

COMPUTER PROGRAMS & SYSTEMS INC

Form DEF 14A

March 30, 2015

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

(Amendment No. )

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to § 240.14a-12

Computer Programs and Systems, Inc.

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

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

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

(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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March 30, 2015

To the Stockholders of Computer Programs and Systems, Inc.:

You are invited to attend the 2015 Annual Meeting of Stockholders of Computer Programs and Systems, Inc. (the “Company”), which will be held at the Mobile Convention Center, One South Water Street, Mobile, Alabama 36602, on Thursday, May 14, 2015 at 9:00 a.m., Central Time. Formal notice of the annual meeting, a proxy statement and a proxy card accompany this letter.

Also enclosed is the Company’s 2014 Annual Report to Stockholders.

Information about the annual meeting and the various matters on which the stockholders will act is included in the enclosed notice of annual meeting of stockholders and proxy statement. Please carefully consider the enclosed proxy statement and execute and return your proxy card so that the Company may be assured of the presence of a quorum at the annual meeting. A self-addressed, postage-prepaid envelope is enclosed for your convenience in replying. The prompt return of your proxy card will be of great assistance in reducing the expense of subsequent mailings. If you attend the annual meeting, and so elect, you may withdraw your proxy and vote in person.

Sincerely,

David A. Dye  
Chairman of the Board

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COMPUTER PROGRAMS AND SYSTEMS, INC.

6600 Wall Street

Mobile, Alabama 36695

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD THURSDAY, MAY 14, 2015

To Our Stockholders:

NOTICE IS HEREBY GIVEN that the 2015 Annual Meeting of Stockholders of Computer Programs and Systems, Inc. (the "Company") will be held at 9:00 a.m., Central Time, on Thursday, May 14, 2015, at the Mobile Convention Center, One South Water Street, Mobile, Alabama 36602. Directions to attend the annual meeting where you may vote in person can be found on our website at <http://investors.cpsi.com>. The annual meeting is being held for the following purposes:

1. To elect three Class I directors to serve on the Board of Directors of the Company for a three-year term expiring at the 2018 annual meeting;
2. To ratify the appointment of Grant Thornton LLP as independent registered public accountants for the year ending December 31, 2015;
3. To approve on an advisory basis the compensation of our named executive officers; and
4. To transact such other business as may properly come before the annual meeting or any adjournment thereof.

The Board of Directors has set March 16, 2015 as the record date for the annual meeting. Only holders of record of the Company's common stock at the close of business on the record date will be entitled to notice of, and to vote at, the annual meeting.

This proxy statement provides you with detailed information about the proposals to be voted on at the meeting. With this proxy statement we are also including a copy of our 2014 Annual Report to Stockholders in order to provide you with additional information about us. We encourage you to read this proxy statement and the 2014 Annual Report carefully.

The annual meeting may be adjourned from time to time without notice other than announcement at the meeting or at adjournments thereof, and any business for which notice is hereby given may be transacted at any such adjournment.

By order of the Board of Directors,

David A. Dye

Chief Financial Officer and Secretary

March 30, 2015

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 14, 2015: THIS PROXY STATEMENT AND THE ACCOMPANYING 2014 ANNUAL REPORT TO STOCKHOLDERS ARE AVAILABLE AT

<http://investors.cpsi.com>.

Whether or not you plan to attend the annual meeting, please take the time to vote by completing, signing, dating and returning the enclosed proxy card in the self-addressed, postage-prepaid envelope provided. Returning your proxy card does not deprive you of your right to attend the annual meeting and to vote your shares in person.

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COMPUTER PROGRAMS AND SYSTEMS, INC.

6600 Wall Street

Mobile, Alabama 36695

PROXY STATEMENT

FOR

ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD THURSDAY, MAY 14, 2015

INFORMATION ABOUT THE ANNUAL MEETING

Our 2015 Annual Meeting of Stockholders will be held at the Mobile Convention Center, One South Water Street, Mobile, Alabama 36602 on Thursday, May 14, 2015 at 9:00 a.m., Central Time.

Solicitation of Proxies

Our Board of Directors has sent you this proxy statement to solicit your vote at the annual meeting (including any adjournment or postponement of the annual meeting). In this proxy statement we summarize information that we are required to provide you under the rules of the Securities and Exchange Commission. This proxy statement is designed to assist you in voting your shares. On or about March 30, 2015, we began mailing this proxy statement and the 2014 Annual Report to all stockholders of record at the close of business on March 16, 2015.

We will bear the cost of the solicitation of proxies. We will request brokers or nominees to forward this proxy statement to their customers and principals and will reimburse them for expenses so incurred. If deemed necessary, we may also use our officers and regular employees, without additional compensation, to solicit proxies personally or by telephone.

Stockholders Entitled to Vote

The Board of Directors has set March 16, 2015 as the record date for the annual meeting. Only stockholders of record at the close of business on the record date will be entitled to notice of and to vote at the annual meeting. At the close of business on March 16, 2015, there were 11,315,573 shares of the common stock of the Company, par value \$.001 per share, outstanding. Each stockholder is entitled to one vote in person or by proxy for each share of common stock held on all matters properly to come before the annual meeting.

Proposals to be Considered at the Annual Meeting

At the annual meeting, we will ask you to:

Proposal Elect three Class I directors to serve on the Board of Directors of the Company for a three-year term

1: expiring at the 2018 annual meeting;

Proposal Ratify the appointment of Grant Thornton LLP as independent registered public accountants for the year

2: ending December 31, 2015; and

Proposal Approve on an advisory basis the compensation of our named executive officers, as described in the

3: Compensation Discussion and Analysis, executive compensation tables and accompanying narrative in this proxy statement.

Information About a Quorum

At the annual meeting, the presence of a majority of the outstanding shares of common stock entitled to vote at the meeting, represented in person or by proxy, shall constitute a quorum for the transaction of business. If a quorum is not present or if we decide that more time is necessary for the solicitation of proxies, we may adjourn the annual meeting. We may do this with or without a stockholder vote. Alternatively, if the stockholders vote to adjourn the meeting in accordance with the Company's Bylaws, the named proxies will vote all shares of common stock for which they have voting authority in favor of adjournment.

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### Votes Necessary for Each Proposal to be Approved

**Proposal 1 - Election of Class I Directors:** Under the Company's Bylaws, a Class I director nominee will be elected to the Board of Directors of the Company at the annual meeting if the votes cast "for" the nominee's election exceed the votes cast "against" the nominee's election at the meeting, with abstentions not counting as votes "for" or "against." If you do not instruct your broker how to vote with respect to this item, your broker may not vote your shares with respect to the election of directors. Abstentions and broker non-votes will not be taken into account in determining the outcome of the election of directors.

An uncontested incumbent director is required to submit a contingent letter of resignation to the Board of Directors at the time of his or her nomination for consideration by the Nominating and Corporate Governance Committee of the Board. If such a director does not receive a majority of votes cast "for" his or her election, the Nominating and Corporate Governance Committee is required to consider on an expedited basis such director's tendered resignation and make a recommendation to the Board concerning the acceptance or rejection of the tendered resignation. The Board is required to take formal action on the committee's recommendation expeditiously following the date of certification of the election results. The Company will publicly disclose the Board's decision and its reasoning with regard to its decision on the tendered resignation.

**Proposal 2 - Ratification of the Appointment of Independent Registered Public Accountants:** Under the Company's Bylaws, in order to be approved, this proposal requires an affirmative vote of a majority of the votes cast affirmatively or negatively. This means that the votes that stockholders cast "for" this proposal must exceed the votes that stockholders cast "against" this proposal at the meeting, with abstentions not counting as votes "for" or "against." Abstentions will not be taken into account in determining the outcome of the ratification of the appointment of independent registered public accountants.

**Proposal 3 - Advisory Vote on Executive Compensation:** Our Board of Directors is seeking a non-binding advisory vote regarding the compensation of our named executive officers, as described in the Compensation, Discussion and Analysis, executive compensation tables and accompanying narrative disclosures contained in this proxy statement. Under the Company's Bylaws, in order to be approved, this proposal requires an affirmative vote of a majority of the votes cast affirmatively or negatively. This means that the votes that stockholders cast "for" this proposal must exceed the votes that stockholders cast "against" this proposal at the meeting, with abstentions not counting as votes "for" or "against." If you do not instruct your broker how to vote with respect to this item, your broker may not vote with respect to the advisory vote on executive compensation. Abstentions and broker non-votes will not be taken into account in determining the outcome of the advisory vote on executive compensation. This vote is advisory and non-binding in nature, but our Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

Following the annual meeting, we will file a Form 8-K with the Securities and Exchange Commission disclosing the results of voting on each proposal as required by applicable rules.

### Abstentions

A stockholder may abstain or withhold his or her vote (collectively, "abstentions") with respect to each item submitted for stockholder approval. Abstentions will be counted as present for purposes of determining the existence of a quorum at the annual meeting. Abstentions will not affect the outcome of the election of directors (Proposal 1), the ratification of the appointment of independent registered public accountants (Proposal 2) or the non-binding advisory vote on executive compensation (Proposal 3).

### Voting Shares Held in Street Name; Effect of Broker Non-Votes

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in "street name," and these proxy materials are being forwarded to you by your broker, bank or other nominee who is considered the shareholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote and are also invited to attend the annual meeting. Your broker, bank or other nominee has enclosed a voting instruction card for you to use in directing the broker, bank or nominee how to vote your shares.

If you hold your shares in "street name" and do not direct your broker or other nominee as to how you want your shares to be voted in the election of directors (Proposal 1) or the non-binding advisory vote on executive compensation

(Proposal 3), your broker or other nominee is not permitted to vote those shares on your behalf (resulting in a “broker non-vote” for each proposal for which your broker or other nominee does not vote your shares). Accordingly, if you hold your shares in “street name,” it is critical that you return the voting instruction card if you want your votes counted in the election of directors (Proposal 1) and the non-binding advisory vote on executive compensation (Proposal 3).



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Broker non-votes are counted for general quorum purposes but are not entitled to vote with respect to any matter for which a broker does not have discretionary authority to vote. Broker non-votes will have no effect on the election of directors (Proposal 1) or the non-binding advisory vote on executive compensation (Proposal 3). Because your broker or other nominee has discretion to vote any uninstructed shares on the ratification of the appointment of independent registered public accountants (Proposal 2), there should not be any broker non-votes with respect to this item.

Submission of Proxies

Please complete, sign, date and return the proxy card in the enclosed self-addressed, pre-paid envelope so that the common stock you own will be voted in accordance with your wishes. If you desire to revoke your proxy, you may do so either by attending the annual meeting in person or by delivering written notice of revocation so that it is received by the Company or its transfer agent, American Stock Transfer & Trust Company, LLC, on or before May 13, 2015. The address for American Stock Transfer & Trust Company, LLC is as follows:

American Stock Transfer & Trust Co., LLC

Operations Center

6201 15th Avenue

Brooklyn, New York 11219

Unless instructed to the contrary, the shares represented by the proxies will be voted "FOR" Proposals 1, 2, and 3.

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PROPOSAL 1

ELECTION OF CLASS I DIRECTORS

Board Structure

Our Certificate of Incorporation provides that the number of directors of the Company shall be fixed by resolution of the Board of Directors and divided into three classes. We currently have seven directors. Directors in each class are elected for three-year terms. The current term of the Class I directors expires at the 2015 annual meeting. The current Class II directors will serve until the 2016 annual meeting and until their successors have been elected and qualified. The current Class III directors will serve until the 2017 annual meeting and until their successors have been elected and qualified.

The Board of Directors has nominated William R. Seifert, II, W. Austin Mulherin, III and John C. Johnson for election as Class I directors to serve a three-year term until the 2018 annual meeting of stockholders and until their successors have been elected and qualified. Upon their re-nomination as directors, each of Mr. Seifert, Mr. Mulherin and Mr. Johnson tendered an irrevocable contingent resignation letter pursuant to the Company's Director Resignation Policy.

Voting of Proxies

Unless a shareholder instructs otherwise on the enclosed proxy card, it is intended that the shares represented by properly signed proxies in the accompanying form will be voted for the persons nominated by the Board of Directors. The Board of Directors anticipates that the nominees listed below will be able to serve, but if any of the nominees should be unable or unwilling to serve, the proxies will be voted for a substitute selected by the Board of Directors, or the Board of Directors may decide not to select an additional person as a director or to reduce the size of the Board. Unless otherwise specified in the enclosed proxy card, it is intended that votes will be cast for the election of William R. Seifert, II, W. Austin Mulherin, III and John C. Johnson as Class I directors. Proxies cannot be voted for a greater number of persons than the number of actual nominees so named. Vacancies that occur on the Board of Directors may be filled by remaining directors until the next election of directors for the class in which the vacancy occurred. The Board of Directors recommends that the stockholders vote "FOR" each of the three Class I director nominees named above.

Information About the Nominees and Other Directors

The biographies of each of the nominees and our other directors below contain information regarding such person's service as a director, business experience, director positions held currently or at any time during the last five years, certain familial relationships to any executive officers, if applicable, information regarding involvement in certain legal or administrative proceedings, if applicable, and, with respect to the nominees and the continuing directors, the experiences, qualifications, attributes or skills that caused the Board of Directors to determine that the person should serve as a director. Each of the nominees currently serves as a director of the Company. The stock ownership with respect to each director and nominee for director is set forth in the table entitled "Security Ownership of Certain Beneficial Owners and Management."

Class I Nominees for Election - Terms To Expire in 2018

William R. Seifert, II, 66, was first elected as a director in February 2002. From 1994 through November 2006, Mr. Seifert served as Executive Vice President of AmSouth Bank. From the closing of the merger of AmSouth Bank and Regions Bank in November 2006 until June 2009, Mr. Seifert served as Executive Vice President of Regions Bank, which is a subsidiary of Regions Financial Corporation. He has held the position of Chairman of the South Alabama Advisory Board of Regions Bank since November 2006 and served as a consultant to Regions Bank from July 1, 2009 until he retired on December 31, 2013.

During Mr. Seifert's forty-year career in banking and financial services, he has served in numerous leadership roles, including with Regions Bank and its predecessor banks. Mr. Seifert's extensive leadership and banking expertise adds valuable insight to the Board.

W. Austin Mulherin, III, 49, was first elected as a director in February 2002. Since 1991, Mr. Mulherin has practiced law, handling a variety of litigation and business matters for public and private companies. He has been a partner in the law firm of Frazer, Greene, Upchurch & Baker, LLC since 1998.

Mr. Mulherin's 24 years of experience as a practicing attorney, during which period he has advised a number of public companies on a variety of issues, provides a unique and valuable perspective to the Board. Additionally, Mr. Mulherin served

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on the board of directors of the predecessor company to CPSI (predating CPSI's initial public offering in 2002) and has extensive knowledge of CPSI and its operations.

John C. Johnson, 64, has been a director since 2004. Mr. Johnson worked as a real estate appraiser for Courtney & Morris Appraisals, Inc. in Mobile, Alabama from September 2001 until his retirement in August 2012. From December 1994 to January 1998, Mr. Johnson served as the President and Chief Operating Officer of Coopersmith, Inc., a regional wholesale bakery located in Mobile, Alabama. After chairing the transition team for the sale of Coopersmith, Inc. to Earthgrains Company from January 1998 to May 1999, Mr. Johnson retired from the bakery industry and worked for a brief time as the Business Manager of Saint Ignatius Church. Mr. Johnson is currently a member of the South Alabama Advisory Board of Regions Bank, which is a subsidiary of Regions Financial Corporation.

The Board believes that Mr. Johnson's skills and professional experiences in a variety of operational and leadership roles give him a wide range of knowledge on topics important to business and contribute greatly to the Board's composition.

**Class II Continuing Directors - Terms Expire in 2016**

J. Boyd Douglas, 48, has served as CPSI's President and Chief Executive Officer since May 2006. He was first elected as a director in March 2002. Mr. Douglas began his career with us in August 1988 as a Financial Software Support Representative. From May 1990 until December 1994, Mr. Douglas served as Manager of Electronic Billing, and from December 1994 until July 1999, he held the position of Director of Programming Services. From July 1999 until May 2006, Mr. Douglas served as CPSI's Executive Vice President and Chief Operating Officer. Mr. Douglas's wife's sister's husband, Patrick A. Immel, is an executive officer of CPSI. Mr. Immel is not an "immediate family member" of Mr. Douglas for purposes of Item 404(a) of Regulation S-K.

Mr. Douglas has been employed by CPSI for more than 26 years in a number of positions and areas and has served in senior executive positions for over 15 years, providing him with intimate knowledge of CPSI's operations and the healthcare industry.

Charles P. Huffman, 61, was first elected as a director at the 2004 annual meeting. From August 2007 until his retirement in November 2008, Mr. Huffman served as Executive Vice President and Chief Financial Officer of EnergySouth, Inc., a public company specializing in natural gas distribution and storage. From December 2000 to July 2007, Mr. Huffman served as the Senior Vice President and Chief Financial Officer of EnergySouth, Inc.

Mr. Huffman brings more than 28 years of experience as an officer of a public company, EnergySouth, Inc., including serving as the principal financial and accounting officer, which gives him a wide range of accounting, financial, capital markets and executive management experience that contributes greatly to the composition of the Board

**Class III Continuing Directors - Terms Expire in 2017**

David A. Dye, 45, has been a director since March 2002, was appointed as Chairman of the Board of Directors in May 2006, and has served as our Chief Financial Officer, Secretary and Treasurer since June 30, 2010. Mr. Dye began his career with CPSI in May 1990 as a Financial Software Support Representative. From that time until June 1999, he worked for CPSI in various capacities, including as Manager of Financial Software Support, Director of Information Technology and then as CPSI's Vice President supervising the areas of sales, marketing and information technology. Mr. Dye served as CPSI's President and Chief Executive Officer from July 1999 until May 2006, at which time he was appointed Chairman of the Board. Since July 2006, Mr. Dye has served as a director of Bulow Biotech Prosthetics, a company headquartered in Nashville, Tennessee that operates prosthetic clinics in the Southeastern United States. Mr. Dye was appointed to the position of Chief Financial Officer of CPSI on an interim basis on June 30, 2010 and has occupied the position on a permanent basis since February 25, 2011.

Mr. Dye has been employed by CPSI for more than 20 years in a number of positions and areas and has served in senior executive positions for over 13 years, including as Chief Executive Officer for seven years, providing him with extensive knowledge of CPSI's operations.

A. Robert Outlaw, Jr., 60, was first elected as a director in February 2014. Mr. Outlaw began his career with Morrison, Inc., a cafeteria management company, where he worked in the Budget & Forecasting Department and the Treasurer's Office until 1985. In 1985, Mr. Outlaw started Marshall Biscuit Company, which he owned and operated as Chief Executive Officer for 22 years until it was purchased by Lancaster Colony Inc. in 2007. Mr. Outlaw served

on the board of directors of Morrison Management Specialists, Inc., formerly known as Morrison Health Care, Inc., from 1996 until it was acquired by the Compass Group in 2001 and ceased to be a public company. Since 2005, Mr. Outlaw has served as the Chief Executive Officer and part-owner of China Doll Rice and Beans, Inc.

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Mr. Outlaw's extensive experience as the Chief Executive Officer of various companies gives him a wide range of financial and executive management experience and skills, which adds valuable expertise and insight to the Board.

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**CORPORATE GOVERNANCE AND BOARD MATTERS**

**Governance Guidelines and Codes of Ethics**

We are committed to having sound corporate governance principles. Having such principles is essential to running our business efficiently and to maintaining our integrity in the marketplace. The Board of Directors has adopted Corporate Governance Guidelines that set forth the fundamental corporate governance principles of the Company in order to demonstrate the Board's accountability and its desire to achieve superior business results. We have adopted a Code of Business Conduct and Ethics that is applicable to all of our directors, officers (including our Chief Executive Officer and senior financial officers) and employees. We have also adopted a separate Code of Ethics with additional guidelines and responsibilities applicable to our Chief Executive Officer and senior financial officers, known as the Code of Ethics for CEO and Senior Financial Officers. Copies of the Corporate Governance Guidelines, the Code of Business Conduct and Ethics, and the Code of Ethics for CEO and Senior Financial Officers are available on our website at <http://investors.cpsi.com> under "Governance."

**Director Independence**

Nasdaq listing standards require that the Company have a majority of independent directors. Accordingly, because our Board of Directors currently has seven members, Nasdaq requires that four or more of the directors be independent. Nasdaq's listing standards provide that no director will qualify as "independent" for these purposes unless the Board of Directors affirmatively determines that the director has no relationship with the Company that would interfere with the exercise of the director's independent judgment in carrying out the responsibilities of a director. Additionally, the listing standards set forth a list of relationships that would preclude a finding of independence.

The Board affirmatively determines the independence of each director and nominee for election as a director. The Board makes this determination annually. In accordance with Nasdaq's listing standards, we do not consider a director to be independent unless the Board determines (i) that no relationship exists that would preclude a finding of independence under Nasdaq listing rules and (ii) that the director has no relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) that would interfere with the exercise of the director's independent judgment in carrying out his responsibilities as a director. Members of the audit, compensation and nominating and corporate governance committees must also meet applicable independence tests of Nasdaq and the Securities and Exchange Commission (the "SEC").

At a meeting held on January 26, 2015, the Board of Directors reviewed a summary of directors' responses to a questionnaire asking about their relationships with the Company, as well as material provided by management related to transactions, relationships or arrangements between the Company and the directors and parties related to the directors. After deliberation, the Board determined that all five of the non-employee directors listed below are independent, and that all of the members of the audit, compensation and nominating and corporate governance committees also satisfy the independence tests referenced above.

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The following table describes the categories or types of transactions, relationships or arrangements considered by the Board in reaching its determination that the following directors are independent:

Name	Independent	Transactions/Relationships/Arrangements Considered
Charles P. Huffman	Yes	None
John C. Johnson	Yes	For several years, CPSI has paid fees to a bank for cash management services, of which Mr. Johnson serves as a member of an advisory board. The annual fees paid by CPSI have been less than 1% of the annual revenues of the bank. Mr. Mulherin is a partner in a law firm that performs certain legal services for CPSI. With respect to each of the most recent three completed fiscal years, total payments by CPSI to the law firm have been significantly less than \$120,000, which is also significantly less than 5% of the law firm's annual revenues.
W. Austin Mulherin, III	Yes	Effective August 1, 2011, the law firm also serves as escrow agent for a copy of the software licensed by CPSI to third parties, for which the firm receives a nominal amount of consideration.
William R. Seifert, II	Yes	Mr. Mulherin's brother-in-law, Matt Cole, is employed by CPSI as a sales manager. Mr. Cole is not an officer of CPSI. For several years, CPSI has paid fees to a bank for cash management services, of which Mr. Seifert serves as a member of an advisory board. The annual fees paid by CPSI have been less than 1% of the annual revenues of the bank.
A. Robert Outlaw, Jr.	Yes	None

#### Company Leadership Structure

The business of the Company is managed under the direction of the Board of Directors, which is elected by our stockholders. The basic responsibility of the Board is to lead CPSI by exercising its business judgment to act in what each director reasonably believes to be the best interests of CPSI and its stockholders. Leadership is important to facilitate the Board acting effectively as a working group so that CPSI and its performance may benefit. The role of the Chairman includes providing continuous feedback on the direction, performance and strategy of CPSI, presiding as Chair of Board meetings, setting the Board's agenda with management, leading the Board in anticipating and responding to opportunities and challenges faced by CPSI, and, to the extent the Chairman is independent under applicable Nasdaq listing rules, presiding as Chair of executive sessions of the independent members of the Board. The Board does not have a policy requiring the separation or combination of the CEO and Chairman roles, but these positions have been separated since CPSI's initial public offering in 2002. However, our Chairman of the Board is not independent and is our Chief Financial Officer, a position to which he was appointed on June 30, 2010 following the termination of employment of the prior Chief Financial Officer. We have determined that this current structure is the most appropriate and effective Board leadership structure for the Company at this time based upon a number of factors, including the experience of the applicable individuals, the current business environment, the specific needs of the business and what is in the best interests of the Company's stockholders. However, the Board may reconsider the Company's leadership structure from time to time in the future based on considerations at that time.

The Company does not have a lead independent director. Given the size of the Board, the Board believes that the presence of five independent directors out of the seven directors on the Board, which independent directors sit on the Board's committees, is sufficient independent oversight of the Chief Executive Officer and the Chairman of the Board. The independent directors work well together in the current board structure, and the Board does not believe that selecting a lead independent director would add significant benefits to the Board's oversight role.





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### Risk Oversight

Our management continually monitors the material risks facing the Company, including financial risk, strategic risk, operational risk, and legal and compliance risk. The Board of Directors is responsible for exercising oversight of management's identification and management of, and planning for, those risks. The Board has delegated to certain committees oversight responsibility for those risks that are directly related to their areas of focus.

The Audit Committee reviews our policies and guidelines with respect to risk assessment and risk management, including our major financial risk exposures, and oversees the steps management has taken to monitor and control those exposures. The Compensation Committee considers risk issues when establishing and administering our compensation program for executive officers and other key personnel. The Nominating and Corporate Governance Committee oversees matters relating to the composition and organization of the Board and advises the Board how its effectiveness can be improved by changes in its composition and organization.

The Board and its committees exercise their risk oversight function by carefully evaluating the reports they receive from management and by making inquiries of management with respect to areas of particular interest to the Board or committee. We believe that our leadership structure also enhances the Board's risk oversight function since our Chairman regularly discusses with management the material risks facing the Company. The Chairman is also expected to report candidly to his fellow directors on his assessment of the material risks we face, based upon the information he receives from management.

### Board Structure and Committees

Our Board of Directors is divided into three classes, with one class of directors being elected at each annual meeting of stockholders. Each director serves for a term of three years and until his successor is elected and qualified. The Board of Directors oversees the business and affairs of the Company and monitors the performance of its management. Although the Board of Directors is not involved in the Company's day-to-day operations, the directors keep themselves informed about the Company through meetings of the Board, reports from management and discussions with the Company's executive officers. Directors also communicate with the Company's outside advisors, as necessary. The Board of Directors met six times in 2014.

During 2014, the Company had three standing committees of the Board of Directors: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The Board may from time to time form other committees as circumstances warrant. Such committees will have the authority and responsibility as delegated by the Board.

Only members of the Board of Directors can be members of a committee, and each committee is required to report its actions to the full Board of Directors. The Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee each operates under a written charter adopted by the Board. Charters for each of these three committees are available on the Company's website at <http://investors.cpsi.com> under "Governance." None of the incumbent directors attended less than 75% of the aggregate of (a) the total number of meetings held in 2014 of the Board of Directors and (b) the total number of meetings held in 2014 of all committees of the Board of Directors on which he served. Absent extenuating circumstances, directors are expected to attend annual meetings of the Company's stockholders. All of our incumbent directors attended the 2014 annual meeting of stockholders. The following describes the functions and sets forth the current membership of each committee of the Board of Directors. The number of meetings that each committee held in 2014 is also listed.

### Audit Committee

The current members of the Audit Committee are Charles P. Huffman (Chairman), William R. Seifert, II and A. Robert Outlaw, Jr., and Ernest F. Ladd, III served as a member until his retirement from the Board of Directors effective May 15, 2014. The Board of Directors has determined that each of the directors who served on the Audit Committee during 2014 qualifies as independent under applicable Nasdaq listing standards and satisfies the heightened independence standards under SEC rules. Furthermore, in accordance with SEC rules, the Board has determined that Charles P. Huffman qualifies as an "audit committee financial expert" as defined by the applicable SEC rules. The Audit Committee met five times during 2014.

The primary purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to: the financial reports and other financial information provided by the Company to its stockholders and others; the Company's financial policies and procedures; the Company's system of internal controls; and the

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Company's auditing, accounting and financial reporting processes. The Audit Committee is directly responsible for appointing and overseeing the independent auditor of the Company. The Report of the Audit Committee appears on page 33 of this proxy statement.

### Compensation Committee

The current members of the Compensation Committee are William R. Seifert, II (Chairman), John C. Johnson and A. Robert Outlaw, Jr., and W. Austin Mulherin, III served as a member until his removal from the Compensation Committee effective January 27, 2014. The Board of Directors has determined that each of the directors who served on the Compensation Committee during 2014 qualifies as independent under applicable Nasdaq listing standards and satisfies the heightened independence review applicable to compensation committee members under Nasdaq listing rules. The Compensation Committee met five times during 2014.

The Compensation Committee is authorized to approve and recommend to the Board of Directors the compensation to be paid to officers, directors and committee members of the Company. Executive compensation may include, but is not limited to, salaries, performance-based bonuses, and time-based and performance-based equity awards, other annual compensation and any combination thereof as the Compensation Committee deems appropriate in light of the performance of the Company. The Compensation Committee Report appears on page 21 of this proxy statement. Additionally, the Compensation Committee has reviewed CPSI's compensation programs, plans and practices for all of its employees as they relate to risk management and risk-taking initiatives to ascertain if they serve to incent risks which are "reasonably likely to have a material adverse effect" on CPSI. As a result of this process, the Compensation Committee concluded and informed the Board of Directors that any risks arising from these programs, plans and practices are not reasonably likely to have a material adverse effect on the Company.

### Nominating and Corporate Governance Committee

The current members of the Nominating and Corporate Governance Committee are John C. Johnson (Chairman) and Charles P. Huffman, and W. Austin Mulherin, III served as a member until his removal from the Nominating and Corporate Governance Committee effective March 31, 2014. The Board of Directors has determined that each of the directors who served on the Nominating and Corporate Governance Committee during 2014 qualifies as independent under applicable Nasdaq listing standards. The Nominating and Corporate Governance Committee met twice during 2014.

The purposes of the Nominating and Corporate Governance Committee are to (a) identify individuals qualified to become members of the Board and to recommend director nominees to the Board for election by the stockholders, (b) monitor, oversee and evaluate the corporate governance principles applicable to the Company and (c) oversee the evaluation of the Board and management.

### Consideration of Director Nominees

#### Criteria and Diversity

Criteria that will be used by the Nominating and Corporate Governance Committee in connection with evaluating and selecting new directors include factors relating to whether the director candidate would meet the definition of "independence" required by the Nasdaq listing standards, as well as skills, occupation and experience in the context of the needs of the Board. The Company's Corporate Governance Guidelines also set forth certain factors that should be considered by the Nominating and Corporate Governance Committee in recommending a nominee to the Board, including relevant experience, intelligence, independence, commitment, integrity, diligence, conflicts of interest, age, compatibility with the Company's management team and culture, prominence, understanding of the Company's business, the ability to act in the interests of all stockholders and other factors deemed relevant. The Board believes that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities.

Although neither the Board nor the Nominating and Corporate Governance Committee has a policy with regard to the consideration of diversity in identifying director nominees, the director nomination process is designed to ensure that the Board includes members with diverse backgrounds and experiences. The goal of this process is to assemble a group of Board members with deep, varied experience, sound judgment and commitment to CPSI's success. For a discussion of the individual experiences and qualifications of our Board members, please refer to the section entitled, "Proposal 1: Election of Class I Directors" in this proxy statement.



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### Process for Identifying and Evaluating Nominees for Director

The process that will be followed by the Nominating and Corporate Governance Committee to identify and evaluate director candidates will include requests to Board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates, and interviews of selected candidates by members of the Nominating and Corporate Governance Committee and the Board. Assuming that appropriate biographical and background material is provided for candidates recommended by stockholders, the Nominating and Corporate Governance Committee will evaluate those candidates by following substantially the same process, and applying substantially the same criteria, as for candidates submitted by Board members.

### Director Nominees Proposed by Stockholders

The Nominating and Corporate Governance Committee will consider stockholder-recommended director candidates for inclusion in the slate of nominees that the Board recommends to the stockholders for election. In considering whether to recommend any candidate for inclusion in the Board's slate of recommended director nominees, including candidates recommended by stockholders, the Nominating and Corporate Governance Committee will apply the selection criteria described above. The Nominating and Corporate Governance Committee will not assign specific weights to its various criteria and no particular criterion is necessarily applicable to all prospective nominees. Stockholders may recommend to the Nominating and Corporate Governance Committee individuals to be considered as potential director candidates by submitting the following information to the "Nominating and Corporate Governance Committee of Computer Programs and Systems, Inc.," c/o Corporate Secretary, 6600 Wall Street, Mobile, Alabama 36695:

• The name of the recommended person;

• All information relating to such person that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended;

• The written consent of the recommended person to being named in the proxy statement as a nominee and to serve as a director if elected;

• As to the stockholder making the recommendation, the name and address of such stockholder, as it appears on the Company's books; provided, however, that if the stockholder is not a registered holder of the Company's common stock, the stockholder should submit his or her name and address along with a current written statement from the record holder of the shares that reflects his or her beneficial ownership of the Company's common stock; and

• A statement disclosing whether such stockholder is acting with or on behalf of any other person and, if applicable, the identity of such person.

In addition to submitting nominations in advance to the Nominating and Corporate Governance Committee for consideration, a stockholder also may nominate persons for election to the Board of Directors in person at a stockholders meeting. Section 2.2 of the Company's Bylaws provides for procedures pursuant to which stockholders may nominate a candidate for election as a director of the Company. To provide timely notice of a director nomination at a meeting of stockholders, the stockholder's notice must be received by the Secretary at the principal executive offices of the Company, 6600 Wall Street, Mobile, Alabama 36695: (1) with respect to any annual meeting, not earlier than the close of business on the 120<sup>th</sup> day and not later than the close of business on the 90<sup>th</sup> day prior to the first anniversary of the preceding year's annual meeting; (2) if the date of the applicable annual meeting is convened more than 30 days before or more than 70 days after such anniversary date, or if no annual meeting was held in the preceding year, not earlier than the close of business on the 120<sup>th</sup> day prior to such annual meeting and not later than the close of business on the later of the 90<sup>th</sup> day prior to such annual meeting or the 10<sup>th</sup> day following the day on which public announcement of the date of such meeting is first made by the Company; or (3) with respect to any special stockholders meeting called by the Board for election of directors, not earlier than the close of business on the 120<sup>th</sup> day prior to such special meeting and not later than the close of business on the later of the 90<sup>th</sup> day prior to such special meeting or the 10<sup>th</sup> day following the day on which public announcement is first made of the date of such meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The stockholder's notice must contain the information specified in Section 2.2 of the Bylaws with respect to the nominee for director and the nominating stockholder. The chairperson of the meeting shall have the power to determine and declare to the meeting whether or not a nomination was made in accordance with the procedures set forth in our Bylaws and, if the

chairman determines that a nomination is not in accordance with the procedures set forth in the Bylaws, to declare to the meeting that the defective nomination will be disregarded.

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You may find the Company's Bylaws by going to the Company's website at <http://investors.cpsi.com> under "Governance." Printed copies of the Bylaws may also be obtained at no charge by writing to the Corporate Secretary at 6600 Wall Street, Mobile, Alabama 36695.

### Stockholder Communications with the Board

The Board of Directors will give appropriate attention to written communications that are submitted by stockholders and will respond as the Board deems appropriate. Stockholders and other interested parties who wish to send communications on any topic to the Board should address such communications to:

Chairman of the Nominating and Corporate Governance Committee  
of Computer Programs and Systems, Inc.

c/o Corporate Secretary

6600 Wall Street

Mobile, Alabama 36695

All communications to the Board will be relayed to the Chairman of the Nominating and Corporate Governance Committee without being screened by management. Absent unusual circumstances or as contemplated by committee charters, the Chairman of the Nominating and Corporate Governance Committee will be primarily responsible for monitoring communications from stockholders and will provide copies or summaries of such communications to the other directors as he considers appropriate. Communications will be forwarded to all directors if they relate to substantive matters and include suggestions or comments that the Chairman of the Nominating and Corporate Governance Committee considers to be important for the directors to know.

### Executive Sessions

Executive sessions of the independent directors of the Board of Directors are to be held at least two times a year and otherwise as needed. These sessions are chaired by an independent director selected by a majority of the independent directors.

### Compensation Committee Interlocks and Insider Participation

The Compensation Committee, which establishes the compensation of the executive officers of CPSI, during 2014 was comprised of Messrs. Seifert, Johnson and Outlaw. Mr. Mulherin was removed from the Compensation Committee effective January 27, 2014. No member of the Committee is, or was during 2014, an executive officer of another company whose board of directors has a comparable committee on which one of our executive officers serves.

### Stock Ownership Guidelines for Non-Employee Directors

CPSI has always encouraged directors to have a financial stake in the Company, and the directors have generally owned shares of our common stock, but until 2012 the Company did not have any specified level of share ownership for individual directors. On January 23, 2012, however, the Board of Directors, at the recommendation of the Nominating and Corporate Governance Committee, amended CPSI's Corporate Governance Guidelines in order to implement formal stock ownership guidelines for non-employee directors. Under the guidelines, each non-employee director should acquire and beneficially own shares of CPSI common stock with a value equal to at least three times the director's annual retainer. Current non-employee directors have five years (until January 23, 2017) to satisfy this guideline, while any new non-employee director has five years from the date of his or her election or appointment to the Board to satisfy this guideline. The minimum number of shares to be held by a director will be calculated on the first trading day of each calendar year based on the fair market value of such shares. Any subsequent change in the value of the shares will not affect the amount of stock directors should hold during that year. For purposes of meeting the ownership guidelines, the following categories of stock are counted: (i) shares owned directly, (ii) shares owned indirectly (e.g., by a spouse, minor children or a trust), and (iii) time-vesting restricted stock. However, unexercised stock options and unearned performance shares, if any, are not counted toward meeting the guidelines. Also, any shares that are subject to hedging, monetization or pledging transactions are not counted toward meeting the ownership guidelines. If the number of shares that a director should own is increased as a result of an increase in the amount of such director's annual retainer, the director will have five years from the effective date of the increase to attain the increased level of ownership.





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EXECUTIVE COMPENSATION AND OTHER INFORMATION

Compensation Discussion and Analysis

Overview

This Compensation Discussion and Analysis (CD&A) provides information about the material components of our executive compensation programs for our Named Executive Officers (who we refer to as our “named executives”), whose compensation is set forth in the 2014 Summary Compensation Table and other compensation tables contained in this proxy statement:

- J. Boyd Douglas, President and CEO
- David A. Dye, Executive Chairman, CFO, Secretary and Treasurer
- Victor S. Schneider, Executive Vice President - Corporate and Business Development
- Troy D. Rosser, Senior Vice President - Sales
- Christopher L. Fowler, President - TruBridge, LLC

Our compensation program is designed to motivate and retain our executive officers, to align their financial interests with those of our stockholders, and to reward Company performance and/or behavior that enhances stockholder returns. This CD&A explains how the Compensation Committee of the Board of Directors made compensation decisions in 2014 and in early 2015 for our named executives.

Compensation Philosophy and Objectives

Our policy with respect to the compensation of executive officers is linked to our historical method for identifying and selecting executive officers to manage the Company. Generally, we have sought to identify and promote talented individuals from within the Company to become our executive officers. Specifically, those individuals hired by us who have demonstrated over time the greatest ability to successfully develop, market and manage our products and services, who have developed a comprehensive understanding of our operations and finances from the ground up, and who have exhibited strong management skills have been promoted by the Board of Directors to the executive officer ranks. We feel that this method of selecting executive officers offers us the best chances of continuing to grow our business and of generating long-term returns for our stockholders. Our compensation philosophy is consistent with, and attempts to further, our belief that the caliber and motivation of our executive officers, and their leadership, are critical to our success.

The principal components of compensation for our named executives include:

**Base Salary:** Fixed compensation designed to attract and retain leadership talent. Additionally, of the named executives identified in the Summary Compensation Table on page 22 of this proxy statement, the base salaries of two of them, Troy D. Rosser and Victor S. Schneider, consist in part of commissions, which are based on the amount of profit generated by the Company from its sales of software systems and hardware and the amount of revenues generated from its sales of business management, consulting and managed IT services.

**Annual Cash Incentive Compensation:** Variable compensation intended to provide our executives with a financial incentive to achieve critical short-term performance objectives.

**Long-Term Incentives:** Variable compensation designed to align a portion of executive compensation to the Company’s longer-term operational performance as well as share price growth.

As discussed below, the Compensation Committee engaged a compensation consulting firm in mid-2013 in order to, among other things, compare the Company’s executive compensation program to those of its peers and advise the Compensation Committee regarding how to introduce more performance-based compensation into the executive compensation program. As a result of this engagement and evaluation, the Board of Directors adopted on January 27, 2014, and the stockholders of the Company approved at the 2014 annual meeting, the Computer Programs and Systems, Inc. 2014 Incentive Plan (the “2014 Incentive Plan”). The 2014 Incentive Plan is an omnibus incentive plan under which the Compensation Committee is able to grant time- and performance-based equity awards and performance-based cash incentive awards. The Compensation Committee granted performance share awards and performance-based annual cash bonus awards in 2014 in order to further link executive compensation with the performance of the Company. Additionally, the Compensation Committee granted time-based restricted stock awards, which have been made periodically in order to provide management with an equity interest in the Company and which we believe help to motivate them and align their financial interests with those of our stockholders.



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We believe that our compensation program has been successful in retaining executive talent, in that all of the current named executives have been employed by the Company for at least 15 years, but that it is important to continue to create incentives to ensure the retention of those executives and other employees who are critical to the success of our business.

### Oversight of Executive Compensation

Our Compensation Committee is currently comprised solely of independent directors and has oversight of the executive compensation program and normally recommends to the full Board for approval the compensation paid to our executive officers.

### Role of Executive Officers in Compensation Decisions

Our Chief Executive Officer and Chief Financial Officer make recommendations to the Compensation Committee regarding base salaries, commission arrangements, bonuses and equity compensation grants for the remainder of our executives. Neither the Chief Executive Officer nor the Chief Financial Officer is involved in determining his own compensation. The Compensation Committee has discretion to approve, disapprove or modify recommendations made by these executives, and then provides a recommendation regarding compensation of our executive team to the Board for its approval.

### Role of Compensation Consultant

In mid-2013, the Compensation Committee engaged a compensation consultant, Pearl Meyer & Partners, LLC (“PM&P”), to review, assess and provide recommendations with respect to certain aspects of the Company’s compensation program for executive officers and directors. In this role, PM&P renders services specifically requested by the Compensation Committee, which has included examining the overall pay mix for our executives, conducting a competitive assessment of our executive compensation program and making recommendations to and advising the Compensation Committee on compensation design and levels. In this regard, PM&P provides advice to the Compensation Committee on structuring annual and long-term incentive arrangements for executives. In addition, PM&P provides advice to the Compensation Committee on the compensation elements and levels for non-employee directors. CPSI did not engage PM&P for any projects other than those directed by the Compensation Committee, which were limited to engagements involving the compensation of executives and directors and PM&P has not performed any other services for CPSI. The Compensation Committee assessed PM&P’s independence based on various factors and has determined that PM&P’s engagement and the services provided by PM&P to the Compensation Committee did not raise any conflict of interest.

### Consideration of Prior Shareholder Advisory Vote on Executive Compensation

We provide our shareholders with the opportunity annually to vote to approve, on an advisory basis, the compensation of our named executives (often referred to as a “say-on-pay” vote). Although the “say-on-pay” vote is advisory and non-binding, the Compensation Committee considers the outcome of the vote as part of its executive compensation planning process. At each of the 2013 and 2014 annual meetings of stockholders, over 98% of the votes cast on the “say-on-pay” proposal were voted in favor of the compensation of CPSI’s named executive officers as disclosed in the proxy statement for such meeting. Our Compensation Committee considered this high level of shareholder support when determining the compensation for 2014 and 2015, and consistent with past practice, made decisions consistent with our compensation philosophy and objectives. The Committee concluded that the Company’s compensation program should continue to emphasize the performance, alignment and retention objectives described herein.

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## Peer Group

The Compensation Committee's compensation consultant, PM&P, worked with the Committee in mid-2013 to conduct a competitive assessment of our executive compensation program. PM&P gathered market data, including proxy data from 16 "peer group" public companies and data from various compensation surveys, about the base salaries, annual cash incentives and equity compensation provided by these companies. The revised peer group is shown in the following table:

Company Name	Ticker
Accelrys, Inc.	ACCL
Actuate Corporation	BIRT
American Software, Inc.	AMSWA
athenahealth, Inc.	ATHN
Blackbaud, Inc.	BLKB
Ebix, Inc.	EBIX
Greenway Medical Technologies, Inc.	N/A (no longer a public company)
HealthStream, Inc.	HSTM
Medidata Solutions, Inc.	MDSO
Merge Healthcare, Inc.	MRGE
Omnicell, Inc.	OMCL
Pros Holdings, Inc.	PRO
Quality Systems, Inc.	QSII
RCM Technologies, Inc.	RCMT
Sourcefire, Inc.	FIRE
Tyler Technologies, Inc.	TYL

These companies were selected because they provided software and healthcare IT services and had approximately one-half to two times the revenues of CPSI, with the median revenue at the time of the analysis being approximately \$209 million.

The results of the peer group analysis showed that the total target direct compensation opportunity (salary plus target annual incentive opportunity plus target annual long-term incentive awards) for our non-commissioned named executives in 2012 was below the median of the peer group as reflected in these companies' most recent proxy statements. The results of the broader survey analysis of our non-commissioned named executives' target total direct compensation conducted by PM&P showed that those positions were generally competitive with market practices. PM&P noted that CPSI's positioning relative to its peer group in these areas resulted from the lack of market-based target annual incentive award opportunities, as well as the lack of regular long-term equity incentive grants, for the named executives.

## Elements Used to Achieve Compensation Objectives

The Compensation Committee reviewed competitive market data provided by PM&P to assess the competitiveness of our compensation program for our executive officers, including the named executives. In response to this analysis and assessment, the Compensation Committee has focused on increasing the target incentive compensation opportunity for executives and making the compensation program more performance-based in order to, among other things, more effectively align the interests of executives with those of the stockholders and bring the compensation program more in line with the Company's peers.

We do not have a formal policy or target for allocating compensation between long-term and short-term compensation or between cash and equity compensation, although the Compensation Committee intends to place a greater emphasis on performance-based compensation in the future. The Compensation Committee will continue to determine what it believes to be the appropriate level and mix of the various compensation components based on recommendations from management and its compensation consultant, if applicable, Company performance and individual performance.

**Base Salaries.** Each named executive's base salary is determined principally by the responsibilities required by the executive's position, as well as the executive's length of service in a position and at our Company, and also takes into account individual competence and the amount of other elements of compensation. There were no changes in the

named executives' base salaries during 2014. The amount of any future increase or decrease in base salary will be considered based on the above mentioned factors, including the Company's financial performance and, in the discretion of the Compensation Committee, the compensation paid by our competitors and/or other comparable-sized companies.

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**Sales Commissions.** Two of our current named executives - Victor S. Schneider and Troy D. Rosser - are compensated in part through the payment of commissions. The amount of commissions earned by each named executive is included in the Salary column of the Summary Compensation Table on page 22 of this proxy statement. Mr. Schneider, Executive Vice President-Corporate and Business Development, is responsible for revenue generation efforts, customer relations, strategic growth initiatives and positioning, and market execution. As the Company's highest ranking officer with a direct responsibility for sales, Mr. Schneider has received each year since 2004 a commission, payable monthly, equal to 0.5% of the Company's gross profit from sales of software systems and hardware to both new and existing customers of the Company during such year. Additionally, Mr. Schneider has received each year since 2004 a commission, payable monthly, equal to 1.0% of the Company's revenues from the first two years of billing on contracts entered into for business management, consulting and managed IT services. Commissions from sales of software and hardware become payable at the time of completion of the installation of the applicable hardware and/or software. Commissions from sales of business management, consulting and managed IT services become payable at the time that the Company recognizes revenue from such sales under generally accepted accounting principles ("GAAP"). There are no threshold, target or maximum amounts or quotas established for the calculation of commissions due to Mr. Schneider.

Mr. Rosser, Senior Vice President-Sales, is responsible for overseeing all of the Company's sales and marketing efforts. As the Company's second highest ranking officer with a direct responsibility for sales, Mr. Rosser has received each year since 2006 a commission, payable monthly, equal to 1.0% of the Company's gross profit from sales of software systems and hardware to new customers of the Company during such year. Such commission rate increases to 1.5% on gross profit exceeding \$14,000,000 in a year (which threshold was increased as of February 1, 2013 to \$16,475,704). Mr. Rosser has also received since 2006 a commission, payable monthly, equal to 0.5% of the Company's gross profit from sales of software systems and hardware to existing customers. Additionally, Mr. Rosser has received each year since 2006 a commission, payable monthly, equal to 1.0% of the Company's revenues from the first two years of billing on contracts entered into for business management, consulting and managed IT services. Commissions from sales of software and hardware become payable at the time of completion of the installation of the applicable hardware and/or software. Commissions from sales of business management, consulting and managed IT services become payable at the time that the Company recognizes revenue from such sales under GAAP. Other than for the potential increase in commission rate (from 1.0% to 1.5%) on gross profit from sales of software and hardware to new customers, there are no threshold, target or maximum amounts or quotas established for the calculation of commissions due to Mr. Rosser.

In the event that a customer defaults on payment for software, hardware or business management services, all commissions paid to these executives on the defaulted accounts are deducted from future commissions. In the event that partial payment from a customer is received, commissions are deducted pro rata based on the amount of the payment received. Other than in the event of an executive's death, the Company discontinues all commission payments upon termination of the executive's employment with the Company.

The Compensation Committee approved the specific sales metrics for these executives based on input from the Chief Executive Officer and the estimated amount of total compensation that would be payable based on historical sales information. The commissions are designed to reward the executives for Company performance directly related to sales activities. As previously described, there are no threshold, target or maximum amounts or quotas established for the calculation of commissions due to these executives.

**Annual Performance-Based Cash Bonuses.** In order to further align the interests of the executives with those of the stockholders, the Compensation Committee granted at its January 27, 2014 meeting performance-based cash bonus awards pursuant to the 2014 Incentive Plan to each executive officer of the Company, other than executive officers earning commission-based compensation. Each non-commissioned named executive officer was granted a target incentive amount (in dollars and as a percentage of base salary), with the actual incentive earned to be calculated based on growth of the Company's earnings before interest, income taxes, depreciation and amortization ("EBITDA") in 2014 versus the Company's EBITDA in 2013. The Compensation Committee believes that EBITDA is an appropriate metric for evaluating the overall financial performance of the Company and has used EBITDA as the metric for its annual cash incentive programs since 2011.

Under the terms of the performance-based cash bonus awards granted in 2014, our non-commissioned named executives were entitled to:

50% of their target cash bonus award if the Company's EBITDA in 2014 was 90% of EBITDA in 2013 (the threshold award);

100% of their target cash bonus award if the Company's EBITDA in 2014 was 100% of EBITDA in 2013 (the target award); and



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150% of their target cash bonus award if the Company's EBITDA in 2014 was 120% or more of EBITDA in 2013 (the maximum award).

The Company interpolates between the threshold, target and maximum award amounts where EBITDA in 2014 is between 90% and 120% of EBITDA in 2013. No incentives would have been earned if performance was below the threshold of 90% of 2013 EBITDA.

**Actual Results**

In 2014 the Company achieved 99.2% of 2013 EBITDA, resulting in the named executives receiving 96.0% of their target award amount under the terms of the awards. The individual target cash bonus amounts, including as a percentage of salary, for the three non-commissioned named executives for 2014, and the amount earned and paid based on the level of achievement of EBITDA growth, were as follows:

	Target Cash Bonus as a % of Salary	Target Cash Bonus Amount	Actual Cash Bonus Paid
J. Boyd Douglas	45%	\$284,000	\$272,640
David A. Dye	45%	\$227,000	\$217,920
Christopher L. Fowler	15%	\$64,000	\$61,440

**Long-Term Incentive Awards.** We have made long-term grants of equity compensation to executive officers in order to provide an incentive for them to maintain their relationship with the Company and to align their interests and compensation with the long-term interests of stockholders. Historically, we have had no pre-established program or schedule for making grants, which have been made solely on a discretionary basis taking into account our need to incentivize management. Based in part on PM&P's assessment that the total direct compensation paid to the Company's named executives is below the median compensation paid to the named executives at the Company's peers due to the lack of regular long-term equity grants, the Compensation Committee began in 2013 making grants of equity on an annual basis.

**Time-Based Restricted Stock**

Prior to 2014, awards of restricted stock were made under the Computer Programs and Systems, Inc. 2005 Restricted Stock Plan (the "2005 Restricted Stock Plan"). Additionally, equity grants prior to 2014 were exclusively time-based restricted stock awards, with the shares vesting over a four- or five-year period following the date of grant. Only five shares remain available for issuance under the 2005 Restricted Stock Plan, and it is the intention of the Compensation Committee and the Board of Directors not to grant any additional awards of restricted stock under the 2005 Restricted Stock Plan.

Beginning in 2014, in order to further link compensation to Company performance, the Compensation Committee began granting both time-based restricted stock and performance share awards. At its May 15, 2014 meeting, the Compensation Committee granted time-based restricted stock awards to all of the current executive officers of the Company, including our named executive officers, under the 2014 Incentive Plan, with one-third of the shares vesting on each one-year anniversary of the date of grant, commencing on May 15, 2015. The size of the restricted stock awards granted to the executives has been based on the subjective determination of the Compensation Committee, which considers each executive's importance to and tenure with the Company and level of responsibility. In order to vest, the executive must remain employed by us as an executive on each vesting date. The only circumstances that trigger an acceleration of vesting of an award are the following: a change of control of the Company; the death or disability of the executive; and, at the discretion of the Compensation Committee, upon the executive's termination without cause (as defined in the 2014 Incentive Plan). The number of shares of restricted stock awarded to each of the named executives in 2014 is reflected in the Grants of Plan-Based Awards table on page 24 of this proxy statement.

**Performance Share Awards**

The Compensation Committee granted at its January 27, 2014 meeting performance share awards pursuant to the 2014 Incentive Plan to each executive officer of the Company, including our named executive officers. Each named executive officer was granted a target number of performance shares, with the actual number of performance shares earned and to be issued to be calculated based on growth in earnings per share ("EPS") between 2013 and 2014. The Compensation Committee believes that EPS is an appropriate metric for evaluating year-over-year increases in stockholder value.



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Under the terms of the performance share awards granted in 2014, our non-commissioned named executives were entitled to:

50% of their target share award if the Company's EPS in 2014 was 90% of EPS in 2013 (the threshold award); 100% of their target share award if the Company's EPS in 2014 was 100% of EPS in 2013 (the target award); and 150% of their target share award if the Company's EPS in 2014 was 120% or more of EPS in 2013 (the maximum award).

The Company interpolates between the threshold, target and maximum award amounts where EPS in 2014 is between 90% and 120% of EPS in 2013. No incentives would have been earned if performance was below the threshold of 90% of 2013 EPS.

**Actual Results**

In 2014 the Company achieved 99.7% of 2013 EPS, resulting in the named executives receiving 98.5% of their target award amount under the terms of the awards. The individual target number of performance shares, including the dollar value of such target number, for the named executive officers for 2014, and the number of shares earned based on the level of achievement of EPS growth, were as follows:

	Dollar Value of Target Award	Target Number of Performance Shares	Actual Performance Shares Earned
J. Boyd Douglas	\$300,000	5,153	5,076
David A. Dye	\$300,000	5,153	5,076
Victor S. Schneider	\$225,000	3,865	3,807
Troy D. Rosser	\$225,000	3,865	3,807
Christopher L. Fowler	\$225,000	3,865	3,807

The actual performance shares earned by the named executives were issued as shares of restricted stock following the certification by the Compensation Committee on February 5, 2015 of the Company's achievement of the performance goal set forth above. Such shares of restricted stock are subject to time-based vesting, with one-third of the shares vesting on each one-year anniversary of the certificate date, commencing on February 5, 2016. In order to vest, the executive must remain employed by us as an executive on each vesting date. The only circumstances that trigger an acceleration of vesting of the shares of restricted stock issued pursuant to the performance share awards are a change of control of the Company or the death or disability of the executive.

**2015 Compensation Actions**

**Annual Performance-Based Cash Bonuses.** At its February 5, 2015 meeting, the Compensation Committee granted performance-based cash bonus awards pursuant to the 2014 Incentive Plan to the non-commissioned named executive officers. Each such individual was granted a target incentive amount (in dollars and as a percentage of base salary), with the actual incentive earned to be calculated based on growth in EBITDA between 2014 and 2015. The Company will interpolate between the threshold, target and maximum award amounts where EBITDA in 2015 is between 90% and 120% of EBITDA in 2014 in the following manner:

2015 EBITDA	Percentage of Target Cash Bonus Award Earned by Named Executive
Less than 90% of 2014 EBITDA	No Cash Bonus earned
90% of 2014 EBITDA	50% of Target Cash Bonus earned
95% of 2014 EBITDA	75% of Target Cash Bonus earned
100% of 2014 EBITDA	100% of Target Cash Bonus earned
105% of 2014 EBITDA	112.5% of Target Cash Bonus earned
110% of 2014 EBITDA	125% of Target Cash Bonus earned
115% of 2014 EBITDA	137.5% of Target Cash Bonus earned
120% or more of 2014 EBITDA	150% of Target Cash Bonus earned

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The Company will further linearly interpolate between the amounts set forth above.

### Long-Term Incentive Awards

**Time-Based Restricted Stock.** The Compensation Committee granted restricted stock awards to all of the current executive officers of the Company, including our named executive officers, at its meeting on February 5, 2015. These awards were granted under the 2014 Incentive Plan and are subject to time-based vesting, with one-third of the shares vesting on each one-year anniversary of the date of grant, commencing on February 5, 2016.

**Performance Share Awards.** At its February 5, 2015 meeting, the Compensation Committee granted performance share awards pursuant to the 2014 Incentive Plan to each executive officer of the Company, including the named executives. Each named executive officer was granted a target number of performance shares, with the actual number of performance shares earned and to be issued to be calculated based on growth in EPS between 2014 and 2015. The Company will interpolate between the threshold, target and maximum award amounts where EPS in 2015 is between 90% and 120% of EPS in 2014 in the following manner:

2015 EPS	Percentage of Target Share Award Earned
Less than 90% of 2014 EPS	No Shares earned
90% of 2014 EPS	50% of Target Award earned
95% of 2014 EPS	75% of Target Award earned
100% of 2014 EPS	100% of Target Award earned
105% of 2014 EPS	112.5% of Target Award earned
110% of 2014 EPS	125% of Target Award earned
115% of 2014 EPS	137.5% of Target Award earned
120% or more of 2014 EPS	150% of Target Award earned

The Company will further linearly interpolate between the amounts set forth above.

### Equity Grant Practices

As discussed above, the Compensation Committee intends to continue to make regular grants of equity that have retentive effect and incentivize performance. Based on recommendations from PM&P, the Compensation Committee plans to continue to structure the equity awards made each year to the Company's executive officers, including the named executives, so that approximately 50% of the equity is time-based restricted stock and approximately 50% is performance share awards.

To date, our practice in granting equity has been to determine the dollar amount of equity compensation that we want to provide the executives and then to grant a number of shares of time-based restricted stock or the target number of performance-based shares, as applicable, that has a fair market value equal to that amount on the date of grant. We determine the fair market value based on the closing price of our stock on the Nasdaq Stock Market on the date of grant. We do not select grant dates based upon the public release of material information about the Company, and the proximity of the grant date of any award to the date on which we announce such information is coincidental.

### No Employment or Severance Agreements

Our named executives do not have employment, severance or change-in-control agreements. Our named executives serve at the will of the Board, which enables the Company to terminate their employment with discretion as to the terms of any severance arrangement. This is consistent with the Company's employment and compensation philosophy.

### Perquisites and Other Benefits

None of our executive officers receives any perquisites. Our policy is to not provide perquisites to executives, in part because we believe that they do not effectively incentivize management to improve the financial performance of the Company. Additionally, we do not maintain any pension or defined benefit plans for the benefit of our executive officers.

Our executive officers participate in the Company's 401(k) plan on the same terms as all of our employees. The plan allows eligible employees to contribute up to 60% of their pre-tax earnings up to the statutory limit prescribed by the Internal Revenue Service. The Company matches a discretionary amount determined by the Board of Directors. In 2014, we matched employee contributions up to \$2,000 per employee.



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Senior management, including the named executives, also participate in our other benefit plans on the same terms as our other employees. These plans include medical and dental insurance, life insurance and long-term disability insurance.

### Clawback Policy

Time-based restricted stock awards, performance-based cash bonus awards and performance-based share awards made under the Company's 2014 Incentive Plan are subject to recovery or adjustment by the Company as may be required pursuant to any law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

### Prohibition on Pledging and Hedging of Company Stock

Effective January 28, 2013, the Board of Directors amended the Company's Insider Trading Policy to prohibit the Company's directors, officers and employees from pledging their common stock in the Company as security or engaging in transactions designed to "hedge" against the price of the Company's common stock. None of the Company's directors or executive officers currently engages in any pledging or hedging transactions.

### Stock Ownership Guidelines for Executive Officers

CPSI has always encouraged its executive officers to have a financial stake in the Company, and the officers have generally owned shares of our common stock, but until 2014 the Company did not have any specified level of share ownership for the officers. On January 27, 2014, however, the Board of Directors, at the recommendation of the Nominating and Corporate Governance Committee, amended CPSI's Corporate Governance Guidelines in order to implement formal stock ownership guidelines for the Company's executive officers, including its named executives. Under the guidelines, each of the Chief Executive Officer and the Chief Financial Officer should acquire and beneficially own shares of CPSI common stock valued at five (5) times such individual's annual base salary. Each other executive officer should acquire and beneficially own shares of CPSI common stock valued at two (2) times such individual's annual base salary. Current executive officers have five years (until January 27, 2019) to satisfy this guideline, while any new executive officer will have five years from the date of his or her designation by the Board as an executive officer to satisfy this guideline. As with the stock ownership guidelines for the Company's non-employee directors, the minimum number of shares to be held by an executive officer will be calculated on the first trading day of each calendar year based on the fair market value of such shares. Any subsequent change in the value of the shares will not affect the amount of stock executive officers should hold during that year. For purposes of meeting the ownership guidelines, the following categories of stock are counted: (i) shares owned directly, (ii) shares owned indirectly (e.g., by a spouse, minor children or a trust), and (iii) time-vesting restricted stock. However, unexercised stock options and unearned performance shares, if any, are not counted toward meeting the guidelines. Also, any shares that are subject to hedging, monetization or pledging transactions are not counted toward meeting the ownership guidelines. If the number of shares that an executive officer should own is increased as a result of an increase in the amount of such officer's annual base salary, the officer will have five years from the effective date of the increase to attain the increased level of ownership.

### Tax and Accounting Implications

**Tax Deductibility of Executive Compensation.** Section 162(m) of the Internal Revenue Code generally limits the tax deductibility paid by a public company to its Chief Executive Officer and certain other executive officers to \$1 million in the year that the compensation becomes taxable to the executive. There is an exception to the limit on deductibility for performance-based compensation that meets certain requirements. As part of its role, the Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code when developing and implementing short- and long-term incentive arrangements. However, the Company believes it is important to preserve flexibility in administering its compensation program in a manner designed to promote varying corporate goals. Accordingly, where it is deemed necessary and in the best interests of the Company to attract and retain executive talent, the Compensation Committee may approve compensation to the named executives which exceeds the limits of deductibility. In this regard, certain portions of compensation paid to our named executives for 2014 may not be deductible for federal income tax purposes under Section 162(m).

**Accounting for Stock-Based Compensation.** The Company accounts for stock-based payments, including under its 2005 Restricted Stock Plan and 2014 Incentive Plan, in accordance with the requirements of the FASB Accounting

Standards Codification Topic 718, Compensation - Stock Compensation.

Section 409A of the Internal Revenue Code ("Section 409A"). The Company designs, awards and implements its compensation arrangements to fully comply with Section 409A and accompanying regulations.

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Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis. Based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in CPSI's 2015 proxy statement.

The Compensation Committee:

William R. Seifert, II, Chairman

John C. Johnson

A. Robert Outlaw, Jr.



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## Summary Compensation Table

The table below summarizes the total compensation paid to or earned by each of the Company's named executive officers for the fiscal years ended December 31, 2014, 2013 and 2012. The Company has not entered into any employment agreements with any of the named executive officers. When setting total compensation for each of the named executive officers, the Compensation Committee reviews tally sheets which show the executive's current compensation, including equity and non-equity based compensation.

Name and Principal Position	Year	Change in Pension Value and Nonqualified Deferred Compensation Earnings							Total (\$)
		Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)		
J. Boyd Douglas President and CEO	2014	\$630,000	-0-	\$588,229	-0-	\$276,640	-0-	\$46,471	\$1,537,340
	2013	\$600,000	-0-	\$520,047	-0-	\$236,880	-0-	\$28,422	\$1,385,349
	2012	\$600,000	-0-	-0-	-0-	\$167,400	-0-	\$40,888	\$808,288
David A. Dye CFO, Secretary and Treasurer	2014	\$504,000	-0-	\$588,229	-0-	\$217,920	-0-	\$44,471	\$1,354,620
	2013	\$480,000	-0-	\$520,047	-0-	\$189,504	-0-	\$26,422	\$1,215,973
	2012	\$480,000	-0-	-0-	-0-	\$133,920	-0-	\$38,888	\$652,808
Victor S. Schneider Executive Vice President-Corporate and Business Development	2014	\$572,690 (1)	-0-	\$441,232	-0-	-0-	-0-	\$35,354	\$1,049,276
	2013	\$612,769 (2)	-0-	\$390,064	-0-	-0-	-0-	\$21,816	\$1,024,649
	2012	\$615,877 (3)	-0-	-0-	-0-	-0-	-0-	\$31,166	\$647,043
Troy D. Rosser Senior Vice President-Sales	2014	\$557,269 (4)	-0-	\$441,232	-0-	-0-	-0-	\$35,354	\$1,033,855
	2013	\$749,097 (5)	-0-	\$390,064	-0-	-0-	-0-	\$21,816	\$1,160,977
	2012	\$714,847 (6)	-0-	-0-	-0-	-0-	-0-	\$31,166	\$746,013
Christopher L. Fowler President-TruBridge, LLC	2014	\$425,000	-0-	\$441,232	-0-	\$61,440	-0-	\$31,137	\$958,809
	2013	\$417,788	-0-	\$390,064	-0-	\$55,930	-0-	\$16,363	\$880,145
	2012	\$328,375 (7)	\$27,125 (8)	-0-	-0-	-0-	-0-	\$21,444	\$376,944

(1) \$322,690 of this amount represents sales commissions earned by Mr. Schneider during 2014.

- (2) \$362,769 of this amount represents sales commissions earned by Mr. Schneider during 2013.
- (3) \$365,877 of this amount represents sales commissions earned by Mr. Schneider during 2012.
- (4) \$402,269 of this amount represents sales commissions earned by Mr. Rosser during 2014.
- (5) \$594,097 of this amount represents sales commissions earned by Mr. Rosser during 2013.
- (6) \$559,847 of this amount represents sales commissions earned by Mr. Rosser during 2012.
- (7) \$9,144 of this amount represents sales commissions earned by Mr. Fowler during 2012 prior to the time he switched to a fixed base salary.
- (8) Represents a discretionary bonus granted to Mr. Fowler by the Compensation Committee on March 4, 2013 to compensate him for not being included in the 2012 Executive Officer Incentive Program.
- (9) Represents the aggregate grant date fair value of non-option stock awards, including time-based restricted stock and performance share awards, granted in accordance with FASB ASC Topic 718, rather than the amount paid to or realized by the named executive officer. The grant date fair value of the performance share awards granted in 2014 is based upon the probable outcome of the performance conditions as of the grant date (calculated by multiplying the target number of performance shares by the closing price of the Company's stock on the date of grant less the present value of the expected dividends not received during the relevant period, or \$55.94). The maximum values of such performance share awards (calculated by multiplying the maximum number of performance shares by the closing price of the Company's stock on the date of grant less the present value of the expected dividends not received during the relevant period, or \$55.94) would be \$432,416 for each of Messrs. Douglas and Dye and \$324,340 for each of Messrs. Rosser, Schneider and Fowler. See Note 8 to the financial statements in CPSI's Form 10-K for the year ended December 31, 2014 for the assumptions made in determining the grant date fair value. There can be no assurance that the grant date fair value will ever be realized.
- (10) There were no options granted in 2014, 2013 or 2012.
- (11) The amounts reported for 2014 represent compensation earned pursuant to cash incentive awards granted on January 27, 2014 pursuant to the Computer Programs and Systems, Inc. 2014 Incentive Plan based on 2014 EBITDA being 99.2% of 2013 EBITDA, which resulted in 96.0% of each executive officer's target bonus amount being earned under the terms of the cash incentive awards.

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(12) The following table shows each of the components of the “All Other Compensation” column for 2014: (i) Company contributions to the 401(k) retirement plan; and (ii) dividends paid on unvested shares of restricted stock under the Company’s 2005 Restricted Stock Plan and 2014 Incentive Plan. The Company does not provide any perquisites to its executive officers.

## All Other Compensation - 2014

Name of Executive	Company 401(k) Contributions	Dividends on Restricted Stock	Total “All Other Compensation”
J. Boyd Douglas	\$2,000	\$44,471	\$46,471
David A. Dye	-0-	\$44,471	\$44,471
Victor S. Schneider	\$2,000	\$33,354	\$35,354
Troy D. Rosser	\$2,000	\$33,354	\$35,354
Christopher L. Fowler	\$2,000	\$29,137	\$31,137

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## Grants of Plan-Based Awards in 2014

The following table provides certain information regarding the non-equity incentive and restricted stock awards made to our named executives during 2014.

Name of Executive	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Award (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares of Stock or Units (#) (3)			Grant Date	
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	Number of Stock or Units (#)	Other Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh) (4)	Fair Value of Stock and Option Awards (\$/Sh) (4)	
J. Boyd Douglas	1/27/2014	\$ 142,500	\$ 284,000	\$ 426,000	—	—	—	—	—	—	—	
	1/27/2014	—	—	—	2,577	5,153	7,730	—	—	—	\$ 288,259	
	5/15/2014	—	—	—	—	—	—	4,839	—	—	\$ 299,970	
David A. Dye	1/27/2014	\$ 113,500	\$ 227,000	\$ 340,500	—	—	—	—	—	—	—	
	1/27/2014	—	—	—	2,577	5,153	7,730	—	—	—	\$ 288,259	
	5/15/2014	—	—	—	—	—	—	4,839	—	—	\$ 299,970	
Victor S. Schneider	1/27/2014	—	—	—	1,933	3,865	5,798	—	—	—	\$ 216,208	
	5/15/2014	—	—	—	—	—	—	3,630	—	—	\$ 225,024	
Troy D. Rosser	1/27/2014	—	—	—	1,933	3,865	5,798	—	—	—	\$ 216,208	
	5/15/2014	—	—	—	—	—	—	3,630	—	—	\$ 225,024	
Christopher L. Fowler	1/27/2014	\$ 32,000	\$ 64,000	\$ 96,000	—	—	—	—	—	—	—	
	1/27/2014	—	—	—	1,933	3,865	5,798	—	—	—	\$ 216,208	
	5/15/2014	—	—	—	—	—	—	3,630	—	—	\$ 225,024	

(1) The amounts shown in these columns reflect the threshold, target and maximum amounts potentially payable to each named executive officer who received a cash incentive award pursuant to the 2014 Incentive Plan. The actual amount earned in 2014 by each executive officer that received a cash incentive award is reflected in column 7 of the Summary Compensation Table.

(2) The amounts shown in these columns reflect the threshold, target and maximum amounts potentially payable to each executive officer who received a performance share award pursuant to the 2014 Incentive Plan. The actual number of shares earned and issued pursuant to the award is reflected in the Stock Awards column of the Options Exercised and Stock Vested in 2014 table.

(3) The amount shown in this column reflects the number of shares of time-based restricted stock granted to each named executive officer on May 15, 2014 pursuant to the 2014 Incentive Plan. The award vests in three annual installments of one-third each on May 15 of each year, commencing on May 15, 2015. The named executive officers are entitled to the receipt of dividends declared on our common stock at the same rate and on the same terms as our other stockholders. The shares automatically vest upon a grantee's death or disability or upon a change in control of the Company. The shares are forfeited upon a termination of the grantee's employment with the Company (other than as a result of death or disability).

(4) With respect to the time-based restricted stock granted to each named executive officer on May 15, 2014, the value shown in this column is the grant date fair value of the full award. With respect to the performance share awards granted to each executive officer on January 27, 2014, the value shown in this column is the grant date fair value of the target award (calculated by multiplying the target number of performance shares by the closing price of the Company's stock on the date of grant less the present value of the expected dividends not received during the relevant period, or \$55.94). See Note 8 to the financial statements in CPSI's Form 10-K for the year ended December 31, 2014 for the assumptions made in determining the grant date fair value. There can be no assurance that the grant date fair value will ever be realized.

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## Outstanding Equity Awards at 2014 Fiscal Year-End

The following table shows the number of shares of unvested restricted stock held by our named executives on December 31, 2014, and the market value of such shares, calculated using the year-end closing market price of \$60.75 per share. There were no stock options outstanding at December 31, 2014.

Name of Executive	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (1)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
J. Boyd Douglas	—	—	—	—	—	23,274	\$1,413,896	—	—
David A. Dye	—	—	—	—	—	23,274	\$1,413,896	—	—
Victor S. Schneider	—	—	—	—	—	17,458	\$1,060,574	—	—
Troy D. Rosser	—	—	—	—	—	17,458	\$1,060,574	—	—
Christopher L. Fowler	—	—	—	—	—	15,812	\$960,579	—	—

(1) The number of shares shown in this column reflects restricted stock granted under the Company's 2005 Restricted Stock Plan and 2014 Incentive Plan that had not vested as of December 31, 2014. The shares of restricted stock granted under the Company's 2005 Restricted Stock Plan are comprised of two grants: (i) shares granted on April 18, 2011 which vest in five annual installments of 20% each on each anniversary following the date of grant and (ii) shares granted on September 25, 2013 which vest in four annual installments of 25% each on each anniversary following the date of grant. The shares of restricted stock granted under the Company's 2014 Incentive Plan on May 15, 2014 vest in three annual installments of one-third each on each anniversary following the date of grant. The shares of restricted stock that were issued pursuant to the performance share awards granted under the Company's 2014 Incentive Plan on January 27, 2014 vest in three annual installments of one-third each on each anniversary of the vesting commencement date of February 5, 2015.

(2) The market value is based on the closing price of our Common Stock on the Nasdaq Stock Market on December 31, 2014 of \$60.75, the last trading day of 2014, multiplied by the number of shares.

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## Option Exercises and Stock Vested in 2014

The following table reflects certain information with respect to shares of restricted stock that vested during the fiscal year ended December 31, 2014. No stock options were held or exercised by the named executives during 2014.

Name of Executive	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(1)
J. Boyd Douglas	—	—	5,549	\$337,455
David A. Dye	—	—	5,549	\$337,455
Victor S. Schneider	—	—	4,162	\$253,108
Troy D. Rosser	—	—	4,162	\$253,108
Christopher L. Fowler	—	—	3,339	\$201,530

(1) Based on the average of the high and low prices of the Common Stock as traded on the Nasdaq Stock Market on the applicable vesting date, or, if the vesting date was not a trading day, the next trading day.

## Pension Benefits

The Company does not maintain any plans that provide for payments or other benefits to named executive officers at, following, or in connection with their retirement.

## Nonqualified Deferred Compensation

The Company does not maintain any defined contribution or other plans that provide for the deferral of compensation to named executive officers on a basis that is not tax-qualified.

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### Potential Payments Upon Termination or Change-in-Control

As described in the Compensation Discussion and Analysis, the named executive officers do not have employment, severance or change-in-control agreements with the Company. The information below describes and quantifies the compensation that would have accrued to the named executive officers under CPSI's 2005 Restricted Stock Plan and 2014 Incentive Plan upon a termination of the executives' employment or a change-in-control of CPSI on December 31, 2014. However, the actual benefit to a named executive officer under this plan can only be determined at the time of the change-in-control event or such executive's separation from the Company. Additionally, the benefits described below are in addition to benefits available generally to salaried employees upon a termination of employment, such as distributions under CPSI's 401(k) plan and disability benefits.

#### Accelerated Vesting of Time-Based Restricted Stock

The terms of the restricted stock award agreements with the named executive officers under the 2005 Restricted Stock Plan and the 2014 Incentive Plan provide for the acceleration of vesting of unvested restricted stock upon the death or "Disability" of the executive or, at the discretion of the Board of Directors, upon the executive's termination without "Cause," as such terms are defined in the 2005 Restricted Stock Plan and the 2014 Incentive Plan, as applicable. The award agreements under the 2005 Restricted Stock Plan and the 2014 Incentive Plan also provide that all of the shares of restricted stock not previously vested will automatically vest in the event of a "Change in Control" of CPSI, as defined in the 2005 Restricted Stock Plan and the 2014 Incentive Plan, as applicable. The amounts reported in the table below for the shares of restricted stock that would have vested in the event of a termination of employment due to death or Disability or a Change in Control that occurred on December 31, 2014 are based on the product of (x) the number of shares of restricted stock that were unvested as of December 31, 2014 and (y) our closing stock price of \$60.75 on December 31, 2014.

#### Accelerated Payment of Performance-Based Cash Bonuses

If a named executive's employment with the Company is terminated due to death or Disability, the terms of the performance-based cash bonus awards granted under the 2014 Incentive Plan provide that the performance-based cash bonus will be paid to the executive at the level he or she would have been entitled to receive had the termination not occurred, and such amount will be calculated on a pro-rated basis for the period from the grant date to the date of the termination. If a Change in Control occurs prior to the last day of the performance period, the cash bonus award will be paid to the executive at the target level of the cash bonus award. The amounts reported in the table below for the performance-based cash bonuses that would have been earned in the event of a termination of employment due to death or Disability or a Change in Control that occurred on December 31, 2014 reflect the actual cash bonuses earned by the executives for 2014.

#### Accelerated Vesting of Performance Shares

The terms of the performance share awards that were granted to the named executive officers on January 27, 2014 under the 2014 Incentive Plan provide that if the executive's employment with the Company is terminated due to death or Disability during the performance period, the executive will earn the number of shares that he or she would have been entitled to receive had the termination not occurred, and such number of shares will be calculated on a pro-rated basis for the period from the grant date to the date of the termination. Such shares will not be subject to the time-based vesting restrictions provided for in the award agreement. If the executive's employment with the Company is terminated due to death or Disability following the conclusion of the performance period but before all of the earned performance shares have vested, the unvested shares shall vest immediately as of the date of the termination. If a Change in Control occurs during the performance period, the performance share award will be deemed earned by the executive at the target level of the award and such shares will not be subject to the time-based vesting restrictions provided for in the award agreement. If a Change in Control occurs following the conclusion of the performance period but before all of the earned performance shares have vested, the unvested shares shall vest immediately as of the date of the Change in Control. The amounts reported in the table below for the performance share awards that would have been earned in the event of a termination of employment due to death or Disability or a Change in Control that occurred on December 31, 2014 are based on the product of (x) the actual number of performance shares earned by the executives for 2014, which represent shares of unvested restricted stock, and (y) our closing stock price of \$60.75 on December 31, 2014.





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The following table summarizes the potential payments to our named executive officers with respect to the (i) shares of time-based restricted stock granted under the 2005 Restricted Stock Plan and the 2014 Incentive Plan, (ii) shares of restricted stock issued pursuant to performance share awards granted under the 2014 Incentive Plan, and (iii) performance-based cash bonus awards granted under the 2014 Incentive Plan that would have vested or been paid, as applicable, in the event that either (a) a change in control of CPSI had occurred on December 31, 2014, or (b) the employment of the named executive officer had terminated on December 31, 2014 due to the executive's death, Disability or, upon approval by the Board, a termination by CPSI without Cause.

Name	Amount that Would Have Been Realized in the Event of a Change in Control of CPSI	Amount that Would Have Been Realized in the Event of the Executive's Death, Disability or Termination without Cause (1)
J. Boyd Douglas	\$1,686,536	\$1,686,536
David A. Dye	\$1,631,816	\$1,631,816
Victor S. Schneider	\$1,060,574	\$1,060,574
Troy D. Rosser	\$1,060,574	\$1,060,574
Christopher L. Fowler	\$1,022,019	\$1,022,019

(1) With respect to the termination of a named executive officer without cause, this table assumes that the Board of Directors would have exercised its discretion under the 2005 Restricted Stock Plan or the 2014 Incentive Plan, as applicable, and approved an acceleration of vesting of all of the shares of restricted stock upon such a termination.

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## Non-Management Director Compensation for 2014

In accordance with its charter, the Compensation Committee has the authority to review and make recommendations to the Board of Directors regarding the Company's policies and procedures pertaining to director compensation. Based upon advice received from Pearl Meyer & Partners, LLC ("PM&P"), the compensation consultant retained by the Compensation Committee in mid-2013, the Compensation Committee recommended an increase in compensation paid to the non-employee directors effective January 1, 2014. The Compensation Committee recommended to the Board, and the Board approved on January 27, 2014, an increase in the annual retainer from \$30,000 to \$60,000, the elimination of meeting attendance fees, and an increase in the annual grant of restricted stock under the 2012 Non-Employee Director Restricted Stock Plan from approximately \$25,000 per year to approximately \$70,000 per year. In approving these changes to the compensation package for non-employee directors, the Board considered the amount of time that directors were expending in fulfilling their duties to the Company and the amounts being paid to directors at companies in the peer group constructed by PM&P.

As a result of these changes, each of our non-employee directors received in 2014 an annual cash retainer of \$60,000 for service as a director. Each director who was a member of the Audit Committee received an additional \$5,000, each director who was a member of the Compensation Committee received an additional \$4,000 and each director who was a member of the Nominating and Corporate Governance Committee received an additional \$1,000. Directors who are employees of the Company receive no compensation for their service as directors. Directors are also reimbursed for their expenses incurred in attending any meeting of directors. Additionally, in 2014 each non-employee director received a grant of approximately \$70,000 of shares of restricted stock under the Computer Programs and Systems, Inc. 2012 Restricted Stock Plan for Non-Employee Directors (the "2012 Restricted Stock Plan for Non-Employee Directors"). The shares vested on the first anniversary of the date of grant.

The table below summarizes the compensation paid by CPSI to non-employee directors for the fiscal year ended December 31, 2014.

Name (1)	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$)	Total (\$)
Charles P. Huffman	\$66,000	\$69,980	—	—	—	—	\$135,980
John C. Johnson	\$65,000	\$69,980	—	—	—	—	\$134,980
Ernest F. Ladd, III (2)	\$32,500	—	—	—	—	\$55,853 (3)	\$88,353
W. Austin Mulherin	\$61,250	\$69,980	—	—	—	—	\$131,230
A. Robert Outlaw, Jr. (4)	\$51,750	\$69,987	—	—	—	—	\$121,737
William R. Seifert, II	\$69,000	\$69,980	—	—	—	—	\$138,980

J. Boyd Douglas, the Company's President and Chief Executive Officer, and David A. Dye, the Company's Chief Financial Officer, are not included in this table as they are, and at all times during 2014 were, employees of the Company and thus received no compensation for their service as directors. The compensation received by Mr.

Douglas and Mr. Dye as employees of the Company is shown in the Summary Compensation Table on page 22.

(2) Ernest F. Ladd, III retired from the Board on May 15, 2014.

(3)

In recognition of his service as a director of the Company, the Compensation Committee approved the acceleration of the vesting of Mr. Ladd's unvested restricted stock effective as of his retirement on May 15, 2014. The following shares of unvested restricted stock were vested: (i) 423 shares of restricted stock granted on June 18, 2012 and (ii) 478 shares of restricted stock granted on March 4, 2013. The amount reported in the table above is based on the product of (x) the number of shares of unvested restricted stock that were vested on May 15, 2014 and (y) our closing stock price of \$61.99 on such date.

(4) A. Robert Outlaw, Jr. was elected to the Board on February 27, 2014.

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## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the number and percentage of outstanding shares of common stock beneficially owned as of March 16, 2015 by:

- each director and director nominee;
- each executive officer named in the Summary Compensation Table on page 22 of this proxy statement;
- all of our directors and executive officers as a group; and
- beneficial owners of 5% or more of our common stock.

Name of Beneficial Owner	Number of Shares of Common Stock (1)	% of Shares of Common Stock (2)
Kayne Anderson Rudnick Investment Management, LLC (3)	1,379,201	12.30%
BlackRock, Inc. (4)	942,551	8.40%
The Vanguard Group, Inc. (5)	766,072	6.83%
J. Boyd Douglas (6)	171,372	1.51%
David A. Dye (7)	111,814	*
Victor S. Schneider (8)	41,243	*
Troy D. Rosser (9)	26,076	*
Christopher L. Fowler (10)	23,680	*
W. Austin Mulherin, III (11)	5,719	*
Charles P. Huffman (12)	5,462	*
William R. Seifert, II (13)	5,012	*
A. Robert Outlaw, Jr. (14)	3,979	*
John C. Johnson (15)	3,962	*
All Directors & Executive Officers as a group (13 persons)	808,755	7.15%

\* Reflects ownership of less than 1%.

(1) The number of shares of common stock reflected in the table is that number of shares which are deemed to be beneficially owned under the federal securities laws. Shares deemed to be beneficially owned include shares as to which, directly or indirectly, through any contract, relationship, arrangement, understanding or otherwise, either voting power or investment power is held or shared. Unless otherwise stated, the named person has the sole voting and investment power for the shares indicated.

(2) Percentage of ownership is based on 11,315,573 shares of Company common stock outstanding as of March 16, 2015.

(3) The address of Kayne Anderson Rudnick Investment Management, LLC is 1800 Avenue of the Stars, 2nd Floor, Los Angeles, California 90067. This information is based solely upon our review of an amended Schedule 13G filed by Kayne Anderson Rudnick Investment Management, LLC ("Kayne Anderson") with the Securities and Exchange Commission on February 5, 2015, reporting beneficial ownership as of December 31, 2014. The Schedule 13G/A reports that Kayne Anderson has sole voting and dispositive power with respect to all 1,379,201 shares.

(4) The address of BlackRock, Inc. is 40 East 52nd Street, New York, New York 10022. This information is based solely upon our review of an amended Schedule 13G filed by BlackRock, Inc. with the Securities and Exchange Commission on January 23, 2015, reporting beneficial ownership as of December 31, 2014. The Schedule 13G/A reports that (a) BlackRock, Inc. is a parent holding company or control person, (b) BlackRock, Inc.'s subsidiaries, BlackRock Advisors (UK) Limited, BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A., BlackRock Institutional Management (Australia) Limited, BlackRock Investment Management (UK) Ltd. and BlackRock Investment Management, LLC, acquired the shares being reported and (c) Blackrock, Inc. has sole voting with respect to 915,339 shares and sole dispositive power with respect to all 942,551 shares.

(5) The address of The Vanguard Group, Inc. is 100 Vanguard Blvd., Malvern, Pennsylvania 19355. This information is based solely upon our review of an amended Schedule 13G filed by The Vanguard Group, Inc. ("Vanguard Group") with the Securities and Exchange Commission on February 11, 2015, reporting beneficial

ownership as of December 31, 2014. The Schedule 13G/A reports that, of the 766,072 shares reported as beneficially owned, Vanguard Group has sole voting power with respect to 16,072 shares, sole dispositive power with respect to 751,100 shares, and shared dispositive power with respect to 14,972 shares. The Schedule 13G/A reports that Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of Vanguard Group, is the beneficial owner of 14,972 shares as a result of its serving as investment manager of collective trust accounts. The Schedule 13G/A also reports that Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of Vanguard Group, is the beneficial owner of 1,100 shares as a result of its serving as investment manager of Australian investment offerings.

(6) Includes 100 shares owned by Mr. Douglas's wife and a total of 600 shares held in custodial accounts for the benefit of his three children. Also includes 29,060 shares of unvested restricted stock granted to Mr. Douglas under the Company's 2005 Restricted Stock Plan and 2014 Incentive Plan comprised of (i) 6,580 shares granted on April 18, 2011, (ii) 6,779 shares granted on September 25, 2013, (iii) 4,839 shares granted on May 15, 2014, (iv) 5,786 shares granted on February 5, 2015, and (v) 5,076 shares earned pursuant to a performance share award for the performance period ended December 31, 2014.

(7) Includes 56,400 shares owned by a trust for the benefit of Mr. Dye and his children. Also includes 29,060 shares of unvested restricted stock granted to Mr. Dye under the Company's 2005 Restricted Stock Plan and 2014 Incentive Plan comprised of (i) 6,580 shares granted on April 18, 2011, (ii) 6,779 shares

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granted on September 25, 2013, (iii) 4,839 shares granted on May 15, 2014, (iv) 5,786 shares granted on February 5, 2015, and (v) 5,076 shares earned pursuant to a performance share award for the performance period ended December 31, 2014.

(8) Includes 200 shares held in custodial accounts for the benefit of his two children. Also includes 21,797 shares of unvested restricted stock granted to Mr. Schneider under the Company's 2005 Restricted Stock Plan and 2014 Incentive Plan comprised of (i) 4,936 shares granted on April 18, 2011, (ii) 5,085 shares granted on September 25, 2013, (iii) 3,630 shares granted on May 15, 2014, (iv) 4,339 shares granted on February 5, 2015, and (v) 3,807 shares earned pursuant to a performance share award for the performance period ended December 31, 2014.

(9) Includes 21,797 shares of unvested restricted stock granted to Mr. Rosser under the Company's 2005 Restricted Stock Plan and 2014 Incentive Plan comprised of (i) 4,936 shares granted on April 18, 2011, (ii) 5,085 shares granted on September 25, 2013, (iii) 3,630 shares granted on May 15, 2014, (iv) 4,339 shares granted on February 5, 2015, and (v) 3,807 shares earned pursuant to a performance share award for the performance period ended December 31, 2014.

(10) Includes 20,151 shares of unvested restricted stock granted to Mr. Fowler under the Company's 2005 Restricted Stock Plan and 2014 Incentive Plan comprised of (i) 3,290 shares granted on April 18, 2011, (ii) 5,085 shares granted on September 25, 2013, (iii) 3,630 shares granted on May 15, 2014, (iv) 4,339 shares granted on February 5, 2015, and (v) 3,807 shares earned pursuant to a performance share award for the performance period ended December 31, 2014.

(11) Mr. Mulherin shares voting and investment power for 1,400 shares with his wife. Also includes 372 shares held in a custodial account for the benefit of his daughter. Also includes 2,260 shares of unvested restricted stock granted to Mr. Mulherin under the Company's 2012 Restricted Stock Plan for Non-Employee Directors comprised of (i) 432 shares granted on June 18, 2012, (ii) 478 shares granted on March 4, 2013 and (iii) 1,350 shares granted on February 5, 2015.

(12) Mr. Huffman shares voting and investment power for 2,000 shares with his wife. Also includes 2,260 shares of unvested restricted stock granted to Mr. Huffman under the Company's 2012 Restricted Stock Plan for Non-Employee Directors comprised of (i) 432 shares granted on June 18, 2012, (ii) 478 shares granted on March 4, 2013 and (iii) 1,350 shares granted on February 5, 2015.

(13) Includes 2,260 shares of unvested restricted stock granted to Mr. Seifert under the Company's 2012 Restricted Stock Plan for Non-Employee Directors comprised of (i) 432 shares granted on June 18, 2012, (ii) 478 shares granted on March 4, 2013 and (iii) 1,350 shares granted on February 5, 2015.

(14) Includes 2,479 shares of unvested restricted stock granted to Mr. Outlaw under the Company's 2012 Restricted Stock Plan for Non-Employee Directors comprised of (i) 1,129 shares granted on May 15, 2014 and (ii) 1,350 shares granted on February 5, 2015.

(15) Includes 2,260 shares of unvested restricted stock granted to Mr. Johnson under the Company's 2012 Restricted Stock Plan for Non-Employee Directors comprised of (i) 432 shares granted on June 18, 2012, (ii) 478 shares granted on March 4, 2013 and (iii) 1,350 shares granted on February 5, 2015.

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

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and officers, and persons who own more than ten percent (10%) of our common stock, to file reports of ownership and changes in ownership of Company common stock held by them with the Securities and Exchange Commission. Copies of these reports must also be provided to the Company. Based on our review of these reports, we believe that, during the year ended December 31, 2014, all reports required to be filed during such year were filed on a timely basis.

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**CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS**

**Policy for the Review and Approval of Related Person Transactions**

We may occasionally enter into or participate in transactions with certain “related persons.” Related persons include our executive officers, directors, 5% or more beneficial owners of our common stock, immediate family members of these persons, and entities in which one of these persons has a direct or indirect material interest. We refer to transactions with these related persons as “related person transactions.” We have a written policy regarding the review and approval of related person transactions.

In accordance with this policy, and except for certain transactions subject to standing pre-approval under the policy, our Audit Committee must review and approve all such related person transactions that exceed or are expected to exceed \$100,000 in any calendar year. This \$100,000 threshold is less than the \$120,000 threshold requiring disclosure under the rules of the Securities and Exchange Commission. The Audit Committee considers all relevant factors when determining whether to approve a related person transaction, including whether the related person transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related person’s interest in the transaction. No director may participate in any discussion or approval of any related person transaction in which he or she is a related person, but that director is required to provide the Audit Committee with all material information concerning the transaction.

**Related Person Transactions**

Michael K. Muscat, Jr., an executive officer of CPSI, owns 49% of Felder Services, LLC (“Felder Services”), which provides janitorial services to CPSI at various locations pursuant to four housekeeping agreements. Felder Services also provides certain cleaning and janitorial supplies to CPSI. CPSI paid Felder Services \$297,539 in 2014 for these services and supplies. Based on Mr. Muscat’s ownership interest in Felder Services, the approximate dollar amount of Mr. Muscat’s interest in the amount paid by CPSI to Felder Services during 2014 was \$145,794.

Matt Cole, the brother-in-law of Austin Mulherin (a director of the Company), is employed by the Company as a sales manager. Matt Cole received total compensation of \$172,210 from the Company during 2014.

Our arrangements with Felder Services for janitorial services and supplies have been approved by the Audit Committee. Additionally, the Audit Committee reviewed and approved the compensation of Mr. Cole.



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REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board of Directors is currently composed of three directors who are independent directors as defined under existing Nasdaq rules and Securities and Exchange Commission rules. The Audit Committee operates under a written charter, as last amended by the Board of Directors on January 28, 2013.

The Audit Committee hereby submits the following report:

• We have reviewed and discussed with management the Company's audited financial statements as of, and for, the year ended December 31, 2014.

• We have discussed with the independent registered public accountants, Grant Thornton LLP, the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board.

• We have received and reviewed the written disclosures and the letter from Grant Thornton LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding Grant Thornton LLP's communications with the Audit Committee concerning independence, and have discussed with Grant Thornton LLP their independence. We considered whether the provision of non-financial audit services was compatible with Grant Thornton LLP's independence in performing financial audit services.

Based on the review and discussions referred to above, we recommended to the Board of Directors that the financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 for filing with the Securities and Exchange Commission. It should be noted that management is responsible for the Company's financial reporting process, including its system of internal controls, and the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. The Company's independent registered public accountants are responsible for auditing those financial statements. Our responsibility is to monitor and review these processes. It is not our duty or our responsibility to conduct auditing or accounting reviews or procedures.

Audit Committee:

Charles P. Huffman, Chairman

William R. Seifert, II

A. Robert Outlaw, Jr.

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## PROPOSAL 2

## RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

At the direction of the Audit Committee, the ratification of the appointment of Grant Thornton LLP (“Grant Thornton”) as the Company’s independent registered public accountants for the year ending December 31, 2015 is being presented to the stockholders for approval at the annual meeting. If the appointment of independent registered public accountants is not ratified, the Audit Committee will reconsider its appointment of independent registered public accountants.

## General

The Audit Committee has approved the engagement of Grant Thornton as the Company’s independent registered public accountants for the year ending December 31, 2015. Grant Thornton has been engaged by the Company since 2004 and has audited the financial statements of the Company for the years ended December 31, 2004 through December 31, 2014.

It is expected that a representative of Grant Thornton will be present at the annual meeting to respond to appropriate questions, and will be given the opportunity to make a statement if he or she so desires.

## Fees Paid to Grant Thornton LLP

The following table presents the fees paid or accrued by the Company for the audit and other services rendered by Grant Thornton for the years ended December 31, 2014 and 2013.

	2014	2013
Audit Fees	\$569,821	\$518,020
Audit-Related Fees	\$83,540	\$64,551
Tax Fees	\$—	\$167,073
All Other Fees	\$—	\$—
TOTAL	\$653,361	\$749,644

**Audit Fees.** Audit Fees for the last two years were for professional services rendered by the independent registered public accountants in connection with (i) the audits of the Company’s annual financial statements and audits of the effectiveness of the Company’s internal control over financial reporting, and (ii) the review of the Company’s quarterly financial statements.

**Audit-Related Fees.** Audit-Related Fees for 2014 and 2013 were for services rendered by the independent registered public accountants for examining and reporting on the Company’s design and operating effectiveness of controls related to the Company’s Application Service Provider hosting environment and management of changes to computer programs in accordance with AICPA Standards for Attestation Engagements (SSAE) No. 16, as amended (formerly Statement on Auditing Standards (SAS) No. 70, Service Organizations). All audit-related services were pre-approved by the Company’s Audit Committee.

**Tax Fees.** Tax Fees for 2013 were for tax compliance services, including the calculation of tax credits related to the Company’s research and development activities. All tax services were pre-approved by the Audit Committee.

**All Other Fees.** All Other Fees encompasses any services provided by the independent registered public accountants other than the services reported in the other above categories. There were no Other Fees paid to Grant Thornton in 2014 or 2013.

## Pre-Approval Policy

The Audit Committee’s policy is to specifically pre-approve all audit and non-audit services to be rendered by the independent registered public accountants. Through this policy, the Audit Committee can effectively monitor the costs of services and can ensure that the provision of such services does not impair the registered accountant’s independence. The Board of Directors recommends that the stockholders vote “FOR” Proposal 2.

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PROPOSAL 3

ADVISORY VOTE ON COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 enables our stockholders to vote to approve, on an advisory (non-binding) basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the rules of the Securities and Exchange Commission (the “SEC”). We intend to hold such an advisory vote on the compensation of our named executive officers, commonly known as a “say-on-pay” vote, each year in connection with our annual meeting of stockholders until the next vote on the frequency of the “say-on-pay” vote or until our Board of Directors otherwise determines that a different frequency for this advisory vote is in the best interests of our stockholders. The next advisory vote on the frequency of “say-on-pay” votes will occur no later than 2017.

As described in detail under the heading “Compensation Discussion and Analysis,” we seek to align the interests of our named executive officers with the interests of our stockholders and to reward performance that enhances stockholder returns. As discussed in the “Compensation Discussion and Analysis,” the Compensation Committee intends to place a greater emphasis in the future on performance-based compensation, as evidenced by the performance share awards and performance-based cash bonus awards granted to the Company’s executive officers by the Compensation Committee in 2014 and 2015. We believe that our compensation program has been, and will continue to be, successful in retaining and motivating our executive officers necessary for the current and long-term success of the Company. We are asking our stockholders to indicate their support for the compensation of our named executive officers as described in this proxy statement. This proposal gives our stockholders the opportunity to express their views on the compensation of our named executive officers. This vote is not intended to address any specific element of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies, and practices described in this proxy statement. Accordingly, in accordance with Section 14A of the Securities Exchange Act of 1934, as amended, we are asking our stockholders to vote “FOR” the following resolution at the Annual Meeting: “RESOLVED, that the Company’s stockholders approve, on an advisory basis, the compensation of the 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 Compensation Discussion and Analysis, the 2014 Summary Compensation Table and the other related tables and disclosure.”

This “say-on-pay” vote is advisory and, therefore, is not binding on the Company, our Board of Directors, or our Compensation Committee. However, our Board and our Compensation Committee value the opinions of our stockholders and will take into account the outcome of this vote in considering future compensation arrangements. To the extent there is any significant vote against the compensation of our named executive officers as disclosed in this proxy statement, the Compensation Committee and Board will evaluate whether any actions are necessary to address the concerns of stockholders.

The Board of Directors recommends that the stockholders vote “FOR” Proposal 3.

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**OTHER MATTERS**

As of the date of this proxy statement, the Board of Directors of the Company does not know of any business which will be presented for consideration at the annual meeting other than that specified herein and in the Notice of Annual Meeting of Stockholders, but if other matters are properly presented, it is the intention of the persons designated as proxies to vote in accordance with their judgment on such matters.

**DEADLINE FOR STOCKHOLDER PROPOSALS**

In order for a proposal by a stockholder of the Company to be eligible to be included in the proxy statement and proxy form for the 2015 Annual Meeting of Stockholders pursuant to the proposal process mandated by Securities and Exchange Commission Rule 14a-8, the proposal must be received by the Company's Corporate Secretary at Computer Programs and Systems, Inc., 6600 Wall Street, Mobile, Alabama 36695, on or before December 1, 2015.

If a stockholder proposal is submitted outside the proposal process mandated by Securities and Exchange Commission Rule 14a-8, and is submitted instead under the Company's advance notice Bylaw provision (Section 1.13 of the Bylaws), the proposal must be received by the Company's Corporate Secretary at Computer Programs and Systems, Inc., 6600 Wall Street, Mobile, Alabama 36695 not earlier than January 15, 2016 nor later than February 15, 2016, together with the necessary supporting documentation required under that Bylaw provision.

A COPY OF OUR 2014 ANNUAL REPORT TO STOCKHOLDERS, WHICH INCLUDES OUR FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE, IS ENCLOSED WITH THIS PROXY STATEMENT. IF THE ANNUAL REPORT IS NOT INCLUDED, PLEASE NOTIFY US IN WRITING AT COMPUTER PROGRAMS AND SYSTEMS, INC., ATTENTION: DAVID A. DYE, 6600 WALL STREET, MOBILE, ALABAMA 36695.

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REVOCABLE PROXY

COMPUTER PROGRAMS AND SYSTEMS, INC.

6600 WALL STREET

MOBILE, ALABAMA 36695

This Proxy is solicited on behalf of the Board of Directors of Computer Programs and Systems, Inc. (the "Company") for use at the Annual Meeting of Stockholders to be held on May 14, 2015, and at any postponements or adjournments thereof (the "Annual Meeting").

The undersigned hereby appoints David A. Dye and J. Boyd Douglas, and each of them with full power of substitution, as proxies for the undersigned, and hereby authorizes them, or either of them, to represent the undersigned at the Annual Meeting and to vote on the matters shown on the reverse side and any other matters which may come before the Annual Meeting and all adjournments or postponements thereof.

(Continued and to be signed on the reverse side.)

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ANNUAL MEETING OF STOCKHOLDERS OF  
COMPUTER PROGRAMS AND SYSTEMS, INC.

May 14, 2015

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Important notice regarding the Internet availability of proxy materials for the Annual Meeting of Stockholders:

The Proxy Statement and

the 2014 Annual Report to Stockholders are available at:

<http://investors.cpsi.com>

Please sign, date and mail

your proxy card in the

envelope provided as soon

as possible.

â Please detach along perforated line and mail in the envelope provided. â

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF ALL OF THE LISTED NOMINEES AS DIRECTORS

AND "FOR" PROPOSALS 2 AND 3.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x

1. To elect the following three persons as Class I directors to serve on the Board of Directors until the 2018 annual meeting and until their successors are duly elected and qualified:

	FOR	AGAINST	ABSTAIN
1.1 John C. Johnson	..	..	..
1.2 W. Austin Mulherin, III	..	..	..
1.3 William R. Seifert, II	..	..	..
2. To ratify the appointment of Grant Thornton LLP as independent registered public accountants for the year ending December 31, 2015.	..	..	..
3. To approve, on an advisory basis, the compensation of the Company's named executive officers.	..	..	..

The undersigned acknowledges that the Annual Meeting may be postponed or adjourned to a date subsequent to the date set forth on the reverse side, and intends that this Proxy shall be effective at the Annual Meeting after such postponement(s) or adjournment(s). This Proxy is revocable, and the undersigned may revoke it at any time by delivery of written notice of such revocation to the Company

or its agent, American Stock Transfer & Trust Company, LLC, prior to the date of the Annual Meeting, or by attendance at the Annual Meeting.

This Proxy when properly executed will be voted in the manner directed by the undersigned. If no direction is made, this Proxy will be voted FOR all of the listed nominees in Proposal 1 and FOR Proposals 2 and 3.

Signature of Stockholder

Date:

Signature of Stockholder

Date:

Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

Note: