ASPYRA INC
Form PRE 14A
April 20, 2009

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:

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

Payment of Filing Fee (Check the appropriate box):

x	No fee required.	
o	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:
o	Fee paid previously with preliminary materials.	

o 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:

1

Aspyra, Inc.
26115-A Mureau Road
Calabasas, CA 91302

April , 2009

Dear Shareholder:

We cordially invite you to attend our 2009 Annual Meeting of Shareholders to be held at 10:00 a.m., Pacific Time, on Friday, June 11, 2009, 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-K for the fiscal year ended December 31, 2008.

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 1, 2009 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,

By: /s/ John Mutch
John Mutch
Chairman of the Board

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

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held June 11, 2009

To the Shareholders of
Aspyra, Inc.

Notice is hereby given that the 2009 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 Friday, June 11, 2009, at 10:00 a.m. Pacific Time, for the following purposes:

1. To elect eight (8) 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	Rodney W. Schutt

2. To approve the potential issuance of up to 9,129,033 shares of the Company's Common Stock (issuable upon the conversion of $1,000,000 principal amount convertible promissory notes and the exercise of warrants for 5,903,226 shares of Common Stock) at a price below the current book value issued in connection with a private placement conducted in February 2009.

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 40,000,000 shares to 75,000,000 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, 2009.

5. To amend the Company's 2005 Equity Incentive Plan to increase the aggregate number of shares that may be issued pursuant to the Company's 2005 Equity Incentive Plan from 1,290,875 to 3,040,875.

6. 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-K for the fiscal year ended December 31, 2008. We urge you to read these materials carefully.

Pursuant to rules adopted by the Securities and Exchange Commission, you may access a copy of the proxy materials and the Company's annual report on Form 10-K at www.aspyra.com.

Only shareholders of record at the close of business on May 1, 2009, 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 8, 2009.

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,

By: /s/
Anahita Villafane
Chief Financial Officer and Secretary

Calabasas, California
April , 2009

ASPYRA, INC.
26115-A Mureau Road
Calabasas, California 91302

2009 ANNUAL MEETING OF SHAREHOLDERS

To be Held June 11, 2009

PROXY STATEMENT

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 2009 Annual Meeting of Shareholders (the “Annual Meeting”) to be held on Friday, June 11, 2009, 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-K to the shareholders of the Company for the fiscal year ended December 31, 2008, 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 8, 2009.

Method of Voting

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. Rodney W. Schutt 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” Proposal No. 4 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, 2009, “FOR” Proposal No. 5 to amend the Company’s 2005 Equity Incentive Plan to increase the aggregate number of shares that may be issued pursuant to the Company’s 2005 Equity Incentive Plan from 1,290,875 to 3,040,875, 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.

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 1, 2009 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 330 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

Directors are elected by a plurality of the votes cast in person or by proxy at the Annual Meeting. This means that the eight 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 9,129,033 shares of the Company's Common Stock below book value under notes and warrants previously issued in our February 2009 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, 2009 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.

Approval of Proposal No. 5 to amend the Company's 2005 Equity Incentive Plan to increase the aggregate number of shares that may be issued pursuant to the Company's 2005 Equity Incentive Plan from 1,290,875 to 3,040,875 will require the affirmative vote of a majority of the shares of Common Stock entitled to vote that are present in person or represented by the 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 and broker non-votes on this proposal will have the same effect as a vote "AGAINST" this proposal for purpose of determining whether it has been approved, and thus will affect the outcome of the vote.

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, No. 4 and No. 5.

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, No. 3, or No. 5 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, Proposal No. 3 regarding amendment of the Company's Articles of Incorporation and Proposal No. 5 regarding amending the Company's 2005 Equity Incentive Plan.

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 2010 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 eight.

A board of eight 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 eight 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 eight 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:

Name of Nominee	Age	Director Since	Principal Occupation
John Mutch (3)	52	2007	Managing Partner, MV Advisors II, LLC
Lawrence S. Schmid (1)(2)	67	1991	President & Chief Executive Officer, Strategic Directions International, Inc.
Robert S. Fogerson, Jr. (2)	56	1992	General Manager, ViroMED Labcorp
Norman R. Cohen (1)(3)	72	2003	Retired Attorney
James Zierick	52	2007	President and Chief Executive Officer of Nirvanix
C. Ian Sym-Smith	78	2005	Former Chairman, StorCOMM, Inc.
Jeffrey Tumbleson (1)	41	2008	Vice President of Information Technology, Outpatient Imaging Affiliates, LLC
Rodney W. Schutt	44	2008	Chief Executive Officer, Aspyra, Inc.

(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. He is currently the Chairman and Chief Executive Officer of Symark International and a managing partner of MV Advisors, LLC, a strategic block investment firm he founded in June 2006. MV Advisors provides focused investment and strategic guidance to small and mid-cap technology companies. Prior to founding MV Advisors, Mr. Mutch was the President and CEO of Peregrine Systems. In March 2003, Mr. Mutch was appointed to the Peregrine Board of Directors by the U.S. Bankruptcy Court and assisted the company in its bankruptcy work out. Mr. Mutch became President and CEO in August 2003 and successfully restructured the company, culminating in the sale of Peregrine to Hewlett Packard in December of 2005. From September 1999 through August 2002, Mr. Mutch served as President and CEO and a director of HNC Software Inc., an enterprise analytics software provider. Mr. Mutch also spent seven years at Microsoft in a variety of executive sales and marketing positions. Mr. Mutch is currently a director at Adaptec, Inc., Agylisys, Inc. and Edgar On Line. Mr. Mutch was a director at Overland Storage, Inc. from February 2002 through July 2004 and Brio Software from September 2002 until December 2003. He earned a M.B.A. from the University of Chicago Graduate School of Business and a B.S. from Cornell University where he serves on the advisory board for the undergraduate school of business.

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 director of Aspyra since September 2007. Since January 2009, Mr. Zierick has been President and Chief Executive Officer of Nirvanix, a company in the storage delivery business. Mr. Zierick was Aspyra's interim Chief Executive Officer from February 2008 to November 2008. 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.

Rodney W. Schutt has served as a director of Aspyra since November 2008. Prior to becoming the Chief Executive Officer at Aspyra, Mr. Schutt served, between July 2007 and July 2008, as the Chief Operating Officer for Luminetx, a provider of bioscience technologies based in Memphis, TN. Prior to his position with Luminetx, between August 2004 and May 2007, Mr. Schutt served as Vice President of Business Development and Global Commercial Operations for Smith and Nephew Orthopaedics, a public medical device company, and prior to this held various positions at GE Healthcare. Mr. Schutt holds a B.A. degree in Business Administration from Marion College.

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-K under the Securities Exchange Act of 1934 and in Section 803A of the NYSE Alternext US Company Guide for smaller reporting companies. 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. Schutt and Mr. Sym-Smith, is "independent" under the standards described above.

Board Meetings and Committees

During the fiscal year ended December 31, 2008, 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 and Robert S. Fogerson, Jr. All members of the Compensation Committee are independent. The Compensation Committee met once during the fiscal year ended December 31, 2008.

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 NYSE Alternext US for smaller reporting companies under the Securities and Exchange Commission Regulation S-K.

The Audit Committee met four times during the fiscal year ended December 31, 2008. 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. 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, 2008.

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.

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.

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 2008 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

Directors who are not officers or employees of the Company receive an annual retainer of $3,000, committee chairman receive an annual retainer of $4,000, and a grant of 20,000 non-qualified stock options upon their election or reelection to the board. In addition, independent directors are paid fees of $2,500 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 six independent directors, John Mutch, Lawrence S. Schmid, Robert S. Fogerson, Jr., Norman R. Cohen, James Zierick, 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 2008.

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)	75,000	—	0 (4)	—	—	—	75,000
Lawrence S. Schmid	15,500	—	0 (5)	—	—	—	15,500
Robert S. Fogerson, Jr.	15,500	—	0 (6)	—	—	—	15,500
Norman R. Cohen	14,500	—	0 (7)	—	—	—	14,500
James Zierick(3)	14,500	—	0 (8)	—	—	—	14,500
C. Ian Sym-Smith	10,000	—	0 (9)	—	—	—	10,000
Jeffrey Tumbleson	13,500	—	49,812 (10)	—	—	—	63,312

---

(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-K. 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 June 2008, the Company renewed its 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) The compensation for Mr. Zierick does not include fees paid for consulting fees when Mr. Zierick served as Interim Chief Executive officer from February 2008 to November 2008, which are reported under Executive Compensation below.

(4) The aggregate number of option awards outstanding for Mr. Mutch at 2008 fiscal year end are 250,000.

(5) The aggregate number of option awards outstanding for Mr. Schmid at 2008 fiscal year end are 30,000.

(6) The aggregate number of option awards outstanding for Mr. Fogerson at 2008 fiscal year end are 30,000.

(7) The aggregate number of option awards outstanding for Mr. Cohen at 2008 fiscal year end are 30,000.

(8) The aggregate number of option awards outstanding for Mr. Zierick at 2008 fiscal year end are 235,000.

(9) The aggregate number of option awards outstanding for Mr. Sym-Smith at 2008 fiscal year end are 20,000.

(10) The aggregate number of option awards outstanding for Mr. Tumbleson at 2008 fiscal year end are 50,000.

EXECUTIVE OFFICERS

Set forth below is information regarding our current executive officers.

Name	Age	Position
Rodney W. Schutt	44	Chief Executive Officer
Anahita Villafane	38	Chief Financial Officer and Secretary
Ademola Lawal	33	Chief Operating Officer
James R. Helms	64	Vice President of Strategic Analysis
Robert Pruter	44	Senior Vice President, Sales and Marketing

For biographical information regarding Mr. Schutt, 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.

Ademola Lawal has served as the Chief Operating Officer of Aspyra since April 2009. Mr. Lawal also served as Aspyra’s Vice President of Strategy and Business Development from June 2008 to April 2009. Prior to Aspyra, he spent six years at GE Healthcare where he was a Director of Service. Mr. Lawal earned his Six Sigma Black Belt certification at GE Healthcare. Prior to GE, he was at KPMG Consulting where he conducted various reorganization, valuation and benchmarking projects. Mr. Lawal holds an MBA from Harvard Business School and a Bachelor of Science from the University of Virginia with concentration in Accounting and Management Information Systems. He is a Certified Public Accountant.

James R. Helms has served as the Vice President of Strategic Analysis since April 2009. Mr. Helms also served as Chief Operations Officer of Aspyra from October 1982 to April 2009 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.

Robert Pruter has served as the Senior Vice President, Sales and Marketing since April 2008. Prior to Aspyra, Mr. Pruter was National Sales Director for AGFA Healthcare. Prior to joining AGFA, Mr. Pruter was Western Regional Sales Director for Merge eFilm and RIS Logic, Inc. where he was responsible for managing the sales activities for RIS, PACS, Billing and Dictation products. Mr. Pruter received a B.A. in Economics from University of California, Los Angeles.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table shows the compensation paid over the past two fiscal years ended December 31, 2008 and 2007 with respect to: (i) the person who served as the Company's Chief Executive Officer during the 2008 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 2008 fiscal year.

e 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 To
ney W. tt	2008	28,558	12,489	—	—	—	—	—	41
f Executive Officer	2007	—	—	—	—	—	—	—	
nola al	2008	104,306	31,302	—	—	—	—	1,607	137
f Operating Officer	2007	—	—	—	—	—	—	—	
ert er	2008	112,561	41,795	—	—	—	—	8,303	162
or Vice President, Sales Marketing	2007	—	—	—	—	—	—	—	
s R. ns	2008	156,192	—	—	—	—	—	21,697	177
f Operations Officer	2007	155,597	—	—	—	—	—	17,465	173
e M. er	2008	193,232	—	—	—	—	—	17,391	210
ner Chief Technology cer(1)	2007	192,495	—	—	—	—	—	14,112	206
s Zierick ner Interim Chief utive Officer (4)	2008	127,500	--	--	--	--	--	--	127
	2007	--	--	--	--	--	--	--	

(1) Mr. Miller's employment as Chief Technology Officer was terminated effective April 1, 2009. The Company and Mr. Miller entered into a Separation Agreement and General Release pursuant to which (i) Mr. Miller shall provide consulting services to the Company for an initial

period of ninety business days (ii) receive severance equal to fifteen months of his base salary in effect as of April 1, 2009, to be paid in equal bi-weekly installments over twenty-two and one-half months;

(iii) the Company shall pay COBRA benefits to Mr. Miller and his spouse for up to eighteen months; (iv) the Company shall accelerate the vesting of options exercisable for 10,000 of the Company's Common Stock previously granted to Mr. Miller pursuant to the Company's 2005 Stock Incentive Plan; and (v) the Company and Mr. Miller will release each other from all claims arising from Mr. Miller's employment with the Company, subject to certain exceptions.

(2) 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-K. 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.

(3) Amounts shown in Column (I) consist of premiums paid for medical, life and disability insurance and Company matching contributions under the Company's 401(k) profit-sharing plan.

(4) Mr. Zierick served as Interim Chief Executive Officer from February 2008 to November 2008.

Compensation to our executive officers consists of salary, cash bonus, tax-deferred profit sharing, medical and life insurance benefits, and equity compensation pursuant to our 2005 Equity Incentive Plan and our 1997 Stock Option Plan. Certain of our executive officers also have additional benefits regarding severance or a change of control of the Company. The Compensation Committee of the Board of Directors (i) reviews and approves corporate goals and objectives relevant to compensation of the executive officers, (ii) evaluates the performance of the executive officers in light of those goals and objectives, (iii) determines and approves the compensation level of the executive officers based on this evaluation, and (iv) makes recommendations to the Board with respect to cash incentive compensation plans and equity incentive plans. The Committee also reviews and recommends to the Board any new compensation or retirement plans and administers the Company's 2005 Equity Incentive Plan and our 1997 Stock Option Plan.

The Compensation Committee is responsible for administering a management incentive bonus plan that is predicated on the pre-tax profitability of the overall company. Bonus pool funds will be allocated according to two criteria: (i) 50% of the pool should be awarded to the participants according to salary percentage and (ii) the remaining 50% will be allocated according to the accomplishment of individual goals set for each plan participant. The Compensation Committee of Aspyra also is responsible for administering the Company's 2005 Equity Incentive Plan and 1997 Stock Option Plan and such grants under these plans are at the discretion of the committee, as described in more detail below.

Aspyra has adopted a profit sharing plan pursuant to which income tax is deferred on amounts contributed by employees under Section 401(k) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code. All employees, over the age of 21, are eligible to participate in the plan after the completion of six months of service. Aspyra contributes, on a matching basis, 25% of the employee's contribution up to 4%. Aspyra's contribution becomes vested at the rate of 20% for each full year of employment. Both the employee's and Aspyra's contributions are subject to aggregate annual limits under the Code.

Employment Agreements, Termination of Employment and Change-in-Control Agreements

Other than Mr. Schutt, we currently have no employment agreements with any of our executive officers, nor any compensatory plans or arrangements resulting from the resignation, retirement or any other termination of any of our executive officers, from a change-in-control of the Company, or from a change in any executive officer's responsibilities following a change-in-control.

The Company and Rodney W. Schutt entered into an employment agreement effective November 17, 2008 setting forth the terms of Mr. Schutt's services as Chief Executive Officer. Under the agreement, Mr. Schutts's compensation will be $225,000 per year payable in accordance with the Company's payroll practices. Additionally, the Company also agreed to award an incentive stock option to Mr. Schutt exercisable for 375,000 shares of Aspyra common stock, at an exercise price equal to the closing market price of the Company's common stock. The options will vest at a rate of 25% annually beginning one year after grant date until fully vested or, if earlier, the termination of Mr. Schutt's services as CEO. The options will have a five year term. The Company will also provide Mr. Schutt with housing accommodations, rental car reimbursement and travel reimbursement of four airfare per month for a period of six months as well as relocation expense reimbursement up to a maximum of $20,000. Pursuant to the agreement, the Company will provide reimbursement of the cost of Mr. Schutt realtor commission up to a maximum of 6% on the sale of his home payable ratably over a period of six months or, if earlier, the termination of Mr. Schutt's service as Chief Executive Officer.Mr. Schutt will also receive insurance benefits paid for by Aspyra and employer contributions to his 401(k) plan account as provided for in Aspyra's 401(k) profit sharing plan.

On April 1, 2009, the Company and Mr. Miller entered into a Separation Agreement and General Release ("Separation Agreement") pursuant to which Mr. Miller agreed that, due to management restructuring which resulted in the elimination of the position of Chief Technology Officer, his employment with the Company would terminate effective April 1, 2009. The following is brief summary of the material terms of the Separation Agreement with Mr. Miller: (i) Mr. Miller shall provide consulting services to the Company for an initial period of ninety business days (ii) receive severance equal to fifteen months of his base salary in effect as of April 1, 2009, to be paid in equal bi-weekly installments over twenty-two and one-half months; (iii) the Company shall pay COBRA benefits to Mr. Miller and his spouse for up to eighteen months; (iv) the Company shall accelerate the vesting of options exercisable for 10,000 of the Company's Common Stock previously granted to Mr. Miller pursuant to the Company's 2005 Stock Incentive Plan; and (v) the Company and Mr. Miller will release each other from all claims arising from Mr. Miller's employment with the Company, subject to certain exceptions.

13

Outstanding Equity Awards At 2008 Fiscal Year End

The following table sets forth information concerning unexercised options, granted as equity incentive awards, held by each of our Named Executive Officers. Options shown in this table were granted between 2003 and 2006. There have been no stock awards granted to any Named Executive Officer. As such, these columns are omitted from this table.

Name (a)	Number of Securities Underlying Unexercised Options (#) Exercisable (1) (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)
Ademola Lawal	—	150,000	—	0.70	06/26/2013
Robert Pruter	—	125,000	—	0.36	04/23/2013
James R. Helms	10,000	—	—	1.51	02/24/2009
	5,000	5,000	—	1.76	08/11/2011
Bruce M. Miller	10,000	—	—	1.66	02/24/2009
	5,000	5,000	—	1.76	08/11/2011

(1) Options which are not fully vested vest 25% annually on the anniversary of the option grant date.

Equity Incentive Plan Information

The Company’s 2005 Equity Incentive Plan (the “2005 Plan”) was adopted by the Board on August 2, 2005 and approved by shareholders at the Annual Meeting held on November 21, 2005. The 2005 Plan replaced the Company’s former 1997 Stock Option Plan (the “1997 Plan”) and incorporated 290,875 remaining unissued options from the 1997 Plan. Awards under the 2005 Plan may be granted to any of our employees, directors or consultants or those of our affiliates. As of March 30, 2009, there were approximately 69 full-time employees and 8 non-employee directors eligible to participate in the 2005 Plan. An incentive stock option may be granted under the 2005 Plan only to a person who, at the time of the grant, is an employee of the Company or a related corporation. The 2005 Plan is administered by the Board or a committee of the Board.

Under the 2005 Plan, the Company may award to eligible participants incentive stock options (ISO), non-statutory stock options; stock awards (both restricted stock awards and restricted stock unit awards); and stock appreciation rights. As of April 17, 2009 there were 1,000,000 shares of Common Stock subject to outstanding awards under the 2005 Plan and 290,875 available for future awards under the 2005 Plan. In the case of awards intended to qualify as “performance-based compensation” within the meaning of Section 162(m) of the Code, the measures established by the 2005 Plan administrator must be qualifying performance criteria.

The 2005 Plan provides that in the event of a merger with or into another corporation or our “change in control,” including the sale of all or substantially all of our assets, and certain other events, our Board or the Compensation Committee may, in its discretion, provide for the assumption or substitution of, or adjustment to, each outstanding award, accelerate the vesting of options and stock appreciation rights, and terminate any restrictions on stock awards or cash awards or provide for the cancellation of awards in exchange for a cash payment to the participant.

During the fiscal year ended December 31, 2008, we granted 275,000 options to Named Executive Officers.

The following table sets forth information as to stock options granted under the 2005 Plan and 1997 Plan, and the net value received from the exercise of options (market value of stock on the date of exercise, less the exercise price) by each executive officer whose aggregate remuneration is set forth above.

Aggregated Option/SAR Exercises in Last Fiscal Year

(a) Name	(b) Shares Acquired on Exercise (#)	(c) Value Realized ($)	(d) Number of Securities Underlying Unexercised Options/SARs at FY-End (#) Exercisable/Unexercisable	(e) Value of Unexercised In-the-Money Options/SARs at FY-End ($) Exercisable/Unexercisable
Ademola Lawal	0	$ 0	0/ 150,000	0/ 0
Robert Pruter	0	$ 0	0/125,000	0/ 0
James R. Helms	0	$ 0	5,000/ 5,000	0/ 0
Bruce M. Miller	0	$ 0	5,000/ 5,000	0/ 0

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and other rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,290,875	$ 1.28	290,875
Equity compensation plans not approved by security holders	1,750,000		1,750,000
Total	3,040,875	$ 1.28	2,005,875

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information known to the Company regarding beneficial ownership of Aspyra’s Common Stock as of April 16, 2008 of (i) each present director or nominee for director, (ii) each Named Executive Officer, (iii) all officers and directors as a group, and (iv) each beneficial owner of more than five percent of Aspyra’s Common Stock. Information as to beneficial owners who are not officers or directors of Aspyra is based on publicly available information as of the record date.

Beneficial ownership of shares is determined in accordance with the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. Except in cases where community property laws apply or as indicated in the footnotes to this table, we believe that each shareholder identified in the table possesses sole voting and investment power over all shares of Common Stock shown as beneficially owned by the shareholder. Shares of Common Stock subject to options that are currently exercisable or exercisable within 60 days of April 16, 2008, are considered outstanding and beneficially owned by the person holding the options for the purpose of computing the percentage ownership of that person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated below, the address of each individual listed below is c/o Aspyra, Inc., 26115-A Mureau Road, Calabasas, California 91302.

The percentages for each person or group shown in the table below are based on 12,437,150 shares issued and outstanding as of April 17, 2009, plus the additional shares that such person or group is deemed to beneficially own as set forth in the table. The table below shows the number of shares and percentage beneficially owned both prior to and after giving effect to the approval of Proposal No. 2 and the issuance of additional shares under the Notes and

Warrants sold in our February 2009 Private Placement. An aggregate maximum of 9,129,033 shares are issuable upon conversion or exercise of all Notes and Warrants issued in the Private Placement, assuming that the shareholders approve both Proposal No. 2 and Proposal No. 3 at the Annual Meeting (consisting of 3,225,807 shares issuable upon conversion of all Notes, and 5,903,226 shares issuable upon exercise of all Warrants). The Notes and Warrants issued in the Private Placement provide that they cannot be converted or exercised, as applicable, to the extent such conversion or exercise would result in the holder and its affiliates beneficially owning more than 9.99% of our outstanding Common Stock on the date of such conversion or exercise. The number and percentage of Common Stock deemed beneficially owned and shown in the column prior to the approval of Proposals No. 2 and 3 is limited accordingly.

Name	Common Shares Beneficially Owned Prior to Approval of Proposals 2 & 3		Common Shares Beneficially Owned Assuming Approval of Proposals 2	
	Number of Shares	Percent of Class	Number of Shares	Percent of Class