

ASPYRA INC  
Form PRE 14A  
April 18, 2008

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

**SCHEDULE 14A**  
(Rule 14a-101)

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

Filed by the Registrant  X

Filed by a Party other than the Registrant  O

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

Aspyra, Inc.  
(Name of Registrant as Specified In Its Charter)

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

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**Aspyra, Inc.**

**26115-A Mureau Road**

**Calabasas, CA 91302**

April , 2008

Dear Shareholder:

We cordially invite you to attend our 2008 Annual Meeting of Shareholders to be held at 10:00 a.m., Pacific Time, on Thursday, June 26, 2008, at the Company's offices at 26115-A Mureau Road, Calabasas, California 91302.

Enclosed are the Notice of Annual Meeting, Proxy Statement and a proxy card relating to the Annual Meeting which we urge you to read carefully. Also enclosed is the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007.

Please use this opportunity to take part in our affairs by voting on the business to come before the Annual Meeting. If you are a record holder of our Common Stock at the close of business on May 7, 2008 you are eligible to vote on these matters, either by attending the Annual Meeting in person or by proxy. It is important that your shares be voted, whether or not you plan to attend the Annual Meeting, to ensure the presence of a quorum. **Therefore, please complete, date, sign, and return the accompanying proxy card in the enclosed postage-paid envelope.** Properly executed proxy cards received by the Company prior to the Annual Meeting will be voted in accordance with the instructions indicated on such cards. Because mail delays occur frequently, it is important that the enclosed proxy card be returned well in advance of the Annual Meeting. Submitting the proxy card does NOT deprive you of your right to attend the Annual Meeting and vote your shares in person for the matters acted on at the Annual Meeting.

Very truly yours,

/s/ John Mutch  
John Mutch



**ASPYRA, INC.  
26115-A Mureau Road  
Calabasas, CA 91302**

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
To Be Held June 26, 2008**

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To the Shareholders of  
Aspyra, Inc.

Notice is hereby given that the 2008 Annual Meeting of Shareholders of Aspyra, Inc. (the Company or Aspyra ) will be held at the Company s offices at 26115-A Mureau Road, Calabasas, California 91302, on Thursday, June 26, 2008, at 10:00 a.m. Pacific Time, for the following purposes:

1. To elect seven (7) directors to our Board of Directors to serve until the next Annual Meeting of Shareholders and until their successors are elected and qualified. The following individuals are the nominees for election as director:

John Mutch	Lawrence S. Schmid	Robert S. Fogerson, Jr.	Norman R. Cohen
James Zierick	C. Ian Sym-Smith	Jeffrey Tumbleson	

2. To approve the potential issuance of up to 10,923,919 shares of the Company s Common Stock (issuable upon the conversion of \$2,985,000 principal amount convertible promissory notes and the exercise of warrants for 5,496,646 shares of Common Stock) at a price below the current book value issued in connection with a private placement conducted in March 2008.
3. To approve an amendment to the Company s Amended and Restated Articles of Incorporation in order to increase the total number of authorized shares of Common Stock from 20,000,000 shares to 40,000,000 shares.
4. To ratify the appointment of BDO Seidman, LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2008.
5. To consider and transact such other business as may properly be brought before the Annual Meeting and any adjournment or postponement thereof.

These proposals are more fully described in the accompanying Proxy Statement. Financial and other information concerning the Company is contained in the enclosed Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007. We urge you to read these materials carefully.

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Only shareholders of record at the close of business on May 7, 2008, the Record Date, are entitled to notice of and to vote at the Annual Meeting or any continuation, adjournment or postponement thereof. A list of shareholders eligible to vote at the Annual Meeting will be available for your review during Aspyra's regular business hours at its headquarters in Calabasas, California for at least 10 days prior to the Annual Meeting for any purpose related to the Annual Meeting.

This Proxy Statement and the accompanying proxy card are first being mailed to our shareholders on or about May 13, 2008.

**Whether or not you plan to attend the Annual Meeting in person, to ensure that your shares are represented at the Annual Meeting, we encourage you to submit your proxy by mail in the enclosed postage-paid envelope. Returning your proxy does not deprive you of your right to attend the Annual Meeting and to vote your shares in person. You may revoke your proxy in the manner described in the Proxy Statement at any time before it has been voted at the Annual Meeting.**

By Order of the Board of Directors,

Anahita Villafane  
*Chief Financial Officer and Secretary*

Calabasas, California  
April , 2008

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**ASPYRA, INC.**

**26115-A Mureau Road**

**Calabasas, California 91302**

**2008 ANNUAL MEETING OF SHAREHOLDERS**

**To be Held June 26, 2008**

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**PROXY STATEMENT**

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**GENERAL INFORMATION**

This Proxy Statement and the enclosed form of proxy card are being sent or given to shareholders of Aspyra, Inc., a California corporation (the Company or Aspyra), in connection with the solicitation of proxies by Aspyra's management on behalf of the Board of Directors of the Company for use at the 2008 Annual Meeting of Shareholders (the Annual Meeting) to be held on Thursday, June 26, 2008, at 10:00 a.m. Pacific Time at the Company's offices at 26115-A Mureau Road, Calabasas, California 91302. The Annual Report on Form 10-KSB to the shareholders of the Company for the fiscal year ended December 31, 2007, including its financial statements and information concerning the Company, is enclosed with this mailing. This Proxy Statement and the accompanying proxy card are first being mailed to our shareholders on or about May 13, 2008.

**Method of Voting**

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Shareholders can vote by proxy or by attending the Annual Meeting and voting in person. A proxy card is enclosed. If you vote by means of the proxy card, the proxy card must be completed, signed and dated by you or your authorized representative. The completed proxy card may be returned in the postage-paid envelope provided or by facsimile to attention Corporate Secretary at (818) 880-4398. James Helms and Anahita Villafane, the designated proxy holders, are members of the Company's management. If you hold Common Stock in street name, you must instruct your broker or nominee as to how to vote such shares.

### **Solicitation and Voting of Proxies**

If a proxy card is properly signed, dated and returned and is not revoked, the shares represented by the proxy card will be voted at the Annual Meeting in accordance with the shareholder's instructions indicated on the proxy card. If no instructions are indicated on the proxy card, the shares will be voted FOR each of the nominees named herein for election as directors, FOR Proposal No. 2 approving the potential issuance of shares of Common Stock below book value in connection with the conversion or exercise of outstanding Company promissory notes and warrants, FOR Proposal No. 3 to amend the Company's Articles of Incorporation to increase the authorized number of shares of Common Stock,

FOR ratification of the appointment of BDO Seidman, LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2008, and in accordance with the recommendations of the Board of Directors upon such other business as may properly come before such meeting (including any proposal to adjourn the Annual Meeting) or any and all continuations, postponements or adjournments thereof. If cumulative voting rights are exercised with respect to the election of directors at the Annual Meeting, then the holders of properly executed and returned proxies will be entitled to cumulate and allocate the votes represented by proxies held by such holders in a manner that will result in the approval of the maximum number of directors from the nominees selected by the Board.



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In the event that sufficient votes in favor of the proposals are not received by the date of the Annual Meeting, the persons named as proxies may propose one or more adjournments of the Annual Meeting to permit further solicitations of proxies. Any such adjournment would require the affirmative vote of the majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote.

This solicitation is made on behalf of the Board of Directors of the Company, and its cost (including preparing and mailing of the notice, this Proxy Statement and the form of proxy) will be paid by the Company. The Company will also make arrangements with brokerage houses and other custodians, nominees and fiduciaries to send the proxy materials to their principals and will reimburse them for their reasonable expenses in so doing. To the extent necessary in order to assure sufficient representation at the Meeting, officers and regular employees of the Company may solicit the return of proxies by mail, telephone, telegram and personal interview. No compensation in addition to regular salary and benefits will be paid to any such officer or regular employee for such solicitation.

### **Revocation of Proxy**

A shareholder giving a proxy has the power to revoke it at any time before it is exercised by giving written notice of revocation to the Secretary of the Company, by executing a subsequent proxy card, or by attending the Annual Meeting and voting in person. If you have instructed your broker to vote your shares, you must follow directions received from your broker to change those instructions. Subject to any such revocation, all shares represented by properly executed proxy cards will be voted in accordance with the specifications on the enclosed proxy card.

### **Record Date**

The close of business on May 7, 2008 has been fixed as the record date (the **Record Date**) for the determination of shareholders entitled to notice of and to vote at the Annual Meeting and any postponements or adjournments thereof. As of the Record Date, we estimate that there will be 12,437,150 shares of the Company's Common Stock outstanding and entitled to vote and 338 shareholders of record. There are no outstanding securities of the Company other than the Common Stock entitled to vote at the Annual Meeting.

### **Quorum**

In order to conduct business at the Annual Meeting, a quorum must be present. A majority of the shares of Common Stock entitled to vote, present in person or represented by proxy, will constitute a quorum at the Annual Meeting. We will treat shares of Common Stock represented by a properly signed and returned proxy card, including abstentions and broker non-votes, as present at the Annual Meeting for the purposes of determining the existence of a quorum. Each share of Common Stock issued and outstanding on the Record Date is entitled to one vote on any matter presented for consideration and action by the shareholders at the Annual Meeting, subject, in the case of election of directors, to the cumulative voting provisions described below.

### **Voting Requirements**

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Directors are elected by a plurality of the votes cast in person or by proxy at the Annual Meeting. This means that the seven individuals nominated for election to the Board who receive the most votes will be elected. In voting for directors of the Company, each shareholder has the right to cumulate votes and give one candidate a number of votes equal to the number of directors to be elected, multiplied by the number of votes to which the shares are entitled, or to distribute the votes on the same principle among as many candidates as the shareholder chooses. The candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected. For a shareholder to exercise cumulative voting rights, such shareholder must give notice of his or her intent to cumulate votes prior to the vote at the Annual Meeting. Instructions for allocation may be marked on the proxy card in the space provided opposite each nominee's name and, if the proxy card is properly marked, the persons acting under the proxy will give notice of the shareholder's intent to vote cumulatively. Unless a contrary instruction is properly marked on the proxy card, the persons acting under the proxy will cumulatively vote so as to maximize the probability that each nominee will be elected.

Approval of Proposal No. 2 regarding the potential issuance of up to 10,923,919 shares of the Company's Common Stock below book value under notes and warrants previously issued in our March 2008 private placement will require the affirmative vote of a majority of the shares of our Common Stock represented at the Annual Meeting in person or by proxy and entitled to vote. Abstentions and broker non-votes on this proposal will have the same effect as a vote AGAINST this proposal for purposes of determining whether it has been approved, and thus will affect the outcome of the vote.

Approval of Proposal No. 3 to amend the Company's Amended and Restated Articles of Incorporation to increase the authorized number of shares of the Company's Common Stock will require the affirmative vote of the holders of a majority of the outstanding shares of Common Stock. Abstentions and broker non-votes on this proposal will have the same effect as a vote AGAINST this proposal for purposes of determining whether it has been approved, and thus will affect the outcome of the vote.

Approval of Proposal No. 4 regarding the ratification of the appointment of BDO Seidman, LLP as Aspyra's independent registered public accounting firm for the fiscal year ending December 31, 2008 and approval of any other proposals to be brought before the Annual Meeting will each require the affirmative vote of a majority of the shares of Common Stock entitled to vote that are present in person or represented by proxy at the Annual Meeting and voting on the proposal, which affirmative votes must also constitute at least a majority of the required quorum. Abstentions will have the same effect as a vote AGAINST these proposals but broker non-votes will have no effect on the outcome of the vote on these proposals.

*Abstentions.* A shareholder may withhold authority to vote for one or more nominees for director and may abstain from one or more of the other matters to be voted on at the Annual Meeting. If you return a properly executed proxy card marked ABSTAIN with respect to a particular proposal or marked WITHHELD with respect to one or more director nominees, then the shares represented by that proxy card will be counted as present at the Annual Meeting for purposes of determining a quorum, but those shares will not be voted at the Annual Meeting with respect to such proposal or nominee. Shares for which authority is withheld will have no effect on the voting for the election of directors (which requires a plurality of the votes cast). However, shares that a shareholder abstains from voting will be included in the total of votes cast and have the same effect as a vote AGAINST Proposals No. 2, No. 3 and No. 4.

*Broker Non-Votes.* If your shares are held by a broker, the broker will vote your shares for you if you provide instructions to your broker on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Broker non-votes are shares held by a broker or other nominee that are represented at the Annual Meeting, but with respect to which the broker or nominee has not received instructions from the beneficial owner of the shares to vote on the particular proposal and does not have discretionary voting power on the proposal. Brokers holding shares of record for beneficial owners generally are entitled to exercise their discretion to follow the recommendation of the Board of Directors and vote in favor of Proposals No. 1 (election of directors) and No. 4 (ratification of auditors), but do not have the discretion to vote on Proposal No. 2 or No. 3 included in this Proxy Statement unless they receive other instructions from their customers. Broker non-votes will be counted for purposes of determining the presence or absence of a quorum at the Annual Meeting but will not be counted for purposes of determining the number of shares represented and voting with respect to a proposal. Accordingly, broker non-votes will have no effect on voting on the election of directors or on the ratification of the independent registered public accounting firm. However, broker non-votes will have the effect of a vote AGAINST Proposal No. 2 regarding the potential issuance of shares of our Common Stock and Proposal No. 3 regarding amendment of the Company's Articles of Incorporation.

*Voting Shares in Person that are Held Through Brokers.* If your shares are held of record by your broker, bank or another nominee and you wish to vote those shares in person at the Annual Meeting, you must obtain from the nominee holding your shares a properly executed legal proxy identifying you as an Aspyra shareholder, authorizing you to act on behalf of the nominee at the Annual Meeting and identifying the number of shares with respect to which the authorization is granted.

**Procedures for Shareholder Nominations**

The Company's Bylaws provide that a shareholder may nominate candidates for the Board of Directors at an Annual Meeting. Shareholders seeking to nominate a candidate for election as director at an Annual Meeting must provide timely advance written notice to our Corporate Secretary. To be timely for the 2009 Annual Meeting, a shareholder's notice must be delivered to or mailed and received by the Corporate Secretary of Aspyra at our principal executive offices (at 26115-A Mureau Road, Calabasas, California 91302) within a reasonable amount of time prior to the first mailing of the Proxy Statement. The requesting shareholder should provide sufficient biographical information about the proposed candidate to satisfy the requirements of the Securities and Exchange Commission for inclusion in the Proxy Statement and to permit the Board of Directors to evaluate the proposed candidate in light of the criteria described under the caption "Nominating Procedures and Criteria." The request should also provide the full name, address and telephone number of the requesting shareholder and sufficient information to verify that the requesting shareholder is eligible to vote at the Annual Meeting. Additional information and certifications by the requesting shareholder and the proposed candidate may be required before the Board of Directors can make its evaluation.

**Other Business**

If any other matters besides the proposals described in this Proxy Statement are promptly presented for consideration at the Annual Meeting, the persons named as proxy holders will have discretion to vote on these other matters according to their best judgment to the same extent as the person delivering the proxy card would be entitled to vote. At the date this Proxy Statement went to press, we did not anticipate any other matter would be raised at the Annual Meeting.

**PROPOSAL NO. 1****ELECTION OF DIRECTORS**

The Bylaws of the Company provide that the Company's Board of Directors shall consist of not less than three nor more than nine directors, as determined by the Company's Board of Directors, each to hold office for a term of one year and until a successor shall be duly elected and qualified. The present number of directors constituting the entire Board is seven.

A board of seven directors is to be elected at the Annual Meeting. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the Company's seven nominees named below, all of whom are presently directors of the Company. In the event that any nominee of the Company is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee who shall be designated by the present Board of Directors to fill the vacancy. In the event that additional persons are nominated for election as directors, the proxy holders intend to vote all proxies received by them in accordance with cumulative voting as will assure the election of as many of the nominees listed below as possible, and, in such event, the specific nominees to be voted for will be determined by the proxy holders. The Company is not aware of any nominee who will be unable or will decline to serve as a director. The term of office of each person elected as a director will continue until the next Annual Meeting of Shareholders or until a successor has been elected and qualified. The candidates for the Board of Directors receiving the seven highest vote totals will be elected to serve as members of the Board of Directors. There are no family relationships among directors or executive officers of the Company.

Background information concerning our present directors, each of whom is also a director nominee is as follows:

<b>Name of Nominee</b>	<b>Age</b>	<b>Director Since</b>	<b>Principal Occupation</b>
John Mutch (3)	51	2007	Managing Partner, MV Advisors II, LLC
Lawrence S. Schmid (1)(2)	66	1991	President & Chief Executive Officer, Strategic Directions International, Inc.
Robert S. Fogerson, Jr. (2)	55	1992	General Manager, ViroMED Labcorp
Norman R. Cohen (1)(3)	71	2003	Retired Attorney
James Zierick	51	2007	Interim Chief Executive Officer, Aspyra, Inc.
C. Ian Sym-Smith (2)	77	2005	Former Chairman, StorCOMM, Inc.
Jeffrey Tumbleson (1)	40	2008	Vice President of Information Technology, Outpatient Imaging Affiliates, LLC

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- (1) Member of the Audit Committee
- (2) Member of the Compensation Committee
- (3) Member of the Nominating Committee

*John Mutch* has served as a director of Aspyra since August 2007. Mr. Mutch has served as the Managing Partner of MV Advisors, LLC, a strategic block investment firm since June 2006. From August 2003 to December 2005, Mr. Mutch was the President and Chief Executive Officer of Peregrine Systems, a developer of enterprise management software. Between July 1997 and August 2002, Mr. Mutch served as President and Chief Executive Officer of HNC Software, an enterprise analytics software provider. Prior to that Mr. Mutch spent seven years at Microsoft Corporation in a variety of executive sales and marketing positions. Mr. Mutch is currently a Director of Phoenix Technologies and Edgar Online where he serves on the audit committee for both those companies. Mr. Mutch earned a M.B.A. from the University of Chicago Graduate School of Business and a B.S. from Cornell University.

*Lawrence S. Schmid* has served as a director of Aspyra since November 1991. Since November 1990, Mr. Schmid has served as the President and Chief Executive Officer of Strategic Directions International, Inc., a management consulting firm specializing in technology companies. Mr. Schmid received a BSME from General Motors Institute and a M.B.A. from the Graduate School of Management at the University of California Los Angeles.

*Robert S. Fogerson, Jr.* has served as a director of Aspyra since May 1992. Since January 1998, Mr. Fogerson has served as the general manager of ViroMED Labcorp, a laboratory providing clinical testing services. Mr. Fogerson had previously served in various capacities at PharmChem Laboratories since 1975. Mr. Fogerson received a B.A. from Stanford University.

*Norman R. Cohen* has served as a director of Aspyra since October 2003. Mr. Cohen is a retired attorney. Prior to his retirement in June 2003, Mr. Cohen had been in private practice for more than 40 years, primarily in the areas of corporate and securities law. Mr. Cohen received a B.S. in Economics from the Wharton School of the University of Pennsylvania and an LL.B from the Law School of the University of Pennsylvania.

*James Zierick* has served as Aspyra's interim Chief Executive Officer since February 2008 and a director of Aspyra since September 2007. In 2007, Mr. Zierick served as Chief Executive Officer of Logicalapps, a provider of embedded controls software for enterprise applications. From 2004 to 2006, Mr. Zierick was Executive Vice President of Worldwide Field Operations for Peregrine Systems, where he led 350 person sales, alliance, customer support and professional services organization. From 1989 to 2003, Mr. Zierick was a partner with McKinsey & Company, where he helped lead the company's Southern California technology and operational effectiveness practices. Mr. Zierick earned a M.B.A. from Dartmouth College, Amos Tuck School of Business, a B.S. in Engineering from Dartmouth College, Thayer School of Engineering, and a B.A. in Engineering Sciences from Dartmouth College.

*C. Ian Sym-Smith* has served as a director of Aspyra since November 2005 and was previously Chairman of the Board of Directors of StorCOMM, Inc. from April 1997 until November 2005 and as a director of StorCOMM, Inc. since February 1996. Mr. Sym-Smith has served as a director of several private and public companies. Mr. Sym-Smith received his B.S. in electrical engineering from the College of Technology in Birmingham, England, and his M.B.A. from the Wharton School of Business.

*Jeffrey Tumbleson* has served as a director of Aspyra since January 2008. Since December 2004, Mr. Tumbleson has served as Vice President of Information Technology of Outpatient Imaging Affiliates, LLC, a company which partners with local healthcare providers to develop, own and operate outpatient diagnostic imaging and positron emission tomography centers. From November 2002 to December 2004, Mr. Tumbleson was owner and President of JT Consulting, a consulting company providing information technology related services for the healthcare industry. From January 2001 to November 2002, Mr. Tumbleson was Chief Information Officer and Vice President of Spheris Inc., a provider of clinical documentation technology and services to health systems, hospitals and group practices throughout the United States. Mr. Tumbleson received a B.A. and a B.S. from the University of Kansas.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE  
NOMINEES FOR DIRECTOR NAMED ABOVE.**

**CORPORATE GOVERNANCE**

**Corporate Governance Principles**

Pursuant to California law and the Company's Bylaws, the Company's business, property and affairs are managed under the direction of the Board of Directors. Thus, the Board of Directors is the ultimate decision-making body of the Company except with respect to those matters reserved for the shareholders.

The Board of Directors selects the senior management team, which is charged with the day-to-day operations of the Company's business. Members of the Board of Directors are kept informed of the Company's business through discussions with the Chief Executive Officer and other senior officers, by reviewing materials requested by them or otherwise provided to them and by participating in meetings of the Board of Directors and its committees. Having selected the senior management team, the Board of Directors acts as an advisor and counselor to senior management, monitors its performance and proposes or makes changes to the senior management team when it deems necessary or appropriate.

**Director Independence**

The Board affirmatively determines the independence of each director and nominee for election as a director in accordance with guidelines it has adopted, which include all elements of independence set forth in Rule 10A-3 and Regulation S-B under the Securities Exchange Act of 1934 and in Section 803A of the American Stock Exchange ( AMEX ) Company Guide for small business filers. These guidelines help ensure that the Board and its committees are independent from management and that the interests of the Board and management align with the interests of the shareholders. Based on these standards, the Board has determined that each of the Company's directors, other than Mr. Zierick and Mr. Sym-Smith, is independent under the standards described above.



## **Board Meetings and Committees**

During the fiscal year ended December 31, 2007, the Board of Directors held a total of five meetings.

*Compensation Committee.* The Board of Directors of the Company has established a Compensation Committee for the purpose of reviewing and making recommendations concerning compensation plans and salaries of officers and other key personnel. The Compensation Committee has not adopted a charter. The Compensation Committee, as an ongoing responsibility, periodically reviews industry related surveys of other companies similar in size and complexity to the Company to determine reasonable salary ranges and incentive compensation for its managers and key employees. The members of the Compensation Committee are Lawrence S. Schmid, Robert S. Fogerson, Jr., and C. Ian Sym-Smith. All members of the Compensation Committee, other than Mr. Sym-Smith, are independent. The Compensation Committee met once during the fiscal year ended December 31, 2007.

*Audit Committee.* The Board of Directors of the Company has also established an Audit Committee for the purpose of meeting with the Company's independent registered public accounting firm and to review the scope of the audit, internal accounting controls, any change in accounting principles, significant audit adjustments, audit disclosures and related matters. The members of the Audit Committee are Lawrence S. Schmid, Norman R. Cohen, and Jeffrey Tumbleson. The Board has determined that Mr. Schmid qualifies as an audit committee financial expert as defined under the rules of the SEC. The Board has determined that all three members of the Audit Committee are independent as that term is defined by Rule 10A-3 under the Securities Exchange Act of 1934 and by the listing standards of the American Stock Exchange for small business filers under the Securities and Exchange Commission Regulation S-B.

The Audit Committee met four times during the fiscal year ended December 31, 2007. The Board initially adopted a charter for the Audit Committee in March 2000, and later amended the charter in June 2000. The current copy of the charter for the Audit Committee is available to security holders on the Company's website at [www.aspyra.com](http://www.aspyra.com). The Audit Committee recommends the engagement of BDO Seidman, LLP as the Company's independent registered public accounting firm.

*Nominating Committee.* In April 2007, the Company established a Nominating Committee which consists of John Mutch and Norman R. Cohen, both of whom are independent directors. The Nominating Committee has not yet adopted a formal charter. The Committee is responsible for nominating the slate of the directors which are then approved by the entire Board of independent directors. All members of the Nominating Committee are independent. The Nominating Committee met twice during the fiscal year ended December 31, 2007.

## **Nominating Procedures and Criteria**

Once the Nominating Committee makes its recommendation, the entire Board of independent directors considers and approves nominees for election to the Board of Directors. In addition to the candidates proposed by the Board of Directors, the Board of Directors considers candidates for director suggested by shareholders, provided such recommendations are made in accordance with the procedures set forth in the Bylaws and described under Shareholder Proposals. Shareholder nominations that meet the criteria outlined below will receive the same consideration that the Board of Director's nominees receive.

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Essential criteria for all candidates considered by the Board of Directors include the following: integrity and ethical behavior, maturity, management experience and expertise, independence and diversity of thought and broad business or professional experience, an understanding of business, financial affairs and the complexities of business organizations.

In evaluating candidates for certain Board positions, the Board of Directors evaluates additional criteria, including the following: financial or accounting expertise, industry expertise, marketing, business and other experience relevant to public companies of a size comparable to the Company, and experience in investment banking, commercial lending or other financing activities.

In selecting nominees for the Board of Directors, the Board of Directors evaluates the general and specialized criteria set forth above, identifying the relevant specialized criteria prior to commencement of the recruitment process. If the candidate is a candidate for re-election, the Board considers previous performance and generally considers the candidate's ability to contribute to the success of the Company.

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The Board of Directors' nominees for the Annual Meeting have been recommended by the independent members of the Board of Directors.

Shareholders did not propose any candidates for election at the Annual Meeting.

### **Shareholder Communications with Directors**

You may communicate with each chairman of our Board Committees, or with our independent directors as a group by writing to such persons c/o Aspyra, Inc., 26115-A Mureau Road, Calabasas, California 91302, Attention Board of Directors.

Each communication should also specify the applicable addressee or addressees to be contacted as well as the general topic of the communication. We will initially receive and process communications before forwarding them to the addressee. We generally will not forward to the directors a shareholder communication that we determine to be primarily commercial in nature or that relates to an improper or irrelevant topic, or that requests general information about the Company. Additionally, the Board has requested that certain items that are unrelated to the duties and responsibilities of the Board should be excluded, such as junk mail and mass mailings, product complaints, product inquiries, new product suggestions, résumés and other forms of job inquiries, and surveys. In addition, material that is unduly hostile, threatening, illegal or similarly unsuitable will be excluded, with the provision that any communication that is filtered out must be made available to any outside director upon request.

### **Board Attendance at the Annual Meeting**

The Company has not adopted a formal policy on members of the Board of Directors attendance at its Annual Meeting of Shareholders, although all members of the Board of Directors are invited and encouraged to attend in order to facilitate shareholder communication. All members of the Board of Directors attended the Company's 2007 Annual Meeting of Shareholders.

### **Code of Ethics**

The Company has adopted a Code of Ethics that applies to each of our directors, officers and employees. The Code of Ethics was previously filed as an exhibit to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005. We will provide to any person without charge, a copy of our Code of Ethics upon written request to the attention of the Company's Secretary at the address of the Company's principal executive offices.

### **Compensation of Directors**

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Directors who are not officers or employees of the Company receive an annual retainer of \$3,000 and a grant of 10,000 non-qualified stock options upon their election or reelection to the board. In addition, independent directors are paid fees of \$2,000 per meeting and are reimbursed for their reasonable expenses for attending such meetings. We also reimburse the reasonable expenses of our directors incurred in connection with attendance at meetings of the Board of Directors and its committees. At present, there are five independent directors, John Mutch, Lawrence S. Schmid, Robert S. Fogerson, Jr., Norman R. Cohen, and Jeffrey Tumbleson, who are not officers and/or employees of the Company. The following table sets forth information concerning the compensation of our non-employee directors during 2007.

Name (a)	Fees Earned or Paid in Cash (\$) (b)	Stock Awards (\$) (c)	Option Awards (\$) (d)(1)	Non-Equity Incentive Plan Compensation (\$) (e)	Non-Qualified Deferred Compensation Earnings (\$) (f)	All Other Compensation (\$) (g)	Total (\$) (j)
John Mutch (2)	37,500		259,083(4)				296,583
Lawrence S. Schmid	11,000		10,363(5)				21,363
Robert S. Fogerson, Jr.	11,000		10,363(6)				21,363
Norman R. Cohen	11,000		10,363(7)				21,363
James Zierick	4,250		12,831(8)				17,081
C. Ian Sym-Smith	9,000		10,363(9)				19,363
Bradford G. Peters(3)	11,000		10,363(10)				21,363

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- (1) A discussion of the methods used in calculation of these values may be found in Footnote 8 to the consolidated financial statements which is in our annual report on Form 10-KSB. Reflects the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year computed in accordance with SFAS 123(R), excluding the forfeiture assumption.
- (2) The compensation for Mr. Mutch includes fees paid to MV Advisors II, LLC, a consulting firm of which Mr. Mutch is the sole member and Managing Partner. In August 2007, the Company entered into an agreement with MV Advisors. Under the agreement, MV Advisors will provide strategic consulting services to the Company and will receive an annual fee of \$75,000, payable in non-refundable quarterly advances, offset by the amount of any retainer or meeting fees paid to Mr. Mutch for his board service. In addition, MV Advisors will be paid a success fee based upon the value of certain customer contracts secured by the Company as a result of the efforts of MV Advisors. MV Advisors will also be granted rights to purchase certain offerings of future Company equity securities. In his capacity as a consultant to the Company through MV Advisors, Mr. Mutch was also awarded a non-qualified stock option under the Company's 2005 Stock Incentive Plan exercisable for 240,000 shares of the Company's Common Stock.
- (3) Mr. Peters resigned from the Company's Board of Directors in January 2008.
- (4) The aggregate number of option awards outstanding for Mr. Mutch at 2007 fiscal year end are 250,000.
- (5) The aggregate number of option awards outstanding for Mr. Schmid at 2007 fiscal year end are 50,000.
- (6) The aggregate number of option awards outstanding for Mr. Fogerson at 2007 fiscal year end are 50,000.
- (7) The aggregate number of option awards outstanding for Mr. Cohen at 2007 fiscal year end are 40,000.
- (8) The aggregate number of option awards outstanding for Mr. Zierick at 2007 fiscal year end are 10,000.
- (9) The aggregate number of option awards outstanding for Mr. Sym-Smith at 2007 fiscal year end are 30,460.
- (10) The aggregate number of option awards outstanding for Mr. Peters at 2007 fiscal year end are 30,000.



**EXECUTIVE OFFICERS**

Set forth below is information regarding our current executive officers.

<b>Name</b>	<b>Age</b>	<b>Position</b>
James Zierick	51	Interim Chief Executive Officer
Anahita Villafane	37	Chief Financial Officer and Secretary
Bruce M. Miller	62	Chief Technology Officer
James R. Helms	63	Chief Operations Officer

For biographical information regarding Mr. Zierick, who also serves as a director of the Company, please refer to his profile set forth above under Proposal No. 1 Election of Directors.

**Anahita Villafane** has served as the Chief Financial Officer of Aspyra since June 2005 and secretary since November 2005. Ms. Villafane also served as Aspyra's controller and Chief Accounting Officer from April 2000 to June 2005. Prior to April 2000, Ms. Villafane was an audit manager with BDO Seidman, LLP since 1996. Ms. Villafane received a B.S. in Accounting from California State University at Northridge, and is a Certified Public Accountant.

**Bruce M. Miller** has served as the Chief Technology Officer of Aspyra since its inception in 1978 and also served as Chairman of the Board from the Company's inception until November 2005. Mr. Miller is a graduate of Rutgers University.

**James R. Helms** has served as the Chief Operations Officer of Aspyra since October 1982 and secretary from 1983 to November 2005. Mr. Helms also served as a director from 1987 until November 2005. Previously, Mr. Helms was an independent information systems consultant for more than five years.

**EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table shows the compensation paid over the past two fiscal years ended December 31, 2007 and 2006 with respect to: (i) the two persons who served as the Company's Chief Executive Officer during the 2007 fiscal year, (ii) the two other most highly compensated executive officers or individuals in addition to the Chief Executive Officer, serving at the end of the last fiscal year whose total compensation exceeded \$100,000 in the last fiscal year and (iii) two additional individuals who would have qualified under (ii) but for the fact that the individual was not serving as an executive officer at the end of the 2007 fiscal year.

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(A) Name and Principal Position	(B) Year	(C) Salary(\$)	(D) Bonus(\$)	(E) Stock Awards	(F) Option Award(s) (\$)(2)	(G) Non-Equity Incentive Plan Compensation (\$)	(H) Nonqualified Deferred Compensation Earnings (\$)	(I) All Other Compensation (3)	(J) Total
<b>James R. Helms</b>	<b>2007</b>	<b>155,597</b>						<b>17,465</b>	<b>173,062</b>
Chief Operations Officer	2006	162,864			12,259			14,965	190,088
Steven M. Besbeck	2007	191,504						8,122	199,626
Former President, Chief Executive Officer(1)	2006	210,344			19,988			6,871	237,203
Bruce M. Miller	2007	192,495						14,112	206,607
Chief Technology Officer	2006	204,664			12,259			12,023	228,946
William W. Blair	2007	148,062						6,527	154,589
Vice President, Sales	2006	120,000			12,259			4,809	137,068
Anahita Villafane	2007	120,673							