lois E. Rickard* joined Streamline Health as Senior Vice President and Chief People Officer in March 2014. Ms. Rickard has over 28 years of experience in leading human resources teams in various industries, including healthcare information technology, telecommunications and banking. From December 2010 to December 2013, Ms. Rickard served as Chief Talent Officer at Press Ganey Associates, a leading healthcare patient experience improvement firm. At Press Ganey, she managed the human resources organization, successfully transitioned human resources into a strategic partnership with the business, and integrated the human resource aspects of previous acquisitions. She was a strategic member of the executive team, focusing on merger and acquisition due diligence and integration as well as the growth and development of the organization. From January 2010 to November 2010 and from January 2014 to February 2014, Ms. Rickard was an independent human resources consultant. From February 1997 to December 2009, Ms. Rickard served as Vice President of Human Resources at WebMD, LLC, a leading health information provider. At WebMD, she managed a

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team of 20 employees in addition to spearheading human resource efforts for 26 acquisitions throughout her tenure. She was instrumental in innovating and implementing new practices and offerings for WebMD's online business after working with the executive team to take the online division public in 2005. Ms. Rickard has a bachelor's degree from Albion College and a master's degree from the University of Michigan.

*Randolph W. Salisbury* joined Streamline Health as Senior Vice President and Chief Marketing Officer in March 2014. From July 2008 to February 2014, Mr. Salisbury served as a founding partner and consultant at Mockingbird Partners Consulting Group, LLC, a marketing communications and investor relations consulting firm. During his time with Mockingbird Partners, Mr. Salisbury performed marketing functions on behalf of various clients and performed investor relations consulting services for Streamline Health. Currently, Mr. Salisbury is on the board of directors of Decooda, Inc, a private, software-as-a-service start-up company. He also serves on the board of directors of Pink Ribbon Foundation, a breast cancer survivor non-profit. Mr. Salisbury received his bachelor's degree from Ohio Wesleyan University and his MBA from Goizueta Business School at Emory University.

## COMPENSATION DISCUSSION AND ANALYSIS

References in this Proxy Statement to our "named executive officers" refer to our President and Chief Executive Officer (principal executive officer), Chief Financial Officer (principal financial officer) and the three most highly compensated executive officers other than the principal executive officer and principal financial officer who were serving as executive officers at the end of the last completed fiscal year. We have included both David W. Sides and Robert E. Watson as named executive officers since both served as President and Chief Executive Officer in fiscal year 2014. Our named executive officers for fiscal year 2014 are:

David W. Sides, President and Chief Executive Officer;

Nicholas A. Meeks, Senior Vice President and Chief Financial Officer;

Jack W. Kennedy Jr., Senior Vice President and Chief Legal Counsel;

Lois E. Rickard, Senior Vice President and Chief People Officer;

Randolph W. Salisbury, Senior Vice President and Chief Marketing Officer; and

Robert E. Watson, former President and Chief Executive Officer.

### Executive Summary

The Compensation Committee has a conservative pay-for-performance compensation philosophy and endeavors to have executive compensation practices that align executive pay with company performance. In fiscal year 2014, the Compensation Committee took the following actions with respect to the executive compensation program:

Made only modest increases to base salaries;

Continued to consider adjusted EBITDA and revenue as financial measures for executive bonuses; and

Continued to award stock options in order to align the interests of our executives with those of our stockholders and provide appropriate performance and retention incentives.

Streamline Health's financial performance in fiscal year 2014 did not meet the company's goals. As a result, the Compensation Committee did not award bonuses to the company's executives. The Compensation Committee believes this demonstrates strong alignment between executive pay and company performance.

During fiscal year 2014, Streamline Health also underwent a leadership transition, whereby David W. Sides was promoted from Executive Vice President and Chief Operating Officer to President and Chief Executive Officer. Mr. Watson resigned as President and Chief Executive Officer on January 8, 2015. In connection with Mr. Watson's departure, we entered into a separation and release agreement with him. For additional information regarding this agreement, see below under " Employment Agreements and Arrangements." Based on the objective of aligning pay and performance and the desire to induce Mr. Sides to accept the promotion, in January 2015 the Compensation Committee approved the following compensation arrangement for Mr. Sides:

A base salary of \$300,000;

A target bonus opportunity equal to 65% of base salary; and

A one-time award of a stock option to purchase 50,000 shares of the company's common stock, one half vesting on the one-year anniversary of the grant date and the other half vesting at the rate of one-twelfth on each of the 13 through 24 month anniversaries of the grant date.



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In fiscal year 2015, the Compensation Committee will consider the following factors, among others, in making executive compensation decisions:

The company has a new President and Chief Executive Officer who is working with the Compensation Committee to evaluate and make appropriate adjustments to Streamline Health's strategy, organization, and compensation arrangements;

The company has a limited number of shares available for grant under its stockholder-approved equity incentive plan; and

The Compensation Committee recently retained Pearl Meyer & Partners ("Pearl Meyer") as an independent compensation consultant to provide market data regarding competitive compensation for the company's executive officers.

Based on these and other factors, the Compensation Committee has recently made the following decisions with respect to the company's executive compensation in fiscal year 2015:

The base salaries and target cash bonus amounts for certain executive officers have been modestly increased; and

Shares of restricted stock and additional stock options have been granted to certain executive officers.

### **Compensation Philosophy**

The Compensation Committee believes that executive compensation should be conservative and (i) provide an incentive for Streamline Health's executives to achieve the company's goals, (ii) reward executives with equity interests in the company and align the interests of executives with stockholder interests to enhance stockholder value and (iii) attract and retain key executives critical to Streamline Health's long-term success. Under the oversight of the Compensation Committee, the company has developed and implemented a pay-for-performance executive compensation program that rewards senior management for the achievement of certain financial performance objectives. Streamline Health achieves the philosophies of pay-for-performance and alignment of executive compensation with stockholder value primarily by providing a substantial portion of each executive officer's total annual compensation through annual short-term cash bonus opportunities and grants of long-term equity, primarily in the form of stock options. We describe our fiscal year 2014 short-term incentive plan in greater detail below under " Cash Bonus Opportunity" and describe equity grants in more detail under " Long-Term Equity Incentive Compensation Stock Options and Restricted Stock."

To ensure that executive compensation is competitive with peer companies, the Compensation Committee retained Pearl Meyer as an independent compensation consultant to assist in evaluating executive officer compensation for the 2015 fiscal year. Pearl Meyer will provide external market data from peer companies and relevant compensation surveys, including data regarding base salaries, total cash compensation (salary plus target bonus), and total direct compensation (total cash compensation plus equity grant value). This data will be among many variables, including individual past and potential future performance and strategic importance of the named executive officer, considered by the Compensation Committee when making compensation decisions.

### **Say on Pay Results and Consideration of Stockholder Support**

At the annual meeting of stockholders on August 19, 2014, over 94% of the votes cast were in favor of the advisory vote to approve executive compensation. The Compensation Committee considered this positive result and concluded that the stockholders continue to support the compensation paid to our executive officers and the company's overall pay practices.

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In light of this support, the Compensation Committee decided to retain the core design of our executive compensation program for fiscal year 2014, with an emphasis on short and long-term incentive compensation that rewards our senior executives when they successfully implement our business plan and, in turn, deliver value for our stockholders.

The committee will continue to monitor best practices, future advisory votes on executive compensation and other stockholder feedback to guide it in evaluating the alignment of the company's executive compensation program with the interests of the company and its stockholders. The committee invites our stockholders to communicate any concerns or opinions on executive pay directly to the Board. Please refer to "Corporate Governance Corporate Governance Policies Communications with the Board of Directors" for information about communicating with the Board.

Based upon the preference expressed by our stockholders at the 2011 annual meeting, the Board has implemented an annual advisory vote on executive compensation. The next required vote on the frequency of stockholder votes on executive compensation is scheduled to occur at the 2017 annual meeting.

### Overview of Streamline Health's Executive Compensation

The Compensation Committee designed the company's compensation program to provide our executive officers with a combination of cash (salary and bonus) and long-term equity incentive compensation to align their interests with those of our stockholders. For fiscal year 2014, our executive officer compensation primarily consisted of the following components:

base salary;

cash bonus opportunity; and

long-term equity incentive awards.

Although the Compensation Committee has not established a policy or formula for the allocation of total compensation among these different elements of total executive officer compensation, the Compensation Committee endeavors to offer an appropriate mix among the different types of compensation:

to motivate executive officers to deliver superior short-term performance by providing conservative, but competitive, base salaries and cash bonus opportunities;

to align the interests of our executive officers with the long-term interests of the company's stockholders through the grant of equity incentive awards, primarily in the form of stock options; and

to provide an overall compensation package that is conservative, but competitive and, therefore, promotes executive recruitment and retention.

### The Compensation Committee Process

The Compensation Committee has the primary authority to determine Streamline Health's compensation philosophy and to establish compensation for the executive officers. In establishing executive officer compensation, the Compensation Committee uses its subjective evaluation of the executives' performance and responsibilities, the company's overall performance and the President and Chief Executive Officer's recommendations. The Compensation Committee has not historically used any compensation consultant in setting executive salaries, or in determining other components of executive compensation. Additionally, the Compensation Committee has not historically benchmarked the compensation of executive officers against compensation paid by other companies to their

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executives. However, the Compensation Committee recently engaged Pearl Meyer to assist in evaluating executive officer compensation in fiscal year 2015.

### **Management's Role in the Compensation-Setting Process**

Company management plays a significant role in the compensation-setting process. The most significant aspects of management's role are:

evaluating associate performance;

preparing information for Compensation Committee meetings;

establishing business performance targets and objectives;

providing information about the company's strategic objectives; and

recommending salary levels and equity awards.

From time to time, the Compensation Committee invites members of management, including Messrs. Sides, Meeks and Kennedy and Ms. Rickard, to attend all or a portion of its meetings. Typically, Mr. Sides reviews the performance of senior management and makes recommendations on compensation levels. Mr. Meeks assists the committee in setting performance targets and advising on accounting and tax matters. Mr. Kennedy advises the committee on legal matters and prepares documents for the committee's consideration. Ms. Rickard provides the committee with information regarding the company's compensation and benefits programs. In addition, all four of these officers answer questions posed by the committee.

In the past, the Compensation Committee has authorized the President and Chief Executive Officer to negotiate employment agreements with senior executive officers (other than himself). Typically, the negotiated employment agreements are subject to review and approval by the Compensation Committee. Also, in certain circumstances, the Compensation Committee may delegate to one or more of our officers the authority to grant awards, and to make other determinations under the 2013 Plan with respect to such awards, to persons who are not directors or officers subject to the provisions of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or the requirements of "covered employees" under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

### **Base Salary**

The Compensation Committee seeks to provide base salaries for our executive officers that provide guaranteed cash compensation in accordance with their experience, professional status and job responsibilities. Salaries for our named executive officers are generally provided for in their employment agreements, subject to review and adjustment by the Compensation Committee from time to time. The Compensation Committee has not historically retained a compensation consultant to assist it in determining appropriate compensation levels and has not engaged in any formal benchmarking processes. The Compensation Committee has instead relied on the general knowledge, experience and judgment of its members, both with regard to competitive compensation levels and the relative success that has been achieved by the company. In addition, the committee takes into account: years of service; level of experience; individual areas of responsibility; the annual rate of inflation; and the company's operating performance.

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The following table sets forth the base salaries for each of our named executive officers in effect as of January 31, 2015:

| Name                  | Base Salary |
|-----------------------|-------------|
| David W. Sides(1)     | \$ 300,000  |
| Nicholas A. Meeks     | \$ 225,000  |
| Jack W. Kennedy Jr.   | \$ 212,000  |
| Lois E. Rickard       | \$ 195,000  |
| Randolph W. Salisbury | \$ 200,000  |
| Robert E. Watson(2)   |             |

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- (1) Mr. Sides was the company's Executive Vice President and Chief Operating Officer until January 8, 2015 when he was promoted to President and Chief Executive Officer. Prior to that time, Mr. Sides's base salary was \$275,000.
- (2) Mr. Watson resigned as the company's President and Chief Executive Officer on January 8, 2015. At such time, Mr. Watson's base salary was \$325,000 per year.

### Benefits

Streamline Health offers a comprehensive package of employee retirement and welfare benefits (including group life insurance, health and dental care insurance, and long-term disability insurance), in which executive officers may participate on the same basis as other full-time associates.

Streamline Health currently sponsors a 401(k) Plan for all of our eligible associates. This plan (the "401(k) Plan") is a tax-qualified retirement plan designed to meet the requirements of Sections 401(a) and 401(k) of the Code. Under the 401(k) Plan, participants may elect to make pre-tax savings deferrals of from 1 percent to 60 percent of their compensation each year, subject to annual limits on such deferrals (e.g., \$17,500 in 2014) imposed by the Code. Participants age 50 and older also may elect to make certain catch-up contributions, subject to a separate annual limit on such contributions (e.g., \$5,500 in 2014) imposed by the Code. New participants automatically defer 6% of their compensation unless they make a contrary election. The company matches dollar for dollar the first 4% of each associate's income contributed to the 401(k) Plan, including those contributions made by the executive officers.

The company also offers the ESPP to encourage stock ownership by our associates, including our executive officers, at an approximate 15% discount to the market price. In fiscal year 2014, among the executive officers, Mr. Kennedy participated in the ESPP.

### Perquisites

Streamline Health offers limited perquisites to our executive officers. Prior to September 2014, the company provided the use of an automobile to each of Messrs. Meeks and Watson. The perquisites provided to each executive officer in fiscal year 2014 totaled less than \$10,000 and less than 10% of total annual salary and bonus reported for each executive officer.

**Cash Bonus Opportunity**

Each executive officer's employment agreement establishes a cash bonus target as a percentage of his or her base salary. The following table sets forth the target bonuses for each of our named executive officers in effect as of January 31, 2015.

| <b>Name</b>           | <b>Target Bonus</b> |
|-----------------------|---------------------|
| David W. Sides(1)     | 65%                 |
| Nicholas A. Meeks     | 40%                 |
| Jack W. Kennedy Jr.   | 30%                 |
| Lois E. Rickard       | 30%                 |
| Randolph W. Salisbury | 40%                 |
| Robert E. Watson(2)   |                     |

(1) Mr. Sides was the company's Executive Vice President and Chief Operating Officer until January 8, 2015. Prior to that time, Mr. Sides's target bonus opportunity was 65% of his base salary.

(2) Mr. Watson resigned as the company's President and Chief Executive Officer on January 8, 2015. At such time, Mr. Watson's target bonus opportunity was 65% of his base salary.

The Compensation Committee believes that cash bonuses should be contingent on performance relative to pre-established targets and objectives. Each cash bonus is determined based on whether these pre-established performance goals are met, upon which, the executives would be eligible to receive a bonus in an amount determined by the Compensation Committee, although the Compensation Committee may elect not to award such bonuses. In addition, if the adjusted EBITDA target is met and target incentive bonuses are earned, executives may be awarded additional incentive bonuses at the discretion of the Compensation Committee. For the named executive officers to have been eligible for the cash bonus for fiscal year 2014, the company was required to meet financial targets based on an adjusted EBITDA target of \$9.6 million, as determined through an internal planning process. We calculate adjusted EBITDA as net earnings (loss) plus interest expense, tax expense, depreciation and amortization expense of tangible and intangible assets, stock-based compensation expense, significant non-recurring operating expenses, and transaction-related expenses, including: gains and losses on debt and equity conversions, associate severances and related restructuring expenses, associate inducements, and professional and advisory fees. In awarding any additional cash bonus amounts above target amounts, the Compensation Committee would consider extraordinary company financial performance, as well as personal performance involving executive leadership.

The Compensation Committee determined that the objective financial goals were not achieved for fiscal year 2014, and as a result, no cash bonuses were awarded and executives were not eligible for incentive bonuses. In awarding cash bonuses to executive officers for the fiscal year ending January 31, 2016, the Compensation Committee will consider multiple potential performance criteria including sales, adjusted EBITDA and revenue targets, as well as successful completion of certain aspects of the company's strategic objectives. In addition, as noted above, the Compensation Committee retained Pearl Meyer as an independent compensation consultant, which will review the company's bonus program for its executive officers.

**Long-Term Equity Incentive Compensation Stock Options and Restricted Stock**

Streamline Health currently grants equity awards under the 2013 Plan. On August 19, 2014, our stockholders approved an amendment to the 2013 Plan to, among other things, increase the number of

available shares under the plan by 1,600,000 shares. Awards can be granted under the 2013 Plan until May 31, 2023 or the earlier termination of the 2013 Plan by the Board. The 2013 Plan permits the grant of stock options (both incentive stock options and non-qualified stock options), stock appreciation rights, restricted stock, restricted stock units, and other incentive awards. As of January 31, 2015, there were 1,422,750 shares available for grant under the 2013 Plan.

In fiscal year 2014, long-term incentive compensation to key personnel, including the company's named executive officers, was comprised entirely of stock options. The stock options awarded last year vest ratably over a three year period from the date of grant. The Compensation Committee believes that its fiscal year 2014 approach to long-term incentive compensation, i.e., awarding stock options, provided the appropriate long-term incentives from both executive retention and pay-for-performance perspectives. Because an officer will benefit from a stock option award only to the extent the company's stock price appreciates above the exercise price of the stock option, stock options align the interests of management with those of stockholders and ensure that management achieves gains only to the extent that the company's share value appreciates. The Compensation Committee believes that the granting of stock option awards supports the executive retention goal.

Streamline Health has historically granted stock options to executive officers upon the commencement of their employment with the company. In addition, from time to time, the Compensation Committee has considered and approved additional grants to certain associates of the company, including the executive officers, where circumstances make such grants appropriate to the company's incentive and retention goals. In approving equity grants during fiscal year 2014, the Compensation Committee considered a number of factors, including the number of shares available for grant under the 2013 Plan, the grant rate over certain periods (as a percentage of shares of common stock), the amount of restricted stock and stock options to be granted, the performance of the named executive officer and his or her role, the impact of specific grants on the total compensation of the named executive officer, and the aggregate retention strength of all unvested equity held by such named executive officer and other key personnel. During fiscal year 2014, the Compensation Committee approved grants of equity incentive awards to certain of our associates, including the following equity grants to our named executive officers:

*David W. Sides President and Chief Executive Officer.* On September 10, 2014, in connection with his appointment as Executive Vice President and Chief Operating Officer of the company, Mr. Sides was granted an option to purchase 250,000 shares of the company's common stock at \$4.15 per share, such options vesting in 36 substantially equal monthly installments commencing on October 10, 2014, subject to Mr. Sides's continued employment over such period. On such date, Mr. Sides also was granted an option to purchase 100,000 shares of the company's common stock at \$4.565 per share, such options vesting in five substantially equal annual installments commencing on September 10, 2015, subject to Mr. Sides's continued employment over such period. On January 8, 2015, in connection with Mr. Sides's promotion to President and Chief Executive Officer of the company, Mr. Sides was granted an option to purchase 50,000 shares of the company's common stock at \$4.28 per share, such options vesting as follows: (1) one half vesting on January 8, 2016 and (2) the other half vesting at the rate of one-twelfth on each of the one-month anniversaries of January 8, 2016, in each case subject to Mr. Sides's continued employment over such period.

*Nicholas A. Meeks Senior Vice President and Chief Financial Officer.* On March 6, 2014, Mr. Meeks was granted an option to purchase 22,500 shares of the company's common stock at \$5.50 per share, such options vesting in 36 substantially equal monthly installments commencing on April 6, 2014, subject to Mr. Meeks's continued employment with the company over such period.

*Jack W. Kennedy Jr. Senior Vice President and Chief Legal Counsel.* On October 15, 2014, Mr. Kennedy was granted an option to purchase 50,000 shares of the company's common stock at \$3.54 per share, such options vesting in 36 substantially equal monthly installments commencing on

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November 15, 2014, subject to Mr. Kennedy's continued employment with the company over such period.

*Lois E. Rickard Senior Vice President and Chief People Officer.* On March 6, 2014, in connection with Ms. Rickard's appointment as Senior Vice President and Chief People Officer of the company, Ms. Rickard was granted an option to purchase 75,000 shares of the company's common stock at \$5.50 per share, such options vesting in 36 substantially equal monthly installments commencing on April 6, 2014, subject to Ms. Rickard's continued employment with the company.

*Randolph W. Salisbury Senior Vice President and Chief Marketing Officer.* On February 3, 2014, in connection with his appointment as Senior Vice President and Chief Marketing Officer of the company, Mr. Salisbury was granted an option to purchase 125,000 shares of the company's common stock at \$6.14 per share, such options vesting in 36 substantially equal monthly installments commencing on March 3, 2014, subject to Mr. Salisbury's continued employment with the company.

*Robert E. Watson Former President and Chief Executive Officer.* On March 5, 2014, Mr. Watson was granted an option to purchase 50,000 shares of the company's common stock at \$5.68 per share, such options vesting in 36 substantially equal monthly installments commencing on April 5, 2014, subject to Mr. Watson's continued employment with the company over such period. On January 8, 2015, in connection with Mr. Watson's resignation as President and Chief Executive Officer and his agreement to provide consulting services to the company, Mr. Watson received a grant of 59,244 shares of restricted stock of the company, vesting in six equal installments on each of the following six month anniversaries of the grant date.

### **Risk Considerations in our Compensation Program**

The Compensation Committee generally structures the compensation of the executive officers to consist of both fixed and variable compensation. The fixed (or base salary) portion of compensation is designed to provide a steady income so executives do not feel pressured to focus exclusively on short-term gains or annual stock price performance, which may be to the detriment of long-term appreciation and other business metrics. The variable portion of compensation (e.g., cash bonuses, restricted stock, and stock option awards) is designed to reward both individual performance and overall company performance. For individual and company performance, any cash bonuses are determined by the Compensation Committee. Stock options will reward the recipient only if improved overall company performance is reflected in the stock price. Similarly, restricted stock grants further reward the recipient if overall company performance is reflected in the public stock price. The Compensation Committee believes that the variable components of compensation are sufficient to motivate executive officers to produce short-term and long-term company results, while the fixed element is also sufficient such that executives are not encouraged to take unnecessary or excessive risks in doing so.

### **Employment Agreements and Arrangements**

Streamline Health has entered into employment agreements with each of Messrs. Sides, Kennedy, Meeks, and Salisbury and Ms. Rickard, and in January 2015, the company entered into a separation and release agreement with Mr. Watson. We describe each of these agreements in more detail below.

On September 10, 2014, the company entered into an employment agreement with Mr. Sides, when he was appointed Executive Vice President and Chief Operating Officer of the company. On January 8, 2015, the company entered into an amendment to Mr. Sides's employment agreement in connection with his appointment as President and Chief Executive Officer. The term of Mr. Sides's employment agreement is two years, after which the agreement would automatically renew for successive one-year terms unless either party elects not to renew. Mr. Sides's employment agreement

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provides for an annual base salary of \$300,000 (subject to increase at the discretion of the Compensation Committee) and provides that Mr. Sides will be eligible for an annual cash bonus with a target amount of 65% of his annual base salary, based on the achievement of certain performance objectives. In accordance with the terms of his employment agreement upon joining the company, and the amendment upon his appointment as President and Chief Executive Officer, we granted Mr. Sides stock options as discussed above under " Long-Term Equity Incentive Compensation Stock Options and Restricted Stock." In addition, Mr. Sides's employment agreement contains standard non-competition and non-solicitation provisions. Mr. Sides's employment agreement further provides for standard expense reimbursement, vacation time, and other standard executive benefits.

On May 22, 2013, the company entered into an employment agreement with Mr. Meeks when he was appointed Senior Vice President and Chief Financial Officer of the company. The term of Mr. Meeks's employment agreement was one year, after which it renews for successive one-year terms. As amended, Mr. Meeks's employment agreement provides for an annual base salary of \$225,000 (subject to increase at the discretion of the Compensation Committee) and provides that Mr. Meeks will be eligible for an annual cash bonus with a target amount of 40% of his annual base salary, based on the achievement of certain performance objectives. In addition, Mr. Meeks's employment agreement contains standard non-competition and non-solicitation provisions. Mr. Meeks's employment agreement further provides for standard expense reimbursement, vacation time, and other standard executive benefits.

On September 30, 2013, the company entered into an employment agreement with Mr. Kennedy in connection with his appointment as Senior Vice President and Chief Legal Counsel of the company. The term of Mr. Kennedy's employment agreement was one year, after which it renews for successive one-year terms. As amended, Mr. Kennedy's employment agreement provides for an annual base salary of \$212,000 (subject to increase at the discretion of the Compensation Committee) and provides that Mr. Kennedy will be eligible for an annual cash bonus with a target amount of 30% of his annual base salary, based on the achievement of certain performance objectives. In addition, Mr. Kennedy's employment agreement contains standard non-competition and non-solicitation provisions. Mr. Kennedy's employment agreement further provides for standard expense reimbursement, vacation time, and other standard executive benefits.

On March 6, 2014, the company entered into an employment agreement with Ms. Rickard when she was appointed Senior Vice President and Chief People Officer of the company. The term of Ms. Rickard's employment agreement was one year, after which it renews for successive one-year terms. As amended, Ms. Rickard's employment agreement provides for an annual base salary of \$210,000 (subject to increase at the discretion of the Compensation Committee) and provides that Ms. Rickard will be eligible for an annual cash bonus with a target amount of 30% of her annual base salary, based on the achievement of certain performance objectives. In addition, Ms. Rickard's employment agreement contains standard non-competition and non-solicitation provisions. Ms. Rickard's employment agreement further provides for standard expense reimbursement, vacation time, and other standard executive benefits.

On February 3, 2014, the company entered into an employment agreement with Mr. Salisbury when he was appointed Senior Vice President and Chief Marketing Officer of the company. The term of Mr. Salisbury's employment agreement was one year, after which it renews for successive one-year terms. As amended, Mr. Salisbury's employment agreement provides for an annual base salary of \$200,000 (subject to increase at the discretion of the Compensation Committee) and provides that Mr. Salisbury will be eligible for an annual cash bonus with a target amount of 40% of his annual base salary, based on the achievement of certain performance objectives. In addition, Mr. Salisbury's employment agreement contains standard non-competition and non-solicitation provisions. Mr. Salisbury's employment agreement further provides for standard expense reimbursement, vacation time, and other standard executive benefits.



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Each of the employment agreements with Streamline Health's named executive officers provides assurances to the company with regard to the availability of the executive's services, provides protection for the company's confidential information and trade secrets, and restricts the ability of the executive officers to compete with the company during their employment and for a specified period after its termination. In return, the executive officers are provided assurances with regard to salary, other compensation and benefits, as well as severance benefits if their employment is terminated by the company other than for "good cause." For this purpose, "good cause" includes the current use of illegal drugs, conviction of any crime which involves moral turpitude, fraud or misrepresentation, commission of any act which would constitute a felony and which adversely impacts the business or reputation of the company, fraud, misappropriation or embezzlement of company funds or property; wrongful conduct which is materially injurious to the reputation, business or business relationships of the company; material violation or default on any of the provisions of the employment agreement, and the material and continuous failure to meet reasonable performance criteria or reasonable standards of conduct as established from time to time by the board of directors. See "Executive Compensation Potential Payments upon Termination or Change of Control" below for more information regarding severance payments payable to our named executive officers in the event of the termination of their employment.

In addition, each of our named executive officers is provided additional assurances following a change of control of the company. In such a situation, they would receive enhanced severance benefits, but only if their employment were terminated without "good cause" or if they chose to terminate their employment for "good reason." This additional "double trigger" change of control protection has been provided to our named executive officers because they are considered vulnerable in a change of control context due to their positions with the company, their relative levels of equity ownership and the stage of their careers.

On January 8, 2015, we entered into a separation and release agreement with Mr. Watson in connection with his resignation and the termination of his employment agreement, effective on January 8, 2015. The separation and release agreement provided that, in exchange for certain transition services to be provided to the company by Mr. Watson, the company would make a lump sum payment to Mr. Watson of \$200,000 upon the expiration of the revocation period for a release of all claims by Mr. Watson. The separation and release agreement also provided that (i) Mr. Watson's outstanding unvested stock options will continue to vest in accordance with their terms through May 27, 2015 and (ii) all outstanding stock options will expire six months following the later of (x) the last day on which he provides transition services to the company and (y) May 27, 2015. In addition, Mr. Watson was granted 59,244 shares of restricted stock of the company, which vest in six equal monthly installments from the grant date of January 8, 2015. As a condition to the receipt of the payments and other benefits provided in the separation and release agreement, Mr. Watson entered into a customary release agreement with the company.

### **Executive Stock Ownership Guidelines**

Streamline Health has not adopted any stock ownership guidelines for executives. Executives are eligible to participate in the ESPP, which allows participants to purchase the company's common stock at an approximate 15% discount to the market price.

### **Stock Holding Periods**

Streamline Health does not have any stock holding period requirements for executive officers beyond option exercise or restricted stock vesting.

**Recoupment Policy**

Streamline Health has not adopted a separate recoupment or "clawback" policy in the event of a financial restatement, but intends to do so once the SEC finalizes the rules on this matter required by the Dodd-Frank Act.

**Income Deduction Limitations**

Section 162(m) of the Code generally sets a limit of \$1 million on the amount of compensation that the company may deduct for federal income tax purposes in any given year with respect to the compensation of each of our named executive officers. However, certain "performance-based" compensation that complies with the requirements of Section 162(m) is not included in the calculation of the \$1 million cap. The Compensation Committee may consider Section 162(m)'s conditions for deductibility when structuring compensation arrangements for its officers, including the named executive officers. However, we believe that the Compensation Committee needs flexibility to pursue its incentive and retention objectives, even if this means that a portion of executive compensation may not be deductible by the company. Accordingly, the Compensation Committee may approve elements of compensation for certain officers that are not fully deductible under appropriate circumstances.

**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed the "Compensation Discussion and Analysis" section of this Proxy Statement with management and, based on such review and discussion, the Compensation Committee recommends to the board of directors that it be included in this Proxy Statement.

COMPENSATION COMMITTEE

Andrew L. Turner, *Chairman*  
Allen S. Moseley  
Judith E. Starkey  
Edward J. VonderBrink

29

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## EXECUTIVE COMPENSATION

## Summary Compensation

The following table is a summary of certain information concerning the compensation earned by our named executive officers for the fiscal years presented. Each of our current named executive officers has an employment agreement that influences or defines certain of the elements of compensation shown below. For a description of the material terms of these employment agreements, see "Compensation Discussion and Analysis Employment Agreements and Arrangements."

Summary Compensation Table

| Name and Principal Position   | Year | Salary(1)<br>(\$) | Bonus<br>(\$) | Option<br>Awards(2)<br>(\$) | All Other<br>Compensation(3)<br>(\$) | Total<br>(\$) |
|---|------|-------------------|---------------|-----------------------------|--------------------------------------|---------------|
| David W. Sides(4)<br>President and Chief Executive<br>Officer                 | 2014 | 109,054           | 0             | 974,600                     | 3,676                                | 1,087,330     |
| Nicholas A. Meeks(5)<br>Senior Vice President and Chief<br>Financial Officer  | 2014 | 216,667           | 0             | 71,099                      | 10,984                               | 298,750       |
| Jack W. Kennedy Jr.<br>Senior Vice President and Chief<br>Legal Counsel       | 2013 | 183,147           | 46,177        | 300,900                     | 11,226                               | 541,450       |
| Lois E. Rickard(6)<br>Senior Vice President and Chief<br>People Officer       | 2014 | 203,500           | 0             | 102,772                     | 8,713                                | 314,985       |
| Randolph W. Salisbury<br>Senior Vice President and Chief<br>Marketing Officer | 2014 | 178,750           | 0             | 236,996                     | 6,500                                | 422,246       |
| Robert E. Watson(7)<br>Former President and Chief<br>Executive Officer        | 2014 | 200,000           | 0             | 463,776                     | 333                                  | 664,109       |
|   | 2013 | 305,417           | 0             | 163,194                     | 463,918(7)                           | 932,529       |
|   | 2012 | 325,000           | 118,250       | 307,548                     | 15,139                               | 765,937       |
|   | 2012 | 275,000           | 200,000       | 32,618                      | 15,204                               | 522,822       |

(1) Includes amounts contributed by the named executive officers to our 401(k) Plan.

(2) The amounts included in the table above reflect the total grant date fair value and were determined in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718. The assumptions used in determining the grant date fair values of these awards are set forth in the footnotes to our consolidated financial statements, which are included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2015 filed with the SEC.

(3) Includes our matching contribution to the 401(k) Plan equal to a 100% match on the first 4% of the employee's compensation which is available to all employees who participate in the plan. Excludes group life insurance, health care insurance, ESPP discounts, long-term disability insurance and similar benefits provided to all employees that do not discriminate in scope, terms or operations in favor of the named executive officers. Also excludes perquisites and other personal benefits, the aggregate amount of which with respect to each of the named executive officers does not exceed \$10,000 reported for the fiscal years presented.

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- (4) Mr. Sides joined Streamline Health on September 10, 2014 as Senior Vice President and Chief Operating Officer. He served in that role until January 8, 2015 when he was promoted to President and Chief Executive Officer.
- (5) Mr. Meeks became our Senior Vice President and Chief Financial Officer effective May 22, 2013. Mr. Meeks previously was Vice President of Financial Planning.
- (6) Ms. Rickard joined Streamline Health on March 3, 2014.
- (7) Mr. Watson resigned as President and Chief Executive Officer effective January 8, 2015. In connection with Mr. Watson's separation, Streamline Health and Mr. Watson entered into a separation and release agreement, pursuant to which Mr. Watson agreed to provide transition and advisory services to the company until July 8, 2015 in exchange for (i) a lump sum payment of \$200,000 and (ii) a grant of 59,244 shares of restricted stock, which vest in six equal monthly installments from the grant date.

**Equity Compensation Information**

The following table presents information concerning plan-based awards granted to each of the named executive officers during the fiscal year ended January 31, 2015.

| Name                  | Grant Date | Estimated Future Payouts Under Equity Incentive Plan Awards |            |             | All Other Option Awards: Number of Securities Underlying Options (#) | Exercise or Base Price of Option Awards (\$/Sh) | Grant Date Fair Value of Stock and Option Awards (\$) |
|-----------------------|------------|---|------------|-------------|--|---|---|
|                       |            | Threshold (#)   | Target (#) | Maximum (#) |  |   |   |
| David W. Sides        | 9/10/2014  |   |            |             | 100,000(1)   | 4.565   | 244,226   |
|                       | 9/10/2014  | 250,000   | 250,000    | 250,000     |  | 4.15  | 610,566   |
|                       | 1/8/2015   | 50,000  | 50,000     | 50,000      |  | 4.28  | 119,808   |
| Nicholas A. Meeks     | 3/6/2014   | 22,500  | 22,500     | 22,500      |  | 5.50  | 71,099  |
| Jack W. Kennedy Jr.   | 10/15/2014 | 50,000  | 50,000     | 50,000      |  | 3.54  | 102,772   |
| Lois E. Rickard       | 3/6/2014   |   |            |             | 75,000(1)  | 5.50  | 236,996   |
| Randolph W. Salisbury | 2/3/2014   |   |            |             | 125,000(1)   | 6.14  | 463,776   |
| Robert E. Watson      | 3/7/2014   | 50,000  | 50,000     | 50,000      |  | 5.68  | 163,194   |
|                       | 1/8/2015   | 59,244  | 59,244     | 59,244      |  | 4.28  | 253,564   |

- (1) Stock options granted under inducement grants in accordance with NASDAQ Marketplace Rule 5635(c)(4).

## Outstanding Equity Awards at 2014 Fiscal Year End

The following table sets forth information with respect to the named executive officers equity awards outstanding as of January 31, 2015.

| Name                  | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Option Exercise Price (\$) | Option Expiration Date | Equity Incentive Plan Awards: Number of Unearned Shares that Have Not Vested (#) | Equity Incentive Plan Awards: Market Value of Unearned Shares that Have Not Vested (\$) |
|-----------------------|---|---|----------------------------|------------------------|--|---|
| David W. Sides        | 27,778  | 222,222(1)  | 4.15                       | 9/10/2024              |  |   |
|                       | 0   | 100,000(2)  | 4.565                      | 9/10/2024              |  |   |
|                       | 0   | 50,000(3)   | 4.28                       | 1/7/2025               |  |   |
| Nicholas A. Meeks     | 36,666  | 18,334(4)   | 3.46                       | 6/25/2022              |  |   |
|                       | 55,556  | 44,444(5)   | 6.65                       | 5/22/2023              |  |   |
|                       | 6,250   | 16,250(6)   | 5.50                       | 3/6/2024               |  |   |
| Jack W. Kennedy Jr.   | 25,000  | 50,000(7)   | 7.60                       | 9/30/2023              |  |   |
|                       | 4,167   | 45,833(8)   | 3.54                       | 10/15/2024             |  |   |
| Lois E. Rickard       | 20,833  | 54,167(9)   | 5.50                       | 3/6/2024               |  |   |
| Randolph W. Salisbury | 38,194  | 86,806(10)  | 6.14                       | 2/3/2024               |  |   |
|                       | 24,167  | 5,833(11)   | 4.00                       | 8/15/2022              |  |   |
| Robert E. Watson      | 58,333  | 41,667(12)  | 6.90                       |                        | (12)   |   |
|                       | 250,000   | 0(13)   | 2.00                       |                        | (12)   |   |
|                       | 120,000   | 30,000(12)  | 3.00                       |                        | (12)   |   |
|                       | 45,833  | 4,167(12)   | 2.00                       |                        | (12)   |   |
|                       | 13,889  | 36,111(12)  | 5.68                       |                        | (12)   |   |
|                       |   |   |                            |                        | 59,244(12)   | 238,161   |

- (1) These options vest ratably monthly from the grant date of September 10, 2014 until they are fully vested on September 10, 2017.
- (2) These options vest ratably annually from the grant date of September 10, 2014 until they are fully vested on September 10, 2017.
- (3) These options vest as follows: (i) one half vests in full on January 8, 2016 and (ii) the other half vests in 12 equal monthly installments after January 8, 2016.
- (4) These options vest ratably monthly from the grant date of June 25, 2012 until they are fully vested on June 25, 2015.
- (5) These options vest ratably monthly from the grant date of May 22, 2013 until they are fully vested on May 22, 2016.
- (6) These options vest ratably monthly from the grant date of March 6, 2014 until they are fully vested on March 6, 2017.
- (7) These options vest ratably monthly from the grant date of September 30, 2013 until they are fully vested on September 30, 2016.
- (8)

These options vest ratably monthly from the grant date of October 15, 2014 until they are fully vested on October 15, 2017.

- (9) These options vest ratably monthly from the grant date of March 6, 2014 until they are fully vested on March 6, 2017.
- (10) These options vest ratably monthly from the grant date of February 3, 2014 until they are fully vested on February 3, 2017.
- (11) These options vest ratably monthly from the grant date of September 15, 2012 until they are fully vested on August 15, 2015.
- (12) On January 8, 2015, we entered into a separation and release agreement with Mr. Watson in connection with his resignation and the termination of his employment agreement. The separation and release agreement provided that, in exchange for certain transition services to be provided to the company by Mr. Watson, the company would make a lump sum payment to Mr. Watson of \$200,000 upon the expiration of the revocation period for a release of all claims by Mr. Watson. The separation and release agreement also provided that (i) Mr. Watson's outstanding unvested stock options will continue to vest in accordance with their terms through May 27, 2015 and (ii) all outstanding stock options will expire six months following the later of (x) the last day on which he provides transition services to the company and (y) May 27, 2015. In addition, Mr. Watson was granted 59,244 shares of restricted stock of the company, which vest in six equal monthly installments from the grant date of January 8, 2015.
- (13) These options vested in full on January 31, 2014.

#### **Option Exercises and Stock Vested in 2014 Fiscal Year**

No shares of our common stock were acquired by any named executive officer on exercise of outstanding option awards in fiscal year 2014. The named executive officers did not have any restricted stock vest in fiscal year 2014.

#### **Equity Compensation Plan Information**

We maintain the 2013 Plan, pursuant to which we may grant awards of stock options, stock appreciation rights, restricted awards, performance awards, phantom stock awards and other stock-based awards. We also maintain the ESPP, which allows employees to purchase the company's common stock at an approximate 15% discount to the market price.

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The following table presents additional information regarding securities authorized for issuance under our equity compensation plans as of January 31, 2015:

| Plan category   | Number of securities to be issued upon exercise of outstanding options, warrants, and rights<br>(a) | Weighted-average exercise price of outstanding options, warrants, and rights<br>(b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))<br>(c) |
|---|---|---|--|
| <b>Equity compensation plans approved by security holders</b>     | 1,748,823(1)  | \$ 4.83   | 1,498,994(3)   |
| <b>Equity compensation plans not approved by security holders</b> | 700,000(2)  | \$ 3.70   | (4)  |
| <b>Total</b>  | 2,448,823(1)(2)   | \$ 3.83   | 1,498,994  |

(1) Includes 1,748,823 options exercisable under the 2005 Plan and the 2013 Plan. Does not include outstanding shares of previously awarded restricted stock.

(2) Stock options granted under inducement grants in accordance with NASDAQ Marketplace Rule 5635(c)(4). The terms and conditions of each inducement grant are similar to the terms and conditions of the stockholder-approved equity compensation plan in effect on the date of such inducement grant.

(3) Includes 1,422,750 options or other share-based awards available under the 2013 Plan and 76,244 shares available under the ESPP as of January 31, 2015.

(4) Our board of directors has not established any specific number of shares that could be issued without stockholder approval. Inducement grants to new key employees are determined on a case-by-case basis. Other than possible inducement grants, we expect that all equity awards will be made under stockholder-approved plans.

### Potential Payments upon Termination or Change of Control

As described under "Compensation Discussion and Analysis Employment Agreements and Arrangements," we have entered into employment agreements with each of our current named executive officers. The agreements provide for certain payments and other benefits if a named executive officer's employment with the company is terminated under circumstances specified in his or her respective agreement.

On January 8, 2015, we entered into a separation and release agreement with Mr. Watson in connection with his resignation and the termination of his employment agreement. The separation and release agreement provided that (i) Mr. Watson's outstanding unvested stock options will continue to vest in accordance with their terms through May 27, 2015 and (ii) all outstanding stock options will expire six months following the later of (x) the last day on which he provides transition services to the company and (y) May 27, 2015. In addition, the company paid Mr. Watson \$200,000 and awarded him 59,244 shares of restricted stock of the company, which vest in six equal monthly installments from the grant date of January 8, 2015. As a condition to the receipt of the payments and other benefits provided in the separation and release agreement, Mr. Watson entered into a customary release agreement with the company.

The following table quantifies the payments and benefits that each named executive officer, other than Mr. Watson, would receive assuming his or her respective employment were terminated, or upon a



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change of control, on the last day of our most recently completed fiscal year, January 31, 2015, for the reason set forth in each of the columns.

|   | Termination Due to Disability or Death | Termination Without Cause or With Good Reason | Termination With Cause or Without Good Reason | Change of Control(1) |
|---|--|---|---|----------------------|
| <b>David W. Sides</b>                           |  |   |   |                      |
| Salary  | (2)                                    | 300,000(3)                                    | (2)   |                      |
| Bonus   |  | \$ 195,000(3)                                 |   |                      |
| Value of acceleration of unvested equity awards |  |   |   |                      |
| Health and welfare benefits                     |  | \$ 8,901(4)                                   |   |                      |
| Total   |  | \$ 503,901                                    |   |                      |
| <b>Nicholas A. Meeks</b>                        |  |   |   |                      |
| Salary  | (2)                                    | 112,500(5)                                    | (2)   |                      |
| Bonus   |  | 45,000(5)                                     |   |                      |
| Value of acceleration of unvested equity awards |  |   |   | \$ 10,267(6)         |
| Health and welfare benefits                     |  |   |   |                      |
| Total   |  | \$ 157,500                                    |   | \$ 10,267            |
| <b>Jack W. Kennedy Jr.</b>                      |  |   |   |                      |
| Salary  | (2)                                    | 106,000(7)                                    | (2)   |                      |
| Bonus   |  |   |   |                      |
| Value of acceleration of unvested equity awards |  |   |   | \$ 22,000(6)         |
| Health and welfare benefits                     |  | \$ 7,363(8)                                   |   |                      |
| Total   |  | \$ 113,363                                    |   | \$ 22,000            |
| <b>Lois E. Rickard</b>                          |  |   |   |                      |
| Salary  | (2)                                    | 97,500(9)                                     | (2)   |                      |
| Bonus   |  |   |   |                      |
| Value of acceleration of unvested equity awards |  |   |   |                      |
| Health and welfare benefits                     |  | \$ 4,164(10)                                  |   |                      |
| Total   |  | \$ 101,664                                    |   |                      |
| <b>Randolph W. Salisbury</b>                    |  |   |   |                      |
| Salary  | (2)                                    | 100,000(11)                                   | (2)   |                      |
| Bonus   |  |   |   |                      |
| Value of acceleration of unvested equity awards |  |   |   | \$ 117(6)            |
| Health and welfare benefits                     |  |   |   |                      |
| Total   |  | \$ 100,000                                    |   | \$ 117               |

- (1) Assumes that the named executive officer is not terminated in connection with the change of control. If the named executive officer is terminated in connection with a change of control, the termination may qualify as a termination without cause or with good reason.
- (2) The named executive officer is entitled to any salary earned up until the termination of employment.
- (3) Represents 100% of the aggregate of Mr. Sides's annual base salary and his 2014 target bonus. Requires that he (i) sign a previously-agreed form of release, (ii) is not in default of his obligation to maintain our confidential information for two years following the termination of his employment, and (iii) is not in default of his covenant not to solicit our customers and employees and his covenant not to compete against the company for two years following the termination of his employment.

- (4) Represents the cost of providing medical and dental insurance benefits to Mr. Sides for a period of nine months following the termination of his employment.
- (5) Represents 50% of the aggregate of Mr. Meeks's annual base salary and his 2014 target bonus. Requires that he (i) sign a previously-agreed form of release, (ii) is not in default of his obligation to maintain our confidential information for two years following the termination of his employment, and (iii) is not

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in default of his covenant not to solicit our customers and employees and his covenant not to compete against the company for two years following the termination of his employment.

- (6) Represents the immediate vesting of all in-the-money stock options held by the named executive officer as of January 31, 2015. The value of the shares of common stock was based on the closing price of the company's common stock on the last trading day of the last completed fiscal year, which was \$4.02.
- (7) Represents six months of Mr. Kennedy's base salary. Requires that he (i) sign a previously-agreed form of release, (ii) is not in default of his obligation to maintain our confidential information for two years following the termination of his employment, and (iii) is not in default of his covenant not to solicit our customers and employees and his covenant not to compete against the company for two years following the termination of his employment.
- (8) Represents the cost of providing medical and dental insurance benefits to Mr. Kennedy for a period of six months following the termination of his employment.
- (9) Represents six months of Ms. Rickard's base salary. Requires that she (i) sign a previously-agreed form of release, (ii) is not in default of her obligation to maintain our confidential information for two years following the termination of her employment, and (iii) is not in default of her covenant not to solicit our customers and employees and her covenant not to compete against the company for two years following the termination of her employment.
- (10) Represents the cost of providing medical and dental insurance benefits to Ms. Rickard for a period of six months following the termination of her employment.
- (11) Represents six months of Mr. Salisbury's base salary. Requires that he (i) sign a previously-agreed form of release, (ii) is not in default of his obligation to maintain our confidential information for two years following the termination of his employment, and (iii) is not in default of his covenant not to solicit our customers and employees and his covenant not to compete against the company for two years following the termination of his employment.

**DIRECTOR COMPENSATION**

For the 2014 fiscal year, we paid each of our non-employee directors an annual retainer of \$10,000, other than our Chairman of the Board who we paid an annual retainer of \$35,000. In addition, committee chairmen were paid an additional retainer of \$2,500. We paid the annual retainers immediately following our 2014 Annual Meeting of Stockholders. We expect the amounts of the annual retainers to remain the same for the 2015 fiscal year. In order to attract and retain high quality non-employee independent directors, we allow independent directors to accept restricted stock with a one-year vesting period, in equal value to all or a portion of their annual retainers, in lieu of cash.

In addition to the annual retainers, we paid our non-employee directors fees for meeting attendance in the 2014 fiscal year. As the following meeting fee table shows, these fees were increased in July 2014:

| <b>Type of Meeting Attendance</b>  | <b>February 2014<br/>to June 2014</b> | <b>July 2014 to<br/>January 2015</b> |
|--|---------------------------------------|--------------------------------------|
| Regularly scheduled board meeting attended in person   | \$ 1,000                              | \$ 2,000                             |
| Regularly scheduled board meeting attended telephonically  | \$ 500                                | \$ 1,000                             |
| Per day for each special meeting or committee meeting attended in person on days when there is no board meeting      | \$ 1,000                              | \$ 2,000                             |
| Per day for each special meeting or committee meeting attended telephonically on days when there is no board meeting | \$ 500                                | \$ 1,000                             |

For the 2015 fiscal year, we do not plan to pay our directors additional fees for meeting attendance.

For the 2014 fiscal year, we also granted each non-employee director (other than the Chairman of the Board) \$30,000 in restricted stock with a one-year vesting period. These grants were awarded on the day of our 2014 Annual Meeting of Stockholders. We awarded the Chairman of the Board \$45,000 in restricted stock with a one-year vesting period on such date. We made these awards pursuant to the 2013 Plan, and the awards were valued at the closing price of our common stock on the grant date. We expect the amounts of the restricted stock grants to remain the same for the 2015 fiscal year.

For the 2014 fiscal year, the directors were awarded the following amounts of restricted stock: Michael K. Kaplan, 6,864 shares; Jonathan R. Phillips, 18,306 shares; Judith E. Starkey, 8,433 shares; Andrew L. Turner, 9,153 shares; Michael G. Valentine, 9,153 shares; and Edward J. VonderBrink, 9,153 shares. These amounts include shares of restricted stock that certain directors agreed to accept in lieu of cash for all or a portion of their annual retainers.

We believe that awarding restricted stock to directors is a necessary component of their total compensation, including their retainer fees, and aligns their interests with those of our stockholders. Our Compensation Committee and board of directors have allowed a limited exception to this policy in connection with Mr. Moseley's service as a director on our board to account for limitations on his ability to accept compensation for service as a director and in recognition that a grant of restricted stock to Noro-Moseley would not satisfy the intent of the board's policy. For so long as Mr. Moseley remains a director on our board, we will pay the \$25,000 cash equivalent value to Noro-Moseley instead of issuing restricted stock.

Each of Mr. Sides and Mr. Watson, as our respective current and former President and Chief Executive Officer, was not separately compensated for his service on our board of directors. See the Summary Compensation Table under "Executive Compensation Summary Compensation" for information relating to the compensation paid to Messrs. Sides and Watson. As a principal of Noro-Moseley, Mr. Moseley is not permitted to accept personal compensation for service on boards of directors of companies in which Noro-Moseley invests. Therefore, the fees relating to Mr. Moseley's

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service as a director are paid directly to Noro-Moseley. Meeting and retainer fees relating to Mr. Kaplan's service as a director are paid on his behalf to his company, Altos Health Management.

### Director Compensation in 2014

| Name                     | Fees Earned<br>or Paid in<br>Cash<br>(\$) | Stock<br>Awards(1)(2)(3)<br>(\$) | Total<br>(\$) |
|--------------------------|---|----------------------------------|---------------|
| Michael K. Kaplan(4)     | 32,500                                    | 29,996                           | 62,496        |
| Allen S. Moseley(5)      |   |                                  |               |
| Jonathan R. Phillips     | 10,000                                    | 79,997                           | 89,997        |
| Judith E. Starkey(6)     | 8,000                                     | 35,503                           | 43,503        |
| Andrew L. Turner(7)      | 22,000                                    | 39,999                           | 61,999        |
| Michael G. Valentine     | 24,500                                    | 39,999                           | 64,499        |
| Edward J. VonderBrink(7) | 25,000                                    | 39,999                           | 64,999        |

- (1) The amounts included in the table above for Stock Awards reflect the total grant date fair value and were determined in accordance with FASB ASC Topic 718. The assumptions used in determining the grant date fair values of these awards are set forth in the footnotes to our consolidated financial statements, which are included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2015 filed with the SEC.
- (2) The amounts of the stock awards shown include shares of restricted stock granted to each of Messrs. Phillips, Turner, Valentine and VonderBrink and Ms. Starkey in lieu of paying their annual retainers in cash.
- (3) As of January 31, 2015, the aggregate number of shares of restricted stock outstanding for each director, as applicable, is as follows: Mr. Kaplan, 6,864; Mr. Phillips, 18,306; Ms. Starkey, 8,433; Mr. Turner, 9,153; Mr. Valentine, 9,153; and Mr. VonderBrink, 9,153. As of January 31, 2015, outstanding stock options for the aggregate number of shares for each director, as applicable, is as follows: Mr. Kaplan, 0; Mr. Phillips, 30,000; Ms. Starkey, 0; Mr. Turner, 35,000; Mr. Valentine, 0; and Mr. VonderBrink, 45,000.
- (4) As described above, meeting and retainer fees relating to Mr. Kaplan's service as a director are paid on his behalf to his company, Altos Health Management.
- (5) As described above, Mr. Moseley is not permitted to accept personal compensation for service on our board. A total of \$72,000 was paid to Noro-Moseley relating to his service as a director in fiscal 2014.
- (6) Ms. Starkey was appointed to our board of directors in September 2014.
- (7) The board terms of Messrs. Turner and VonderBrink expire at this year's Annual Meeting and they have decided not to stand for re-election.

We also have entered into indemnification agreements with each of our directors. Each indemnification agreement provides that we will indemnify the covered individual to the full extent permitted by Delaware law. The indemnification agreement also requires that we maintain directors and officers liability insurance coverage substantially equivalent to our current coverage, provided that the costs of maintaining such insurance does not become substantially disproportionate to the coverage obtained and that such insurance is reasonably available to us.

We have provided liability insurance for our directors and officers since 1996. The current policies expire on April 26, 2016. The annual cost of this coverage is \$143,000. Upon expiration, we expect to renew or replace the current policies with at least equivalent coverage.

### **Compensation Committee Interlocks and Insider Participation**

The following non-employee independent directors served on the Compensation Committee during the 2014 fiscal year: Andrew L. Turner, Allen S. Moseley, Judith E. Starkey and Edward J. VonderBrink. No member of the Compensation Committee is or was an officer or employee of ours or any subsidiary of ours. None of our directors or named executive officers serves on any board of directors or compensation committee that compensates any member of the Compensation Committee.

### **RELATED PARTY TRANSACTIONS**

#### **Transactions with Related Persons**

Since February 1, 2014, there have been no related party transactions required to be disclosed pursuant to Item 404 of Regulation S-K, except as described below.

On October 31, 2014, Streamline Health entered into a multi-year term license with NantHealth, LLC ("NantHealth") for our Looking Glass® Clinical Analytics Solution. On January 8, 2015, Robert E. Watson resigned from his position as President and Chief Executive Officer of Streamline Health to become President of NantHealth. The board term of Mr. Watson expires at this year's Annual Meeting and he has decided not to stand for re-election. In exchange for the license, NantHealth agreed to pay Streamline Health fees, subject to certain termination and deferral rights of NantHealth, over a six-year period depending on the aggregate number of end users of the software licensed under the agreement. Pursuant to this license, the company did not receive any revenue in the 2014 fiscal year and expects to receive approximately \$0.5 million in revenue in the 2015 fiscal year.

#### **Review, Approval or Ratification of Transactions with Related Persons**

Under Nasdaq Marketplace Rules, our Audit Committee (or another independent body of our board of directors) is required to conduct an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis. In accordance with our Audit Committee's charter, the Audit Committee is responsible for overseeing all related party transactions. For these purposes, a "related party transaction" refers to any transaction that is required to be disclosed pursuant to Item 404 of Regulation S-K.

In addition, all of our employees, officers and directors are required to comply with our Code of Conduct. The Code of Conduct addresses, among other things, what actions are required when potential conflicts of interest may arise, including those from related party transactions. Specifically, if an employee, officer or director believes a conflict of interest exists or may arise, he or she is required to disclose immediately the nature and extent of the conflict, or potential conflict, to his or her supervisor, who, along with appropriate officials of Streamline Health, will evaluate the conflict and take the appropriate action, if any, to ensure that our interests are protected.

Since Streamline Health had entered into the license agreement with NantHealth before Mr. Watson became President of NantHealth, the transaction described under "Related Party Transactions Transactions with Related Persons" did not require review, approval or ratification under the procedures described above. Mr. Watson's board term expires at this year's Annual Meeting and he has decided not to stand for re-election.

## AUDIT COMMITTEE REPORT

The Audit Committee, which operates under a charter approved by our board of directors and available through our website at <http://www.streamlinehealth.net/investors>, oversees our financial reporting process on behalf of the board of directors. Our management has the primary responsibility for the consolidated financial statements and the reporting process, including the systems of internal control over financial reporting. In fulfilling its oversight responsibilities, the Audit Committee reviewed with management the audited consolidated financial statements that are included in our Annual Report on Form 10-K, which review included a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the consolidated financial statements.

The Audit Committee met independently or as part of the whole board of directors to review with management each of our quarterly and annual consolidated financial statements filed on Form 10-Q or Form 10-K, prior to the filing of those reports with the SEC. The Audit Committee reviewed with KPMG, our independent registered public accounting firm for fiscal year 2014, who are responsible for expressing an opinion on the conformity of those audited consolidated financial statements with standards of the Public Company Accounting Oversight Board ("PCAOB"), their judgments as to the quality, not just the acceptability, of our accounting principles and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards. In particular, the Audit Committee has discussed with KPMG those matters required to be discussed by Auditing Standard No. 16, "Communication with Audit Committees." KPMG also provided to the Audit Committee the written disclosures and the letter required by applicable requirements of the PCAOB regarding the independent registered accountant's communications with the audit committee concerning independence, and the Audit Committee discussed the independent registered public accounting firms' independence with the auditors themselves.

The Audit Committee discussed with our independent registered public accounting firm the overall scope and plans for their audit. The Audit Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of our internal controls, and the overall quality of our financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the board of directors (and the board of directors approved) that the audited consolidated financial statements be included in the Annual Report on Form 10-K for the fiscal year ended January 31, 2015 as filed with the SEC.

In connection with the audit of our fiscal year 2015 consolidated financial statements, we entered into an audit engagement agreement with KPMG which sets forth the terms by which KPMG would perform the audit services for us. That agreement is subject to alternative dispute resolution procedures. The Audit Committee has determined that the terms and conditions of the KPMG audit engagement agreement are similar to other registered public accounting firms, and a common business practice between companies and their audit firms. Although the provisions of the audit engagement agreement limit our ability to sue KPMG by providing for exclusive dispute resolution procedures, we do not believe that such provisions limit our ability to recover from the firm.

### AUDIT COMMITTEE

Michael G. Valentine, *Chairman*  
Allen S. Moseley  
Edward J. VonderBrink

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

On April 22, 2013, KPMG was engaged as our independent registered public accounting firm effective May 1, 2013. Prior to that time, including for the fiscal year ended January 31, 2013, BDO served as our independent registered public accounting firm. A representative of KPMG is expected to be present at the Annual Meeting and will have the opportunity to make a statement if he or she desires to do so and is expected to be available to respond to appropriate questions.

**Change in Independent Registered Public Accounting Firm**

On April 22, 2013, the Audit Committee approved the engagement of KPMG as our independent registered public accounting firm for the fiscal year ended January 31, 2014 and the dismissal and replacement of BDO as our independent registered public accounting firm. KPMG's engagement as our independent registered public accounting firm commenced on May 1, 2013. The dismissal of BDO was effective on April 30, 2013. The decision to change auditors was the result of a competitive process.

During the fiscal years ended January 31, 2013 and January 31, 2012 and through April 26, 2013, neither we nor anyone on our behalf consulted with KPMG with respect to either (i) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on our consolidated financial statements, and neither a written report nor oral advice was provided to us that KPMG concluded was an important factor considered by us in reaching a decision as to any accounting, auditing, or financial reporting issue; or (ii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) or a reportable event (as described in Item 304(a)(1)(v) of Regulation S-K).

The reports of BDO on our consolidated financial statements for the fiscal years ended January 31, 2013 and January 31, 2012 did not contain an adverse opinion or disclaimer of an opinion, and were not qualified or modified as to uncertainty, audit scope, or accounting principles.

During the fiscal years ended January 31, 2013 and January 31, 2012 and through April 26, 2013, there were no disagreements (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) with BDO on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of BDO, would have caused BDO to make reference to the subject matter of the disagreements in its reports on our consolidated financial statements for such years.

During the fiscal years ended January 31, 2013 and January 31, 2012 and through April 26, 2013, there were no reportable events (as described in Item 304(a)(1)(v) of Regulation S-K).

We provided BDO with a copy of the above disclosures and requested that BDO furnish us with a letter addressed to the SEC stating whether or not it agrees with the above statements. A copy of BDO's letter dated April 26, 2013 was attached as Exhibit 16.1 to our Current Report on Form 8-K filed with the SEC on April 26, 2013.



**Independent Registered Public Accounting Firm Fees**

The following table sets forth the aggregate fees for the 2014 and 2013 fiscal years billed by KPMG for audit and other services approved by the Audit Committee.

|                           | 2014         | 2013         |
|---------------------------|--------------|--------------|
| <b>Audit Fees</b>         | \$ 1,130,000 | \$ 1,331,000 |
| <b>Audit-Related Fees</b> |              |              |
| <b>Tax Fees</b>           |              |              |
| <b>All Other Fees</b>     |              |              |
| <b>Total Fees</b>         | \$ 1,130,000 | \$ 1,331,000 |

Fees represented in the "Audit Fees" category include fees for audit work performed in the preparation of the consolidated financial statements and internal control over financial reporting, as well as in connection with our Montefiore Medical Center transaction, our acquisition of Unibased Systems Architecture, Inc., and our November 2013 securities offering.

**Audit Committee's Pre-Approval Policies and Procedures**

All audit-related services, tax services and other non-audit services were pre-approved by the Audit Committee, which concluded that the provision of such services by KPMG was compatible with the maintenance of that firm's independence in the conduct of its auditing functions. The Audit Committee's outside auditor independence policy provides for pre-approval of audit, audit-related and tax services specifically described by the committee on an annual basis and, in addition, individual engagements anticipated to exceed pre-established thresholds must be separately approved.

**OTHER SECURITIES FILINGS**

The information contained in this Proxy Statement under the headings "Compensation Committee Report" and "Audit Committee Report" is not, and should not be deemed to be, incorporated by reference into any of our filings under the Securities Act of 1933, as amended, or the Exchange Act that purport to incorporate by reference other SEC filings made by us, in whole or in part, including this Proxy Statement.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our directors and certain officers, and persons who beneficially own more than 10% of any class of our equity securities, who collectively we refer to as "insiders," to file with the SEC initial reports of beneficial ownership and reports of changes in beneficial ownership of common stock and other equity securities of the company. Our insiders are required by SEC regulation to furnish us with copies of all Section 16(a) reports they file.

Based solely on a review of the copies of the forms furnished to us, we believe that during the 2014 fiscal year our insiders complied with all applicable filing requirements, except that Mr. Sides made one late filing reporting one transaction and Michael W. Halloran, the company's Controller, made two late filings reporting his initial statement of beneficial ownership and one transaction.

**OTHER BUSINESS**

Our board of directors does not presently intend to bring any other business before the Annual Meeting, and, so far as is known to the board of directors, no matters are to be brought before the Annual Meeting except as specified in the Notice of Annual Meeting of Stockholders. We have not been informed by any of our stockholders of any intention to propose any other matter to be acted

upon at the Annual Meeting. The persons named in the accompanying Proxy are allowed to exercise their discretionary authority to vote upon any other business as may properly come before the Annual Meeting. As to any such other business that may properly come before the meeting, it is intended that proxies, in the form enclosed, will be voted in respect thereof in accordance with the judgment of the persons voting such proxies.

#### ANNUAL REPORT ON FORM 10-K

**A copy of our Annual Report on Form 10-K for the fiscal year ended January 31, 2015, as filed with the SEC, will be mailed without charge to any beneficial owner of our common stock, upon request. Requests for Annual Reports on Form 10-K should be addressed to: Investor Relations, Streamline Health Solutions, Inc., 1230 Peachtree St. NE, Suite 600, Atlanta, Georgia 30309. The Form 10-K includes certain exhibits. Copies of the exhibits will be provided only upon receipt of payment covering our reasonable expenses for such copies. The Form 10-K and exhibits also may be obtained through our website at <http://www.streamlinehealth.net/investors>, or directly from the SEC's website, <http://www.sec.gov>.**

#### STOCKHOLDER PROPOSALS FOR 2016 ANNUAL MEETING OF STOCKHOLDERS

Stockholder proposals intended for inclusion in our proxy statement and form of proxy relating to our 2016 Annual Meeting of Stockholders must be received by us not later than January 7, 2016. Such proposals should be sent to the Corporate Secretary, Streamline Health Solutions, Inc., 1230 Peachtree Street NE, Suite 600, Atlanta, Georgia 30309. The inclusion of any proposal will be subject to applicable rules of the SEC, including Rule 14a-8 under the Exchange Act, and timely submission of a proposal does not guarantee its inclusion in our proxy statement.

Any stockholder who intends to propose any other matter to be acted upon at the 2016 Annual Meeting of Stockholders must do so in accordance with our bylaws. Under our bylaws, director nominations and other business may be brought at an Annual Meeting of Stockholders only by or at the direction of our board of directors or by a stockholder entitled to vote who has submitted a proposal in accordance with the requirements of our bylaws as in effect from time to time. To be timely under our bylaws as now in effect, a stockholder notice must be delivered or mailed to our Corporate Secretary at our principal executive offices not less than 90 days prior to the first anniversary of the preceding year's Annual Meeting of Stockholders. Stockholder proposals for the 2016 Annual Meeting of Stockholders, other than proposals intended for inclusion in our proxy statement as set forth in the preceding paragraph, must be received by February 27, 2016. However, in the event that the date of the 2016 Annual Meeting of Stockholders is advanced more than 30 days prior to such anniversary date or delayed more than 60 days after such anniversary date, then to be timely such notice must be received no later than the later of 90 days prior to the date of the meeting or the tenth day following the day on which public announcement of the date of the meeting was made. Please refer to the full text of our advance notice bylaw provisions for additional information and requirements.

Only such proposals as are (1) required by the rules of the SEC, and (2) permissible under the Delaware General Corporation Law will be included on the 2016 Annual Meeting of Stockholders agenda.

\* \* \* \* \*

**ALL STOCKHOLDERS ARE URGED TO VOTE. SEE "GENERAL INFORMATION VOTING METHODS" FOR MORE INFORMATION ON YOUR VOTING OPTIONS.**

**THANK YOU FOR YOUR PROMPT ATTENTION TO THIS MATTER.**

By Order of the Board of Directors,

**Jonathan R. Phillips**  
*Chairman of the Board*

Atlanta, Georgia  
May 4, 2015













QuickLinks

[PROPOSAL 1 ELECTION OF DIRECTORS](#)

[PROPOSAL 2 ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS \("SAY-ON-PAY"\)](#)

[PROPOSAL 3 RATIFICATION OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM](#)

[CORPORATE GOVERNANCE](#)

[STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT](#)

[EXECUTIVE OFFICERS](#)

[COMPENSATION DISCUSSION AND ANALYSIS](#)

[COMPENSATION COMMITTEE REPORT](#)

[EXECUTIVE COMPENSATION](#)

[Summary Compensation Table](#)

[Grants of Plan-Based Awards](#)

[Outstanding Equity Awards at 2014 Fiscal Year End](#)

[Option Exercises and Stock Vested in 2014 Fiscal Year](#)

[Equity Compensation Plan Information](#)

[DIRECTOR COMPENSATION](#)

[Director Compensation in 2014](#)

[RELATED PARTY TRANSACTIONS](#)

[AUDIT COMMITTEE REPORT](#)

[INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM](#)

[OTHER SECURITIES FILINGS](#)

[SECTION 16\(a\) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE](#)

[OTHER BUSINESS](#)

[ANNUAL REPORT ON FORM 10-K](#)

[STOCKHOLDER PROPOSALS FOR 2016 ANNUAL MEETING OF STOCKHOLDERS](#)