

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 000-32085

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-4392754
(I.R.S. Employer
Identification Number)

222 Merchandise Mart, Suite 2024
Chicago, IL 60654
(Address of principal executive offices)

(866) 358-6869
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 31, 2008, there were 57,319,706 shares of the registrant's \$0.01 par value common stock outstanding.

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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements****ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)**

| | June 30, 2008 (unaudited) | December 31, 2007 |
|---|---------------------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$50,844 | \$43,785 |
| Marketable securities | 11,904 | 5,759 |
| Accounts receivable, net of allowances of \$5,488 and \$4,190 at June 30, 2008 and December 31, 2007, respectively | 83,847 | 81,351 |
| Deferred taxes, net | 6,888 | 16,650 |
| Inventories | 5,373 | 4,178 |
| Prepaid expenses and other current assets | 17,582 | 17,401 |
| Total current assets | <u>176,438</u> | <u>169,124</u> |
| Long-term marketable securities | 3,307 | 13,459 |
| Fixed assets, net | 21,147 | 18,238 |
| Software development costs, net | 25,833 | 24,115 |
| Intangible assets, net | 100,638 | 107,503 |
| Goodwill | 249,808 | 240,452 |
| Other assets | 3,635 | 5,252 |
| Total assets | <u>\$580,806</u> | <u>\$578,143</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$8,888 | \$15,911 |
| Accrued expenses | 20,499 | 17,266 |
| Accrued acquisition obligation | — | 8,946 |
| Accrued compensation | 8,043 | 5,441 |
| Deferred revenue | 50,614 | 45,940 |
| Current portion of long-term debt | 290 | 279 |
| Other current liabilities | — | 274 |
| Total current liabilities | <u>88,334</u> | <u>94,057</u> |
| Long-term debt | 135,014 | 135,162 |
| Deferred taxes, net | 8,216 | 6,179 |
| Other liabilities | 1,791 | 2,105 |
| Total liabilities | <u>233,355</u> | <u>237,503</u> |
| Preferred stock: | | |
| Undesignated, \$0.01 par value, 1,000 shares authorized, no shares issued and outstanding at June 30, 2008 and December 31, 2007 | — | — |
| Common stock: | | |
| \$0.01 par value, 150,000 shares authorized; 57,319 issued and outstanding at June 30, 2008; 56,918 issued and outstanding at December 31, 2007 | 573 | 569 |
| Additional paid-in capital | 857,887 | 853,402 |
| Accumulated deficit | (510,810) | (513,242) |
| Accumulated other comprehensive loss | (199) | (89) |
| Total stockholders' equity | <u>347,451</u> | <u>340,640</u> |
| Total liabilities and stockholders' equity | <u>\$580,806</u> | <u>\$578,143</u> |

The accompanying notes are an integral part of these consolidated financial statements.

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|----------------|------------------------------|-----------------|
| | 2008 | 2007 | 2008 | 2007 |
| Revenue: | | | | |
| Software and related services | \$68,179 | \$54,681 | \$126,797 | \$105,921 |
| Prepackaged medications | 9,493 | 10,939 | 19,088 | 21,168 |
| Information services | 3,840 | 4,421 | 7,716 | 7,974 |
| Total revenue | <u>81,512</u> | <u>70,041</u> | <u>153,601</u> | <u>135,063</u> |
| Cost of revenue: | | | | |
| Software and related services | 29,967 | 22,797 | 55,886 | 45,179 |
| Prepackaged medications | 7,848 | 9,141 | 15,461 | 17,449 |
| Information services | 2,547 | 2,632 | 5,063 | 4,691 |
| Total cost of revenue | <u>40,362</u> | <u>34,570</u> | <u>76,410</u> | <u>67,319</u> |
| Gross profit | 41,150 | 35,471 | 77,191 | 67,744 |
| Selling, general and administrative expenses | 32,850 | 25,425 | 64,243 | 47,799 |
| Amortization of intangible assets | 3,439 | 2,576 | 6,878 | 5,152 |
| Income from operations | 4,861 | 7,470 | 6,070 | 14,793 |
| Interest expense | (1,383) | (930) | (3,027) | (1,863) |
| Interest income and other, net | 377 | 1,106 | 942 | 2,143 |
| Gain on sale of equity investment | — | 2,392 | — | 2,392 |
| Income before income taxes | 3,855 | 10,038 | 3,985 | 17,465 |
| Provision for income taxes | 1,503 | 4,010 | 1,553 | 6,970 |
| Net income | <u>\$2,352</u> | <u>\$6,028</u> | <u>\$2,432</u> | <u>\$10,495</u> |
| Net income per share—basic | <u>\$0.04</u> | <u>\$0.11</u> | <u>\$0.04</u> | <u>\$0.19</u> |
| Net income per share—diluted | <u>\$0.04</u> | <u>\$0.10</u> | <u>\$0.04</u> | <u>\$0.18</u> |
| Weighted-average shares of common stock outstanding used in computing basic net income per share | <u>56,766</u> | <u>55,648</u> | <u>56,635</u> | <u>55,146</u> |
| Weighted-average shares of common stock outstanding used in computing diluted net income per share | <u>57,772</u> | <u>64,802</u> | <u>57,570</u> | <u>64,327</u> |

The accompanying notes are an integral part of these consolidated financial statements.

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

| | Six Months Ended | |
|---|------------------|-----------------|
| | June 30, | |
| | 2008 | 2007 |
| Cash flows from operating activities: | | |
| Net income | \$2,432 | \$10,495 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 14,391 | 9,101 |
| Stock-based compensation expense | 3,572 | 1,280 |
| Gain on sale of equity investment | — | (2,392) |
| Realized loss on investments | 12 | 35 |
| Provision for doubtful accounts | 3,060 | 1,377 |
| Deferred taxes | 2,301 | 6,128 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (5,556) | (15,489) |
| Inventories | (1,195) | (765) |
| Prepaid expenses and other assets | 1,863 | (4,021) |
| Accounts payable | (7,022) | 2,965 |
| Accrued expenses | 1,949 | (1,454) |
| Accrued compensation | 2,602 | (3,345) |
| Deferred revenue | 4,674 | 3,064 |
| Other current liabilities | (725) | (63) |
| Net cash provided by operating activities | <u>22,358</u> | <u>6,916</u> |
| Cash flows from investing activities: | | |
| Capital expenditures | (5,657) | (5,104) |
| Capitalized software | (6,170) | (8,035) |
| Purchase of marketable securities | — | (17,485) |
| Maturities of marketable securities | 3,885 | 11,373 |
| Sale of equity investment | — | 2,592 |
| Net payments for purchase of Extended Care Information Network, Inc. | (9,024) | — |
| Net payments for purchase of A4 Health Systems, Inc. | — | (265) |
| Net cash used in investing activities | <u>(16,966)</u> | <u>(16,924)</u> |
| Cash flows from financing activities: | | |
| Proceeds from exercise of common stock options | 1,312 | 7,453 |
| Proceeds from employee stock purchase plan, net | 355 | 470 |
| Net cash provided by financing activities | <u>1,667</u> | <u>7,923</u> |
| Net increase (decrease) in cash and cash equivalents | 7,059 | (2,085) |
| Cash and cash equivalents, beginning of period | <u>43,785</u> | <u>42,461</u> |
| Cash and cash equivalents, end of period | <u>\$50,844</u> | <u>\$40,376</u> |

The accompanying notes are an integral part of these consolidated financial statements.

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollar and share amounts in thousands, except per-share amounts)

1. Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). The interim consolidated financial statements include the consolidated accounts of Allscripts Healthcare Solutions, Inc. and its wholly-owned subsidiaries ("Allscripts" or the "Company") with all significant intercompany transactions eliminated. In management's opinion, all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of the financial position, results of operations and cash flows for the interim periods presented have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to SEC rules and regulations. These financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2007, in Allscripts' Annual Report on Form 10-K, filed with the SEC on February 29, 2008. Operating results for the three and six months ended June 30, 2008 are not necessarily indicative of the results for the full year. Certain of the 2007 amounts in the accompanying financial statements have been reclassified to conform to the presentation in this report.

2. Revenue Recognition

Revenue from software licensing arrangements, where the service element is considered essential to the functionality of the other elements of the arrangement, is accounted for under American Institute of Certified Public Accountants Statement of Position ("SOP") 81-1, "Accounting for Performance of Construction-Type Contracts and Certain Production-Type Contracts." Allscripts recognizes revenue on an input basis using actual hours worked as a percentage of total expected hours required by the arrangement, provided that the fee is fixed and determinable and collection of the receivable is probable. Maintenance and support from these agreements is recognized over the term of the support agreement based on vendor-specific objective evidence of fair value of the maintenance revenue, which is generally based upon contractual renewal rates. For agreements that are deemed to have extended payment terms, revenue is recognized using the input method but is limited to the amounts due and payable.

Revenue from software licensing arrangements where the service element is not considered essential to the functionality of the other elements of the arrangement is accounted for under SOP 97-2, "Software Revenue Recognition," as amended by SOP 98-9, "Modification of SOP 97-2, Software Revenue Recognition, With Respect to Certain Transactions." Such revenue is recognized upon shipment of the software or as services are performed, provided persuasive evidence of an arrangement exists, fees are considered fixed and determinable, and collection of the receivable is considered probable. The revenue recognized for each separate element of a multiple-element software contract is based upon vendor-specific objective evidence of fair value, which is based upon the price the customer is required to pay when the element is sold separately.

Revenue from certain value-added reseller ("VAR") relationships in which software is directly sold to VARs is recognized upon delivery of the software in accordance with SOP 97-2 assuming all other revenue recognition criteria have been met. In certain instances, the ultimate end-user customers of the VARs will separately contract with Allscripts to perform implementation services relating to the software purchased. Under the provisions of SOP 97-2 these two independent transactions are accounted for separately with the software sold to the VARs being recognized upon software delivery and the implementation services contracted separately with the end-user VAR customers being recognized as the work is performed.

Revenue from the prepackaged medications segment, from the sale of medications, net of provisions for estimated returns, is recognized upon shipment of the pharmaceutical products, the point at which the customer takes ownership and assumes risk of loss, when no performance obligations remain and collection of the receivable is probable. Allscripts offers the right of return on pharmaceutical products under various policies and estimates and maintains reserves for product returns based on historical experience following the provisions of FAS No. 48, "Revenue Recognition When Right of Return Exists."

Certain of our customer arrangements in our information services segment encompass multiple deliverables. We account for these arrangements in accordance with Emerging Issues Task Force ("EITF") No. 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables" ("EITF 00-21"). If the deliverables meet the separation criteria in EITF 00-21, the deliverables are separated into separate units of accounting, and revenue is allocated to the deliverables based on their relative fair values. The criteria specified in EITF 00-21 are that the delivered item has value to the customer on a stand-alone basis, there is objective and reliable evidence of the fair value of the undelivered item, and if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item is considered probable and substantially in the control of the vendor. Applicable revenue recognition criteria is considered separately for each separate unit of accounting.

Management applies judgment to ensure appropriate application of EITF 00-21, including value allocation among multiple deliverables, determination of whether undelivered elements are essential to the functionality of delivered elements and timing of

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revenue recognition, among others. For those arrangements where the deliverables do not qualify as a separate unit of accounting, revenue from all deliverables is treated as one accounting unit and recognized on a straight-line basis over the term of the arrangement. Changes in circumstances and customer data may affect management's analysis of EITF 00-21 criteria, which may cause Allscripts to adjust upward or downward the amount of revenue recognized under the arrangement.

In accordance with EITF issued Consensus 01-14, "Income Statement Characterization of Reimbursements for 'Out-of-Pocket' Expenses Incurred," revenue includes reimbursable expenses charged to our clients.

In June 2006, the Financial Accounting Standards Board ("FASB") ratified the consensus reached on EITF No. 06-3 ("EITF 06-3", "How Taxes Collected from Customers and Remitted to Governmental Authorities Should be Presented in the Income Statement (That is, Gross versus Net Presentation).") Allscripts presents any tax assessed by a governmental authority that is directly imposed on a revenue-producing transaction between a seller and a customer on a net basis. We did not modify our accounting policy in connection with the adoption of EITF 06-3, and therefore the adoption of this EITF did not have an impact on our consolidated results of operations or financial condition.

As of June 30, 2008 and December 31, 2007, there was \$20,154 and \$18,400, respectively, of revenue earned on contracts in excess of billings, which are included in the balance of accounts receivable. Billings on contracts where revenue has been earned in excess of billings are expected to occur according to the contract terms. Deferred revenue consisted of the following:

| | June 30, 2008 | December 31, 2007 |
|---|------------------|----------------------|
| Prepayments and billings in excess of revenue earned on contracts in progress for software and services provided by Allscripts and included in the software and related services segment | \$19,712 | \$25,669 |
| Prepayments and billings in excess of revenue earned on contracts in progress for support and maintenance provided by Allscripts and included in the software and related services segment | 29,605 | 15,623 |
| Prepayments and billings in excess of revenue earned for interactive physician education sessions and related services provided by the Allscripts' physicians' interactive business unit and included in the information services segment | 1,297 | 4,648 |
| Total deferred revenue | <u>\$50,614</u> | <u>\$45,940</u> |

3. Business Combinations

Misys Healthcare Systems, LLC

On March 17, 2008, Allscripts entered into an Agreement and Plan of Merger (the "Merger Agreement") with Misys plc ("Misys"), a public limited company incorporated under the laws of England and Wales, Misys Healthcare Systems, LLC ("MHS"), a North Carolina limited liability company and wholly-owned indirect subsidiary of Misys and Patriot Merger Company, LLC, a North Carolina limited liability company and wholly-owned subsidiary of Allscripts ("Patriot").

The Merger Agreement provides for (i) the purchase by Misys or its affiliated designee of \$330,000 ("the Share Purchase") and (ii) the merger of Patriot with and into MHS, with MHS being the surviving company (the "Merger" and together with the Share Purchase, the "Transactions"). At the effective time of, and as a result of the Merger, each issued and outstanding limited liability company interest of MHS shall be cancelled and converted into the right to receive that number of newly issued shares of Allscripts common stock that, together with the shares of Allscripts common stock to be purchased by Misys or its affiliated designee in the Share Purchase, shall equal 54.5% of the aggregate number of Allscripts fully-diluted shares. Pursuant to the Merger Agreement, Allscripts will declare and pay a special cash dividend of \$330,000, in the aggregate, to holders of Allscripts common stock as of the close of business on the business day immediately prior to the date on which the Merger is consummated.

Consummation of the Transactions is subject to various conditions, including, without limitation, the approval by the stockholders of the Company and the shareholders of Misys, respectively, no legal impediment, the receipt of required regulatory approvals, the absence of a material adverse effect on the Company and MHS, and, unless Misys makes the tax election specified in the Merger Agreement, the receipt of an opinion from legal counsel that the Merger constitutes a tax-free reorganization under Section 368(a) of the Internal Revenue Code. There is not a financing condition to the consummation of the Transactions.

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Extended Care Information Network, Inc.

On December 31, 2007, Allscripts completed its acquisition of Extended Care Information Network, Inc. ("ECIN"), for a total of \$93,525 (which includes repayment of ECIN's indebtedness and transaction expenses). ECIN is a provider of hospital care management and discharge planning solutions. In connection with the ECIN acquisition, Allscripts created a new hospital solutions group designed to provide products and services under one umbrella, combining ECIN with Allscripts' existing emergency department information systems and its care management solution, Canopy.

The ECIN acquisition has been accounted for as a business combination under Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations." The assets acquired and liabilities assumed have been recorded at the date of acquisition at their respective fair values.

The results of operations of ECIN are included in the accompanying consolidated statements of operations for the three and six months ended June 30, 2008. The total purchase price for the acquisition, subject to finalization of the working capital adjustment as defined in the merger agreement, is \$93,525 and is broken down as follows:

| | |
|---|-----------------|
| Cash paid for acquisition of ECIN (includes consideration to shareholders, payment of ECIN indebtedness and certain ECIN transaction costs) | \$90,000 |
| Preliminary net working capital payment | 2,870 |
| Acquisition-related transaction costs | 655 |
| Total preliminary purchase price | <u>\$93,525</u> |

The above purchase price has been allocated to the tangible and intangible assets acquired and liabilities assumed based on management's estimates of their current fair values. Acquisition-related transaction costs include investment banking fees, loan commitment fees, legal and accounting fees and other external costs directly related to the ECIN acquisition.

The purchase price has been allocated as follows:

| | |
|--|-----------------|
| Acquired cash | \$5,723 |
| Accounts receivable, net | 3,065 |
| Prepays and other current assets | 667 |
| Fixed assets and other long-term assets | 3,876 |
| Goodwill | 63,337 |
| Intangible assets | 31,170 |
| Deferred tax liability, net | (9,746) |
| Accounts payable and accrued liabilities | (1,989) |
| Deferred revenue | (2,261) |
| Other liabilities | (317) |
| Net assets acquired | <u>\$93,525</u> |

Goodwill was determined based on the residual difference between the purchase cost and the value assigned to tangible and intangible assets and liabilities, and is not deductible for tax purposes. Among the factors that contributed to a purchase price resulting in the recognition of goodwill were ECIN's history of profitability and high operating margins, strong sales force and overall employee base, and leadership position in the healthcare information technology market. We have allocated \$63,337 to goodwill and \$31,170 to intangible assets. Of the \$31,170 intangible assets acquired, \$11,620 was assigned to developed technology rights with a useful life of 7 years, \$750 was assigned to trade names with a useful life of 18 months, \$11,680 was assigned to customer relationships with hospitals with a useful life of 20 years, \$4,370 was assigned to customer relationships with extended care facilities with a useful life of 15 years and \$2,750 was assigned to ECIN's sales backlog with a useful life of 54 months.

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The following unaudited pro forma information for Allscripts assumes the ECIN acquisition occurred on January 1, 2007. The unaudited pro forma supplemental results have been prepared based on estimates and assumptions, which we believe are reasonable and are not necessarily indicative of the consolidated financial position or results of income had the ECIN acquisition occurred on January 1, 2007, nor of future results of operations. The unaudited pro forma results for the three and six months ended June 30, 2008 and 2007 are as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---------------------|--------------------------------|-----------|------------------------------|------------|
| | 2008 | 2007 | 2008 | 2007 |
| Total revenue | \$81,512 | \$ 74,280 | \$153,601 | \$ 143,324 |
| Net income | \$2,352 | \$5,909 | \$2,432 | \$9,998 |
| Earnings per share: | | | | |
| Basic | \$0.04 | \$0.11 | \$0.04 | \$0.18 |
| Diluted | \$0.04 | \$0.09 | \$0.04 | \$0.16 |

The unaudited pro forma information for the three and six months ended June 30, 2007 include the following adjustments:

- Increase to amortization expense of \$547 and \$1,095 for the three and six months ended June 30, 2007 related to management's estimate of the fair value of intangible assets acquired as a result of the ECIN acquisition.
- Decrease to interest income of \$286 and \$572 for the three and six months ended June 30, 2007 as a result of lower cash, cash equivalents and marketable securities balances assuming the acquisition of ECIN occurred on January 1, 2007.
- Increase to interest expense of \$272 and \$544 for the three and six months ended June 30, 2007 as a result of assuming the \$50,000 of long-term debt incurred in connection with the ECIN acquisition was effective on January 1, 2007. This increase in interest expense is offset by a decrease in interest expense of \$597 and \$852 for the three and six months ended June 30, 2007 due to Allscripts paying the balance of ECIN's long-term debt in connection with the ECIN acquisition.
- A decrease in revenue of \$255 and \$513 for the three and six months ended June 30, 2007 relating to the timing of deferred revenue purchase accounting adjustments.
- The pro forma information includes a tax provision of \$359 and \$774 for the three and six months ended June 30, 2007 to reflect a 40% tax provision.

Source Medical Solutions, Inc.

On July 10, 2007, Allscripts entered into an asset purchase agreement to acquire a certain number of practice management customer contracts from SourceMedical Solutions, Inc. for approximately \$11,685. SourceMedical provides comprehensive outpatient information solutions and services for more than 3,500 ambulatory surgery centers, rehabilitation clinics and diagnostic imaging centers nationwide.

The purchase price of \$11,685 has been recorded as of June 30, 2008 and has been allocated to the tangible and intangible assets acquired and liabilities assumed based on management's best estimates of the current fair values. A total of approximately \$2,429 has been allocated to goodwill and \$8,846 has been allocated to intangible assets with the remaining value attributed to tangible assets. Of the \$8,846 intangible assets acquired, \$7,280 was assigned to customer relationships with a useful life of 20 years, \$1,260 was allocated to developed technology rights with an estimated useful life of 8 years and \$306 was assigned to transition services with a useful life of 1 year. The results of operations of SourceMedical have been included in the accompanying consolidated statements of operations from the date of the SourceMedical acquisition. The Source Medical acquisition has been accounted for as a business combination under Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations." The assets acquired and liabilities assumed have been recorded at the date of acquisition at their respective fair values.

A4 Health Systems, Inc

During the three months ended June 30, 2008, Allscripts made an immaterial adjustment to the goodwill recorded for the A4 acquisition. Allscripts originally recorded a deferred tax asset for excess tax benefits relating to stock options exercised totaling approximately \$9,500. This deferred tax asset was realized during the first quarter of 2006 when the deferred tax asset valuation allowance was reversed to goodwill in purchase accounting for the A4 acquisition. The deferred tax asset relating to the excess tax benefits for stock option exercises should be recorded at the time that Allscripts is able to reduce its income taxes payable for the benefit but based on its current net operating loss carry-forward position was not able to reduce income taxes payable. As a result, a decrease in deferred tax assets totaling approximately \$9,500 with a corresponding offset to goodwill was recorded during the three months ended June 30, 2008.

4. Stock-Based Compensation

Impact of the Adoption of SFAS 123(R)

Allscripts elected to adopt the modified prospective application transition method as permitted by SFAS 123(R). Accordingly, during the three and six months ended June 30, 2008 and 2007, Allscripts recorded stock-based compensation cost in accordance with SFAS 123(R) as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|----------------------------------|--------------------------------|-------|------------------------------|---------|
| | 2008 | 2007 | 2008 | 2007 |
| Stock-based compensation: | | | | |
| Restricted stock | \$1,604 | \$578 | \$3,559 | \$1,162 |
| Stock options | 9 | 45 | 13 | 117 |
| Total stock-based compensation | \$1,613 | \$623 | \$3,572 | \$1,279 |
| Effect on net income, net of tax | \$984 | \$374 | \$2,179 | \$767 |

| | | | | |
|---------------------------------|--------|--------|--------|--------|
| Effect on net income per share: | | | | |
| Basic | \$0.02 | \$0.01 | \$0.04 | \$0.01 |
| Diluted | \$0.02 | \$0.01 | \$0.04 | \$0.01 |

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Stock Options

SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. As of June 30, 2008 and December 31, 2007, the unrecorded deferred stock-based compensation balance related to stock options was \$26 and \$39, respectively, after estimated forfeitures. Allscripts did not grant any stock options during the six months ended June 30, 2008 or 2007.

The following table summarizes the combined activity with respect to stock options granted under Allscripts' equity incentive plans during the periods indicated:

| | <u>Options Outstanding</u> | <u>Weighted- Average Exercise Price</u> | <u>Options Exercisable</u> | <u>Weighted- Average Exercise Price</u> |
|------------------------------|--------------------------------|---|--------------------------------|---|
| Balance at December 31, 2006 | 5,532 | \$7.81 | 5,485 | \$7.80 |
| Options exercised | (1,915) | \$4.85 | | |
| Options forfeited | (62) | \$29.00 | | |
| Balance at December 31, 2007 | 3,555 | \$9.02 | 3,550 | \$9.02 |
| Options exercised | (345) | \$3.80 | | |
| Options forfeited | (24) | \$22.73 | | |
| Balance at June 30, 2008 | <u>3,186</u> | \$9.43 | 3,182 | \$9.43 |

The aggregate intrinsic value of stock options outstanding as of June 30, 2008 was \$16,863, which is based on Allscripts' closing stock price of \$12.41 as of June 30, 2008. The intrinsic value of stock options outstanding represents the amount that would have been received by the option holders had all option holders exercised their stock options as of that date. The total number of vested and exercisable stock options as of June 30, 2008 was 3,182, with an intrinsic value of \$16,863.

The total intrinsic value of stock options exercised during the six months ended June 30, 2008 was \$1,824. The total cash received from employees as a result of employee stock option exercises during the six months ended June 30, 2008 was \$1,312, net of related taxes. Allscripts settles employee stock option exercises with newly issued common shares.

Restricted Stock Awards and Units

During the six months ended June 30, 2008, management awarded 812 shares of restricted stock units to certain employees under the Amended and Restated 1993 Stock Incentive Plan, with a weighted average fair value of \$12.73 per share. The awards of restricted stock have an average four-year vesting term. Upon termination of an employee's employment with Allscripts, any unvested shares of restricted stock will be forfeited. As of June 30, 2008 and December 31, 2007, 2,077 and 1,266 restricted stock awards and units combined had been awarded, respectively, of which 1,539 and 937 were unvested. The fair value of the shares of unvested restricted stock on the date of the grant is amortized ratably over the vesting period. As of June 30, 2008 and December 31, 2007, \$17,770 and \$13,720, respectively, of unearned compensation related to unvested awards of restricted stock was netted against the balance of additional paid in capital and will be recognized over the remaining vesting terms of the awards.

Pursuant to restricted stock award agreements, the unvested restricted shares will vest upon the occurrence of a Change of Control. This Change of Control provision will be triggered upon consummation of the Misys transaction for all shares granted prior to the announcement of the transaction. Additionally, unvested restricted stock units granted prior to the announcement of the transaction and unvested stock options will vest on the business day prior to the consummation of the Misys transaction.

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The following table summarizes the status of unvested restricted stock outstanding at June 30, 2008 and changes during the six months then ended:

| | <u>Shares</u> | <u>Weighted Average Grant Date Fair Value</u> |
|--|---------------|---|
| Unvested restricted stock at December 31, 2006 | 666 | \$18.18 |
| Awarded | 525 | \$24.87 |
| Vested | (158) | \$18.23 |
| Forfeited | (92) | \$20.78 |
| Unvested restricted stock at December 31, 2007 | <u>941</u> | \$21.65 |
| Awarded | 812 | \$12.73 |
| Vested | (143) | \$21.48 |
| Forfeited | (64) | \$21.64 |
| Unvested restricted stock at June 30, 2008 | <u>1,546</u> | \$16.98 |

Employee Stock Purchase Plan

The Employee Stock Purchase Plan (“ESPP”) became effective on July 1, 2006 and allows eligible employees to authorize payroll deductions of up to 20% of their base salary to be applied toward the purchase of full shares of common stock on the last day of the offering period. Offering periods under the ESPP are three months in duration and begin on each January 1, April 1, July 1, and October 1. Shares will be purchased on the last day of each offering period at a price of 95% of fair market value of the common stock on such date as reported on Nasdaq. The aggregate number of shares of Allscripts common stock that may be issued under the ESPP may not exceed 250 shares and no one employee may purchase any shares under the ESPP having a collective fair market value greater than \$25 in any one calendar year. The shares available for purchase under the ESPP may be drawn from either authorized but previously unissued shares of common stock or from reacquired shares of common stock, including shares purchased by Allscripts in the open market and held as treasury shares.

Allscripts treats the ESPP as a non-compensatory plan in accordance with SFAS No. 123(R). During the six months ended June 30, 2008 and 2007, 33 and 18 shares were issued under the ESPP which resulted in \$355 and \$470 in net proceeds, respectively.

5. Cash, Cash Equivalents and Marketable Securities

Cash and cash equivalent balances at June 30, 2008 and December 31, 2007 consist of cash and money market funds with original maturities at the time of purchase of less than 90 days. Allscripts’ cash, cash equivalents, short-term marketable securities and long-term marketable securities are invested in overnight repurchase agreements, money market funds, U.S. and non-U.S. government debt securities, and corporate debt securities. The carrying values of cash and cash equivalents, short-term marketable securities and long-term marketable securities held by Allscripts are as follows:

| | <u>June 30, 2008</u> | <u>December 31, 2007</u> |
|--|--------------------------|------------------------------|
| Cash and cash equivalents: | | |
| Cash | \$45,821 | \$43,017 |
| Money market funds | 5,023 | 768 |
| | <u>50,844</u> | <u>43,785</u> |
| Short-term marketable securities: | | |
| Corporate debt securities | 11,904 | 5,759 |
| | <u>11,904</u> | <u>5,759</u> |
| Long-term marketable securities: | | |
| U.S. government and agency debt obligations | 2,350 | 2,724 |
| Corporate debt securities | 957 | 10,735 |
| | <u>3,307</u> | <u>13,459</u> |
| Total cash, cash equivalents and marketable securities | <u>\$66,055</u> | <u>\$63,003</u> |

In September 2006, the Financial Accounting Standards Board (“FASB”) issued SFAS 157, *Fair Value Measurements* (“FAS 157”). FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. Under FAS 157, assets and liabilities are required to be recorded at fair value in the financial statements. The fair values are categorized based upon the level of judgment associated with the inputs used to measure their value. Hierarchical levels, as defined in SFAS No. 157, are as follows:

Level 1: Inputs are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2: Inputs, other than quoted prices included in Level 1, are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar instruments in active markets, and inputs other than quoted prices that are observable for the asset or liability.

Level 3: Inputs are unobservable for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

We adopted FAS 157 as required at the beginning of our fiscal year 2008 and the adoption did not have a material effect on our consolidated financial statements.

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6. Comprehensive Income

Comprehensive income includes all changes in stockholders' equity during a period except those resulting from investments by owners and distributions to owners.

The components of comprehensive income are as follows:

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|----------------|------------------|-----------------|
| | June 30, | | June 30, | |
| | 2008 | 2007 | 2008 | 2007 |
| Net income | \$2,352 | \$6,028 | \$2,432 | \$10,495 |
| Other comprehensive income: | | | | |
| Unrealized gain (loss) on marketable securities, net of tax | (36) | 40 | (110) | 63 |
| Comprehensive income | <u>\$2,316</u> | <u>\$6,068</u> | <u>\$2,322</u> | <u>\$10,558</u> |

The components of accumulated other comprehensive income (loss), net of income tax, consist of unrealized losses on Allscripts marketable securities. The components of the net unrealized loss on marketable securities, net of tax, are as follows:

| | June 30, | December 31, |
|--|----------------|---------------|
| | 2008 | 2007 |
| Short-term marketable securities: | | |
| Gross unrealized gains | \$27 | \$— |
| Gross unrealized losses | (26) | (1) |
| Net short-term unrealized gains (losses) | 1 | (1) |
| Long-term marketable securities: | | |
| Gross unrealized gains | 56 | 9 |
| Gross unrealized losses | (256) | (97) |
| Net long-term unrealized losses | (200) | (88) |
| Total net unrealized losses on marketable securities | <u>(\$199)</u> | <u>(\$89)</u> |

7. Net Income Per Share

Allscripts accounts for net income per share in accordance with FAS No. 128, "Earnings per Share" ("FAS 128"). FAS 128 requires the presentation of "basic" income per share and "diluted" income per share. Basic income per share is computed by dividing the net income by the weighted-average shares of outstanding common stock. For purposes of calculating diluted earnings per share, the denominator includes both the weighted average shares of common stock outstanding and dilutive potential common stock equivalents. Dilutive common stock equivalent shares consist primarily of stock options, restricted stock awards and conversion of the Senior Convertible Debentures.

The components of net earnings available for diluted per-share calculation and diluted weighted average common shares outstanding are as follows:

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|----------------|------------------|-----------------|
| | June 30, | | June 30, | |
| | 2008 | 2007 | 2008 | 2007 |
| Net earnings available for diluted per-share calculation: | | | | |
| Net income | \$2,352 | \$6,028 | \$2,432 | \$10,495 |
| Interest expense on 3.5% Senior Convertible Notes, net of tax | — | 523 | — | 1,046 |
| Net earnings available for diluted per-share calculation | <u>\$2,352</u> | <u>\$6,551</u> | <u>\$2,432</u> | <u>\$11,541</u> |

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| | Three Months Ended | | Six Months Ended | |
|--|--------------------|---------------|------------------|---------------|
| | June 30, | 2007 | June 30, | 2007 |
| | 2008 | | 2008 | |
| Weighted average shares outstanding: | | | | |
| Basic weighted average common shares | 56,766 | 55,648 | 56,635 | 55,146 |
| Dilutive effect of options and restricted stock awards | 1,006 | 1,825 | 935 | 1,852 |
| Dilutive effect of 3.50% Senior Convertible Debentures | — | 7,329 | — | 7,329 |
| Diluted weighted average common shares | <u>57,772</u> | <u>64,802</u> | <u>57,570</u> | <u>64,327</u> |

Under the provisions of EITF 04-8, the as-if converted 7,329 shares and interest expense related to Allscripts' 3.5% Senior Convertible Debentures due 2024 were excluded from the three and six months ended June 30, 2008 as the effects were anti-dilutive.

8. Investment in Promissory Note Receivable and Minority Interest

On August 18, 2004, Allscripts entered into a Convertible Secured Promissory Note Purchase Agreement ("Note Purchase Agreement") with Medem and certain other investors. Under the Note Purchase Agreement, Allscripts acquired a convertible secured promissory note in the aggregate principal amount of \$2,600 ("Promissory Note") under which Medem borrowed \$2,600 from Allscripts. On May 28, 2007, Allscripts converted the Promissory Note into 2,317 shares of Medem's Series A Common Stock.

In connection with the Note Purchase Agreement described above, Allscripts also entered into a Share Purchase Agreement pursuant to which Allscripts purchased shares of Medem's Series A Common Stock, shares of Medem's Series B Common Stock, and a three-year option to acquire an additional interest in Medem, all for an aggregate purchase price equal to \$500 in cash (the "Share Purchase Agreement"). Pursuant to such three-year option in the Share Purchase Agreement Allscripts had the right to purchase an additional (i) 118 shares of Series A Common Stock, par value of \$0.001 per share, of Medem, and (ii) 1,061 shares of Series B Common Stock, par value of \$0.001 per share, of Medem for an exercise price of \$600.

On May 28, 2007, Allscripts entered into an Option Purchase Agreement (the "Option Agreement") with Medem. Pursuant to the Option Agreement, Allscripts sold to Medem the irrevocable three-year option held by Allscripts for a total purchase price of \$2,592. The fair value of the three-year option was estimated at approximately \$200 at the time of investment on August 18, 2004 and the sale of the option resulted in a gain of approximately \$2,392.

As of June 30, 2008, Allscripts owns 2,338 shares, or 18.7%, of Medem's Series A Voting Common Stock and 91 shares, or 4.6%, of Medem's Series B Common Stock (combined 16.8% equity ownership). Allscripts' total investment in Medem is \$2,900 under the cost basis of accounting as of June 30, 2008 and December 31, 2007 and is recorded in other assets on the consolidated balance sheets.

9. Long-Term Debt and Bank Credit Facility

In July 2004, Allscripts completed a private placement of \$82,500 of 3.50% Senior Convertible Debentures due 2024 ("Notes"). The Notes can be converted, in certain circumstances, into approximately 7,300 shares of common stock based upon a conversion price of approximately \$11.26 per share, subject to adjustment for certain events.

The Notes are only convertible under certain circumstances, including: (i) during any fiscal quarter if the closing price of Allscripts' common stock for at least 20 trading days in the 30 trading-day period ending on the last trading day of the preceding fiscal quarter exceeds \$14.64 per share; (ii) if Allscripts calls the Notes for redemption; or (iii) upon the occurrence of certain specified corporate transactions, as defined. Allscripts has the right to deliver common stock, cash or a combination of cash and shares of common stock. The Notes were convertible during the quarter ended June 30, 2007 by virtue of the last reported sale price for Allscripts' common stock having exceeded \$14.64 for twenty consecutive days in the 30 trading-day period ending on each fiscal quarter end date but were not convertible during the quarter ended June 30, 2008. No notes were converted as of June 30, 2008 or June 30, 2007. The timing of our obligation on the Notes may change as it relates to funding interest payments and making a principal payment on the Notes based on whether the holders elect to convert the Notes. Upon conversion, Allscripts may redeem some or all of the Notes for cash any time on or after July 20, 2009 at the Notes' full principal amount plus accrued and unpaid interest, if any. Holders of the Notes may require Allscripts to repurchase some or all of the Notes on July 15, 2009, 2014 and 2019 or, subject to certain exceptions, upon a change of control of Allscripts.

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On December 31, 2007, Allscripts and its subsidiaries entered into a new credit agreement the (“Credit Facility”) with JPMorgan Chase Bank, N.A., as sole administrative agent, which provides for a total unsecured commitment of \$60,000 and matures on January 1, 2012. The Credit Facility is available in the form of letters of credit and revolving loans. As of June 30, 2008 and December 31, 2007, \$50,000 in borrowings were outstanding and \$0 in letters of credit were outstanding under the Credit Facility. The proceeds received by Allscripts under the Credit Facility were used to partially finance the acquisition of ECIN described in Note 3. The Credit Facility contains customary representations, warranties, covenants and events of default. The Credit Facility also contains certain financial covenants, including but not limited to, leverage and coverage ratios to be calculated on a quarterly basis. The interest rate for the Credit Facility will initially bear interest at LIBOR plus 0.80% and thereafter will be based upon Allscripts’ leverage ratio as of the last day of the most recently ended fiscal quarter or fiscal year, commencing with the date of delivery of Allscripts’ financial statements for the fiscal quarter ending June 30, 2008, pursuant to the terms of the Credit Facility.

Allscripts received approximately \$49,906 in net proceeds under the Credit Facility after deduction for debt issuance costs. The debt costs of \$94 have been capitalized other assets and are being amortized as interest expense over four years using the effective interest method.

In connection with the acquisition of A4, Allscripts assumed a secured promissory note with an aggregate principal amount of \$3,400 as of March 2, 2006, maturing on October 31, 2015. The promissory note bears interest at 7.85% per annum, and principal and interest are due monthly. In the event of prepayment in full or in part, Allscripts will be subject to a prepayment fee of 1% or more, as described in the related promissory note agreement, of the amount of principal prepaid on the promissory note. The promissory note is secured by the former corporate facilities of A4 and any lease or rental payments as defined in the related agreements.

Long-term debt outstanding as of June 30, 2008 and December 31, 2007 consists of the following:

| | June 30, 2008 | December 31, 2007 |
|--|------------------|----------------------|
| 3.5% Senior convertible debt | \$82,500 | \$82,500 |
| Long-term revolving Credit Facility, LIBOR plus 0.80% interest | 50,000 | 50,000 |
| 7.85% Secured promissory note | 2,804 | 2,941 |
| Total debt | 135,304 | 135,441 |
| Less: Current portion of long-term debt | 290 | 279 |
| Total long-term debt, net of current portion | <u>\$135,014</u> | <u>\$135,162</u> |

Interest expense for the three months ended June 30, 2008 and 2007 was \$1,234 and \$782, respectively, and \$149 in debt issuance cost amortization for both periods. Interest expense for the six months ended June 30, 2008 and 2007 was \$2,731 and \$1,567, respectively, and \$296 in debt issuance cost amortization for both periods.

10. Income Taxes

Allscripts adopted FASB Interpretation No. 48 (“FIN 48”), Accounting for Uncertainty in Income Taxes, on January 1, 2007. As a result of the implementation of FIN 48, we recorded an approximate \$273 increase in the liability for unrecognized tax benefits, which was accounted for as an increase to the January 1, 2007 balance of goodwill in relation to the A4 acquisition on March 2, 2006. As of January 1, 2007, the gross amount of unrecognized tax benefits was \$6,400 of which \$6,400 was recorded as a reduction to certain tax carryovers. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is \$4,600. All remaining amounts would be adjustments to goodwill.

Allscripts recognized accrued interest and penalties related to unrecognized tax benefits in income tax expense and has also accrued amounts as adjustments to goodwill. It is unlikely that the balance of the unrecognized tax benefits will change in any material amount in the next 12 months.

Allscripts and its subsidiaries file income tax returns in the U.S. federal jurisdiction and with various state jurisdictions. Tax years 1993 and forward remain open for examination for federal tax purposes. To the extent utilized in future years’ tax returns, net operating loss carryforwards at June 30, 2008 will remain subject to examination until the respective tax year is closed. The statute is similarly open for state income tax purposes.

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11. Business Segments

FAS No. 131, "Disclosures about Segments of a Business Enterprise and Related Information," establishes standards for reporting information about operating segments in annual financial statements and requires selected information about operating segments in interim financial reports issued to stockholders. Operating segments are defined as components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

Allscripts currently organizes its business around groups of similar products, which results in three reportable segments: software and related services; prepackaged medications; and information services. The software and related services segment derives its revenue from the sale and installation of clinical software that provides point-of-care decision support solutions, document imaging solutions, and the resale of related hardware. The prepackaged medications segment derives its revenue from the repackaging, sale, and distribution of medications and medical supplies. The information services segment primarily derives its revenue from the sale of interactive physician education sessions. Allscripts does not report its assets by segment. Allscripts does not allocate interest income, interest expense, other income or income taxes to its operating segments. In addition, Allscripts records corporate selling, general, and administration expenses, amortization of intangibles, restructuring and other related charges in its unallocated corporate costs. These costs are not included in the evaluation of the financial performance of Allscripts' operating segments.

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|--|--|-----------------|--------------------------------------|------------------|
| | 2008 | 2007 | 2008 | 2007 |
| Revenue: | | | | |
| Software and related services | \$68,179 | \$54,681 | \$126,797 | \$105,921 |
| Prepackaged medications | 9,493 | 10,939 | 19,088 | 21,168 |
| Information services | 3,840 | 4,421 | 7,716 | 7,974 |
| Total revenue | <u>\$81,512</u> | <u>\$70,041</u> | <u>\$153,601</u> | <u>\$135,063</u> |
| Income from operations: | | | | |
| Software and related services | \$19,950 | \$16,914 | \$34,574 | \$31,125 |
| Prepackaged medications | 919 | 950 | 2,141 | 2,179 |
| Information services | 259 | 596 | 608 | 1,055 |
| Unallocated corporate | (16,267) | (10,990) | (31,253) | (19,566) |
| Income from operations | 4,861 | 7,470 | 6,070 | 14,793 |
| Interest income, interest expense, and other income (expense), net | (1,006) | 176 | (2,085) | 280 |
| Gain on sale of equity investment | — | 2,392 | — | 2,392 |
| Income from operations before income taxes | <u>\$3,855</u> | <u>\$10,038</u> | <u>\$3,985</u> | <u>\$17,465</u> |

12. Subsequent Event

On August 6, 2008, Allscripts entered into a commitment letter with JPMorgan Chase Bank, N.A. in order to set forth terms regarding an amendment and restatement of its existing revolving credit facility. The amended credit facility would (i) increase the aggregate principal amount available thereunder from \$60,000 to \$75,000 and (ii) provide a backstop facility of up to \$50,000 to be used to fund any repurchases of Allscripts' 3.50% Convertible Senior Debentures arising by reason of the transactions with Misys plc ("Misys"). The amended credit facility will contain usual and customary representations, warranties and covenants for transactions of this type. The amended credit facility is subject to customary closing conditions.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Allscripts Healthcare Solutions, Inc. is a leading provider of clinical software, connectivity and information solutions that physicians use to improve the quality of healthcare. Our businesses provide innovative solutions that inform physicians with just right, just in time information, connect physicians to each other and to the entire community of care, and transform healthcare, improving both the quality and efficiency of care. We provide clinical software applications, including Electronic Health Record (EHR), practice management, electronic prescribing, Emergency Department Information System (EDIS), hospital care management and document imaging solutions through our clinical solutions businesses. Additionally, we provide clinical education and information solutions for physicians and patients through our physicians interactive business unit, along with physician-patient connectivity solutions through our partnership with Medem. We also provide prepackaged medication fulfillment services through our medication services business unit.

We report our financial results utilizing three business segments: software and related services segment; information services segment; and prepackaged medications segment. The software and related services segment consists of clinical software solutions offered by our clinical solutions and hospital solutions businesses, such as HealthMatics, TouchWorks, TouchScript, Canopy, EmStat, Healthmatics ED and ECIN offerings. TouchWorks Electronic Health Record is an award-winning EHR solution designed to enhance physician productivity using Tablet PCs, wireless handheld devices or desktop workstations for the purpose of automating the most common physician activities, including prescribing, dictating, ordering lab tests and viewing results, documenting clinical encounters and capturing charges, among others. TouchWorks Practice Management combines scheduling and financial management tools in a single package with functionality including rules-based appointment scheduling, multi-resource and recurring appointment features, referral and eligibility indicators, and appointment and claims management. TouchWorks EHR and TouchWorks PM, which are both offered individually and as a combined solution, have the functionality to handle the complexities of large physician practice groups with 25 or more physicians.

For physician practice groups with fewer than 25 physicians that are seeking an EHR, a practice management system, or a combined EHR and practice management solution, we offer our HealthMatics EHR, Ntierprise Practice Management and HealthMatics Office, which combines the two offerings into one complete solution for clinical and back-office automation.

TouchScript is an e-prescribing solution that physicians can access via the Internet to quickly, safely and securely prescribe medications, check for drug interactions, access medication histories, review drug reference information, and send prescriptions directly to a pharmacy or mail order facility. TouchScript can be a starting point for medical groups to seamlessly transition over time to a complete EHR. Another e-prescribing offering, eRx NOW, is an easy-to-use, web-based solution that is safe, secure, requires no downloading and no new hardware. eRx NOW is accessible by Internet on computers, handheld devices and cell phones and is offered free of charge to every prescriber in America via the National ePrescribing Patient Safety Initiative, a collaborative initiative introduced and led by us to enhance patient safety and reduce preventable medication errors.

Our offerings for hospitals that are seeking EDIS and care management solutions include HealthMatics ED, EmSTAT and Canopy. HealthMatics ED electronically streamlines processes for large hospital Emergency Departments, including tracking, triage, nurse and physician charting, disposition and reporting. EmSTAT offers similar functionality for streamlining the Emergency Department care process in small hospitals. Canopy is a Web-based solution that streamlines and speeds the patient care management process by automating utilization, case, discharge and quality management processes relating to patient hospital visits. On December 31, 2007, we acquired Extended Care Information Network, Inc. ("ECIN"), a provider of hospital care management and discharge planning software. ECIN's web-based solutions include Utilization Management, Discharge Planning and Case Management systems that assist hospitals in streamlining case management workflow, increasing productivity, improving patient throughput and reducing length of stay.

In our information services segment, our key product offerings are Physicians Interactive and Physician Relationship Management Platform ("PRMP"). Physicians Interactive is a web-based solution that connects physicians with pharmaceutical companies, medical device manufacturers and biotech companies. One element of this solution, often referred to as e-Detailing, uses interactive sessions to provide clinical education and information to physicians about medical products and disease states, which promotes more informed decision-making, increased efficiency and ultimately higher quality patient care. Other elements of the Physicians Interactive offerings include e-surveys, clinical updates, resource centers, key opinion leader materials and other physician relationship management services. PRMP provides pharmaceutical companies with a turnkey system to build an electronic dialogue and manage ongoing relationships with physicians. The PRMP incorporates a full suite of online tools, including campaign management, physician communication and education and sample and rep requests, as well as e-Detailing opportunities.

Finally, our prepackaged medications segment is comprised of our medication services business unit. This business unit provides point-of-care medication management and medical supply services and solutions for physicians and other healthcare providers.

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The composition of our revenue by segment for the three-month periods ended on the dates indicated below is as follows:

| | 2008 | | 2007 | | | |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | June 30 | March 31 | Dec. 31 | Sept. 30 | June 30 | March 31 |
| Software and related services | \$68,179 | \$58,618 | \$57,767 | \$58,985 | \$54,681 | \$51,240 |
| Prepackaged medications | 9,493 | 9,595 | 11,887 | 10,904 | 10,939 | 10,229 |
| Information services | 3,840 | 3,876 | 3,747 | 3,555 | 4,421 | 3,553 |
| Total revenue | <u>\$81,512</u> | <u>\$72,089</u> | <u>\$73,401</u> | <u>\$73,444</u> | <u>\$70,041</u> | <u>\$65,022</u> |

Cost of revenue for the software and related services segment consists primarily of salaries, bonuses and benefits of our billable professionals, third-party software costs, hardware costs, capitalized software amortization and other direct engagement costs. Cost of revenue for the prepackaged medications segment consists primarily of the cost of the medications, cost of salaries, bonuses and benefits for repackaging personnel, shipping costs, repackaging facility costs and other costs. Cost of revenue for the information services segment consists primarily of salaries, bonuses and benefits of our program management and program development personnel, third-party program development costs, costs to recruit physicians and other program management costs.

Selling, general and administrative expenses consist primarily of salaries, bonuses and benefits for management and support personnel, commissions, facilities costs, depreciation and amortization, general operating expenses, non-capitalizable product development expenses and selling and marketing expenses. Selling, general and administrative expenses for each segment consist of expenses directly related to that segment.

Merger Agreement

On March 17, 2008, Allscripts entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Misys plc (“Misys”), a public limited company incorporated under the laws of England and Wales, Misys Healthcare Systems, LLC (“MHS”), a North Carolina limited liability company and wholly-owned indirect subsidiary of Misys and Patriot Merger Company, LLC, a North Carolina limited liability company and wholly-owned subsidiary of Allscripts (“Patriot”).

The Merger Agreement provides for (i) the purchase by Misys or its affiliated designee of \$330,000 (“the Share Purchase”) and (ii) the merger of Patriot with and into MHS, with MHS being the surviving company (the “Merger” and together with the Share Purchase, the “Transactions”). At the effective time of, and as a result of the Merger, each issued and outstanding limited liability company interest of MHS shall be cancelled and converted into the right to receive that number of newly issued shares of Allscripts common stock that, together with the shares of Allscripts common stock to be purchased by Misys or its affiliated designee in the Share Purchase, shall equal 54.5% of the aggregate number of Allscripts fully-diluted shares. Pursuant to the Merger Agreement, Allscripts will declare and pay a special cash dividend of \$330,000, in the aggregate, to holders of Allscripts common stock as of the close of business on the business day immediately prior to the date on which the Merger is consummated.

Recent Accounting Pronouncements

In June 2008, the Financial Accounting Standards Board issued EITF No. 03-6-1, “*Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*” (“EITF 03-6-1”). EITF 03-6-1 states that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents are “participating securities” as defined in EITF 03-6, *Participating Securities and the Two-Class Method under FASB Statement No. 128*, and therefore should be included in computing earnings per share using the two-class method. According to EITF 03-6-1, a share-based payment award is a participating security when the award includes nonforfeitable rights to dividends or dividend equivalents. The EITF is effective for fiscal years beginning after December 15, 2008. The Company has not historically declared dividends and although the Company is declaring a special dividend in connection with the Misys transaction, we do not intend to declare dividends in the future and therefore does not expect EITF 03-6-1 will have an effect on its consolidated financial position or results of operations.

In June 2008, the Financial Accounting Standards Board issued EITF Issue No. 08-4, “*Transition Guidance for Conforming Changes to Issue No. 98-5*” (“EITF No. 08-4”). The objective of EITF No. 08-4 is to provide transition guidance for conforming changes made to EITF No. 98-5, “Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios”, that result from EITF No. 00-27 “Application of Issue No. 98-5 to Certain Convertible Instruments”, and SFAS No. 150, “Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity”. This Issue is effective for financial statements issued for fiscal years ending after December 15, 2008, with early application permitted. Management is currently evaluating the impact of adoption of EITF No. 08-4 on the accounting for the convertible debt.

In May 2008, the Financial Accounting Standard Board issued FASB Staff Position (FSP) No. APB 14-1 *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)* (“APB 14-1”). This FSP specifies that issuers of convertible debt instruments should separately account for the liability and equity components of the instrument in a manner that will reflect the entity’s nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP APB 14-1 is effective for fiscal years beginning after December 15, 2008, does not grandfather existing instruments, will not permit early application and will require retrospective application to all periods presented. Management is currently in the process of quantifying the impact of the FSP on our consolidated financial position and results of operations.

In December 2007, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards No. 141 (revised 2007), *Business Combinations* (“FAS 141R”). FAS 141R establishes principles and requirements for how the acquirer in a business combination recognizes and measures in its financial statements the fair value of identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at the acquisition date. FAS 141R determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. FAS No. 141R is effective for fiscal years beginning after December 15, 2008. We are currently evaluating the impact of adopting FAS 141R on our consolidated results of operations and financial condition and plan to adopt it as required in the first quarter of fiscal 2009.

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In December 2007, the Financial Accounting Standards Board issued SFAS 160, *Noncontrolling Interests in Consolidated Financial Statements* (“FAS 160”), an amendment of Accounting Research Bulletin No. 51, *Consolidated Financial Statements* (“ARB 51”). FAS 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. Minority interests will be recharacterized as noncontrolling interests and will be reported as a component of equity separate from the Parent’s equity, and purchases or sales of equity interests that do not result in a change in control will be accounted for as equity transactions. In addition, net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement and upon a loss of control, the interest sold, as well as any interest retained, will be recorded at fair value with any gain or loss recognized in earnings. This pronouncement is effective for fiscal years beginning after December 15, 2008. We are currently evaluating the impact of adopting FAS 160 on our consolidated results of operations and financial condition and plan to adopt it as required in the first quarter of fiscal 2009.

In February 2007, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115*, (“FAS 159”). FAS 159 allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities under an instrument-by-instrument election. Most of the provisions in FAS 159 are elective; however, it applies to all companies with available-for-sale and trading securities. A company will report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. FAS 159 is effective for fiscal years beginning after November 15, 2007, with early adoption permitted provided that the entity also adopts FAS 157. We adopted FAS 159 as required at the beginning of our fiscal year 2008 and the adoption did not have a material effect on our consolidated financial statements.

Three and Six Months Ended June 30, 2008 Compared to Three and Six Months Ended June 30, 2007

Software and Related Services

Software and related services revenue for the three months ended June 30, 2008 increased \$13,498, or 24.7%, from \$54,681 during the three months ended June 30, 2007 to \$68,179 during the same period in 2008. Software and related services revenue for the six months ended June 30, 2008 increased \$20,876, or 19.7%, from \$105,921 during the six months ended June 30, 2007 to \$126,797 during the same period in 2008. The quarterly increase is attributable to an increase in software revenue of approximately \$6,200 for revenue contributed by ECIN, which we acquired on December 31, 2007, an increase of approximately \$5,200 in sales to smaller physician practices and emergency department customers, an increase of approximately \$1,700 in support and maintenance revenue due to the increase in our installed customer base, an increase of approximately \$2,500 in software and implementation services revenue accounted for under percentage of completion and other related services. These increases were partially offset by a decrease in add-on license revenue of approximately \$2,200. The six month increase is due to approximately \$11,600 contributed by ECIN which was absent in 2007, an increase of \$7,700 in sales to smaller physician practices and emergency department customers and an increase of approximately \$3,200 in support and maintenance revenue, partially offset by a decrease in add-on license revenue of approximately \$2,600.

Gross profit for software and related services increased \$6,328, or 19.8%, from \$31,884 during the second quarter of 2007 to \$38,212 in the same period of 2008. Gross profit also increased \$10,169, or 16.7%, from \$60,742 in the first half of 2007 to \$70,911 in the first half of 2008. The increase in gross profit for both periods is primarily a result of an increase in support and maintenance revenue which is traditionally higher-margin relative to other revenue streams and due to the ECIN margin contribution for the three and six month periods ended June 30, 2008 which were not present in 2007. Gross profit for software and related services as a percentage of revenue decreased from 58.3% during the second quarter of 2007 to 56.0% in the second quarter of 2008. Gross profit for software and related services as a percentage of revenue decreased from 57.3% during the first half of 2007 to 55.9% in the first half of 2008. The gross profit as a percentage of revenue for both periods was negatively affected by the incremental deployment cost associated with our TouchWorks version 11.0 software.

Operating expenses for software and related services for the second quarter ended June 30, 2008 increased \$3,292 from \$14,970 in the second quarter of 2007 to \$18,262 in the same period of 2008. Operating expenses for software and related services for the six months ended June 30, 2008 increased \$6,720 from \$29,617 in the first six months of 2007 to \$36,337 in the same period of 2008. The net increase in operating expenses during the second quarter of 2008 compared to the same period in 2007 is primarily the result

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of an increase in compensation-related costs of approximately \$2,800 due to increased headcount resulting from the growth of the business, the addition of ECIN employees and an increase in bonus expense as well as an increase in bad debt of approximately \$1,500, partially offset by a decrease of approximately \$700 in consulting and marketing costs combined. The six month increase in operating expenses is primarily due to an increase in compensation-related expenses of approximately \$5,700 attributable to an increase in headcount, an increase of approximately \$1,800 in bad debt expense and an increase in travel expenses of approximately \$600. The six month increase is partially offset by a decrease in third party consultant expense of approximately \$1,200.

We had capitalized software costs of \$7,305 during the first half of 2008 and \$6,740 for the same period in 2007, which was capitalized pursuant to Statement of Financial Accounting Standard "SFAS" No. 86, "Accounting for Costs of Computer Software to be Sold, Leased or Otherwise Marketed" in our software and related services segment. The increase in capitalized software of \$565 is primarily due to the addition of capitalized software related to our A4 and ECIN businesses, which were absent in the same period of 2007.

Prepackaged Medications

Prepackaged medications revenue for the three months ended June 30, 2008 decreased \$1,446, from \$10,939 in 2007 to \$9,493 in the same period of 2008. Prepackaged medications revenue for the six months ended June 30, 2008 decreased \$2,080, from \$21,168 in 2007 to \$19,088 in the same period of 2008. The decrease is primarily due to an overall decrease in average selling prices for medications due to increased competitive factors, management's focus on reducing lower-margin revenue from wholesaler customers, and due to a decrease in medication orders as a result of increased order monitoring and related restrictions experienced in 2008. Approximately \$950 of the year-over-year decrease was due to the reduction in medication prices and the effect of increased order monitoring and the remaining decrease of approximately \$500 is due to a reduction in wholesaler revenue during the second quarter of 2008 in comparison to the same period in 2007. Of the six month decrease, approximately \$950 was attributed to the reduction in medication prices and the effect of increased order monitoring and approximately \$1,100 was due to a reduction in wholesaler revenue in the six months ended June 30, 2008 when compared to the same period in 2007.

Gross profit for prepackaged medications for the three months ended June 30, 2008 decreased \$153, or 8.5%, from \$1,798 in the second quarter of 2007 to \$1,645 in the same period of 2008. Gross profit for prepackaged medications for the six months ended June 30, 2008 decreased \$92, from \$3,719 in the first half of 2007 to \$3,627 in the same period of 2008. Gross profit as a percentage of revenue increased from 16.4% in the second quarter of 2007 to 17.3% in the same period of 2008. Gross profit as a percentage of revenue increased from 17.6% in the first half of 2007 to 19.0% in the same period of 2008. The increase in gross profit as a percentage of revenue for both periods is primarily due to the reduction in lower-margin revenue from wholesaler customers experienced in the first six months of 2008.

Operating expenses for prepackaged medications for the quarter ended June 30, 2008 decreased by \$122, from \$848 in 2007 to \$726 in 2008. Operating expenses for prepackaged medications for the first half of the year decreased \$54, from \$1,540 in 2007 to \$1,486 in 2008. The second quarter decrease is primarily due to a decrease in bad debt expense of approximately \$80 and a decrease in consulting expense of approximately \$50. The six month decrease is due to a decrease in bad debt expense of approximately \$125 and a decrease in consulting expense of \$50, offset by an increase in compensation expense of \$150.

Information Services

Information services revenue for the three months ended June 30, 2008 decreased \$581, or 13.1%, from \$4,421 in the second quarter of 2007 to \$3,840 in the same period of 2008. Information services revenue for the six months ended June 30, 2008 decreased \$258, or 3.2%, from \$7,974 in the first half of 2007 to \$7,716 in the same period of 2008. The decrease for both periods is primarily attributed to the decrease of revenue related to the development and hosting of several PRMP solutions of approximately \$500 and \$200 during the second quarter of 2008 and first half of 2008, respectively.

Gross profit for information services for the quarter ended June 30, 2008 decreased \$496, or 27.7%, from \$1,789 in the second quarter of 2007 to \$1,293 in the same period in 2008. During the first half of 2008, gross profit for information services decreased \$630, or 19.2%, from \$3,283 in the first half of 2007 to \$2,653 in the same period in 2008. Gross profit as a percentage of revenue decreased from 40.5% in the second quarter of 2007 to 33.7% in the same period in 2008. Gross profit as a percentage of revenue decreased from 41.2% in the first half of 2007 to 34.4% in the same period in 2008. The decrease in gross profit and gross profit as a percentage of revenue for both periods is primarily due to an increase in headcount and a decrease in revenue accounted for under percentage of completion for the hosted PRMP solutions.

Operating expenses for information services for the three months ended June 30, 2008 decreased \$159, or 13.3%, from \$1,193 in the second quarter of 2007 to \$1,034 in the same period in 2008. Operating expenses for information services for the six months ended June 30, 2008 decreased \$183, or 8.2%, from \$2,228 in the first half of 2007 to \$2,045 in the same period in 2008. The decrease for both periods is due to a decrease in compensation-related expenses attributed to a decrease in headcount of approximately \$170 and \$270 in the second quarter of 2008 and the first half of 2008, respectively.

Unallocated Corporate Expenses

Unallocated corporate expenses for the three months ended June 30, 2008 increased by \$5,277 from \$10,990 in the second quarter of 2007 to \$16,267 in the same period in 2008. Unallocated corporate expenses for the six months ended June 30, 2008 increased by \$11,687 from \$19,566 in the first half of 2007 to \$31,253 in the same period in 2008. Excluding approximately \$3,004 in acquisition related expenses relating to the transactions contemplated by the Merger Agreement with Misys plc and other

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integration related expenses, unallocated corporate expenses for the second quarter of 2008 increased by \$2,273. This increase primarily relates to an increase in compensation related costs of \$600 resulting from an increase in headcount and the ECIN acquisition, an increase in deal related amortization of \$860 relating to the ECIN acquisition, and due to a reduction of \$300 in corporate internally developed software capitalized. The balance of the three month increase is due to other immaterial changes. The increase for the six months ended June 30, 2008 is largely attributable to Misys transaction and other integration related expenses totaling \$5,666. The remaining increase of \$6,021 is due to an increase in compensation-related expenses of \$2,100, an additional \$1,700 of intangible amortization related to the ECIN acquisition, an increase of approximately \$500 in facilities expenses, and due to a reduction of \$300 in corporate internally developed software capitalized. The balance of the six month increase is due to other immaterial changes.

Interest Income and Interest Expense

Interest and other income recognized during the second quarter of 2008 decreased \$729, or 65.9%, from \$1,106 in the second quarter of 2007 to \$377 in the comparable period in 2008. Interest and other income recognized during the first half of 2008 decreased \$1,201, or 56.0%, from \$2,143 in the first half of 2007 to \$942 in the comparable period in 2008. The decrease in interest income for both periods is attributed to the net cash of \$37,802 used for the purchase of ECIN as of December 31, 2007, which represents total net cash used of \$87,802 less \$50,000 borrowed under the Credit Facility and due to a decrease in effective interest rates for each comparable period.

Interest expense recognized during the three months ended June 30, 2008 increased \$453, from \$930 in the second quarter of 2007 to \$1,383 in the same period in 2008. Interest expense recognized during the first six months of 2008 increased \$1,164, from \$1,863 in the first half of 2007 to \$3,027 in the same period in 2008. The increase in interest expense is due to the new Credit Facility we entered into on December 31, 2007 which provides for a total unsecured commitment of \$60,000 and matures on January 1, 2012. As of June 30, 2008, \$50,000 in borrowings were outstanding under the Credit Facility and the net proceeds received were used towards the net cash purchase price of \$87,802 related to the purchase of ECIN as of December 31, 2007.

Gain on sale of equity investment

During the second quarter of 2007 we entered into an Option Purchase Agreement with Medem and agreed to sell to Medem for a total purchase price of \$2,592 an irrevocable three-year option held by Allscripts to purchase additional shares of Medem's common stock. The sale of the option resulted in a gain of approximately \$2,392 and is recorded in our operating results for the three and six months ended June 30, 2007.

Income taxes

Tax provisions of \$1,503 and \$4,010 were recorded for the three months ended June 30, 2008 and 2007, respectively and \$1,553 and \$6,970 for the six months ended June 30, 2008 and 2007, respectively.

Liquidity and Capital Resources

At June 30, 2008 and December 31, 2007, our principal sources of liquidity consisted of cash, cash equivalents and marketable securities of \$66,055 and \$63,003, respectively. The increase of \$3,052 is reflective of the following:

Operating activities

For the six months ended June 30, 2008, we generated \$22,358 in net cash provided by operations, compared to \$6,916 in the same period of 2007. This net improvement of \$15,442 is due primarily to an improvement in accounts receivable management which improved by approximately \$9,900 for the first half of 2008 due to management's focus on cash collections and also due to a reduction in payments related to prepaid expenses of approximately \$5,900 during the first half of 2008 compared to the same period in 2007. During the first half of 2007 we prepaid \$1,700 for third-party software development, prepaid commissions of approximately \$2,200 and other miscellaneous prepayments that were all absent in the same period in 2008. In addition, we received a refund of approximately \$600 during the first half of 2008 relating to prepaid marketing services from prior years. These operating cash flow improvements were partially offset by a decrease of approximately \$650 in accounts payable and accrued costs due to the timing of vendor and employee payments.

Investing activities

During the first half of 2008, we used \$5,657 of cash for capital expenditures and \$6,170 for capitalized software development costs. In addition, we made additional ECIN acquisition payments of \$9,024 during the first six months of 2008. We used \$5,104 and \$8,035 in the six months ended June 30, 2007 to fund capital expenditures and capitalized software costs, respectively.

Financing activities

During the six months ended June 30, 2008, we received \$1,667 in proceeds from the exercise of stock options and purchases of stock under our employee stock purchase plan, compared to the receipt of \$7,923 during the same period in 2007.

Allscripts' working capital increased by \$13,037 or 17.4%, for the six months ended June 30, 2008, from \$75,067 at December 31, 2007 to \$88,104 at June 30, 2008. The increase is primarily due to an increase in cash and short-term marketable securities of \$13,204 resulting primarily from cash generated from operations and the maturities of long-term securities, an increase in net accounts receivable of \$2,496 and an increase in inventories of \$1,195 attributed to an increase in purchases of hardware to be resold to customers during the first six months of 2008. At June 30, 2008, we had an accumulated deficit of \$510,810, compared to \$513,242 at December 31, 2007.

Future Capital Requirements

On August 6, 2008, Allscripts entered into a commitment letter with JPMorgan Chase Bank, N.A. in order to set forth terms regarding an amendment and restatement of its existing revolving credit facility. The amended credit facility would (i) increase the aggregate principal amount available thereunder from \$60,000 to \$75,000 and (ii) provide a backstop facility of up to \$50,000 to be used to fund any repurchases of Allscripts' 3.50% Convertible Senior Debentures arising by reason of the transactions with Misys plc ("Misys"). The amended credit facility will contain usual and customary representations, warranties and covenants for transactions of this type. The amended credit facility is subject to customary closing conditions.

We believe that our cash, cash equivalents and marketable securities of \$66,055 as of June 30, 2008 and our cash flow from operations will be sufficient to meet the anticipated cash needs of our business for the next twelve months. Our primary needs for cash over the next twelve months will be to fund working capital, service approximately \$4,925 in interest payments on our debt instruments, pay acquisition expenses related to the Transactions with Misys plc, fund capital expenditures, contractual obligations and investment needs of our current business.

We cannot provide assurance that our actual cash requirements will not be greater than we expect as of the date of this report. We will, from time to time, consider the acquisition of, or investment in, complementary businesses, products, services and technologies, which might impact our liquidity requirements or cause us to issue additional equity or debt securities.

If sources of liquidity are not available or if we cannot generate sufficient cash flow from operations during the next twelve months, we might be required to obtain additional sources of funds through additional operating improvements, capital market transactions, asset sales or financing from third parties, a combination thereof or otherwise. We cannot provide assurance that these additional sources of funds will be available or, if available, would have reasonable terms.

Off Balance Sheet Arrangements

In connection with the corporate facilities lease agreement, Allscripts has provided to the lessor an unconditional irrevocable letter of credit in favor of the lessor in the amount of \$500 as security for the full and prompt performance by Allscripts under the lease agreement. The letter of credit may be drawn upon by the lessor and retained, used or applied by lessor for the purpose of curing any monetary default or defaults of Allscripts under the lease. The letter of credit provides for an expiration date of one year from the commencement date of the lease, and will automatically extend for additional successive one-year periods through the term of the lease. As of June 30, 2008 and 2007, no amounts had been drawn on the letter of credit.

In connection with our acquisition of ECIN, we assumed a \$200 irrevocable letter of credit with a lending institution. A security deposit in the form of a letter of credit is specified in ECIN's Chicago office lease agreement. The letter of credit contains an automatic renewal provision that requires notice of non-renewal to the beneficiary no later than 60 days prior to the current expiration date. The letter of credit expires on June 30, 2009. Under the ECIN Chicago office lease agreement, we have the right to reduce the letter of credit over time to \$75 on November 1, 2008 and to \$50 on November 1, 2009. As of June 30, 2008, no amounts had been drawn on the letter of credit.

We have other letters of credit as security for full and prompt performance under various contractual arrangements totaling \$375. As of June 30, 2008 and 2007, no amounts had been drawn on the letter of credit.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. Forward-looking statements include all statements other than those made solely with respect to historical fact. Forward-looking statements may be identified by words such as "believes", "expects", "anticipates", "estimates", "projects", "intends", "should", "seeks", "future", "continue", or the negative of such terms, or other comparable terminology. Forward-looking statements are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and are based on our beliefs as well as assumptions made by and information currently available to us. Such forward-looking statements are subject to numerous risks, uncertainties, assumptions and other factors that are difficult to predict and that could cause actual results to vary materially from those expressed in or indicated by them.

Factors that could cause actual results to differ materially include, but are not limited to:

- the volume and timing of systems sales and installations, the length of sales cycles and the installation process and the possibility that products will not achieve or sustain market acceptance;
- the timing, cost and success or failure of new product and service introductions, development and product upgrade releases;
- competitive pressures including product offerings, pricing and promotional activities;
- our ability to establish and maintain strategic relationships;
- undetected errors or similar problems in our software products;

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- compliance with existing laws, regulations and industry initiatives and future changes in laws or regulations in the healthcare industry, including possible regulation of the Company's software by the U.S. Food and Drug Administration; the possibility of product-related liabilities;
- our ability to attract and retain qualified personnel;
- maintaining our intellectual property rights and litigation involving intellectual property rights;
- risks related to third-party suppliers and our ability to obtain, use or successfully integrate third-party licensed technology;
- the occurrence of any event, development, change or other circumstances that could give rise to the termination of the Merger Agreement;
- the outcome of any legal proceeding that has been or may be instituted against Allscripts, Misys or MHS and others following announcement of entry into the Merger Agreement;
- the inability to complete the Transactions due to the failure to obtain stockholder approvals or the failure of any party to satisfy other conditions to completion of the Transactions;
- risks that the Transactions disrupt current plans and operations and potential difficulties in employee retention as a result of the Transactions;
- the ability to recognize the benefits of the Merger;
- legislative, regulatory and economic developments; and
- those factors discussed in "Risk Factors" included below and in Allscripts' periodic filings with the SEC.

Because forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Stockholders are cautioned not to place undue reliance on such statements, which speak only as of the date such statements are made.

Except to the extent required by applicable law or regulation, Allscripts undertakes no obligation to revise or update any forward-looking statement, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of June 30, 2008, we did not own any derivative financial instruments, but we were exposed to market risks, primarily changes in U.S. and LIBOR interest rates. Our Senior Convertible Debentures and secured promissory note bear a fixed interest rate, and accordingly, the fair market value of the debt is sensitive to changes in interest rates. Allscripts is also exposed to the risk that our earnings and cash flows could be adversely impacted by fluctuations in interest rates due to the \$50,000 of cash acquired from our bank Credit Facility on December 31, 2007. Based upon our balance of \$50,000 of debt against our Credit Facility as of June 30, 2008, an increase in interest rates of 1.0% would cause a corresponding increase in our annual interest expense of approximately \$500.

As of June 30, 2008, we had cash, cash equivalents and marketable securities in financial instruments of \$66,055. Declines in interest rates over time will reduce our interest income from our investments. Based upon our balance of cash, cash equivalents and marketable securities as of June 30, 2008, a decrease in interest rates of 1.0% would cause a corresponding decrease in our annual interest income of approximately \$661.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

As of June 30, 2008, our management, including our Chief Executive Officer and Chief Financial Officer, have reviewed and evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b). Based on their review and evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are adequate and effective.

Changes in Internal Control

During our most recent fiscal quarter, there has not been any change in our internal control over financial reporting (as such term is defined in Exchange Act Rules 13a-15(f)) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1A. Risk Factors (Dollar amounts in thousands)

The following risk factors related to the pending transaction with Misys plc and MHS replace those set forth in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008.

Risks that Relate to the Transactions

The anticipated benefits from the Merger may not be realized.

Allscripts entered into the Merger Agreement with the expectation that the Merger would result in various benefits, including, among other things, synergies, cost savings and operating efficiencies. Although we expect to achieve the anticipated benefits of the Merger, no assurance can be given that they will actually be achieved and achieving such benefits is subject to a number of uncertainties. Additionally, the elimination of duplicative costs may not be possible or may take longer than anticipated, the benefits from the Merger may be offset by costs incurred or delays in integrating MHS into Allscripts, and regulatory authorities may impose adverse conditions on Allscripts' business in connection with granting approval for the Transactions. If Allscripts fails to realize the benefits it anticipates from the acquisition, Allscripts' results of operations may be adversely affected.

The integration of Allscripts and Misys may not be successful.

After completion of the Transactions, Allscripts will have significantly more sales, assets and employees than it did prior to the Transactions. The integration process will require Allscripts to significantly expand the scope of its operations and financial systems. Allscripts' management will be required to devote a significant amount of time and attention to the process of integrating the operations of Allscripts' business and MHS. There is a significant degree of difficulty and management involvement inherent in that process. These difficulties include:

- integrating the operations of MHS while carrying on the ongoing operations of each business;
- managing a significantly larger company than before completion of the Transactions;
- the possibility of faulty assumptions underlying Allscripts' expectations regarding the integration process;
- coordinating businesses located in different geographic regions;
- integrating two unique business cultures, which may prove to be incompatible;
- attracting and retaining the personnel associated with MHS following the Merger;
- creating uniform standards, controls, procedures, policies and information systems and minimizing the costs associated with such matters;
- integrating information, purchasing, accounting, finance, sales, billing, payroll and regulatory compliance systems;
- changing the Allscripts fiscal year to end May 31, in coordination with the current MHS fiscal year, as well as changes in Allscripts' auditors to those of MHS and aligning accounting controls of the two companies;
- preserving customer, supplier, research and development, distribution, marketing, promotion and other important relationships of Allscripts and MHS; and
- commercializing products under development and increasing revenues from existing marketed products.

Allscripts cannot assure its stockholders that MHS will be successfully or cost-effectively integrated into Allscripts. The process of integrating MHS into Allscripts' operations may cause an interruption of, or loss of momentum in, the activities of Allscripts' business after completion of the Transactions. If Allscripts management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, Allscripts' business could suffer and its results of operations and financial condition may be harmed.

The number of shares to be issued to Misys in connection with the Transactions will not be adjusted in the event the value of the business or assets of MHS declines before the Transactions are completed.

The calculation of the number of shares of Allscripts common stock to be issued to Misys in connection with the Transactions will not be adjusted in the event the value of the business or assets of MHS declines prior to the consummation of the Transactions or the value of Allscripts increases prior to the consummation of the Transactions. Allscripts will not be required to consummate the Transactions if there has been any material adverse effect (as this term is defined in the Merger Agreement) on MHS. However, Allscripts will not be permitted to terminate the Merger Agreement or resolicit the vote of Allscripts stockholders because of any changes in the market price of Allscripts' common stock or any changes in the value of MHS that does not rise to the level of a material adverse effect on MHS.

Current Allscripts equityholders' ownership interest in Allscripts will be substantially diluted.

Following the consummation of the Transactions, Allscripts' equityholders will, in the aggregate, own a significantly smaller percentage of Allscripts than they own immediately prior to the Transactions. Following consummation of the Transactions, Allscripts' equityholders, which includes holders of our convertible debentures, immediately prior to the Transactions are expected to collectively own approximately 45.5% of Allscripts on a fully diluted basis. Additionally, Allscripts stockholders could own as little as approximately 40.8% of the outstanding common stock of Allscripts and related voting power and as little as approximately 37.2% of Allscripts common stock on a fully diluted basis after consummation of the Transactions. Consequently, Allscripts' stockholders, as a group, will be able to exercise significantly less influence over the management and policies of Allscripts following the Merger than they will exercise over the management and policies of Allscripts immediately prior to the Merger. Additionally, Misys will be a majority stockholder in Allscripts and will have the power to block or approve most actions or proposals. The Transactions will also include an amendment to Allscripts' certificate of incorporation to increase Allscripts' authorized capital stock, which results in an increase in the number of shares of our common stock that are available to be issued in the future.

The number of shares of Allscripts common stock to be issued to Misys for Misys to reach the 54.5% fully diluted ownership percentage takes into consideration all of the shares issuable upon conversion of our 3.50% Convertible Senior Debentures. However, the shares into which the debentures are convertible may never be issued or only a portion of them may be issued, which would result in Misys' ownership percentage being substantially higher than 54.5% and possibly as high as 59.2%.

When calculating the number of shares of our common stock issuable to Misys in connection with the Transactions, the number of shares into which debentures outstanding on the closing date are convertible will be included in the calculation. However, such shares of our common stock underlying the debentures may never be issued, or may only be issued in part, for a variety of reasons outside of Allscripts' control, including the decision of a debenture holder to hold the debentures until maturity or to require us to repurchase debentures for cash after the closing of the Transactions. Moreover, the Transactions will result in an antidilution adjustment to increase the number of shares of our common stock issuable upon conversion of any debentures outstanding as of the close of business on the dividend record date. These additional shares resulting from the antidilution adjustment, which will be included in calculation of the number of shares issuable to Misys, may never be issued, or may only be issued in part. Additionally, the number of shares of Allscripts common stock issuable for in-the-money options and the restricted stock grants granted after execution of the Merger Agreement will also be included in calculating the number of Allscripts shares issuable to Misys. As a result, the percentage of our outstanding shares of common stock (and associated voting power) and fully-diluted shares owned by Misys could be significantly higher than 54.5%. We currently estimate that Misys' ownership percentage of our outstanding common stock immediately after the consummation of the Transactions will be between 54.5% and 59.2%. This increase in ownership percentage will further reduce Allscripts' pre-Merger stockholders' ability to influence management or matters submitted to a vote of stockholders.

Holders of our 3.50% Convertible Senior Debentures have the right to require us to repurchase their debentures for cash as a result of the Transactions.

The consummation of the Transactions will be a "change of control," as defined in the indenture relating thereto, thus triggering the right of holders of our 3.50% convertible senior debentures to require us to repurchase, in cash, all or any portion of their debentures at a price equal to 100% of the principal amount, which is an aggregate of \$82.5 million, plus accrued and unpaid interest, if any, pursuant to the terms of the indenture relating thereto. We may not have sufficient funds on hand or available through existing borrowing facilities to repurchase all of the outstanding debentures and, thus, we may need to seek additional financing to repurchase debentures as required under the indenture related thereto. However, there can be no assurances that we will be able to obtain any such financing on terms favorable to us, if at all. Failure to repay or repurchase tendered debentures will result in an event of default with respect to the debentures. Allscripts has entered into a commitment letter with JPMorgan Chase Bank, N.A. for a backstop borrowing facility of up to \$50 million in the event that Allscripts-Misys is required to purchase all or any of the outstanding debentures. Allscripts-Misys may be required to borrow the maximum amount under such facility in order to fulfill its obligations under the indenture relating to the debentures, which would result in a significant increase in the aggregate level of Allscripts-Misys' debt as compared to a situation where the holders of the debentures exercise their right to convert the debentures into shares of Allscripts-Misys' common stock.

Allscripts will incur significant transaction and merger costs related to the consummation of the Transactions that could have an adverse effect on its operating results.

Allscripts will incur financial advisor fees, filing fees, soliciting fees, legal and accounting costs, consummation and retention bonuses and certain other transaction related costs after June 30, 2008 that it estimates will be approximately \$23 million. Further, under the Merger Agreement, Allscripts has agreed to pay Misys for up to \$5 million of its transaction related expenses. In addition, Allscripts anticipates that it will incur significant costs in connection with the integration of MHS and its current operations. Allscripts is in the early stages of assessing the magnitude of these integration costs and, therefore, is unable to estimate the dollar value thereof. Allscripts may incur additional unanticipated costs in connection with the Transactions and related to the integration of MHS. Although Allscripts expects that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the business, will offset incremental transaction, merger-related and integration costs over time, we cannot assure you that this net benefit will be achieved in the near term or at all.

Allscripts and MHS will be subject to business uncertainties and contractual restrictions while the Transactions are pending which could adversely affect their businesses.

Uncertainty about the effect of the Transactions on employees and customers may have an adverse effect on Allscripts and MHS and, consequently, on Allscripts as the combined company after completion of the Transactions. Although Allscripts and Misys intend to take steps to reduce any adverse effects, these uncertainties may impair Allscripts' and MHS' ability to attract, retain and motivate key personnel until the Transactions are consummated and for a period of time thereafter, and could cause customers, suppliers and others that deal with Allscripts and MHS to seek to change existing business relationships. Employee retention may be particularly challenging during the pendency of the Transactions, as employees may experience uncertainty about their future roles with Allscripts. If, despite Allscripts' and MHS' retention efforts, key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain, Allscripts' business after completion of the Transactions could be seriously harmed. In addition, the Merger Agreement restricts Allscripts and MHS from making certain acquisitions and taking other specified actions until the Transactions occur or the Merger Agreement terminates. These restrictions may prevent Allscripts and MHS from pursuing otherwise attractive business opportunities and making other changes to their businesses that may arise prior to completion of the Transactions or termination of the Merger Agreement.

The historical financial information of MHS may not be representative of its results if it had been operated independently of Misys or as a subsidiary of Allscripts and, as a result, may not be a reliable indicator of its future results.

MHS is currently a fully integrated business unit of Misys. Consequently, the financial information of MHS provided to Allscripts is not representative of MHS' future financial position, future results of operations or future cash flows, nor does it reflect what MHS' financial position, results of operations or cash flows would have been either as a stand alone company or as a subsidiary of Allscripts. This is because such financial information reflects allocation of expenses from Misys, based on Misys' assumptions, that may be different from the assumptions and allocations that would have been made if MHS was a subsidiary of Allscripts. As a result, the historical financial information of MHS may not be a reliable indicator of its future results as a subsidiary of Allscripts.

Failure to consummate the Transactions could adversely impact the market price of Allscripts' common stock as well as Allscripts' business, financial condition and results of operations.

If the Transactions are not completed for any reason, the price of Allscripts' common stock may decline. In addition, Allscripts may be subject to additional risks, including:

- depending on the reasons for and the timing of the termination of the Merger Agreement, the requirement in the Merger Agreement that Allscripts pay Misys and MHS an aggregate termination fee of \$14,282;

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- substantial costs related to the acquisition, such as legal, accounting, filing, financial advisory and financial printing fees, which must be paid regardless of whether the Transactions are completed; and
- potential disruption to the business of Allscripts and distraction of its workforce and management team.

The Merger Agreement contains provisions that may discourage other companies from trying to acquire Allscripts.

The Merger Agreement contains provisions that may discourage a third party from submitting a business combination proposal to Allscripts prior to the closing of the Transactions that might result in greater value to Allscripts stockholders than the Transactions. The Merger Agreement generally prohibits Allscripts from soliciting any takeover proposal. In addition, if the Merger Agreement is terminated by Allscripts or Misys in circumstances that obligate Allscripts to pay a termination fee to Misys, Allscripts' financial condition may be adversely affected as a result of the payment of the termination fee, which might deter third parties from proposing alternative business combination proposals.

The Transactions will result in an annual limitation on the ability of Allscripts to utilize net operating losses in tax years ending after the Transactions.

As of December 31, 2007 the net operating loss carryover of Allscripts for federal income tax purposes was believed to be approximately \$205 million. The Transactions will result in an "ownership change" within the meaning of Section 382 of the Internal Revenue Code. As a result, in years ending after the Transactions, Allscripts' use of its net operating loss carryovers will be subject to an annual limitation. Although Allscripts does not expect the annual limitation to have a material adverse effect on its cash flow in future periods, the actual effect of the annual limitation will depend on future circumstances and therefore it is not possible to predict with certainty the effect of the annual limitation.

Other Risks that Relate to Allscripts and MHS after the Transactions

The application of the purchase method of accounting will result in additional goodwill which could become impaired and adversely affect Allscripts' net worth and the market value of Allscripts' common stock.

Under the purchase method of accounting, the assets and liabilities of Allscripts will be recorded, as of completion of the Transactions, at their respective fair values and added to those of MHS, which will be carried at their book values. The purchase price will be allocated to Allscripts' tangible assets and liabilities and identifiable intangible assets, if any are identified, based on their fair values as of the date of completion of the Merger. The excess of such price over those fair values will be recorded as goodwill. Goodwill and other acquired intangibles expected to contribute indefinitely to Allscripts' cash flows are not amortized, but must be evaluated by management at least annually for impairment. To the extent the value of goodwill or intangibles becomes impaired, Allscripts may be required to incur material charges relating to such impairment. Such a potential impairment charge could have a material impact on the combined company's operating results.

Allscripts will be affected by restrictions on its ability to issue equity awards to employees after the consummation of the Transactions, which may make it more difficult for Allscripts to retain or attract key employees.

Pursuant to the relationship agreement between Allscripts and Misys (the "Relationship Agreement"), Allscripts will be subject to restrictions and conditions on the issuance of equity awards to its employees after consummation of the Transactions. As a result, it may be more difficult for Allscripts to retain its key employees or attract new employees. Allscripts' results of operations and financial condition may be adversely affected as a result thereof.

If the combined Allscripts-Misys fails to maintain proper and effective internal controls, our ability to produce accurate financial statements could be impaired, which could adversely affect our operating results, our ability to operate our business and our stock price.

Commencing as early as the fiscal year ending May 31, 2009, the combined Allscripts-Misys must perform system and process evaluation and testing of our internal control over financial reporting to allow management and our independent registered certified public accounting firm to begin reporting on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. Although Allscripts currently is subject to these requirements under the Sarbanes-Oxley Act, MHS is not and MHS has not performed the system and process evaluation and testing of its internal control over financial reporting. This testing, or the subsequent testing by our independent registered certified public accounting firm, may reveal deficiencies in the combined entity's internal control over financial reporting that are deemed to be material weaknesses. Moreover, if the combined entity is not able to comply with the requirements of Section 404 in a timely manner, or if it or its independent registered certified public accounting firm identifies deficiencies in the combined Allscripts-Misys' internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline and we could be subject to sanctions or investigations by the NASDAQ, the SEC or other regulatory authorities, which would require additional financial and management resources.

Other Risks that Relate to an Investment in Allscripts Common Stock**The trading price and trading volume of Allscripts common stock may be more volatile following completion of the Transactions.**

Allscripts cannot predict how investors in Allscripts common stock will behave after completion of the Transactions. The trading price for shares of common stock of Allscripts following completion of the Transactions may be more volatile than the trading price of shares of Allscripts common stock before completion of the Transactions. The trading price of shares of Allscripts' common stock could fluctuate significantly for many reasons, including the risks identified in this proxy statement, or reasons unrelated to Allscripts' performance. Additionally, the fact that Allscripts will have a majority stockholder after completion of the Transactions could result in less trading volume in Allscripts' common stock. These factors and other factors beyond Allscripts' control may result in reduced trading volume and/or increased volatility in Allscripts' common stock and/or short- or long-term reductions in the value of Allscripts' securities.

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After the completion of the Transactions, Misys will have voting power to block future Allscripts' business combinations.

Under our proposed amended charter and by-laws, approval of actions by stockholders requires a majority of the shares of common stock present in person and entitled to vote on the matter except as otherwise required by Delaware law. Because of the size of Misys' interest in Allscripts following the Merger, Misys will have the ability to control or significantly influence the outcome of most matters submitted to a stockholder vote following the Merger. Misys' interests with respect to any matter which is subject to a stockholder vote may diverge from or conflict with those of Allscripts and its other stockholders. In addition, it will likely be impracticable (as long as Misys retains a majority ownership stake in Allscripts) for a third party to acquire Allscripts through a merger or similar business combination without Misys' approval. Additionally, pursuant to the Relationship Agreement, Misys will have the right to name six of Allscripts' initial ten directors, as well as the Chairman of the Board at the time of the consummation of the Transactions, and Misys' rights to nominate certain numbers of directors will continue so long as it owns specified percentages of Allscripts common stock.

We expect to qualify for and intend to rely on exceptions from certain corporate governance and other requirements under the rules of Nasdaq.

We expect to qualify for exceptions from certain corporate governance and other requirements of the rules of Nasdaq. Pursuant to these exceptions, we will elect not to comply with certain corporate governance requirements of Nasdaq, including the requirements (i) that a majority of our board of directors consist of independent directors, (ii) that we have a nominating/corporate governance committee that is composed entirely of independent directors and (iii) that we have a compensation committee that is composed entirely of independent directors. Accordingly, you will not have the same protections afforded to equityholders of entities that are subject to all of the corporate governance requirements of Nasdaq.

The interests of Misys may differ from the interests of other holders of Allscripts common stock.

Immediately after completion of the Transactions, Misys will own approximately 54.5% of Allscripts' outstanding common stock on a fully diluted basis and a higher percentage of the actual outstanding common stock, possibly as much as 59.2%. Accordingly, Misys will have the ability to control or significantly influence management, the board of directors and other affairs. In addition, Misys will be able to determine the outcome of all matters requiring stockholder approval (such as a proposed sale of all or substantially all of our assets or the approval of a merger or consolidation involving Allscripts), subject to the voting agreements contained in the Relationship Agreement. The interests of Misys may differ from those of other holders of Allscripts common stock in material respects. For example, Misys may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in its judgment, could enhance its investment, even though such transactions might involve risks to other holders of Allscripts common stock. Additionally, Misys may determine that the disposition of some or all of its interests in Allscripts would be beneficial to Misys at a time when such disposition could be detrimental to the other holders of Allscripts common stock.

Sales of Allscripts common stock by Misys after the Transactions may negatively affect the market price of Allscripts common stock.

While the shares of Allscripts common stock issued in the Transactions to Misys will be not be registered and will be subject to transfer restrictions, sales of a large number of such shares, or even the perception that these sales could occur, could cause a decline in the market price of our common stock. Furthermore, pursuant to the Relationship Agreement, Allscripts has an obligation to negotiate in good faith to grant Misys customary registration rights, thereby facilitating such sales of Allscripts shares.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities

**ISSUER PURCHASES OF EQUITY SECURITIES
(Share amounts in thousands)**

| <u>Period</u> | (a) Total Number of Shares Purchased (1) | (b) Average Price Paid per Share |
|--------------------------------|---|-------------------------------------|
| April 1, 2008 – April 30, 2008 | 17 | \$10.64 |
| May 1, 2008 – May 31, 2008 | — | \$— |
| June 1, 2008 – June 30, 2008 | — | \$— |
| Total | 17 | \$10.64 |

(1) Shares withheld for tax liabilities upon vesting of restricted stock awards.

Item 5. Other Information

On August 7, 2008, Allscripts LLC, a wholly-owned subsidiary of Allscripts Healthcare Solutions, Inc. (“Allscripts”), entered into an amendment to the employment agreement with Benjamin E. Bulkley (“Amendment”). The Amendment provides that the initial term of Mr. Bulkley’s employment will be extended to continue in effect through December 31, 2008. Thereafter, Allscripts may renew the agreement by providing written notice at least 90 days prior to the expiration of the then current term. In addition to the amendments described below, the Amendment includes modifications of existing and inclusion of new provisions to comply with Section 409A of the Internal Revenue Code.

If Allscripts elects not to renew Mr. Bulkley’s agreement, he is entitled to severance equal to one year of his base salary (payable monthly subject to the requirements of Section 409A of the Code), the performance bonus for the year in which the termination date occurs, a cash payment of \$10,000 in lieu of outplacement services, continuation of health benefits for twelve months, relocation benefits not to exceed twelve months following the termination date and vesting of all stock options or other awards within three business days following the termination date. Allscripts has the right, exercisable within two business days of termination, to make a cash payment of up to 90% of the value of such unvested awards based on the closing market price on the termination date, in lieu of such vesting. Mr. Bulkley is entitled to the same benefits described above in the event he terminates his employment as a result of a constructive discharge (as defined in the original employment agreement), which includes a change of control (as defined in the original employment agreement).

If employment is terminated due to death or disability, Allscripts is obligated to pay Mr. Bulkley, or his estate, earned but unpaid base salary, the unpaid performance bonus, if any, for the year preceding the year in which the termination date occurs and the performance bonus, if any, for the fiscal year in which the termination date occurs.

The Amendment also deleted Section 4.5.2 of the original employment agreement, which entitled Mr. Bulkley to additional severance of two times base salary and bonus if Mr. Bulkley terminates his employment for constructive discharge following a change of control. Finally, the Amendment modified the covenant of Mr. Bulkley not to compete with Allscripts by, among other things, adding a list of competitors and providing that the covenant applies regardless of the basis for termination.

A copy of the Amendment is attached to, and incorporated by reference in, this Quarterly Report on Form 10-Q as Exhibit 10.1. The foregoing description of the Amendment is qualified in its entirety by reference to the full text of the Amendment.

On March 17, 2008, concurrently with the execution of the Agreement and Plan of Merger (the “Merger Agreement”) among Misys, Misys Healthcare Systems, LLC, an indirect wholly-owned subsidiary of Misys (“MHS”), Allscripts and Patriot Merger Company, LLC, a wholly-owned subsidiary of Allscripts (“Merger Sub”), and in order to induce Misys and MHS to enter into the Merger Agreement, Allscripts entered into Employment Agreements with each of Glen E. Tullman, Chief Executive Officer, Lee A. Shapiro, President, and William J. Davis, Chief Financial Officer. These employment agreements only become effective as of the effective time of the merger between Merger Sub and MHS. A description of these employment agreements is contained in Allscripts’ preliminary proxy statement filed with the Securities Exchange Commission on July 21, 2008 and will be contained in Allscripts’ definitive proxy statement to be mailed to Allscripts stockholders in connection with the transactions with Misys. Copies of these employment agreements are filed as Exhibits 10.2, 10.3 and 10.4, respectively, to this Quarterly Report on Form 10-Q.

On August 6, 2008, Allscripts entered into a commitment letter with JPMorgan Chase Bank, N.A. in order to set forth terms regarding an amendment and restatement of its existing revolving credit facility. The amended credit facility would (i) increase the aggregate principal amount available thereunder from \$60,000,000 to \$75,000,000 and (ii) provide a backstop facility of up to \$50,000,000 to be used to fund any repurchases of Allscripts’ 3.50% Convertible Senior Debentures arising by reason of the transactions with Misys plc (“Misys”). The amended credit facility will contain usual and customary representations, warranties and covenants for transactions of this type. The amended credit facility is subject to customary closing conditions. A copy of the commitment letter is attached to, and incorporated by reference in, this Quarterly Report on Form 10-Q as Exhibit 10.5. The foregoing description of the commitment letter is qualified in its entirety by reference to the full text of the commitment letter.

Item 6. Exhibits

(a) Exhibits

See Index to Exhibits.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on August 8, 2008.

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

By: _____ /S/ WILLIAM J. DAVIS

William J. Davis
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

Date: August 8, 2008

INDEX TO EXHIBITS

| Exhibit Number | Description | Reference |
|---------------------------|---|------------------|
| 10.1 | First Amendment to Employment Agreement dated as of August 7, 2008 between Allscripts LLC and Benjamin E. Bulkley | Filed herewith |
| 10.2 | Employment Agreement, dated as of March 17, 2008 but effective as of the effective time of the merger between Misys Healthcare Systems, LLC and Patriot Merger Company, LLC, between Allscripts Healthcare Solutions, Inc. and Glen E. Tullman | Filed herewith |
| 10.3 | Employment Agreement, dated as of March 17, 2008 but effective as of the effective time of the merger between Misys Healthcare Systems, LLC and Patriot Merger Company, LLC, between Allscripts Healthcare Solutions, Inc. and Lee A. Shapiro | Filed herewith |
| 10.4 | Employment Agreement, dated as of March 17, 2008 but effective as of the effective time of the merger between Misys Healthcare Systems, LLC and Patriot Merger Company, LLC, between Allscripts Healthcare Solutions, Inc. and William J. Davis | Filed herewith |
| 10.5 | Commitment letter dated August 6, 2008, between JP Morgan Chase Bank, National Association and Allscripts Healthcare Solutions, Inc. | Filed herewith |
| 31.1 | Rule 13a-14(a) Certification of Chief Executive Officer | Filed herewith |
| 31.2 | Rule 13a-14(a) Certification of Chief Financial Officer | Filed herewith |
| 32.1 | Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer | Filed herewith |

AMENDMENT TO EMPLOYMENT AGREEMENT

THIS AMENDMENT TO EMPLOYMENT AGREEMENT (this "Amendment") between Allscripts LLC, a Delaware limited liability company ("Company"), and Benjamin E. Bulkley ("Executive") is made and entered into as of August 7, 2008.

W I T N E S S E T H:

WHEREAS, Allscripts, LLC and Executive entered into an Employment Agreement, dated as of April 23, 2007 (the "Employment Agreement"); and

WHEREAS, Company and Executive desire to amend the Employment Agreement upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises, and the mutual promises and agreements herein contained, the parties hereto agree as follows:

1. Amendment Date. This Amendment shall be deemed effective as of August 7, 2008 (the "Amendment Date"). Except as specifically set forth in this Amendment, all capitalized terms used in this Amendment shall have the same meaning as set forth in the Employment Agreement.
2. Renewal of Employment Period. The Employment Period described in Section 2 of the Employment Agreement is hereby renewed and extended through December 31, 2008 unless earlier terminated as provided in the Employment Agreement.
3. Performance Bonus. Section 3.2 of the Employment Agreement is hereby deleted in its entirety and replaced with the following: "Executive shall be eligible to receive a cash bonus in accordance with this Section 3.2. Payment of the Performance Bonus, if any, will be subject to the sole discretion of the CEO, Board or a committee of the Board, and the amount of any such Performance Bonus will be determined by, and based upon criteria selected by, the CEO, Board or such committee. Based upon the foregoing exercise of discretion, Executive's target Performance Bonus, if any, shall be 50% of his/her salary, but may, based on performance, exceed such amount. The Performance Bonus shall be payable on or within 30 days before April 30 of the year immediately succeeding the Fiscal Year for which such Performance Bonus was earned; provided, however, that if the applicable Company (or Parent) objectives are based upon Company's (or Parent's) annual audited financial statements, and if, on April 30 of the applicable year such financial statements have not yet been issued, the Performance Bonus, if any, shall be payable promptly upon the issuance of such financial statements but no later than December 31 of the year immediately succeeding the Fiscal Year for which such Performance Bonus was earned; provided, further, that if the Company's (or Parent's) annual audited financial statements have not yet been issued as of such December 31 due to events beyond the control of Executive, then the Performance Bonus shall be paid during the first taxable year of Executive in which such audited financial statements have been issued and in which the Performance Bonus is calculable. Notwithstanding the foregoing, Company agrees to pay Executive the amount of Fifty Thousand Dollars (\$50,000) as the minimum bonus with respect to his employment with the Company during 2007 at such time as Performance Bonuses are paid for said year in the manner set forth above; provided, however, that such

minimum bonus shall be paid no later than December 31, 2008. After Executive has been employed for a period of six (6) months by the Company, the CEO shall review the performance of Executive and the Company and determine if any adjustment in said minimum bonus is merited, in the sole discretion of the CEO.”

4. Termination of the Agreement Prior to Expiration. Section 4 of the Employment Agreement is hereby amended by deleting the first sentence and replacing it with the following: “This Agreement and the Employment Period of Executive may be terminated at any time as described in this Section 4. The effective date of the termination of this Agreement and the Employment Period shall be the date on which Executive incurs a Separation from Service within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), and such effective date shall hereinafter be referred to as the “Termination Date”.”

5. Termination by Executive for Constructive Discharge. Section 4.4.5 of the Employment Agreement is hereby deleted in its entirety and replaced with the following: “In the event of a Constructive Discharge as a result of a Change of Control, Executive shall have the right to terminate this Agreement and receive the benefits set forth in Section 4.5.1 upon delivery of written notice to Company no later than twelve (12) months following the effective date of the Change of Control.”

6. Rights upon Termination.

a) Subparagraph (ii) of Section 4.5.1 is hereby deleted in its entirety and replaced with the following: “the Performance Bonus for the Fiscal Year in which the Termination Date occurs that would have been payable under Section 3.2 had there been no termination of the Employment Period (such Performance Bonus, if any, to be determined in the manner that it would have been determined, and payable at the time it would have been payable, under Section 3.2 had there been no termination of the Employment Period);”

b) Subparagraph (iv) of Section 4.5.1 is hereby deleted in its entirety and replaced with the following: “a cash payment of ten thousand dollars (\$10,000) in lieu of outplacement services, paid to Executive on the Termination Date;”

c) Section 4.5.1 (v) is hereby deleted in its entirety and replaced with the following: “any stock options or other awards granted to Executive at any time that have not vested as of the Termination Date shall vest in full three (3) business days following the Termination Date, notwithstanding anything to the contrary set forth in any such award or in this Agreement; provided, however, Company shall have the right, exercisable upon written notice to Executive within two business days following the Termination Date, to make a cash payment to Executive in lieu of such vesting in regards to up to ninety percent (90%) of such awards (the “Unvested Awards”), in an amount equal to the closing market price of shares represented by such Unvested Awards as of the Termination Date, less any amounts payable by Executive for such shares as set forth in the applicable award documentation. In the event of such election by Company, the aforesaid cash payment shall be made within ten (10) business days of

the Termination Date, and the Unvested Awards shall be forfeited by Executive and shall be cancelled by the Company; and”

d) A new subparagraph (vi) is hereby inserted in Section 4.5.1, as follows: “(vi) the relocation benefits described in Appendix A shall continue for a period not to exceed the earlier of (a) the conclusion of such temporary storage or (b) twelve months following the Termination Date, including but not limited to continuation of the Company’s third party relocation program in connection therewith.”

e) Section 4.5.2 of the Employment Agreement is hereby deleted in its entirety and replaced with the words “Intentionally Omitted.”

f) Section 4.5.4 of the Employment Agreement is hereby deleted in its entirety and replaced with the following: “If the Employment Period is terminated because of the death or disability of Executive, Company shall be obligated to pay Executive or, if applicable, Executive’s estate, the following amounts: (i) earned but unpaid Base Salary; (ii) the unpaid Performance Bonus, if any, with respect to the Fiscal Year preceding the Fiscal Year in which the Termination Date occurs (such Performance Bonus, if any, to be determined in the manner it would have been determined, and payable at the time it would have been payable, under Section 3.2 had there been no termination of the Employment Period); and (iii) the amount of Executive’s Performance Bonus, if any, for the Fiscal Year in which the Termination Date occurs that would have been payable under Section 3.2 had there been no termination of the Employment Period (such Performance Bonus, if any, to be determined in the manner that it would have been determined, and payable at the time it would have been payable, under Section 3.2 had there been no termination of the Employment Period). Notwithstanding the foregoing, if Executive incurs a “disability” within the meaning of Treas. Reg. §1.409A-3(i)(4) (a “Disability”), then Executive shall be entitled to the amounts provided for under this Section 4.5.4 upon the occurrence of such Disability regardless of whether the Employment Period is terminated and such amounts shall be in lieu of any payment on account of the termination of the Employment Period because of the disability of Executive (as defined in Section 4.1.2 of this Agreement). The amount of any Performance Bonus payable pursuant to this Section 4.5.4 on account of the occurrence of a Disability shall be payable at the same time as Performance Bonuses are paid to active employees of the Company under Section 3.2;”

7. Effect of Notice of Termination. Section 4.6 of the Employment Agreement is hereby deleted in its entirety.

8. Covenant Not to Compete. Section 5.1 of the Employment Agreement is hereby deleted in its entirety, and the following is inserted in substitution thereof:

During the Employment Period and for a period of two (2) years after the expiration or earlier termination of the Employment Period for any reason whatsoever, Executive shall not, (i) directly or indirectly act in concert or conspire with any person employed by Company in order to engage in or prepare to engage in or to have a

financial or other interest in any business which is a Direct Competitor (as defined below); or (ii) serve as an employee, agent, partner, shareholder, director or consultant for, or in any other capacity participate, engage or have a financial or other interest in any business which is a Direct Competitor (provided, however, that notwithstanding anything to the contrary contained in this Agreement, Executive may own up to two percent (2%) of the outstanding shares of the capital stock of a company whose securities are registered under Section 12 of the Securities Exchange Act of 1934). For purposes of this Agreement, the term “**Direct Competitor**” shall mean any person or entity engaged in or about to become engaged in research or development, production, distribution, marketing, providing or selling of a Competing Product or Service, including but not limited to the following: Athenahealth Inc., Cerner Corporation, eClinicalWorks Inc., Eclipsys Corp, Epic Systems Corporation, GE Healthcare, iMedica Corporation, McKesson Corporation, Misys Healthcare Systems, Picis, Inc., Quality Systems, Inc., Sage Software, Inc., The Trizetto Group, Inc., Wellsoft Corporation, MedHost, Meditech, Picis, WellSoft, eDischarge, Maxsys Ltd., Meditech, Midas+ and ProviderLink. For purposes of this Agreement, the term “**Competing Products or Services**” means products, processes, or services of any person or organization other than Company, in existence or under development, which are substantially the same, may be substituted for, or applied to substantially the same end use as the products, processes, or services of Company with which Executive works during the Employment Period or about which Executive acquires Confidential Information in course of her employment hereunder. Notwithstanding the foregoing, Direct Competitor shall not include (or preclude Executive from employment with) (i) a pharmaceutical, biotech or medical device company or (ii) a subsidiary or separately reported business unit of a Direct Competitor which subsidiary or business unit is not itself a Direct Competitor (and Executive remains in full compliance with Section 5.3 below).

9. Certain Additional Payments by Company.

a) Section 6.2 of the Employment Agreement is hereby deleted in its entirety and replaced with the following: “Subject to the provisions of Section 6.3, below, all determinations required to be made under this Section 6, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the accounting firm which is then serving as the auditors for Company (the “**Accounting Firm**”), which shall provide detailed supporting calculations both to Company and Executive within fifteen (15) business days of the receipt of notice from Executive that there has been a Payment, or such earlier time as is requested by Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity, or group effecting the Change in Control, Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by Company. Any Gross-Up Payment, as determined pursuant to this Section 6, shall be paid by Company to Executive within five (5) days of the receipt of the Accounting Firm’s determination; provided, however, that, the Gross-Up Payment shall in all events be paid no later than the end of Executive’s taxable year next following Executive’s taxable year in which the

Excise Tax (and any income or other related taxes or interest or penalties thereon) on a Payment are remitted to the Internal Revenue Service or any other applicable taxing authority. If the Accounting Firm determines that no Excise Tax is payable by Executive, it shall furnish Executive with a written opinion that failure to report the Excise Tax on Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any good faith determination by the Accounting Firm shall be binding upon Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by Company should have been made ("**Underpayment**"), consistent with the calculations required to be made hereunder. In the event that Company exhausts its remedies pursuant to Section 6.3, below, and Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by Company to or for the benefit of Executive."

b) The first sentence of the last paragraph of Section 6.3 is hereby deleted in its entirety and replaced with the following: "If, after the receipt by Executive of an amount advanced by Company pursuant to Section 6.3 above, Executive becomes entitled to receive any refund with respect to such claim, Executive shall (subject to Company's complying with the requirements of this Section 6.3) promptly pay to Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto)."

10. Payment of Certain Expenses. Section 8 of the Employment Agreement is hereby deleted in its entirety and replaced with the following: "Company agrees to pay promptly as incurred, to the fullest extent permitted by law, all legal fees and expenses which Executive (or, as applicable, his beneficiaries) may reasonably incur during his lifetime and the five year period following the death of Executive as a result of any contest by Company, Executive or others of the validity or enforceability of, or liability under, any provision of the Agreement (including as a result of any contest initiated by Executive about the amount of any payment due pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code; provided, however, that Company shall not be obligated to make such payment with respect to any contest in which Company prevails over Executive."

11. Section 409A. A new Section 10.13 is hereby inserted in the Employment Agreement as follows:

10.13 Section 409A of the Code.

10.13.1. This Agreement is intended to meet the requirements of Section 409A of the Code, and shall be interpreted and construed consistent with that intent.

10.13.2. Notwithstanding any other provision of this Agreement, to the extent that the right to any payment (including the provision of benefits) hereunder provides for

the “deferral of compensation” within the meaning of Section 409A(d)(1) of the Code, the payment shall be paid (or provided) in accordance with the following:

- (i) If Executive is a “Specified Employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code on the Termination Date, then no such payment shall be made or commence during the period beginning on the Termination Date and ending on the date that is six months following the Termination Date or, if earlier, on the date of Executive’s death, if the earlier making of such payment would result in tax penalties being imposed on Executive under Section 409A of the Code. The amount of any payment that would otherwise be paid to Executive during this period shall instead be paid to Executive on the first business day following the date that is six months following the Termination Date or, if earlier, the date of Executive’s death.
- (ii) Payments with respect to reimbursements of expenses, relocation expenses or legal fees shall be made promptly, but in any event on or before the last day of the taxable year following the taxable year in which the relevant expense is incurred. The amount of expenses eligible for reimbursement during a taxable year may not affect the expenses eligible for reimbursement in any other taxable year.

12. Miscellaneous. Except as modified by this Amendment, the Employment Agreement shall continue in full force and effect and is hereby ratified and confirmed. To the extent that any provision of this Amendment is inconsistent with the Agreement, the terms of this Amendment shall control. This Amendment and the Employment Agreement (a) are complete, (b) constitute the entire and original understanding between the parties with respect to the subject matter hereof and thereof, and (c) supersede all prior agreements, whether oral or written. No waiver, modification, or addition to this Amendment or the Employment Agreement shall be valid unless in writing and signed by the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

ALLSCRIPTS LLC

Benjamin E. Bulkley

By: /s/ Glen Tullman

By: /s/ Benjamin E. Bulkley

Title: CEO

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.**EMPLOYMENT AGREEMENT**

THIS EMPLOYMENT AGREEMENT (this “**Agreement**”) is made as of this 17th day of March, 2008, by and between Allscripts Healthcare Solutions, Inc., a corporation organized and existing under the laws of the State of Delaware (“**Company**”) and Glen E. Tullman (“**Executive**”).

RECITALS

WHEREAS, Company and Misys Healthcare Systems LLC have entered into an Agreement and Plan of Merger, dated as of March 17, 2008 (the “**Merger Agreement**”), pursuant to which (among other transactions contemplated in the Merger Agreement), at the “**Effective Time**” (as defined in the Merger Agreement), a subsidiary of Company shall be merged with and into Misys Healthcare Systems LLC (such merger, the “**Merger**”);

WHEREAS, Executive currently serves as Chief Executive Officer of Company;

WHEREAS, Company desires to continue to employ Executive in such position(s) following the Effective Time, subject to the terms and conditions of this Agreement; and

WHEREAS, Executive desires to be employed by Company in the aforesaid capacity subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the foregoing premises, of the mutual agreements and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows, effective as of immediately prior to the Effective Time (but subject to the consummation of the Merger):

AGREEMENT**1. Employment.**

Company hereby agrees to employ Executive, and Executive hereby accepts employment, as Chief Executive Officer of Company, pursuant to the terms of this Agreement. Executive shall have the duties and responsibilities and perform such administrative and managerial services of that position as are set forth in the bylaws of Company (the “**Bylaws**”) or as shall be delegated or assigned to Executive by the Board of Directors of Company from time to time. Executive shall carry out his responsibilities hereunder on a full-time basis for and on behalf of Company; provided that Executive shall be entitled to devote time to outside boards of directors, personal investments, civic and charitable activities, and personal education and development, so long

as such activities do not interfere with or conflict with Executive's duties hereunder. Notwithstanding the foregoing, Executive agrees that, during the term of this Agreement, Executive shall not act as an officer of any entity other than Company without the prior written consent of Company.

2. Effective Date and Term.

The term of Executive's employment by Company under this Agreement (the "**Employment Period**") shall commence as of the date on which the Effective Time occurs (the "**Effective Date**") and shall continue in effect through the third anniversary of the Effective Date, unless earlier terminated as provided herein. Thereafter, unless Company or Executive shall elect not to renew the Employment Period upon the expiration of the initial term or any renewal term, which election shall be made by providing written notice of nonrenewal to the other party at least ninety (90) days prior to the expiration of the then current term, the Employment Period shall be extended for an additional twelve (12) months. If Company elects not to renew the Employment Period at the end of the initial term or any renewal term, such nonrenewal shall be treated as a termination of the Employment Period and Executive's employment without Cause by Company for the limited purpose of determining the payments and benefits available to Executive (i.e., Executive shall be entitled to the severance/benefits set forth in Section 4.5.1). If Executive elects not to renew the Employment Period, the same shall constitute a termination of Executive's employment and the Employment Period by Executive without Cause, and Executive shall only be entitled to the payments and benefits set forth in Section 4.5.3.

3. Compensation and Benefits.

In consideration for the services Executive shall render under this Agreement, Company shall provide or cause to be provided to Executive the following compensation and benefits:

3.1 Base Salary. During the Employment Period, Company shall pay to Executive an annual base salary at a rate of \$700,000 per annum, subject to all appropriate federal and state withholding taxes, which base salary shall be payable in accordance with Company's normal payroll practices and procedures. Executive's base salary shall be reviewed annually prior to the beginning of each fiscal year of Company during the Employment Period by the Board of Directors of Company (the "**Board**"), or a committee of the Board, and may be increased in the sole discretion of the Board, or such committee of the Board, based on Executive's performance during the preceding Fiscal Year. For purposes of this Agreement, the term "**Fiscal Year**" shall mean the fiscal year of Company. Executive's base salary, as such base salary may be increased annually hereunder, is hereinafter referred to as the "**Base Salary.**"

3.2 Performance Bonus.

3.2.1 Executive shall be eligible to receive cash bonuses in accordance with this Section 3.2 (each a "**Performance Bonus**"). Payment of any Performance Bonus will be subject to the sole discretion of the Board or a committee of the Board, and the amount of any such Performance Bonus will be determined by, and based upon criteria selected by, the Board or such committee. Based upon the foregoing exercise of discretion, Executive's target Performance Bonus shall be 50% of his salary (the "Target

Performance Bonus”), but may, based on performance, exceed such amount. Performance Bonuses shall be paid according to the terms of the bonus plan or program in which Executive participates from time to time; provided that any Performance Bonus for the period ending on the Effective Date shall be payable in calendar year 2009.

3.3 Benefits. During the Employment Period and as otherwise provided hereunder, Executive shall be entitled to the following:

3.3.1 Vacation. Executive shall be entitled to twenty (20) business days per Fiscal Year of paid vacation, such vacation time not to be cumulative (i.e., vacation time not taken in any Fiscal Year shall not be carried forward and used in any subsequent Fiscal Year).

3.3.2 Participation in Benefit Plans. Executive shall be entitled to health and/or dental benefits, including immediate coverage for Executive and his eligible dependents, which are generally available to Company’s senior executive employees and as provided by Company in accordance with its group health insurance plan coverage. In addition, Executive shall be entitled to participate in any profit sharing plan, retirement plan, group life insurance plan or other insurance plan or medical expense plan maintained by Company for its senior executives generally, in accordance with the general eligibility criteria therein.

3.3.3 Physical Examination. Executive shall be entitled to receive reimbursement for the cost of one general physical examination per twelve (12) month period during the term of the Agreement from a physician chosen by Executive in his reasonable discretion.

3.3.4 Office Expenses. Executive shall be entitled to an allowance for personal office expenses, up to a maximum amount of one thousand five hundred dollars (\$1,500) per month.

3.3.5 Perquisites. Executive shall be entitled to such other benefits and perquisites that are generally available to Company’s senior executive employees and as provided in accordance with Company’s plans, practices, policies and programs for senior executive employees of Company.

3.3.6 Indemnification. Executive shall be entitled to indemnification (including immediate advancement of all legal fees with respect to any claim for indemnification) and directors’ and officers’ insurance coverage, to the extent made available to other senior executives, in accordance with the Bylaws and all other applicable policies and procedures of Company.

3.4 Expenses. Company shall reimburse Executive for proper and necessary expenses incurred by Executive in the performance of his duties under this Agreement from time to time upon Executive’s submission to Company of invoices of such expenses in reasonable detail and subject to all standard policies and procedures of Company with respect to such expenses.

3.5 Stock Awards. Executive shall be eligible to participate in any applicable stock bonus, stock option, or similar plan implemented by Company and generally available to its senior executive employees. The amount of any awards made thereunder shall be in the sole discretion of the Board or a committee of the Board. The Company intends to recommend to the Compensation Committee of the Board that Company grant to the Executive, immediately following the Effective Date, an award of Company restricted stock or restricted stock units with grant-date value of \$3,000,000, which award shall vest over a four-year period, in accordance with Company's customary vesting schedule; provided, however, that if the full amount of such equity grant (up to 20% of which grant may be made under an equity plan or program of Misys plc in accordance with the terms and provisions of such equity plan or program) has not occurred within 7 days following the Effective Date, this Agreement shall terminate and be of no further force and effect and the Prior Employment Agreement (as hereinafter defined) shall remain in effect.

3.6 Consummation and Retention Bonus.

3.6.1 On the later to occur of (i) the tenth day after the Effective Date and (ii) January 2, 2009, Company shall pay Executive a cash lump sum payment equal to \$1,785,000 (the "**Retention Payment**"). If the Retention Payment is to be made on a date later than the tenth day after the Effective Date as provided above, within 10 days of the Effective Date Company shall establish a "rabbi trust" and deposit the amounts payable under this Section 3.6.1 into such trust, which amounts shall accumulate interest calculated at the short-term Applicable Federal Rate for the month in which the Effective Date occurs and the Retention Payment (including accumulated interest) shall be made from such trust to Executive.

3.6.2 In addition, so long as (i) Executive has remained continuously employed from the Effective Date through the first anniversary of the Effective Date, (ii) Executive's employment is terminated by Company without Cause prior to the first anniversary of the Effective Date or (iii) Executive terminates employment for Constructive Discharge, Company shall pay Executive a cash lump sum equal to \$315,000, on the tenth day after the first anniversary of the Effective Date.

3.7 Payment upon a Change of Control. So long as Executive has remained continuously employed from the Effective Date through the date of a Change of Control, (i) all unvested Company equity awards held by executive shall vest upon the Change of Control, and (ii) Company shall pay Executive, within ten (10) days following the occurrence of the Change of Control, a cash lump sum equal to the sum of Executive's Base Salary and Target Performance Bonus. In addition, if a Change of Control occurs, and, prior to the Change of Control, Company or representatives of the third party effecting the Change of Control (as applicable) do not offer Executive a Comparable Job following the Change of Control, then, so long as Executive has remained continuously employed from the Effective Date through the date of a Change of Control, whether or not Executive continues to be employed by Company or a successor to Company following the Change of Control, Company will pay Executive, within ten (10) days following the occurrence of the Change of Control, an additional cash lump sum equal to the sum of Executive's Base Salary and Target Performance Bonus (the "**Additional Change of Control Payment**"). For purposes of this Agreement, a "**Comparable Job**" shall mean employment following the Change of Control (i) with substantially the same duties and responsibilities as were held by

Executive prior to the Change of Control (excluding, for this purpose, changes following the Change of Control (x) to Executive's reporting responsibilities and (y) arising by reason of Company ceasing to be a public company), (ii) at the same location at which Executive provides services prior to the Change of Control or a location within fifty (50) miles of such location and (iii) at the same or increased Base Salary and Target Performance Bonus levels as were in effect prior to the Change of Control.

4. Termination of the Services Prior To the Expiration Date.

Executive's employment hereunder and the Employment Period may be terminated at any time as follows (the effective date of such termination hereinafter referred to as the "**Termination Date**"):

4.1 Termination upon Death or Disability of Executive.

4.1.1 Executive's employment hereunder and the Employment Period shall terminate immediately upon the death of Executive. In such event, all rights of Executive and/or Executive's estate (or named beneficiary) shall cease except for the right to receive payment of the amounts set forth in Section 4.5.4 of the Agreement.

4.1.2 Company may terminate Executive's employment hereunder and the Employment Period upon the disability of Executive. For purposes of this Agreement, Executive shall be deemed to be "disabled" if Executive, as a result of illness or incapacity, shall be unable to perform substantially his required duties for a period of three (3) consecutive months or for any aggregate period of three (3) months in any six (6) month period. In the event of a dispute as to whether Executive is disabled, Company may refer Executive to a licensed practicing physician of Company's choice, and Executive agrees to submit to such tests and examination as such physician shall deem appropriate to determine Executive's capacity to perform the services required to be performed by Executive hereunder. In such event, the parties hereby agree that the decision of such physician as to the disability of Executive's shall be final and binding on the parties. Any termination of the Employment Period under this Section 4.1.2 shall be effected without any adverse effect on Executive's rights to receive benefits under any disability policy of Company, but shall not be treated as a termination without Cause.

4.2 Termination by Company for Cause. Company may terminate Executive's employment hereunder and the Employment Period for Cause (as defined herein) upon written notice to Executive, which termination shall be effective on the date specified by Company in such notice; provided, however, that Executive shall have a period of ten (10) days (or such longer period not to exceed thirty (30) days as would be reasonably required for Executive to cure such action or inaction) after the receipt of the written notice from Company to cure the particular action or inaction, to the extent a cure is possible. For purposes of this Agreement, the term "**Cause**" shall mean:

4.2.1 the willful or grossly negligent failure by Executive to perform his duties and obligations hereunder in any material respect, other than any such failure resulting from the disability of Executive;

4.2.2 Executive's conviction of a crime or offense involving the property of Company, or any crime or offense constituting a felony or involving fraud or moral turpitude; provided that, in the event that Executive is arrested or indicted for a crime or offense related to any of the foregoing, then Company may, at its option, place Executive on paid leave of absence, pending the final outcome of such arrest or indictment;

4.2.3 Executive's violation of any law, which violation is materially and demonstrably injurious to the operations or reputation of Company;

4.2.4 Executive's material violation of any generally recognized policy of Company or Executive's refusal to follow the lawful directions of the Board, or Executive's insubordination to his supervisor; or

4.2.5 Executive's failure during the Employment Period to retain the number shares of Receiver common stock set forth in Appendix A for a period of more than 30 days.

4.3 Termination without Cause. Either party may terminate Executive's employment and the Employment Period without Cause upon thirty (30) days' prior written notice to the other party. Upon termination of Executive's employment with Company for any reason, Executive shall be deemed to have resigned from all positions with the other members of Company and its subsidiaries (provided, that any such deemed resignations shall not affect Executive's entitlement (if any) to severance pay and benefits hereunder).

4.4 Termination by Executive for Constructive Discharge.

4.4.1 Executive may terminate Executive's employment and the Employment Period, in accordance with the process set forth below, a result of a Constructive Discharge. For purposes of this Agreement "**Constructive Discharge**" shall mean the occurrence of any of the following after the Effective Time:

- (i) a failure of Company to meet its obligations in any material respect under this Agreement, including, without limitation, (x) any reduction in the Base Salary or (y) any failure to pay the Base Salary (other than, in the case of clause (y), the inadvertent failure to pay a de minimis amount of the Base Salary, which payment is immediately made by Company upon notice from Executive);
- (ii) a material diminution in or other substantial adverse alteration in the nature or scope of Executive's responsibilities with Company from those in effect immediately following the Effective Time (it being understood that Company will have appointed an Executive Chairman as of the Effective Time who will serve as an officer of Company and take an active role in the management and operation of Company); or
- (iii) Executive has been asked to relocate his principal place of business to a location that is more than fifty (50) miles from Company's offices located at the Merchandise Mart Plaza, Chicago, Illinois.

4.4.2 For purposes of this Agreement, a “**Change of Control**” shall mean any one of the following events following the Effective Date (it being understood that the consummation of the Merger and the other transactions contemplated by the Merger Agreement, individually or collectively, shall not constitute a Change of Control):

- (i) the date of acquisition by any person or group other than Parent or any affiliate of Parent or any subsidiary of the Company (or any employee benefit plans (or related trust) of the Company or any of its subsidiaries or Parent) acquires beneficial ownership of securities possessing more than thirty percent (30%) of the total combined voting power of the Company Group’s then outstanding voting securities which generally entitle the holder thereof to vote for the election of directors (“**Voting Power**”), provided, however, that no Change of Control shall be deemed to have occurred solely by reason of any such acquisition by a corporation with respect to which, after such acquisition, more than sixty percent (60%) of the then outstanding shares of common stock of such corporation and the Voting Power of such corporation are then beneficially owned, directly or indirectly, by the persons who were the beneficial owners of the stock and Voting Power of Company immediately before such acquisition, in substantially the same proportions as their ownership immediately before such acquisition; or
- (ii) the date the individuals who constitute the Board as of immediately following the Effective Time (the “**Incumbent Board**”) cease for any reason other than their deaths to constitute at least a majority of the Board; provided that any individual who becomes a director after the Effective Time whose election or nomination for election by Company’s stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered, for purposes of this Section, as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of Company (as such terms are used in Rule 14a-11 under the 1934 Act); or
- (iii) Company effects (a) a merger or consolidation of Company with one or more corporations or entities, as a result of which the holders of the outstanding Voting Stock of Company immediately prior to such merger, reorganization or consolidation hold less than 50% of the Voting Power of the surviving or resulting corporation or entity immediately after such merger or consolidation; (b) a liquidation or dissolution of Company; or (c) a sale or other disposition of all or substantially all of the assets of Company other than to an entity of which Company owns at least 50% of the Voting Power;

provided, however, that in no event shall the acquisition by any person or group of the beneficial ownership of any amount of stock or voting securities of Parent (including an acquisition by a merger, reorganization or consolidation) constitute a Change of Control.

4.4.3 For purposes of the foregoing definition, the terms “beneficially owned” and “beneficial ownership” and “person” shall have the meanings ascribed to them in SEC rules 13d-5(b) under the 1934 Act, and “group” means two or more persons acting together in such a way to be deemed a person for purposes of Section 13(d) of the 1934 Act. Further, notwithstanding anything herein to the contrary, the definition of Change of Control set forth herein shall not be broader than the definition of “change in control event” as set forth under Section 409A of the Code, and the guidance promulgated thereunder, and if a transaction or event does not otherwise fall within such definition of change of control event, it shall not be deemed a Change of Control for purposes of this Agreement.

4.4.4 In the event of a Constructive Discharge, Executive shall have the right to terminate his employment hereunder and receive the benefits set forth in Section 4.5.1 below, upon delivery of written notice to Company no later than the close of business on the sixtieth (60th) day following the effective date of a Constructive Discharge; provided, however, that such termination shall not be effective until the expiration of thirty (30) days after receipt by Company of such written notice if Company has not cured such Constructive Discharge within the 30-day period. If Company so effects a cure, the Constructive Discharge notice shall be deemed rescinded and of no force or effect. Notwithstanding the foregoing, such notice and lapse of time shall not be required with respect to any event or circumstance which is the same or substantially the same as an event or circumstance with respect to which notice and an opportunity to cure has been given within the previous six (6) months. The effective date of a Constructive Discharge shall be the date of the Executive’s “separation from service” (within the meaning of Treas. Reg. Section 1.409A-1(h)).

4.5 Rights upon Termination. Upon termination of Executive’s employment and the Employment Period, the following shall apply:

4.5.1 Termination by Company Without Cause or for Constructive Discharge. If Company terminates Executive’s employment and the Employment Period without Cause, or if Executive terminates Executive’s employment and the Employment Period as a result of a Constructive Discharge, in each case either (x) prior to a Change of Control, or (y) after the second anniversary of a Change of Control, Executive shall be entitled to receive payment of any Base Salary amounts that have accrued but have not been paid as of the Termination Date, and the unpaid Performance Bonus, if any, with respect to the Fiscal Year preceding the Fiscal Year in which the Termination Date occurs (such Performance Bonus, if any, to be determined in the manner that it would have been determined, and payable at the time it would have been payable, under Section 3.2 had there been no termination of the Employment Period). In addition, subject to Sections 4.5.2 and 4.7, below, Company shall, subject to Section 10.14, be obligated to pay Executive (or provide Executive with) the following benefits as severance:

- (i) provided such termination is after the first anniversary of the Effective Date, an amount equal to Executive’s Base Salary plus Executive’s Target Performance Bonus, payable in twelve (12) equal monthly installments commencing

on the Termination Date, such amount to be payable regardless of whether Executive obtains other employment and is compensated therefor (but only so long as Executive is not in violation of Section 5 hereof) (with the first two installments to be paid on the sixtieth (60th) day following the Termination Date and the remaining ten (10) installments being paid on the ten following monthly anniversaries of such date);

- (ii) continuation of Executive's then current enrollment (including family enrollment, if applicable) in all health and/or dental insurance benefits set forth in Section 3.2.2 for a period of twelve (12) months following the Termination Date, with Executive's contribution to such plans as if Executive were employed by Company, such contributions to be paid by Executive in the same period (e.g., monthly, bi-weekly, etc.) as all other employees of Company; provided, however that Company may terminate such coverage if payment from Executive is not made within ten (10) days of the date on which Executive receives written notice from Company that such payment is due; and provided, further, that such benefits may be discontinued earlier to the extent that Executive becomes entitled to comparable benefits from a subsequent employer; and
- (iii) provided such termination is after the first anniversary of the Effective Date, upon the Termination Date (or, for awards subject to the satisfaction of a performance condition, subject to the satisfaction of such performance condition and upon the satisfaction of such performance condition, and based on the level of performance achieved) a pro-rata portion of any unvested stock option, restricted stock, restricted stock unit or other equity award granted to Executive pursuant to Section 3.5 equal shall vest, which pro-rata portion shall be equal to (a) the number of shares of such award that would vest on the normal vesting date of such award, multiplied by (b) a fraction, the numerator of which is the number of days elapsed since the last regular vesting date of such award (or the grant date, if no portion of such award has yet vested), and the denominator of which is the number of days between the last regular vesting date (or grant date, as the case may be) and the normal vesting date.

4.5.2 Severance Upon Termination following a Change of Control. If Executive terminates Executive's employment and the Employment Period pursuant to Section 4.4 or Company terminates Executive's employment pursuant to Section 4.3 within the period beginning on the date of a Change of Control and ending on the second anniversary of the Change of Control, then Executive shall, subject to Section 4.7, be entitled to receive the benefits described in Sections 4.5.1(ii) (but not the payments described in Section 4.5.1(i)) and a lump sum amount of cash equal to (x) the sum of (A) Executive's Base Salary plus (B) Executive's Target Performance Bonus minus (y) the Additional Change of Control Payment, if previously paid to Executive (or, if clause (x) minus clause (y) would produce a negative number, then the payment pursuant to this Section 4.5.2 shall be zero). Subject to Sections 10.14, the lump sum to which Executive is entitled hereunder shall be paid on the sixtieth (60th) day following the Termination Date.

4.5.3 Termination With Cause by Company or Without Constructive Discharge by Executive. If Company terminates Executive's employment and the Employment Period with Cause, or if Executive terminates Executive's employment and the Employment Period other than as a result of a Constructive Discharge, Company shall be obligated to pay Executive (i) any Base Salary amounts that have accrued but have not been paid as of the Termination Date; and (ii) subject to Section 10.14, the unpaid Performance Bonus, if any, with respect to the Fiscal Year preceding the Fiscal Year in which the Termination Date occurs (such Performance Bonus, if any, to be determined in the manner it would have been determined, and payable at the time it would have been payable, under Section 3.2 had there been no termination of the Employment Period).

4.5.4 Termination Upon Death or Disability. If Executive's employment and the Employment Period is terminated because of the death or disability of Executive, Company shall, subject to Section 10.14, be obligated to pay Executive or, if applicable, Executive's estate, the following amounts: (i) earned but unpaid Base Salary; and (ii) the unpaid Performance Bonus, if any, with respect to the Fiscal Year preceding the Fiscal Year in which the Termination Date occurs (such Performance Bonus, if any, to be determined in the manner it would have been determined, and payable at the time it would have been payable, under Section 3.2 had there been no termination of the Employment Period).

4.6 Effect of Notice of Termination. Any notice of termination by Company, whether for Cause or without Cause, may specify that, during the notice period, Executive need not attend to any business on behalf of Company.

4.7 Requirement of a Release; Exclusivity of Severance Payments under this Agreement. As a condition to the receipt of the severance payments and termination benefits to be provided to Executive pursuant to this Section 4 upon termination of Executive's employment, Executive shall execute and deliver to Company a general release of employment claims against Company and its affiliates in a form reasonably satisfactory to Company within forty-five (45) days following the Termination Date (provided, that Executive shall not be required to release any rights under this Agreement). In addition, the severance payments and termination benefits to be provided to Executive pursuant to this Section 4 upon termination of Executive's employment shall constitute the exclusive payments in the nature of severance or termination pay or salary continuation which shall be due to Executive upon a termination of employment and shall be in lieu of any other such payments under any severance plan, program, policy or other arrangement which has heretofore been or shall hereafter be established by Company or any of its affiliates.

5. Noncompetition and Confidentiality.

5.1 Covenant Not to Compete. During the Employment Period and for a period of one (1) year after the expiration or earlier termination of the Employment Period, Executive shall not, (i) directly or indirectly act in concert or conspire with any person employed by Company or any of its Subsidiaries in order to engage in or prepare to engage in or to have a financial or other interest

in any business which is a Direct Competitor (as defined below); or (ii) serve as an employee, agent, partner, shareholder, director or consultant for, or in any other capacity participate, engage or have a financial or other interest in any business which is a Direct Competitor (provided, however, that notwithstanding anything to the contrary contained in this Agreement, Executive may own up to two percent (2%) of the outstanding shares of the capital stock of a company whose securities are registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “**1934 Act**”). For purposes of this Agreement, the term “**Direct Competitor**” shall mean any person or entity engaged in the business of marketing or providing within the continental United States prescription products or services for pharmacy benefit management products or services, including, without limitation, (i) prepackaged prescription products or services, (ii) point of care pharmacy dispensing systems, (iii) point of care decision support software for physicians, (iv) mail service pharmacy products or services, (v) pharmaceuticals or pharmaceutical delivery systems, (vi) electronic medical record or practice management software, (vii) homecare, home health or hospice support software, and (viii) electronic processing of healthcare transactions.

5.2 No Solicitation of Employees. During the Employment Period and for a period of one (1) year following the expiration or earlier termination of the Employment Period for any reason, Executive shall not, directly or indirectly, whether for its own account or for the account of any other individual or entity, (i) employ, hire or solicit for employment, or attempt to employ, hire or solicit for employment, any Employee (as defined below), (ii) divert or attempt to divert, directly or indirectly, or otherwise interfere in a material fashion with or circumvent the relationship of Company or any of its Subsidiaries with, any Employees, or (iii) induce or attempt to induce, directly or indirectly, any Employee to terminate his employment or other business relationship with Company or any of its Subsidiaries. For purposes of this Section 5.2, “Employee” shall mean any person who is or was employed by Company or any of its Subsidiaries during the Employment Period; provided, however, that “**Employee**” shall not include any person (a) whose employment with Company or a Subsidiary of Company was terminated by Company or such Subsidiary without cause, or (b) who was not employed by Company or any of its Subsidiaries at any time during the six (6) month period immediately prior to the Termination Date.

5.3 Confidential Information. Company has advised Executive, and Executive acknowledges, that it is the policy of Company to maintain as secret and confidential all Protected Information (as defined below), and that Protected Information has been and will be developed at substantial cost and effort to Company and its Subsidiaries. Executive shall not at any time, directly or indirectly divulge, furnish or make accessible to any person, firm, corporation, association or other entity (otherwise than as may be required in the regular course of Executive’s employment), nor use in any manner, either during the Employment Period or after the termination of the Employment Period for any reason, any Protected Information, or cause any such information of Company or any of its Subsidiaries to enter the public domain, except as required by law or court order. “**Protected Information**” means trade secrets, confidential and proprietary business information of Company, and any other information of Company or any of its Subsidiaries, including, without limitation, customer lists (including potential customers), sources of supply, processes, plans, materials, pricing information, internal memoranda, marketing plans, internal policies, and products and services which may be developed from time to time by Company or any of its Subsidiaries and the agents or employees of any of them, including Executive; provided, however, that

information that is in the public domain (other than as a result of a breach of this Agreement), approved for release by Company or a Subsidiary (as applicable) or lawfully obtained from third parties who are not bound by a confidentiality agreement with Company or any of its Subsidiaries, is not Protected Information.

5.4 Injunctive Relief. Executive acknowledges and agrees that the restrictions imposed upon him by this Section 5 and the purpose for such restrictions are reasonable and are designed to protect the Protected Information and the continued success of Company without unduly restricting Executive's future employment by others. Furthermore, Executive acknowledges that in view of the Protected Information of Company and its Subsidiaries which Executive has or will acquire or has or will have access to and the necessity of the restriction contained in this Section 5, any violation of the provisions of this Section 5 would cause irreparable injury to Company and its successors in interest with respect to the resulting disruption in their operations. By reason of the foregoing, Executive consents and agrees that if he violates any of the provisions of this Section 5, Company and its successors in interest, as the case may be, shall be entitled, in addition to any other remedies that they may have, including monetary damages, to an injunction to be issued by a court of competent jurisdiction, restraining Executive from committing or continuing any violation of this Section 5.

6. Certain Additional Payments by Company.

Company agrees that:

6.1 Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by Company to or for the benefit of Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 6) (a "**Payment**") would be subject to the excise tax imposed by Section 4999 of the Code or if any interest or penalties are incurred by Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, being hereafter collectively referred to as the "**Excise Tax**"), then Executive shall be entitled to receive an additional payment (a "**Gross-Up Payment**") in an amount such that after payment by Executive of all taxes (including interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payment.

6.2 Subject to the provisions of Section 6.3, below, all determinations required to be made under this Section 6, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the accounting firm which is then serving as the auditors for Company (the "**Accounting Firm**"), which shall provide detailed supporting calculations both to Company and Executive within fifteen (15) business days of the receipt of notice from Executive that there has been a Payment, or such earlier time as is requested by Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity, or group effecting the Change of Control, Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the

Accounting Firm shall be borne solely by Company. Any Gross-Up Payment, as determined pursuant to this Section 6, shall be paid by Company to Executive (or to the applicable taxing authority on Executive's behalf) within five (5) days of the receipt of the Accounting Firm's determination or, if later, on the due date for such taxes. If the Accounting Firm determines that no Excise Tax is payable by Executive, it shall furnish Executive with a written opinion that failure to report the Excise Tax on Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any good faith determination by the Accounting Firm shall be binding upon Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by Company should have been made ("**Underpayment**"), consistent with the calculations required to be made hereunder. In the event that Company exhausts its remedies pursuant to Section 6.3, below, and Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by Company to or for the benefit of Executive.

6.3 Executive shall notify Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by Company of a Gross-Up Payment. Such notification shall be given as soon as practicable but no later than fifteen (15) business days after Executive is informed in writing of such claim and shall apprise Company of the nature of such claim and the date on which such claim is requested to be paid. Executive shall not pay such claim prior to the expiration of the thirty (30) day period following the date on which Executive gives such notice to Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If Company notifies Executive in writing prior to the expiration of such period that it desires to contest such claim, Executive shall:

6.3.1 Give Company any information reasonably requested by Company relating to such claim;

6.3.2 Take such action in connection with contesting such claim as Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by Company;

6.3.3 Cooperate with Company in good faith in order effectively to contest such claim; and

6.3.4 Permit Company to participate in any proceedings relating to such claim; provided, however, that Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limiting the foregoing provisions of this Section 6.3, Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any

permissible manner; and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as Company shall determine; provided further, however, that if Company directs Executive to pay such claim and sue for a refund, Company shall advance the amount of such payment to Executive on an interest-free basis and shall indemnify and hold Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

6.4 If, after the receipt by Executive of an amount advanced by Company pursuant to Section 6.3 above, Executive becomes entitled to receive any refund with respect to such claim, Executive shall (subject to Company's complying with the requirements of said interest paid or credited thereon, after taxes applicable thereto) promptly pay such refund to Company. If, after the receipt by Executive of an amount advanced by Company pursuant to said Section 6.3, a determination is made that Executive shall not be entitled to any refund with respect to such claim and Company does not notify Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty (30) days after such determination, then such advance shall be forgiven and shall not be required to be repaid; and the amount of such advance shall offset, to the extent thereof, the amount of the Gross-Up Payment required to be paid.

6.5 Subject to any earlier time limits set forth in this Section 6, all payments and reimbursements to which Executive is entitled under this Section 6 shall be paid to or on behalf of Executive not later than the end of the taxable year of Executive next following the taxable year of Executive in which Executive (or Company, on Executive's behalf) remits the related taxes (or, in the event of an audit or litigation with respect to such tax liability, not later than the end of the taxable year of Executive next following the taxable year of Executive in which there is a final resolution of such audit or litigation (whether by reason of completion of the audit, entry of a final and non-appealable judgment, final settlement, or otherwise)).

7. No Set-Off or Mitigation.

Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which Company may have against Executive or others. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and, except as otherwise provided herein, such amounts shall not be reduced whether or not Executive obtains other employment.

8. Payment of Certain Expenses.

Company agrees to pay promptly as incurred and not less than on a monthly basis, to the fullest extent permitted by law, all legal fees and expenses which Executive may reasonably incur as a result of any contest by Company, Executive or others of the validity or enforceability of, or liability under, any provision of the Agreement (including as a result of any contest initiated by Executive about the amount of any payment due pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code; provided, however, that Company shall not be obligated to make such payment with respect to any contest in which Company prevails over Executive, and, in such case, Executive shall return to Company any payments previously paid to or on behalf of Executive.

9. Indemnification.

To the fullest extent permitted by law, Company shall indemnify Executive (including the advancement of expenses) for any judgments, fines, amounts paid in settlement and reasonable expenses, including attorney's fees, incurred by Executive in connection with the defense of any lawsuit or other claim to which Executive is made a party by reason of being an officer, director or employee of Company or any of its Subsidiaries.

10. Miscellaneous.

10.1 Valid Obligation. This Agreement has been duly authorized, executed and delivered by Company and has been duly executed and delivered by Executive and is a legal, valid and binding obligation of Company and of Executive, enforceable in accordance with its terms.

10.2 No Conflicts. Executive represents and warrants that the performance by him of his duties hereunder will not violate, conflict with, or result in a breach of any provision of, any agreement to which he is a party.

10.3 Applicable Law. This Agreement shall be construed in accordance with the laws of the State of Illinois, without reference to Illinois' choice of law statutes or decisions.

10.4 Severability. The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any one or more of the provisions hereof shall not affect the validity or enforceability of any other provision. In the event any clause of this Agreement is deemed to be invalid, the parties shall endeavor to modify that clause in a manner which carries out the intent of the parties in executing this Agreement.

10.5 No Waiver. The waiver of a breach of any provision of this Agreement by any party shall not be deemed or held to be a continuing waiver of such breach or a waiver of any subsequent breach of any provision of this Agreement or as nullifying the effectiveness of such provision, unless agreed to in writing by the parties.

10.6 Notices. All demands, notices, requests, consents and other communications required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by facsimile machine (with a confirmation copy sent by one of the other methods authorized in this Section), or by commercial overnight delivery service, to the parties at the addresses set forth below:

To Company: Allscripts Healthcare Solutions, Inc.
222 Merchandise Mart Plaza
Suite 2024
Chicago, IL 60654
Attention: Company Secretary or General Counsel

To Executive: At the address or fax number most recently contained in Company's records

Notices shall be deemed given upon the earliest to occur of (i) receipt by the party to whom such notice is directed, if hand delivered; (ii) if sent by facsimile machine, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) such notice is sent if sent (as evidenced by the facsimile confirmed receipt) prior to 5:00 p.m. Central Time and, if sent after 5:00 p.m. Central Time, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) after which such notice is sent; or (iii) on the first business day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) following the day the same is deposited with the commercial carrier if sent by commercial overnight delivery service. Each party, by notice duly given in accordance therewith may specify a different address for the giving of any notice hereunder.

10.7 Assignment of Agreement. This Agreement shall be binding upon and inure to the benefit of Executive and Company, their respective successors and permitted assigns and Executive's heirs and personal representatives. Neither party may assign any rights or obligations hereunder to any person or entity without the prior written consent of the other party. This Agreement shall be personal to Executive for all purposes.

10.8 Entire Agreement; Amendments. Except as otherwise provided herein, this Agreement contains the entire understanding between the parties, and there are no other agreements or understandings between the parties with respect to Executive's employment by Company and his obligations thereto. Without limiting the generality of the preceding sentence, as of immediately prior to the Effective Time (but subject to the occurrence thereof), this Agreement shall supersede in its entirety the Employment Agreement, dated July 8, 2002, as amended, to which Executive and Company are parties (the "**Prior Employment Agreement**"), except that the provision of Section 6 of the Prior Agreement shall not be superseded and shall continue to apply in respect of the Merger, which the parties acknowledge constituted a Change of Control under the Prior Employment Agreement. Executive acknowledges that he is not relying upon any representations or warranties concerning his employment by Company except as expressly set forth herein. No amendment or modification to the Agreement shall be valid except by a subsequent written instrument executed by the parties hereto. In the event that the transactions contemplated by the Merger Agreement shall be abandoned or otherwise terminated, (i) this Agreement shall cease to be of force or effect, and (ii) the Prior Employment Agreement shall remain in full force and effect.

10.9 Dispute Resolution and Arbitration. The following procedures shall be used in the resolution of disputes:

10.9.1 Dispute. In the event of any dispute or disagreement between the parties under this Agreement (excluding an action for injunctive relief as provided in Section 5.4), the disputing party shall provide written notice to the other party that such dispute exists. The parties will then make a good faith effort to resolve the dispute or disagreement. If the dispute is not resolved upon the expiration of fifteen (15) days from the date a party receives such notice of dispute, the entire matter shall then be submitted to arbitration as set forth in Section 10.9.2.

10.9.2 Arbitration. If the dispute or disagreement between the parties has not been resolved in accordance with the provisions of Section 10.9.1 above, then any such controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration to be held in Chicago, Illinois, in accordance with the rules of the American Arbitration Association then in effect. Any decision rendered herein shall be final and binding on each of the parties and judgment may be entered thereon in the appropriate state or federal court. The arbitrators shall be bound to strict interpretation and observation of the terms of this Agreement. Company shall pay the costs of arbitration.

10.10 Survival. For avoidance of doubt, the provisions of Sections 4.5, 5, 8 and 9 of this Agreement shall survive the expiration or earlier termination of the Employment Period.

10.11 Headings. Section headings used in this Agreement are for convenience of reference only and shall not be used to construe the meaning of any provision of this Agreement.

10.12 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument.

10.13 Taxes. Executive shall be solely responsible for taxes imposed on Executive by reason of any compensation and benefits provided under this Agreement and all such compensation and benefits shall be subject to applicable withholding.

10.14 Section 409A of the Code. It is intended that this Agreement will comply with Section 409A of the Code (and any regulations and guidelines issued thereunder) to the extent the Agreement is subject thereto, and the Agreement shall be interpreted on a basis consistent with such intent. If an amendment of the Agreement is necessary in order for it to comply with Section 409A, the parties hereto will negotiate in good faith to amend the Agreement in a manner that preserves the original intent of the parties to the extent reasonably possible. No action or failure by Company in good faith to act, pursuant to this Section 10.14, shall subject Company to any claim, liability, or expense, and Company shall not have any obligation to indemnify or otherwise protect Executive from the obligation to pay any taxes pursuant to Section 409A of the Code.

In addition, notwithstanding any provision to the contrary in this Agreement, if Executive is deemed on the date of his "separation from service" (within the meaning of Treas. Reg. Section 1.409A-1(h)) to be a "specified employee" (within the meaning of Treas. Reg. Section 1.409A-1(i)), then with regard to any payment that is required to be delayed pursuant to Section 409A(a)(2)(B) of the

Code (the “**Delayed Payments**”), such payment shall not be made prior to the earlier of (i) the expiration of the six (6) month period measured from the date of his “separation from service” and (ii) the date of his death. Any payments due under this Agreement other than the Delayed Payments shall be paid in accordance with the normal payment dates specified herein. In no case will the delay of any of the Delayed Payments by Company constitute a breach of Company’s obligations under this Agreement. For all purposes under this Agreement, reference to Executive’s “termination of employment” (and corollary terms) with Company shall be construed to refer to Executive’s “separation from service” (as determined under Treas. Reg. Section 1.409A-1(h), as uniformly applied by Company) with Company.

In addition, to the extent that any reimbursement, fringe benefit or other, similar plan or arrangement in which Executive participates during the term of Executive’s employment under this Agreement or thereafter provides for a “deferral of compensation” within the meaning of Section 409A of the Code, (i) the amount eligible for reimbursement or payment under such plan or arrangement in one calendar year may not affect the amount eligible for reimbursement or payment in any other calendar year (except that a plan providing medical or health benefits may impose a generally applicable limit on the amount that may be reimbursed or paid), and (ii) subject to any shorter time periods provided herein, any reimbursement or payment of an expense under such plan or arrangement must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred.

10.15 Payment by Subsidiaries. Executive acknowledges and agrees that Company may satisfy its obligations to make payments to Executive under this Agreement by causing one or more of its subsidiaries to make such payments to Executive. Executive agrees that any such payment made by any such subsidiary shall fully satisfy and discharge Company’s obligation to make such payment to Executive hereunder (but only to the extent of such payment).

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written, to be effective at the Effective Time.

/s/ Glen E. Tullman

Glen E. Tullman

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

/s/ William J. Davis

By: William J. Davis

Title: CFO

Appendix A

Required Share Ownership

At all times during the Employment Period, Executive shall retain shares of Company common stock with a fair market value as shown in the following schedule. For this purpose, "fair market value" shall be determined on the first day of the applicable portion of the Employment Period by reference to the closing price of the Company common stock on such date as reported on the principal exchange on which the Company common stock is traded. Options to purchase Company common stock, restricted Company common stock and restricted stock units denominated in shares of Company common stock shall be included for purposes of determining whether these guidelines are satisfied, except that the fair market value with respect to an option shall be reduced by the exercise price with respect to such option. At the Company's reasonable request, the Executive shall provide the Company with evidence to the Company's satisfaction that the Executive is in compliance with these guidelines.

| <u>During the following portion of the Employment Period:</u> | <u>Fair market value to be maintained during applicable portion of the Employment Period:</u> |
|---|---|
| From the Effective Date until the day prior to the first anniversary of the Effective Date: | 200% of the Executive's Base Salary on the Effective Date. |
| From the first anniversary of the Effective Date until the day prior to the second anniversary of the Effective Date: | 133% of the Executive's Base Salary on the Effective Date. |
| From the second anniversary of the Effective Date until the day prior to the third anniversary of the Effective Date: | 66% of the Executive's Base Salary on the Effective Date. |
| From and after the third anniversary of the Effective Date: | 0 |

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “**Agreement**”) is made as of this 17th day of March, 2008, by and between Allscripts Healthcare Solutions, Inc., a corporation organized and existing under the laws of the State of Delaware (“**Company**”) and Lee Shapiro (“**Executive**”).

RECITALS

WHEREAS, Company and Misys Healthcare Systems LLC have entered into an Agreement and Plan of Merger, dated as of March 17, 2008 (the “**Merger Agreement**”), pursuant to which (among other transactions contemplated in the Merger Agreement), at the “**Effective Time**” (as defined in the Merger Agreement), a subsidiary of Company shall be merged with and into Misys Healthcare Systems LLC (such merger, the “**Merger**”);

WHEREAS, Executive currently serves as the President of Company;

WHEREAS, Company desires to continue to employ Executive in such position(s) following the Effective Time, subject to the terms and conditions of this Agreement; and

WHEREAS, Executive desires to be employed by Company in the aforesaid capacity subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the foregoing premises, of the mutual agreements and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows, effective as of immediately prior to the Effective Time (but subject to the consummation of the Merger):

AGREEMENT**1. Employment.**

Company hereby agrees to employ Executive, and Executive hereby accepts employment, as the President of Company, pursuant to the terms of this Agreement. Executive shall have the duties and responsibilities and perform such administrative and managerial services of that position as are set forth in the bylaws of Company (the “**Bylaws**”) or as shall be delegated or assigned to Executive by the Chief Executive Officer of Company from time to time. Executive shall carry out his responsibilities hereunder on a full-time basis for and on behalf of Company; provided that Executive shall be entitled to devote time to outside boards of directors, personal investments, civic and charitable activities, and personal education and development, so long as such activities do not

interfere with or conflict with Executive's duties hereunder. Notwithstanding the foregoing, Executive agrees that, during the term of this Agreement, Executive shall not act as an officer of any entity other than Company without the prior written consent of Company.

2. Effective Date and Term.

The term of Executive's employment by Company under this Agreement (the "**Employment Period**") shall commence as of the date on which the Effective Time occurs (the "**Effective Date**") and shall continue in effect through the third anniversary of the Effective Date, unless earlier terminated as provided herein. Thereafter, unless Company or Executive shall elect not to renew the Employment Period upon the expiration of the initial term or any renewal term, which election shall be made by providing written notice of nonrenewal to the other party at least ninety (90) days prior to the expiration of the then current term, the Employment Period shall be extended for an additional twelve (12) months. If Company elects not to renew the Employment Period at the end of the initial term or any renewal term, such nonrenewal shall be treated as a termination of the Employment Period and Executive's employment without Cause by Company for the limited purpose of determining the payments and benefits available to Executive (i.e., Executive shall be entitled to the severance/benefits set forth in Section 4.5.1). If Executive elects not to renew the Employment Period, the same shall constitute a termination of Executive's employment and the Employment Period by Executive without Cause, and Executive shall only be entitled to the payments and benefits set forth in Section 4.5.3.

3. Compensation and Benefits.

In consideration for the services Executive shall render under this Agreement, Company shall provide or cause to be provided to Executive the following compensation and benefits:

3.1 Base Salary. During the Employment Period, Company shall pay to Executive an annual base salary at a rate of \$475,000 per annum, subject to all appropriate federal and state withholding taxes, which base salary shall be payable in accordance with Company's normal payroll practices and procedures. Executive's base salary shall be reviewed annually prior to the beginning of each fiscal year of Company during the Employment Period by the Board of Directors of Company (the "**Board**"), or a committee of the Board, and may be increased in the sole discretion of the Board, or such committee of the Board, based on Executive's performance during the preceding Fiscal Year. For purposes of this Agreement, the term "**Fiscal Year**" shall mean the fiscal year of Company. Executive's base salary, as such base salary may be increased annually hereunder, is hereinafter referred to as the "**Base Salary.**"

3.2 Performance Bonus.

3.2.1 Executive shall be eligible to receive cash bonuses in accordance with this Section 3.2 (each a "**Performance Bonus**"). Payment of any Performance Bonus will be subject to the sole discretion of the Board or a committee of the Board in consultation with the Chief Executive Officer, and the amount of any such Performance Bonus will be determined by, and based upon criteria selected by, the Board or such committee in consultation with the Chief Executive Officer. Based upon the foregoing exercise

of discretion, Executive's target Performance Bonus shall be 50% of his salary (the "Target Performance Bonus"), but may, based on performance, exceed such amount. Performances Bonuses shall be paid according the terms of the bonus plan or program in which Executive participates from time to time; provided that any Performance Bonus for the period ending on the Effective Date shall be payable in calendar year 2009.

3.3 Benefits. During the Employment Period and as otherwise provided hereunder, Executive shall be entitled to the following:

3.3.1 Vacation. Executive shall be entitled to twenty (20) business days per Fiscal Year of paid vacation, such vacation time not to be cumulative (i.e., vacation time not taken in any Fiscal Year shall not be carried forward and used in any subsequent Fiscal Year).

3.3.2 Participation in Benefit Plans. Executive shall be entitled to health and/or dental benefits, including immediate coverage for Executive and his eligible dependents, which are generally available to Company's senior executive employees and as provided by Company in accordance with its group health insurance plan coverage. In addition, Executive shall be entitled to participate in any profit sharing plan, retirement plan, group life insurance plan or other insurance plan or medical expense plan maintained by Company for its senior executives generally, in accordance with the general eligibility criteria therein.

3.3.3 Physical Examination. Executive shall be entitled to receive reimbursement for the cost of one general physical examination per twelve (12) month period during the term of the Agreement from a physician chosen by Executive in his reasonable discretion.

3.3.4 Perquisites. Executive shall be entitled to such other benefits and perquisites that are generally available to Company's senior executive employees and as provided in accordance with Company's plans, practices, policies and programs for senior executive employees of Company.

3.3.5 Indemnification. Executive shall be entitled to indemnification (including immediate advancement of all legal fees with respect to any claim for indemnification) and directors' and officers' insurance coverage, to the extent made available to other senior executives, in accordance with the Bylaws and all other applicable policies and procedures of Company.

3.4 Expenses. Company shall reimburse Executive for proper and necessary expenses incurred by Executive in the performance of his duties under this Agreement from time to time upon Executive's submission to Company of invoices of such expenses in reasonable detail and subject to all standard policies and procedures of Company with respect to such expenses.

3.5 Stock Awards. Executive shall be eligible to participate in any applicable stock bonus, stock option, or similar plan implemented by Company and generally available to its senior executive employees. The amount of any awards made thereunder shall be in the sole discretion of the Board or a committee of the Board. The Company intends to recommend to the Compensation

Committee of the Board that Company grant to the Executive, immediately following the Effective Date, an award of Company restricted stock or restricted stock units with grant-date value of \$2,000,000, which award shall vest over a four-year period, in accordance with Company's customary vesting schedule; provided, however, that if the full amount of such equity grant (up to 20% of which grant may be made under an equity plan or program of Misys plc in accordance with the terms and provisions of such equity plan or program) has not occurred within 7 days following the Effective Date, this Agreement shall terminate and be of no further force and effect and the Prior Employment Agreement (as hereinafter defined) shall remain in effect.

3.6 Consummation and Retention Bonus.

3.6.1 On the later to occur of (i) the tenth day after the Effective Date and (ii) January 2, 2009, Company shall pay Executive a cash lump sum payment equal to \$1,211,250 (the "**Retention Payment**"). If the Retention Payment is to be made on a date later than the tenth day after the Effective Date as provided above, within 10 days of the Effective Date Company shall establish a "rabbi trust" and deposit the amounts payable under this Section 3.6.1 into such trust, which amounts shall accumulate interest calculated at the short-term Applicable Federal Rate for the month in which the Effective Date occurs and the Retention Payment (including accumulated interest) shall be made from such trust to Executive.

3.6.2 In addition, so long as (i) Executive has remained continuously employed from the Effective Date through the first anniversary of the Effective Date, (ii) Executive's employment is terminated by Company without Cause prior to the first anniversary of the Effective Date or (iii) Executive terminates employment for Constructive Discharge, Company shall pay Executive a cash lump sum equal to \$213,750, on the tenth day after the first anniversary of the Effective Date.

3.7 Payment upon a Change of Control. So long as Executive has remained continuously employed from the Effective Date through the date of a Change of Control, (i) all unvested Company equity awards held by executive shall vest upon the Change of Control, and (ii) Company shall pay Executive, within ten (10) days following the occurrence of the Change of Control, a cash lump sum equal to the sum of Executive's Base Salary and Target Performance Bonus. In addition, if a Change of Control occurs, and, prior to the Change of Control, Company or representatives of the third party effecting the Change of Control (as applicable) do not offer Executive a Comparable Job following the Change of Control, then, so long as Executive has remained continuously employed from the Effective Date through the date of a Change of Control, whether or not Executive continues to be employed by Company or a successor to Company following the Change of Control, Company will pay Executive, within ten (10) days following the occurrence of the Change of Control, an additional cash lump sum equal to the sum of Executive's Base Salary and Target Performance Bonus (the "**Additional Change of Control Payment**"). For purposes of this Agreement, a "**Comparable Job**" shall mean employment following the Change of Control (i) with substantially the same duties and responsibilities as were held by Executive prior to the Change of Control (excluding, for this purpose, changes following the Change of Control (x) to Executive's reporting responsibilities and (y) arising by reason of Company ceasing to be a public company), (ii) at the same location at which Executive provides services prior to the Change of Control or a location within fifty (50) miles of such location and (iii) at the same or increased Base Salary and Target Performance Bonus levels as were in effect prior to the Change of Control.

4. Termination of the Services Prior To the Expiration Date.

Executive's employment hereunder and the Employment Period may be terminated at any time as follows (the effective date of such termination hereinafter referred to as the "**Termination Date**"):

4.1 Termination upon Death or Disability of Executive.

4.1.1 Executive's employment hereunder and the Employment Period shall terminate immediately upon the death of Executive. In such event, all rights of Executive and/or Executive's estate (or named beneficiary) shall cease except for the right to receive payment of the amounts set forth in Section 4.5.4 of the Agreement.

4.1.2 Company may terminate Executive's employment hereunder and the Employment Period upon the disability of Executive. For purposes of this Agreement, Executive shall be deemed to be "disabled" if Executive, as a result of illness or incapacity, shall be unable to perform substantially his required duties for a period of three (3) consecutive months or for any aggregate period of three (3) months in any six (6) month period. In the event of a dispute as to whether Executive is disabled, Company may refer Executive to a licensed practicing physician of Company's choice, and Executive agrees to submit to such tests and examination as such physician shall deem appropriate to determine Executive's capacity to perform the services required to be performed by Executive hereunder. In such event, the parties hereby agree that the decision of such physician as to the disability of Executive's shall be final and binding on the parties. Any termination of the Employment Period under this Section 4.1.2 shall be effected without any adverse effect on Executive's rights to receive benefits under any disability policy of Company, but shall not be treated as a termination without Cause.

4.2 Termination by Company for Cause. Company may terminate Executive's employment hereunder and the Employment Period for Cause (as defined herein) upon written notice to Executive, which termination shall be effective on the date specified by Company in such notice; provided, however, that Executive shall have a period of ten (10) days (or such longer period not to exceed thirty (30) days as would be reasonably required for Executive to cure such action or inaction) after the receipt of the written notice from Company to cure the particular action or inaction, to the extent a cure is possible. For purposes of this Agreement, the term "**Cause**" shall mean:

4.2.1 the willful or grossly negligent failure by Executive to perform his duties and obligations hereunder in any material respect, other than any such failure resulting from the disability of Executive;

4.2.2 Executive's conviction of a crime or offense involving the property of Company, or any crime or offense constituting a felony or involving fraud or moral turpitude; provided that, in the event that Executive is arrested or indicted for a crime or offense related to any of the foregoing, then Company may, at its option, place Executive on paid leave of absence, pending the final outcome of such arrest or indictment;

4.2.3 Executive's violation of any law, which violation is materially and demonstrably injurious to the operations or reputation of Company;

4.2.4 Executive's material violation of any generally recognized policy of Company or Executive's refusal to follow the lawful directions of the Chief Executive Officer, or Executive's insubordination to his supervisor; or

4.2.5 Executive's failure during the Employment Period to retain the number shares of Receiver common stock set forth in Appendix A for a period of more than 30 days.

4.3 Termination without Cause. Either party may terminate Executive's employment and the Employment Period without Cause upon thirty (30) days' prior written notice to the other party. Upon termination of Executive's employment with Company for any reason, Executive shall be deemed to have resigned from all positions with the other members of Company and its subsidiaries (provided, that any such deemed resignations shall not affect Executive's entitlement (if any) to severance pay and benefits hereunder).

4.4 Termination by Executive for Constructive Discharge.

4.4.1 Executive may terminate Executive's employment and the Employment Period, in accordance with the process set forth below, a result of a Constructive Discharge. For purposes of this Agreement "**Constructive Discharge**" shall mean the occurrence of any of the following after the Effective Time:

- (i) a failure of Company to meet its obligations in any material respect under this Agreement, including, without limitation, (x) any reduction in the Base Salary or (y) any failure to pay the Base Salary (other than, in the case of clause (y), the inadvertent failure to pay a de minimis amount of the Base Salary, which payment is immediately made by Company upon notice from Executive);
- (ii) a material diminution in or other substantial adverse alteration in the nature or scope of Executive's responsibilities with Company from those in effect immediately following the Effective Time (it being understood that Company will have appointed an Executive Chairman as of the Effective Time who will serve as an officer of Company and take an active role in the management and operation of Company)
- (iii) Executive has been asked to relocate his principal place of business to a location that is more than fifty (50) miles from Company's offices located at the Merchandise Mart Plaza, Chicago, Illinois; or
- (iv) the separation from employment with Company of Glen E. Tulman prior to the 18-month anniversary of the Effective Date.

4.4.2 For purposes of this Agreement, a “**Change of Control**” shall mean any one of the following events following the Effective Date (it being understood that the consummation of the Merger and the other transactions contemplated by the Merger Agreement, individually or collectively, shall not constitute a Change of Control):

- (i) the date of acquisition by any person or group other than Parent or any affiliate of Parent or any subsidiary of the Company (or any employee benefit plans (or related trust) of the Company or any of its subsidiaries or Parent) acquires beneficial ownership of securities possessing more than thirty percent (30%) of the total combined voting power of the Company Group’s then outstanding voting securities which generally entitle the holder thereof to vote for the election of directors (“**Voting Power**”), provided, however, that no Change of Control shall be deemed to have occurred solely by reason of any such acquisition by a corporation with respect to which, after such acquisition, more than sixty percent (60%) of the then outstanding shares of common stock of such corporation and the Voting Power of such corporation are then beneficially owned, directly or indirectly, by the persons who were the beneficial owners of the stock and Voting Power of Company immediately before such acquisition, in substantially the same proportions as their ownership immediately before such acquisition; or
- (ii) the date the individuals who constitute the Board as of immediately following the Effective Time (the “**Incumbent Board**”) cease for any reason other than their deaths to constitute at least a majority of the Board; provided that any individual who becomes a director after the Effective Time whose election or nomination for election by Company’s stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered, for purposes of this Section, as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of Company (as such terms are used in Rule 14a-11 under the 1934 Act); or
- (iii) Company effects (a) a merger or consolidation of Company with one or more corporations or entities, as a result of which the holders of the outstanding Voting Stock of Company immediately prior to such merger, reorganization or consolidation hold less than 50% of the Voting Power of the surviving or resulting corporation or entity immediately after such merger or consolidation; (b) a liquidation or dissolution of Company; or (c) a sale or other disposition of all or substantially all of the assets of Company other than to an entity of which Company owns at least 50% of the Voting Power;

provided, however, that in no event shall the acquisition by any person or group of the beneficial ownership of any amount of stock or voting securities of Parent (including an acquisition by a merger, reorganization or consolidation) constitute a Change of Control.

4.4.3 For purposes of the foregoing definition, the terms “beneficially owned” and “beneficial ownership” and “person” shall have the meanings ascribed to them in SEC rules 13d-5(b) under the 1934 Act, and “group” means two or more persons acting together in such a way to be deemed a person for purposes of Section 13(d) of the 1934 Act. Further, notwithstanding anything herein to the contrary, the definition of Change of Control set forth herein shall not be broader than the definition of “change in control event” as set forth under Section 409A of the Code, and the guidance promulgated thereunder, and if a transaction or event does not otherwise fall within such definition of change of control event, it shall not be deemed a Change of Control for purposes of this Agreement.

4.4.4 In the event of a Constructive Discharge, Executive shall have the right to terminate his employment hereunder and receive the benefits set forth in Section 4.5.1 below, upon delivery of written notice to Company no later than the close of business on the sixtieth (60th) day following the effective date of a Constructive Discharge; provided, however, that such termination shall not be effective until the expiration of thirty (30) days after receipt by Company of such written notice if Company has not cured such Constructive Discharge within the 30-day period. If Company so effects a cure, the Constructive Discharge notice shall be deemed rescinded and of no force or effect. Notwithstanding the foregoing, such notice and lapse of time shall not be required with respect to any event or circumstance which is the same or substantially the same as an event or circumstance with respect to which notice and an opportunity to cure has been given within the previous six (6) months. The effective date of a Constructive Discharge shall be the date of the Executive’s “separation from service” (within the meaning of Treas. Reg. Section 1.409A-1(h)).

4.5 Rights upon Termination. Upon termination of Executive’s employment and the Employment Period, the following shall apply:

4.5.1 Termination by Company Without Cause or for Constructive Discharge. If Company terminates Executive’s employment and the Employment Period without Cause, or if Executive terminates Executive’s employment and the Employment Period as a result of a Constructive Discharge, in each case either (x) prior to a Change of Control, or (y) after the second anniversary of a Change of Control, Executive shall be entitled to receive payment of any Base Salary amounts that have accrued but have not been paid as of the Termination Date, and the unpaid Performance Bonus, if any, with respect to the Fiscal Year preceding the Fiscal Year in which the Termination Date occurs (such Performance Bonus, if any, to be determined in the manner that it would have been determined, and payable at the time it would have been payable, under Section 3.2 had there been no termination of the Employment Period). In addition, subject to Sections 4.5.2 and 4.7, below, Company shall, subject to Section 10.14, be obligated to pay Executive (or provide Executive with) the following benefits as severance:

- (i) provided such termination is after the first anniversary of the Effective Date, an amount equal to Executive’s Base Salary plus Executive’s Target Performance Bonus, payable in twelve (12) equal monthly installments commencing on the Termination Date, such amount to be payable regardless of whether Executive obtains other employment and is compensated therefor (but only so long as Executive is not in violation of Section 5 hereof) (with the first two

installments to be paid on the sixtieth (60th) day following the Termination Date and the remaining ten (10) installments being paid on the ten following monthly anniversaries of such date);

- (ii) continuation of Executive's then current enrollment (including family enrollment, if applicable) in all health and/or dental insurance benefits set forth in Section 3.2.2 for a period of twelve (12) months following the Termination Date, with Executive's contribution to such plans as if Executive were employed by Company, such contributions to be paid by Executive in the same period (e.g., monthly, bi-weekly, etc.) as all other employees of Company; provided, however that Company may terminate such coverage if payment from Executive is not made within ten (10) days of the date on which Executive receives written notice from Company that such payment is due; and provided, further, that such benefits may be discontinued earlier to the extent that Executive becomes entitled to comparable benefits from a subsequent employer; and
- (iii) provided such termination is after the first anniversary of the Effective Date, upon the Termination Date (or, for awards subject to the satisfaction of a performance condition, subject to the satisfaction of such performance condition and upon the satisfaction of such performance condition, and based on the level of performance achieved) a pro-rata portion of any unvested stock option, restricted stock, restricted stock unit or other equity award granted to Executive pursuant to Section 3.5 equal shall vest, which pro-rata portion shall be equal to (a) the number of shares of such award that would vest on the normal vesting date of such award, multiplied by (b) a fraction, the numerator of which is the number of days elapsed since the last regular vesting date of such award (or the grant date, if no portion of such award has yet vested), and the denominator of which is the number of days between the last regular vesting date (or grant date, as the case may be) and the normal vesting date.

4.5.2 Severance Upon Termination following a Change of Control. If Executive terminates Executive's employment and the Employment Period pursuant to Section 4.4 or Company terminates Executive's employment pursuant to Section 4.3 within the period beginning on the date of a Change of Control and ending on the second anniversary of the Change of Control, then Executive shall, subject to Section 4.7, be entitled to receive the benefits described in Sections 4.5.1(ii) (but not the payments described in Section 4.5.1(i)) and a lump sum amount of cash equal to (x) the sum of (A) Executive's Base Salary plus (B) Executive's Target Performance Bonus minus (y) the Additional Change of Control Payment, if previously paid to Executive (or, if clause (x) minus clause (y) would produce a negative number, then the payment pursuant to this Section 4.5.2 shall be zero). Subject to Sections 10.14, the lump sum to which Executive is entitled hereunder shall be paid on the sixtieth (60th) day following the Termination Date.

4.5.3 Termination With Cause by Company or Without Constructive Discharge by Executive. If Company terminates Executive's employment and the Employment Period with Cause, or if Executive terminates Executive's employment and the Employment Period other than as a result of a Constructive Discharge, Company shall be obligated to pay Executive (i) any Base Salary amounts that have accrued but have not been paid as of the Termination Date; and (ii) subject to Section 10.14, the unpaid Performance Bonus, if any, with respect to the Fiscal Year preceding the Fiscal Year in which the Termination Date occurs (such Performance Bonus, if any, to be determined in the manner it would have been determined, and payable at the time it would have been payable, under Section 3.2 had there been no termination of the Employment Period).

4.5.4 Termination Upon Death or Disability. If Executive's employment and the Employment Period is terminated because of the death or disability of Executive, Company shall, subject to Section 10.14, be obligated to pay Executive or, if applicable, Executive's estate, the following amounts: (i) earned but unpaid Base Salary; and (ii) the unpaid Performance Bonus, if any, with respect to the Fiscal Year preceding the Fiscal Year in which the Termination Date occurs (such Performance Bonus, if any, to be determined in the manner it would have been determined, and payable at the time it would have been payable, under Section 3.2 had there been no termination of the Employment Period).

4.6 Effect of Notice of Termination. Any notice of termination by Company, whether for Cause or without Cause, may specify that, during the notice period, Executive need not attend to any business on behalf of Company.

4.7 Requirement of a Release; Exclusivity of Severance Payments under this Agreement. As a condition to the receipt of the severance payments and termination benefits to be provided to Executive pursuant to this Section 4 upon termination of Executive's employment, Executive shall execute and deliver to Company a general release of employment claims against Company and its affiliates in a form reasonably satisfactory to Company within forty-five (45) days following the Termination Date (provided, that Executive shall not be required to release any rights under this Agreement). In addition, the severance payments and termination benefits to be provided to Executive pursuant to this Section 4 upon termination of Executive's employment shall constitute the exclusive payments in the nature of severance or termination pay or salary continuation which shall be due to Executive upon a termination of employment and shall be in lieu of any other such payments under any severance plan, program, policy or other arrangement which has heretofore been or shall hereafter be established by Company or any of its affiliates.

5. Noncompetition and Confidentiality.

5.1 Covenant Not to Compete. During the Employment Period and for a period of one (1) year after the expiration or earlier termination of the Employment Period, Executive shall not, (i) directly or indirectly act in concert or conspire with any person employed by Company or any of its Subsidiaries in order to engage in or prepare to engage in or to have a financial or other interest in any business which is a Direct Competitor (as defined below); or (ii) serve as an employee, agent, partner, shareholder, director or consultant for, or in any other capacity participate, engage or have a financial or other interest in any business which is a Direct

Competitor (provided, however, that notwithstanding anything to the contrary contained in this Agreement, Executive may own up to two percent (2%) of the outstanding shares of the capital stock of a company whose securities are registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “1934 Act”). For purposes of this Agreement, the term “**Direct Competitor**” shall mean any person or entity engaged in the business of marketing or providing within the continental United States prescription products or services for pharmacy benefit management products or services, including, without limitation, (i) prepackaged prescription products or services, (ii) point of care pharmacy dispensing systems, (iii) point of care decision support software for physicians, (iv) mail service pharmacy products or services, (v) pharmaceuticals or pharmaceutical delivery systems, (vi) electronic medical record or practice management software, (vii) homecare, home health or hospice support software, and (viii) electronic processing of healthcare transactions.

5.2 No Solicitation of Employees. During the Employment Period and for a period of one (1) year following the expiration or earlier termination of the Employment Period for any reason, Executive shall not, directly or indirectly, whether for its own account or for the account of any other individual or entity, (i) employ, hire or solicit for employment, or attempt to employ, hire or solicit for employment, any Employee (as defined below), (ii) divert or attempt to divert, directly or indirectly, or otherwise interfere in a material fashion with or circumvent the relationship of Company or any of its Subsidiaries with, any Employees, or (iii) induce or attempt to induce, directly or indirectly, any Employee to terminate his employment or other business relationship with Company or any of its Subsidiaries. For purposes of this Section 5.2, “Employee” shall mean any person who is or was employed by Company or any of its Subsidiaries during the Employment Period; provided, however, that “**Employee**” shall not include any person (a) whose employment with Company or a Subsidiary of Company was terminated by Company or such Subsidiary without cause, or (b) who was not employed by Company or any of its Subsidiaries at any time during the six (6) month period immediately prior to the Termination Date.

5.3 Confidential Information. Company has advised Executive, and Executive acknowledges, that it is the policy of Company to maintain as secret and confidential all Protected Information (as defined below), and that Protected Information has been and will be developed at substantial cost and effort to Company and its Subsidiaries. Executive shall not at any time, directly or indirectly divulge, furnish or make accessible to any person, firm, corporation, association or other entity (otherwise than as may be required in the regular course of Executive’s employment), nor use in any manner, either during the Employment Period or after the termination of the Employment Period for any reason, any Protected Information, or cause any such information of Company or any of its Subsidiaries to enter the public domain, except as required by law or court order. “**Protected Information**” means trade secrets, confidential and proprietary business information of Company, and any other information of Company or any of its Subsidiaries, including, without limitation, customer lists (including potential customers), sources of supply, processes, plans, materials, pricing information, internal memoranda, marketing plans, internal policies, and products and services which may be developed from time to time by Company or any of its Subsidiaries and the agents or employees of any of them, including Executive; provided, however, that information that is in the public domain (other than as a result of a breach of this Agreement), approved for release by Company or a Subsidiary (as applicable) or lawfully obtained from third parties who are not bound by a confidentiality agreement with Company or any of its Subsidiaries, is not Protected Information.

5.4 Injunctive Relief. Executive acknowledges and agrees that the restrictions imposed upon him by this Section 5 and the purpose for such restrictions are reasonable and are designed to protect the Protected Information and the continued success of Company without unduly restricting Executive's future employment by others. Furthermore, Executive acknowledges that in view of the Protected Information of Company and its Subsidiaries which Executive has or will acquire or has or will have access to and the necessity of the restriction contained in this Section 5, any violation of the provisions of this Section 5 would cause irreparable injury to Company and its successors in interest with respect to the resulting disruption in their operations. By reason of the foregoing, Executive consents and agrees that if he violates any of the provisions of this Section 5, Company and its successors in interest, as the case may be, shall be entitled, in addition to any other remedies that they may have, including monetary damages, to an injunction to be issued by a court of competent jurisdiction, restraining Executive from committing or continuing any violation of this Section 5.

6. Certain Additional Payments by Company.

Company agrees that:

6.1 Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by Company to or for the benefit of Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 6) (a "**Payment**") would be subject to the excise tax imposed by Section 4999 of the Code or if any interest or penalties are incurred by Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, being hereafter collectively referred to as the "**Excise Tax**"), then Executive shall be entitled to receive an additional payment (a "**Gross-Up Payment**") in an amount such that after payment by Executive of all taxes (including interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payment.

6.2 Subject to the provisions of Section 6.3, below, all determinations required to be made under this Section 6, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the accounting firm which is then serving as the auditors for Company (the "**Accounting Firm**"), which shall provide detailed supporting calculations both to Company and Executive within fifteen (15) business days of the receipt of notice from Executive that there has been a Payment, or such earlier time as is requested by Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity, or group effecting the Change of Control, Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by Company. Any Gross-Up Payment, as determined pursuant to this Section 6, shall be paid

by Company to Executive (or to the applicable taxing authority on Executive's behalf) within five (5) days of the receipt of the Accounting Firm's determination or, if later, on the due date for such taxes. If the Accounting Firm determines that no Excise Tax is payable by Executive, it shall furnish Executive with a written opinion that failure to report the Excise Tax on Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any good faith determination by the Accounting Firm shall be binding upon Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by Company should have been made (" **Underpayment**"), consistent with the calculations required to be made hereunder. In the event that Company exhausts its remedies pursuant to Section 6.3, below, and Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by Company to or for the benefit of Executive.

6.3 Executive shall notify Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by Company of a Gross-Up Payment. Such notification shall be given as soon as practicable but no later than fifteen (15) business days after Executive is informed in writing of such claim and shall apprise Company of the nature of such claim and the date on which such claim is requested to be paid. Executive shall not pay such claim prior to the expiration of the thirty (30) day period following the date on which Executive gives such notice to Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If Company notifies Executive in writing prior to the expiration of such period that it desires to contest such claim, Executive shall:

6.3.1 Give Company any information reasonably requested by Company relating to such claim;

6.3.2 Take such action in connection with contesting such claim as Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by Company;

6.3.3 Cooperate with Company in good faith in order effectively to contest such claim; and

6.3.4 Permit Company to participate in any proceedings relating to such claim; provided, however, that Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limiting the foregoing provisions of this Section 6.3, Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner; and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as Company shall determine; provided further, however, that if Company

directs Executive to pay such claim and sue for a refund, Company shall advance the amount of such payment to Executive on an interest-free basis and shall indemnify and hold Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

6.4 If, after the receipt by Executive of an amount advanced by Company pursuant to Section 6.3 above, Executive becomes entitled to receive any refund with respect to such claim, Executive shall (subject to Company's complying with the requirements of said interest paid or credited thereon, after taxes applicable thereto) promptly pay such refund to Company. If, after the receipt by Executive of an amount advanced by Company pursuant to said Section 6.3, a determination is made that Executive shall not be entitled to any refund with respect to such claim and Company does not notify Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty (30) days after such determination, then such advance shall be forgiven and shall not be required to be repaid; and the amount of such advance shall offset, to the extent thereof, the amount of the Gross-Up Payment required to be paid.

6.5 Subject to any earlier time limits set forth in this Section 6, all payments and reimbursements to which Executive is entitled under this Section 6 shall be paid to or on behalf of Executive not later than the end of the taxable year of Executive next following the taxable year of Executive in which Executive (or Company, on Executive's behalf) remits the related taxes (or, in the event of an audit or litigation with respect to such tax liability, not later than the end of the taxable year of Executive next following the taxable year of Executive in which there is a final resolution of such audit or litigation (whether by reason of completion of the audit, entry of a final and non-appealable judgment, final settlement, or otherwise)).

7. No Set-Off or Mitigation.

Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which Company may have against Executive or others. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and, except as otherwise provided herein, such amounts shall not be reduced whether or not Executive obtains other employment.

8. Payment of Certain Expenses.

Company agrees to pay promptly as incurred and not less than on a monthly basis, to the fullest extent permitted by law, all legal fees and expenses which Executive may reasonably incur as a result of any contest by Company, Executive or others of the validity or enforceability of, or liability under, any provision of the Agreement (including as a result of any contest initiated by

Executive about the amount of any payment due pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code; provided, however, that Company shall not be obligated to make such payment with respect to any contest in which Company prevails over Executive, and, in such case, Executive shall return to Company any payments previously paid to or on behalf of Executive.

9. Indemnification.

To the fullest extent permitted by law, Company shall indemnify Executive (including the advancement of expenses) for any judgments, fines, amounts paid in settlement and reasonable expenses, including attorney's fees, incurred by Executive in connection with the defense of any lawsuit or other claim to which Executive is made a party by reason of being an officer, director or employee of Company or any of its Subsidiaries.

10. Miscellaneous.

10.1 Valid Obligation. This Agreement has been duly authorized, executed and delivered by Company and has been duly executed and delivered by Executive and is a legal, valid and binding obligation of Company and of Executive, enforceable in accordance with its terms.

10.2 No Conflicts. Executive represents and warrants that the performance by him of his duties hereunder will not violate, conflict with, or result in a breach of any provision of, any agreement to which he is a party.

10.3 Applicable Law. This Agreement shall be construed in accordance with the laws of the State of Illinois, without reference to Illinois' choice of law statutes or decisions.

10.4 Severability. The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any one or more of the provisions hereof shall not affect the validity or enforceability of any other provision. In the event any clause of this Agreement is deemed to be invalid, the parties shall endeavor to modify that clause in a manner which carries out the intent of the parties in executing this Agreement.

10.5 No Waiver. The waiver of a breach of any provision of this Agreement by any party shall not be deemed or held to be a continuing waiver of such breach or a waiver of any subsequent breach of any provision of this Agreement or as nullifying the effectiveness of such provision, unless agreed to in writing by the parties.

10.6 Notices. All demands, notices, requests, consents and other communications required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by facsimile machine (with a confirmation copy sent by one of the other methods authorized in this Section), or by commercial overnight delivery service, to the parties at the addresses set forth below:

To Company: Allscripts Healthcare Solutions, Inc.
222 Merchandise Mart Plaza
Suite 2024
Chicago, IL 60654
Attention: Company Secretary or General Counsel

To Executive: At the address or fax number most recently contained in Company's records

Notices shall be deemed given upon the earliest to occur of (i) receipt by the party to whom such notice is directed, if hand delivered; (ii) if sent by facsimile machine, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) such notice is sent if sent (as evidenced by the facsimile confirmed receipt) prior to 5:00 p.m. Central Time and, if sent after 5:00 p.m. Central Time, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) after which such notice is sent; or (iii) on the first business day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) following the day the same is deposited with the commercial carrier if sent by commercial overnight delivery service. Each party, by notice duly given in accordance therewith may specify a different address for the giving of any notice hereunder.

10.7 Assignment of Agreement. This Agreement shall be binding upon and inure to the benefit of Executive and Company, their respective successors and permitted assigns and Executive's heirs and personal representatives. Neither party may assign any rights or obligations hereunder to any person or entity without the prior written consent of the other party. This Agreement shall be personal to Executive for all purposes.

10.8 Entire Agreement; Amendments. Except as otherwise provided herein, this Agreement contains the entire understanding between the parties, and there are no other agreements or understandings between the parties with respect to Executive's employment by Company and his obligations thereto. Without limiting the generality of the preceding sentence, as of immediately prior to the Effective Time (but subject to the occurrence thereof), this Agreement shall supersede in its entirety the Employment Agreement, dated as of July 8, 2002, as amended, to which Executive and Company are parties (the "**Prior Employment Agreement**"), except that the provision of Section 6 of the Prior Agreement shall not be superseded and shall continue to apply in respect of the Merger, which the parties acknowledge constituted a Change of Control under the Prior Employment Agreement. Executive acknowledges that he is not relying upon any representations or warranties concerning his employment by Company except as expressly set forth herein. No amendment or modification to the Agreement shall be valid except by a subsequent written instrument executed by the parties hereto. In the event that the transactions contemplated by the Merger Agreement shall be abandoned or otherwise terminated, (i) this Agreement shall cease to be of force or effect, and (ii) the Prior Employment Agreement shall remain in full force and effect.

10.9 Dispute Resolution and Arbitration. The following procedures shall be used in the resolution of disputes:

10.9.1 Dispute. In the event of any dispute or disagreement between the parties under this Agreement (excluding an action for injunctive relief as provided in Section 5.4), the disputing party shall provide written notice to the other party that such dispute

exists. The parties will then make a good faith effort to resolve the dispute or disagreement. If the dispute is not resolved upon the expiration of fifteen (15) days from the date a party receives such notice of dispute, the entire matter shall then be submitted to arbitration as set forth in Section 10.9.2.

10.9.2 Arbitration. If the dispute or disagreement between the parties has not been resolved in accordance with the provisions of Section 10.9.1 above, then any such controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration to be held in Chicago, Illinois, in accordance with the rules of the American Arbitration Association then in effect. Any decision rendered herein shall be final and binding on each of the parties and judgment may be entered thereon in the appropriate state or federal court. The arbitrators shall be bound to strict interpretation and observation of the terms of this Agreement. Company shall pay the costs of arbitration.

10.10 Survival. For avoidance of doubt, the provisions of Sections 4.5, 5, 8 and 9 of this Agreement shall survive the expiration or earlier termination of the Employment Period.

10.11 Headings. Section headings used in this Agreement are for convenience of reference only and shall not be used to construe the meaning of any provision of this Agreement.

10.12 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument.

10.13 Taxes. Executive shall be solely responsible for taxes imposed on Executive by reason of any compensation and benefits provided under this Agreement and all such compensation and benefits shall be subject to applicable withholding.

10.14 Section 409A of the Code. It is intended that this Agreement will comply with Section 409A of the Code (and any regulations and guidelines issued thereunder) to the extent the Agreement is subject thereto, and the Agreement shall be interpreted on a basis consistent with such intent. If an amendment of the Agreement is necessary in order for it to comply with Section 409A, the parties hereto will negotiate in good faith to amend the Agreement in a manner that preserves the original intent of the parties to the extent reasonably possible. No action or failure by Company in good faith to act, pursuant to this Section 10.14, shall subject Company to any claim, liability, or expense, and Company shall not have any obligation to indemnify or otherwise protect Executive from the obligation to pay any taxes pursuant to Section 409A of the Code.

In addition, notwithstanding any provision to the contrary in this Agreement, if Executive is deemed on the date of his "separation from service" (within the meaning of Treas. Reg. Section 1.409A-1(h)) to be a "specified employee" (within the meaning of Treas. Reg. Section 1.409A-1(i)), then with regard to any payment that is required to be delayed pursuant to Section 409A(a)(2)(B) of the Code (the "**Delayed Payments**"), such payment shall not be made prior to the earlier of (i) the expiration of the six (6) month period measured from the date of his "separation from service" and (ii) the date of his death. Any payments due under this Agreement other than the Delayed Payments shall be paid in accordance with the normal payment dates specified herein. In no case will the delay of

any of the Delayed Payments by Company constitute a breach of Company's obligations under this Agreement. For all purposes under this Agreement, reference to Executive's "termination of employment" (and corollary terms) with Company shall be construed to refer to Executive's "separation from service" (as determined under Treas. Reg. Section 1.409A-1(h), as uniformly applied by Company) with Company.

In addition, to the extent that any reimbursement, fringe benefit or other, similar plan or arrangement in which Executive participates during the term of Executive's employment under this Agreement or thereafter provides for a "deferral of compensation" within the meaning of Section 409A of the Code, (i) the amount eligible for reimbursement or payment under such plan or arrangement in one calendar year may not affect the amount eligible for reimbursement or payment in any other calendar year (except that a plan providing medical or health benefits may impose a generally applicable limit on the amount that may be reimbursed or paid), and (ii) subject to any shorter time periods provided herein, any reimbursement or payment of an expense under such plan or arrangement must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred.

10.15 Payment by Subsidiaries. Executive acknowledges and agrees that Company may satisfy its obligations to make payments to Executive under this Agreement by causing one or more of its subsidiaries to make such payments to Executive. Executive agrees that any such payment made by any such subsidiary shall fully satisfy and discharge Company's obligation to make such payment to Executive hereunder (but only to the extent of such payment).

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written, to be effective at the Effective Time.

/s/ Lee A. Shapiro

Lee A. Shapiro

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

/s/ William J. Davis

By: William J. Davis

Title: CFO

Appendix A

Required Share Ownership

At all times during the Employment Period, Executive shall retain shares of Company common stock with a fair market value as shown in the following schedule. For this purpose, "fair market value" shall be determined on the first day of the applicable portion of the Employment Period by reference to the closing price of the Company common stock on such date as reported on the principal exchange on which the Company common stock is traded. Options to purchase Company common stock, restricted Company common stock and restricted stock units denominated in shares of Company common stock shall be included for purposes of determining whether these guidelines are satisfied, except that the fair market value with respect to an option shall be reduced by the exercise price with respect to such option. At the Company's reasonable request, the Executive shall provide the Company with evidence to the Company's satisfaction that the Executive is in compliance with these guidelines.

| <u>During the following portion of the Employment Period:</u> | <u>Fair market value to be maintained during applicable portion of the Employment Period:</u> |
|---|---|
| From the Effective Date until the day prior to the first anniversary of the Effective Date: | 100% of the Executive's Base Salary on the Effective Date. |
| From the first anniversary of the Effective Date until the day prior to the second anniversary of the Effective Date: | 66% of the Executive's Base Salary on the Effective Date. |
| From the second anniversary of the Effective Date until the day prior to the third anniversary of the Effective Date: | 33% of the Executive's Base Salary on the Effective Date. |
| From and after the third anniversary of the Effective Date: | 0 |

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “**Agreement**”) is made as of this 17th day of March, 2008, by and between Allscripts Healthcare Solutions, Inc., a corporation organized and existing under the laws of the State of Delaware (“**Company**”) and William J. Davis (“**Executive**”).

RECITALS

WHEREAS, Company and Misys Healthcare Systems LLC have entered into an Agreement and Plan of Merger, dated as of March 17, 2008 (the “**Merger Agreement**”), pursuant to which (among other transactions contemplated in the Merger Agreement), at the “**Effective Time**” (as defined in the Merger Agreement), a subsidiary of Company shall be merged with and into Misys Healthcare Systems LLC (such merger, the “**Merger**”);

WHEREAS, Executive currently serves as Chief Financial Officer of Company;

WHEREAS, Company desires to continue to employ Executive in such position(s) following the Effective Time, subject to the terms and conditions of this Agreement; and

WHEREAS, Executive desires to be employed by Company in the aforesaid capacity subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the foregoing premises, of the mutual agreements and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows, effective as of immediately prior to the Effective Time (but subject to the consummation of the Merger):

AGREEMENT

1. Employment.

Company hereby agrees to employ Executive, and Executive hereby accepts employment, as Chief Financial Officer of Company, pursuant to the terms of this Agreement. Executive shall have the duties and responsibilities and perform such administrative and managerial services of that position as are set forth in the bylaws of Company (the “**Bylaws**”) or as shall be delegated or assigned to Executive by the Chief Executive Officer of Company from time to time. Executive shall carry out his responsibilities hereunder on a full-time basis for and on behalf of Company; provided that Executive shall be entitled to devote time to outside boards of directors, personal investments, civic and charitable activities, and personal education and development, so long

as such activities do not interfere with or conflict with Executive's duties hereunder. Notwithstanding the foregoing, Executive agrees that, during the term of this Agreement, Executive shall not act as an officer of any entity other than Company without the prior written consent of Company.

2. Effective Date and Term.

The term of Executive's employment by Company under this Agreement (the "**Employment Period**") shall commence as of the date on which the Effective Time occurs (the "**Effective Date**") and shall continue in effect through the third anniversary of the Effective Date, unless earlier terminated as provided herein. Thereafter, unless Company or Executive shall elect not to renew the Employment Period upon the expiration of the initial term or any renewal term, which election shall be made by providing written notice of nonrenewal to the other party at least ninety (90) days prior to the expiration of the then current term, the Employment Period shall be extended for an additional twelve (12) months. If Company elects not to renew the Employment Period at the end of the initial term or any renewal term, such nonrenewal shall be treated as a termination of the Employment Period and Executive's employment without Cause by Company for the limited purpose of determining the payments and benefits available to Executive (i.e., Executive shall be entitled to the severance/benefits set forth in Section 4.5.1). If Executive elects not to renew the Employment Period, the same shall constitute a termination of Executive's employment and the Employment Period by Executive without Cause, and Executive shall only be entitled to the payments and benefits set forth in Section 4.5.3.

3. Compensation and Benefits.

In consideration for the services Executive shall render under this Agreement, Company shall provide or cause to be provided to Executive the following compensation and benefits:

3.1 Base Salary. During the Employment Period, Company shall pay to Executive an annual base salary at a rate of \$425,000 per annum, subject to all appropriate federal and state withholding taxes, which base salary shall be payable in accordance with Company's normal payroll practices and procedures. Executive's base salary shall be reviewed annually prior to the beginning of each fiscal year of Company during the Employment Period by the Board of Directors of Company (the "**Board**"), or a committee of the Board, and may be increased in the sole discretion of the Board, or such committee of the Board, based on Executive's performance during the preceding Fiscal Year. For purposes of this Agreement, the term "**Fiscal Year**" shall mean the fiscal year of Company. Executive's base salary, as such base salary may be increased annually hereunder, is hereinafter referred to as the "**Base Salary.**"

3.2 Performance Bonus.

3.2.1 Executive shall be eligible to receive cash bonuses in accordance with this Section 3.2 (each a "**Performance Bonus**"). Payment of any Performance Bonus will be subject to the sole discretion of the Board or a committee of the Board in consultation with the Chief Executive Officer, and the amount of any such Performance Bonus will be determined by, and based upon criteria selected by, the Board or such committee in consultation with the Chief Executive Officer. Based upon the foregoing exercise

of discretion, Executive's target Performance Bonus shall be 50% of his salary (the "Target Performance Bonus"), but may, based on performance, exceed such amount. Performances Bonuses shall be paid according the terms of the bonus plan or program in which Executive participates from time to time; provided that any Performance Bonus for the period ending on the Effective Date shall be payable in calendar year 2009.

3.3 Benefits. During the Employment Period and as otherwise provided hereunder, Executive shall be entitled to the following:

3.3.1 Vacation. Executive shall be entitled to twenty (20) business days per Fiscal Year of paid vacation, such vacation time not to be cumulative (i.e., vacation time not taken in any Fiscal Year shall not be carried forward and used in any subsequent Fiscal Year).

3.3.2 Participation in Benefit Plans. Executive shall be entitled to health and/or dental benefits, including immediate coverage for Executive and his eligible dependents, which are generally available to Company's senior executive employees and as provided by Company in accordance with its group health insurance plan coverage. In addition, Executive shall be entitled to participate in any profit sharing plan, retirement plan, group life insurance plan or other insurance plan or medical expense plan maintained by Company for its senior executives generally, in accordance with the general eligibility criteria therein.

3.3.3 Physical Examination. Executive shall be entitled to receive reimbursement for the cost of one general physical examination per twelve (12) month period during the term of the Agreement from a physician chosen by Executive in his reasonable discretion.

3.3.4 Perquisites. Executive shall be entitled to such other benefits and perquisites that are generally available to Company's senior executive employees and as provided in accordance with Company's plans, practices, policies and programs for senior executive employees of Company.

3.3.5 Indemnification. Executive shall be entitled to indemnification (including immediate advancement of all legal fees with respect to any claim for indemnification) and directors' and officers' insurance coverage, to the extent made available to other senior executives, in accordance with the Bylaws and all other applicable policies and procedures of Company.

3.4 Expenses. Company shall reimburse Executive for proper and necessary expenses incurred by Executive in the performance of his duties under this Agreement from time to time upon Executive's submission to Company of invoices of such expenses in reasonable detail and subject to all standard policies and procedures of Company with respect to such expenses.

3.5 Stock Awards. Executive shall be eligible to participate in any applicable stock bonus, stock option, or similar plan implemented by Company and generally available to its senior executive employees. The amount of any awards made thereunder shall be in the sole discretion of the Board or a committee of the Board. The Company intends to recommend to the Compensation

Committee of the Board that Company grant to the Executive, immediately following the Effective Date, an award of Company restricted stock or restricted stock units with grant-date value of \$2,000,000, which award shall vest over a four-year period, in accordance with Company's customary vesting schedule; provided, however, that if the full amount of such equity grant (up to 20% of which grant may be made under an equity plan or program of Misys plc in accordance with the terms and provisions of such equity plan or program) has not occurred within 7 days following the Effective Date, this Agreement shall terminate and be of no further force and effect and the Prior Employment Agreement (as hereinafter defined) shall remain in effect.

3.6 Consummation and Retention Bonus.

3.6.1 On the later to occur of (i) the tenth day after the Effective Date and (ii) January 2, 2009, Company shall pay Executive a cash lump sum payment equal to \$1,083,750 (the "**Retention Payment**"). If the Retention Payment is to be made on a date later than the tenth day after the Effective Date as provided above, within 10 days of the Effective Date Company shall establish a "rabbi trust" and deposit the amounts payable under this Section 3.6.1 into such trust, which amounts shall accumulate interest calculated at the short-term Applicable Federal Rate for the month in which the Effective Date occurs and the Retention Payment (including accumulated interest) shall be made from such trust to Executive.

3.6.2 In addition, so long as (i) Executive has remained continuously employed from the Effective Date through the first anniversary of the Effective Date, (ii) Executive's employment is terminated by Company without Cause prior to the first anniversary of the Effective Date or (iii) Executive terminates employment for Constructive Discharge, Company shall pay Executive a cash lump sum equal to \$191,250, on the tenth day after the first anniversary of the Effective Date.

3.7 Payment upon a Change of Control. So long as Executive has remained continuously employed from the Effective Date through the date of a Change of Control, (i) all unvested Company equity awards held by executive shall vest upon the Change of Control, and (ii) Company shall pay Executive, within ten (10) days following the occurrence of the Change of Control, a cash lump sum equal to the sum of Executive's Base Salary and Target Performance Bonus. In addition, if a Change of Control occurs, and, prior to the Change of Control, Company or representatives of the third party effecting the Change of Control (as applicable) do not offer Executive a Comparable Job following the Change of Control, then, so long as Executive has remained continuously employed from the Effective Date through the date of a Change of Control, whether or not Executive continues to be employed by Company or a successor to Company following the Change of Control, Company will pay Executive, within ten (10) days following the occurrence of the Change of Control, an additional cash lump sum equal to the sum of Executive's Base Salary and Target Performance Bonus (the "**Additional Change of Control Payment**"). For purposes of this Agreement, a "**Comparable Job**" shall mean employment following the Change of Control (i) with substantially the same duties and responsibilities as were held by Executive prior to the Change of Control (excluding, for this purpose, changes following the Change of Control (x) to Executive's reporting responsibilities and (y) arising by reason of Company ceasing to be a public company), (ii) at the same location at which Executive provides services prior to the Change of Control or a location within fifty (50) miles of such location and (iii) at the same or increased Base Salary and Target Performance Bonus levels as were in effect prior to the Change of Control.

4. Termination of the Services Prior To the Expiration Date.

Executive's employment hereunder and the Employment Period may be terminated at any time as follows (the effective date of such termination hereinafter referred to as the "**Termination Date**"):

4.1 Termination upon Death or Disability of Executive.

4.1.1 Executive's employment hereunder and the Employment Period shall terminate immediately upon the death of Executive. In such event, all rights of Executive and/or Executive's estate (or named beneficiary) shall cease except for the right to receive payment of the amounts set forth in Section 4.5.4 of the Agreement.

4.1.2 Company may terminate Executive's employment hereunder and the Employment Period upon the disability of Executive. For purposes of this Agreement, Executive shall be deemed to be "disabled" if Executive, as a result of illness or incapacity, shall be unable to perform substantially his required duties for a period of three (3) consecutive months or for any aggregate period of three (3) months in any six (6) month period. In the event of a dispute as to whether Executive is disabled, Company may refer Executive to a licensed practicing physician of Company's choice, and Executive agrees to submit to such tests and examination as such physician shall deem appropriate to determine Executive's capacity to perform the services required to be performed by Executive hereunder. In such event, the parties hereby agree that the decision of such physician as to the disability of Executive's shall be final and binding on the parties. Any termination of the Employment Period under this Section 4.1.2 shall be effected without any adverse effect on Executive's rights to receive benefits under any disability policy of Company, but shall not be treated as a termination without Cause.

4.2 Termination by Company for Cause. Company may terminate Executive's employment hereunder and the Employment Period for Cause (as defined herein) upon written notice to Executive, which termination shall be effective on the date specified by Company in such notice; provided, however, that Executive shall have a period of ten (10) days (or such longer period not to exceed thirty (30) days as would be reasonably required for Executive to cure such action or inaction) after the receipt of the written notice from Company to cure the particular action or inaction, to the extent a cure is possible. For purposes of this Agreement, the term "**Cause**" shall mean:

4.2.1 the willful or grossly negligent failure by Executive to perform his duties and obligations hereunder in any material respect, other than any such failure resulting from the disability of Executive;

4.2.2 Executive's conviction of a crime or offense involving the property of Company, or any crime or offense constituting a felony or involving fraud or moral turpitude; provided that, in the event that Executive is arrested or indicted for a crime or offense related to any of the foregoing, then Company may, at its option, place Executive on paid leave of absence, pending the final outcome of such arrest or indictment;

4.2.3 Executive's violation of any law, which violation is materially and demonstrably injurious to the operations or reputation of Company;

4.2.4 Executive's material violation of any generally recognized policy of Company or Executive's refusal to follow the lawful directions of the Chief Executive Officer, or Executive's insubordination to his supervisor; or

4.2.5 Executive's failure during the Employment Period to retain the number shares of Receiver common stock set forth in Appendix A for a period of more than 30 days.

4.3 Termination without Cause. Either party may terminate Executive's employment and the Employment Period without Cause upon thirty (30) days' prior written notice to the other party. Upon termination of Executive's employment with Company for any reason, Executive shall be deemed to have resigned from all positions with the other members of Company and its subsidiaries (provided, that any such deemed resignations shall not affect Executive's entitlement (if any) to severance pay and benefits hereunder).

4.4 Termination by Executive for Constructive Discharge.

4.4.1 Executive may terminate Executive's employment and the Employment Period, in accordance with the process set forth below, a result of a Constructive Discharge. For purposes of this Agreement "**Constructive Discharge**" shall mean the occurrence of any of the following after the Effective Time:

- (i) a failure of Company to meet its obligations in any material respect under this Agreement, including, without limitation, (x) any reduction in the Base Salary or (y) any failure to pay the Base Salary (other than, in the case of clause (y), the inadvertent failure to pay a de minimis amount of the Base Salary, which payment is immediately made by Company upon notice from Executive);
- (ii) a material diminution in or other substantial adverse alteration in the nature or scope of Executive's responsibilities with Company from those in effect immediately following the Effective Time (it being understood that Company will have appointed an Executive Chairman as of the Effective Time who will serve as an officer of Company and take an active role in the management and operation of Company); or
- (iii) Executive has been asked to relocate his principal place of business to a location that is more than fifty (50) miles from Company's offices located at the Merchandise Mart Plaza, Chicago, Illinois.

4.4.2 For purposes of this Agreement, a “**Change of Control**” shall mean any one of the following events following the Effective Date (it being understood that the consummation of the Merger and the other transactions contemplated by the Merger Agreement, individually or collectively, shall not constitute a Change of Control):

- (i) the date of acquisition by any person or group other than Parent or any affiliate of Parent or any subsidiary of the Company (or any employee benefit plans (or related trust) of the Company or any of its subsidiaries or Parent) acquires beneficial ownership of securities possessing more than thirty percent (30%) of the total combined voting power of the Company Group’s then outstanding voting securities which generally entitle the holder thereof to vote for the election of directors (“**Voting Power**”), provided, however, that no Change of Control shall be deemed to have occurred solely by reason of any such acquisition by a corporation with respect to which, after such acquisition, more than sixty percent (60%) of the then outstanding shares of common stock of such corporation and the Voting Power of such corporation are then beneficially owned, directly or indirectly, by the persons who were the beneficial owners of the stock and Voting Power of Company immediately before such acquisition, in substantially the same proportions as their ownership immediately before such acquisition; or
- (ii) the date the individuals who constitute the Board as of immediately following the Effective Time (the “**Incumbent Board**”) cease for any reason other than their deaths to constitute at least a majority of the Board; provided that any individual who becomes a director after the Effective Time whose election or nomination for election by Company’s stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered, for purposes of this Section, as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of Company (as such terms are used in Rule 14a-11 under the 1934 Act); or
- (iii) Company effects (a) a merger or consolidation of Company with one or more corporations or entities, as a result of which the holders of the outstanding Voting Stock of Company immediately prior to such merger, reorganization or consolidation hold less than 50% of the Voting Power of the surviving or resulting corporation or entity immediately after such merger or consolidation; (b) a liquidation or dissolution of Company; or (c) a sale or other disposition of all or substantially all of the assets of Company other than to an entity of which Company owns at least 50% of the Voting Power;

provided, however, that in no event shall the acquisition by any person or group of the beneficial ownership of any amount of stock or voting securities of Parent (including an acquisition by a merger, reorganization or consolidation) constitute a Change of Control.

4.4.3 For purposes of the foregoing definition, the terms “beneficially owned” and “beneficial ownership” and “person” shall have the meanings ascribed to them in SEC rules 13d-5(b) under the 1934 Act, and “group” means two or more persons acting together in such a way to be deemed a person for purposes of Section 13(d) of the 1934 Act. Further, notwithstanding anything herein

to the contrary, the definition of Change of Control set forth herein shall not be broader than the definition of “change in control event” as set forth under Section 409A of the Code, and the guidance promulgated thereunder, and if a transaction or event does not otherwise fall within such definition of change of control event, it shall not be deemed a Change of Control for purposes of this Agreement.

4.4.4 In the event of a Constructive Discharge, Executive shall have the right to terminate his employment hereunder and receive the benefits set forth in Section 4.5.1 below, upon delivery of written notice to Company no later than the close of business on the sixtieth (60th) day following the effective date of a Constructive Discharge; provided, however, that such termination shall not be effective until the expiration of thirty (30) days after receipt by Company of such written notice if Company has not cured such Constructive Discharge within the 30-day period. If Company so effects a cure, the Constructive Discharge notice shall be deemed rescinded and of no force or effect. Notwithstanding the foregoing, such notice and lapse of time shall not be required with respect to any event or circumstance which is the same or substantially the same as an event or circumstance with respect to which notice and an opportunity to cure has been given within the previous six (6) months. The effective date of a Constructive Discharge shall be the date of the Executive’s “separation from service” (within the meaning of Treas. Reg. Section 1.409A-1(h)).

4.5 Rights upon Termination. Upon termination of Executive’s employment and the Employment Period, the following shall apply:

4.5.1 Termination by Company Without Cause or for Constructive Discharge. If Company terminates Executive’s employment and the Employment Period without Cause, or if Executive terminates Executive’s employment and the Employment Period as a result of a Constructive Discharge, in each case either (x) prior to a Change of Control, or (y) after the second anniversary of a Change of Control, Executive shall be entitled to receive payment of any Base Salary amounts that have accrued but have not been paid as of the Termination Date, and the unpaid Performance Bonus, if any, with respect to the Fiscal Year preceding the Fiscal Year in which the Termination Date occurs (such Performance Bonus, if any, to be determined in the manner that it would have been determined, and payable at the time it would have been payable, under Section 3.2 had there been no termination of the Employment Period). In addition, subject to Sections 4.5.2 and 4.7, below, Company shall, subject to Section 10.14, be obligated to pay Executive (or provide Executive with) the following benefits as severance:

- (i) provided such termination is after the first anniversary of the Effective Date, an amount equal to Executive’s Base Salary plus Executive’s Target Performance Bonus, payable in twelve (12) equal monthly installments commencing on the Termination Date, such amount to be payable regardless of whether Executive obtains other employment and is compensated therefor (but only so long as Executive is not in violation of Section 5 hereof) (with the first two installments to be paid on the sixtieth (60th) day following the Termination Date and the remaining ten (10) installments being paid on the ten following monthly anniversaries of such date);

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- (ii) continuation of Executive's then current enrollment (including family enrollment, if applicable) in all health and/or dental insurance benefits set forth in Section 3.2.2 for a period of twelve (12) months following the Termination Date, with Executive's contribution to such plans as if Executive were employed by Company, such contributions to be paid by Executive in the same period (e.g., monthly, bi-weekly, etc.) as all other employees of Company; provided, however that Company may terminate such coverage if payment from Executive is not made within ten (10) days of the date on which Executive receives written notice from Company that such payment is due; and provided, further, that such benefits may be discontinued earlier to the extent that Executive becomes entitled to comparable benefits from a subsequent employer; and
 - (iii) provided such termination is after the first anniversary of the Effective Date, upon the Termination Date (or, for awards subject to the satisfaction of a performance condition, subject to the satisfaction of such performance condition and upon the satisfaction of such performance condition, and based on the level of performance achieved) a pro-rata portion of any unvested stock option, restricted stock, restricted stock unit or other equity award granted to Executive pursuant to Section 3.5 equal shall vest, which pro-rata portion shall be equal to (a) the number of shares of such award that would vest on the normal vesting date of such award, multiplied by (b) a fraction, the numerator of which is the number of days elapsed since the last regular vesting date of such award (or the grant date, if no portion of such award has yet vested), and the denominator of which is the number of days between the last regular vesting date (or grant date, as the case may be) and the normal vesting date.

4.5.2 Severance Upon Termination following a Change of Control. If Executive terminates Executive's employment and the Employment Period pursuant to Section 4.4 or Company terminates Executive's employment pursuant to Section 4.3 within the period beginning on the date of a Change of Control and ending on the second anniversary of the Change of Control, then Executive shall, subject to Section 4.7, be entitled to receive the benefits described in Sections 4.5.1(ii) (but not the payments described in Section 4.5.1(i)) and a lump sum amount of cash equal to (x) the sum of (A) Executive's Base Salary plus (B) Executive's Target Performance Bonus minus (y) the Additional Change of Control Payment, if previously paid to Executive (or, if clause (x) minus clause (y) would produce a negative number, then the payment pursuant to this Section 4.5.2 shall be zero). Subject to Sections 10.14, the lump sum to which Executive is entitled hereunder shall be paid on the sixtieth (60th) day following the Termination Date.

4.5.3 Termination With Cause by Company or Without Constructive Discharge by Executive. If Company terminates Executive's employment and the Employment Period with Cause, or if Executive terminates Executive's employment and the Employment Period other than as a result of a Constructive Discharge, Company shall be obligated to pay Executive (i) any Base

Salary amounts that have accrued but have not been paid as of the Termination Date; and **(ii)** subject to Section 10.14, the unpaid Performance Bonus, if any, with respect to the Fiscal Year preceding the Fiscal Year in which the Termination Date occurs (such Performance Bonus, if any, to be determined in the manner it would have been determined, and payable at the time it would have been payable, under Section 3.2 had there been no termination of the Employment Period).

4.5.4 Termination Upon Death or Disability. If Executive's employment and the Employment Period is terminated because of the death or disability of Executive, Company shall, subject to Section 10.14, be obligated to pay Executive or, if applicable, Executive's estate, the following amounts: **(i)** earned but unpaid Base Salary; and **(ii)** the unpaid Performance Bonus, if any, with respect to the Fiscal Year preceding the Fiscal Year in which the Termination Date occurs (such Performance Bonus, if any, to be determined in the manner it would have been determined, and payable at the time it would have been payable, under Section 3.2 had there been no termination of the Employment Period).

4.6 Effect of Notice of Termination. Any notice of termination by Company, whether for Cause or without Cause, may specify that, during the notice period, Executive need not attend to any business on behalf of Company.

4.7 Requirement of a Release; Exclusivity of Severance Payments under this Agreement. As a condition to the receipt of the severance payments and termination benefits to be provided to Executive pursuant to this Section 4 upon termination of Executive's employment, Executive shall execute and deliver to Company a general release of employment claims against Company and its affiliates in a form reasonably satisfactory to Company within forty-five (45) days following the Termination Date (provided, that Executive shall not be required to release any rights under this Agreement). In addition, the severance payments and termination benefits to be provided to Executive pursuant to this Section 4 upon termination of Executive's employment shall constitute the exclusive payments in the nature of severance or termination pay or salary continuation which shall be due to Executive upon a termination of employment and shall be in lieu of any other such payments under any severance plan, program, policy or other arrangement which has heretofore been or shall hereafter be established by Company or any of its affiliates.

5. Noncompetition and Confidentiality.

5.1 Covenant Not to Compete. During the Employment Period and for a period of one (1) year after the expiration or earlier termination of the Employment Period, Executive shall not, **(i)** directly or indirectly act in concert or conspire with any person employed by Company or any of its Subsidiaries in order to engage in or prepare to engage in or to have a financial or other interest in any business which is a Direct Competitor (as defined below); or **(ii)** serve as an employee, agent, partner, shareholder, director or consultant for, or in any other capacity participate, engage or have a financial or other interest in any business which is a Direct Competitor (provided, however, that notwithstanding anything to the contrary contained in this Agreement, Executive may own up to two percent (2%) of the outstanding shares of the capital stock of a company whose securities are registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "1934 Act"). For purposes of this Agreement, the term "**Direct Competitor**" shall

mean any person or entity engaged in the business of marketing or providing within the continental United States prescription products or services for pharmacy benefit management products or services, including, without limitation, (i) prepackaged prescription products or services, (ii) point of care pharmacy dispensing systems, (iii) point of care decision support software for physicians, (iv) mail service pharmacy products or services, (v) pharmaceuticals or pharmaceutical delivery systems, (vi) electronic medical record or practice management software, (vii) homecare, home health or hospice support software, and (viii) electronic processing of healthcare transactions.

5.2 No Solicitation of Employees. During the Employment Period and for a period of one (1) year following the expiration or earlier termination of the Employment Period for any reason, Executive shall not, directly or indirectly, whether for its own account or for the account of any other individual or entity, (i) employ, hire or solicit for employment, or attempt to employ, hire or solicit for employment, any Employee (as defined below), (ii) divert or attempt to divert, directly or indirectly, or otherwise interfere in a material fashion with or circumvent the relationship of Company or any of its Subsidiaries with, any Employees, or (iii) induce or attempt to induce, directly or indirectly, any Employee to terminate his employment or other business relationship with Company or any of its Subsidiaries. For purposes of this Section 5.2, "Employee" shall mean any person who is or was employed by Company or any of its Subsidiaries during the Employment Period; provided, however, that "**Employee**" shall not include any person (a) whose employment with Company or a Subsidiary of Company was terminated by Company or such Subsidiary without cause, or (b) who was not employed by Company or any of its Subsidiaries at any time during the six (6) month period immediately prior to the Termination Date.

5.3 Confidential Information. Company has advised Executive, and Executive acknowledges, that it is the policy of Company to maintain as secret and confidential all Protected Information (as defined below), and that Protected Information has been and will be developed at substantial cost and effort to Company and its Subsidiaries. Executive shall not at any time, directly or indirectly divulge, furnish or make accessible to any person, firm, corporation, association or other entity (otherwise than as may be required in the regular course of Executive's employment), nor use in any manner, either during the Employment Period or after the termination of the Employment Period for any reason, any Protected Information, or cause any such information of Company or any of its Subsidiaries to enter the public domain, except as required by law or court order. "**Protected Information**" means trade secrets, confidential and proprietary business information of Company, and any other information of Company or any of its Subsidiaries, including, without limitation, customer lists (including potential customers), sources of supply, processes, plans, materials, pricing information, internal memoranda, marketing plans, internal policies, and products and services which may be developed from time to time by Company or any of its Subsidiaries and the agents or employees of any of them, including Executive; provided, however, that information that is in the public domain (other than as a result of a breach of this Agreement), approved for release by Company or a Subsidiary (as applicable) or lawfully obtained from third parties who are not bound by a confidentiality agreement with Company or any of its Subsidiaries, is not Protected Information.

5.4 Injunctive Relief. Executive acknowledges and agrees that the restrictions imposed upon him by this Section 5 and the purpose for such restrictions are reasonable and are designed to protect the Protected Information and the continued success of Company without unduly restricting Executive's future employment by others. Furthermore, Executive acknowledges that in view of the Protected Information of Company and its Subsidiaries which Executive has or will acquire or has or will have access to and the necessity of the restriction contained in this Section 5, any violation of the provisions of this Section 5 would cause irreparable injury to Company and its successors in interest with respect to the resulting disruption in their operations. By reason of the foregoing, Executive consents and agrees that if he violates any of the provisions of this Section 5, Company and its successors in interest, as the case may be, shall be entitled, in addition to any other remedies that they may have, including monetary damages, to an injunction to be issued by a court of competent jurisdiction, restraining Executive from committing or continuing any violation of this Section 5.

6. Certain Additional Payments by Company.

Company agrees that:

6.1 Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by Company to or for the benefit of Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 6) (a "**Payment**") would be subject to the excise tax imposed by Section 4999 of the Code or if any interest or penalties are incurred by Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, being hereafter collectively referred to as the "**Excise Tax**"), then Executive shall be entitled to receive an additional payment (a "**Gross-Up Payment**") in an amount such that after payment by Executive of all taxes (including interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payment.

6.2 Subject to the provisions of Section 6.3, below, all determinations required to be made under this Section 6, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the accounting firm which is then serving as the auditors for Company (the "**Accounting Firm**"), which shall provide detailed supporting calculations both to Company and Executive within fifteen (15) business days of the receipt of notice from Executive that there has been a Payment, or such earlier time as is requested by Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity, or group effecting the Change of Control, Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by Company. Any Gross-Up Payment, as determined pursuant to this Section 6, shall be paid by Company to Executive (or to the applicable taxing authority on Executive's behalf) within five (5) days of the receipt of the Accounting Firm's determination or, if later, on the due date for such taxes. If the Accounting Firm determines that no Excise Tax is

payable by Executive, it shall furnish Executive with a written opinion that failure to report the Excise Tax on Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any good faith determination by the Accounting Firm shall be binding upon Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by Company should have been made (" **Underpayment**"), consistent with the calculations required to be made hereunder. In the event that Company exhausts its remedies pursuant to Section 6.3, below, and Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by Company to or for the benefit of Executive.

6.3 Executive shall notify Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by Company of a Gross-Up Payment. Such notification shall be given as soon as practicable but no later than fifteen (15) business days after Executive is informed in writing of such claim and shall apprise Company of the nature of such claim and the date on which such claim is requested to be paid. Executive shall not pay such claim prior to the expiration of the thirty (30) day period following the date on which Executive gives such notice to Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If Company notifies Executive in writing prior to the expiration of such period that it desires to contest such claim, Executive shall:

6.3.1 Give Company any information reasonably requested by Company relating to such claim;

6.3.2 Take such action in connection with contesting such claim as Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by Company;

6.3.3 Cooperate with Company in good faith in order effectively to contest such claim; and

6.3.4 Permit Company to participate in any proceedings relating to such claim; provided, however, that Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limiting the foregoing provisions of this Section 6.3, Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner; and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as Company shall determine; provided further, however, that if Company directs Executive to pay such claim and sue for a refund, Company shall advance the amount of such payment to Executive on an interest-free basis and shall indemnify and hold Executive harmless, on an after-tax basis, from any Excise Tax or income tax

(including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

6.4 If, after the receipt by Executive of an amount advanced by Company pursuant to Section 6.3 above, Executive becomes entitled to receive any refund with respect to such claim, Executive shall (subject to Company's complying with the requirements of said interest paid or credited thereon, after taxes applicable thereto) promptly pay such refund to Company. If, after the receipt by Executive of an amount advanced by Company pursuant to said Section 6.3, a determination is made that Executive shall not be entitled to any refund with respect to such claim and Company does not notify Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty (30) days after such determination, then such advance shall be forgiven and shall not be required to be repaid; and the amount of such advance shall offset, to the extent thereof, the amount of the Gross-Up Payment required to be paid.

6.5 Subject to any earlier time limits set forth in this Section 6, all payments and reimbursements to which Executive is entitled under this Section 6 shall be paid to or on behalf of Executive not later than the end of the taxable year of Executive next following the taxable year of Executive in which Executive (or Company, on Executive's behalf) remits the related taxes (or, in the event of an audit or litigation with respect to such tax liability, not later than the end of the taxable year of Executive next following the taxable year of Executive in which there is a final resolution of such audit or litigation (whether by reason of completion of the audit, entry of a final and non-appealable judgment, final settlement, or otherwise)).

7. No Set-Off or Mitigation.

Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which Company may have against Executive or others. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and, except as otherwise provided herein, such amounts shall not be reduced whether or not Executive obtains other employment.

8. Payment of Certain Expenses.

Company agrees to pay promptly as incurred and not less than on a monthly basis, to the fullest extent permitted by law, all legal fees and expenses which Executive may reasonably incur as a result of any contest by Company, Executive or others of the validity or enforceability of, or liability under, any provision of the Agreement (including as a result of any contest initiated by Executive about the amount of any payment due pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code; provided, however, that Company shall not be obligated to make such payment with respect to any contest in which Company prevails over Executive, and, in such case, Executive shall return to Company any payments previously paid to or on behalf of Executive.

9. Indemnification.

To the fullest extent permitted by law, Company shall indemnify Executive (including the advancement of expenses) for any judgments, fines, amounts paid in settlement and reasonable expenses, including attorney's fees, incurred by Executive in connection with the defense of any lawsuit or other claim to which Executive is made a party by reason of being an officer, director or employee of Company or any of its Subsidiaries.

10. Miscellaneous.

10.1 Valid Obligation. This Agreement has been duly authorized, executed and delivered by Company and has been duly executed and delivered by Executive and is a legal, valid and binding obligation of Company and of Executive, enforceable in accordance with its terms.

10.2 No Conflicts. Executive represents and warrants that the performance by him of his duties hereunder will not violate, conflict with, or result in a breach of any provision of, any agreement to which he is a party.

10.3 Applicable Law. This Agreement shall be construed in accordance with the laws of the State of Illinois, without reference to Illinois' choice of law statutes or decisions.

10.4 Severability. The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any one or more of the provisions hereof shall not affect the validity or enforceability of any other provision. In the event any clause of this Agreement is deemed to be invalid, the parties shall endeavor to modify that clause in a manner which carries out the intent of the parties in executing this Agreement.

10.5 No Waiver. The waiver of a breach of any provision of this Agreement by any party shall not be deemed or held to be a continuing waiver of such breach or a waiver of any subsequent breach of any provision of this Agreement or as nullifying the effectiveness of such provision, unless agreed to in writing by the parties.

10.6 Notices. All demands, notices, requests, consents and other communications required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by facsimile machine (with a confirmation copy sent by one of the other methods authorized in this Section), or by commercial overnight delivery service, to the parties at the addresses set forth below:

To Company: Allscripts Healthcare Solutions, Inc.
222 Merchandise Mart Plaza
Suite 2024
Chicago, IL 60654
Attention: Company Secretary or General Counsel

To Executive: At the address or fax number most recently contained in Company's records

Notices shall be deemed given upon the earliest to occur of (i) receipt by the party to whom such notice is directed, if hand delivered; (ii) if sent by facsimile machine, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) such notice is sent if sent (as evidenced by the facsimile confirmed receipt) prior to 5:00 p.m. Central Time and, if sent after 5:00 p.m. Central Time, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) after which such notice is sent; or (iii) on the first business day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) following the day the same is deposited with the commercial carrier if sent by commercial overnight delivery service. Each party, by notice duly given in accordance therewith may specify a different address for the giving of any notice hereunder.

10.7 Assignment of Agreement. This Agreement shall be binding upon and inure to the benefit of Executive and Company, their respective successors and permitted assigns and Executive's heirs and personal representatives. Neither party may assign any rights or obligations hereunder to any person or entity without the prior written consent of the other party. This Agreement shall be personal to Executive for all purposes.

10.8 Entire Agreement; Amendments. Except as otherwise provided herein, this Agreement contains the entire understanding between the parties, and there are no other agreements or understandings between the parties with respect to Executive's employment by Company and his obligations thereto. Without limiting the generality of the preceding sentence, as of immediately prior to the Effective Time (but subject to the occurrence thereof), this Agreement shall supersede in its entirety the Employment Agreement, dated as of October 8, 2002, as amended, to which Executive and Company are parties (the "**Prior Employment Agreement**"), except that the provision of Section 6 of the Prior Agreement shall not be superseded and shall continue to apply in respect of the Merger, which the parties acknowledge constituted a Change of Control under the Prior Employment Agreement. Executive acknowledges that he is not relying upon any representations or warranties concerning his employment by Company except as expressly set forth herein. No amendment or modification to the Agreement shall be valid except by a subsequent written instrument executed by the parties hereto. In the event that the transactions contemplated by the Merger Agreement shall be abandoned or otherwise terminated, (i) this Agreement shall cease to be of force or effect, and (ii) the Prior Employment Agreement shall remain in full force and effect.

10.9 Dispute Resolution and Arbitration. The following procedures shall be used in the resolution of disputes:

10.9.1 Dispute. In the event of any dispute or disagreement between the parties under this Agreement (excluding an action for injunctive relief as provided in Section 5.4), the disputing party shall provide written notice to the other party that such dispute

exists. The parties will then make a good faith effort to resolve the dispute or disagreement. If the dispute is not resolved upon the expiration of fifteen (15) days from the date a party receives such notice of dispute, the entire matter shall then be submitted to arbitration as set forth in Section 10.9.2.

10.9.2 Arbitration. If the dispute or disagreement between the parties has not been resolved in accordance with the provisions of Section 10.9.1 above, then any such controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration to be held in Chicago, Illinois, in accordance with the rules of the American Arbitration Association then in effect. Any decision rendered herein shall be final and binding on each of the parties and judgment may be entered thereon in the appropriate state or federal court. The arbitrators shall be bound to strict interpretation and observation of the terms of this Agreement. Company shall pay the costs of arbitration.

10.10 Survival. For avoidance of doubt, the provisions of Sections 4.5, 5, 8 and 9 of this Agreement shall survive the expiration or earlier termination of the Employment Period.

10.11 Headings. Section headings used in this Agreement are for convenience of reference only and shall not be used to construe the meaning of any provision of this Agreement.

10.12 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument.

10.13 Taxes. Executive shall be solely responsible for taxes imposed on Executive by reason of any compensation and benefits provided under this Agreement and all such compensation and benefits shall be subject to applicable withholding.

10.14 Section 409A of the Code. It is intended that this Agreement will comply with Section 409A of the Code (and any regulations and guidelines issued thereunder) to the extent the Agreement is subject thereto, and the Agreement shall be interpreted on a basis consistent with such intent. If an amendment of the Agreement is necessary in order for it to comply with Section 409A, the parties hereto will negotiate in good faith to amend the Agreement in a manner that preserves the original intent of the parties to the extent reasonably possible. No action or failure by Company in good faith to act, pursuant to this Section 10.14, shall subject Company to any claim, liability, or expense, and Company shall not have any obligation to indemnify or otherwise protect Executive from the obligation to pay any taxes pursuant to Section 409A of the Code.

In addition, notwithstanding any provision to the contrary in this Agreement, if Executive is deemed on the date of his "separation from service" (within the meaning of Treas. Reg. Section 1.409A-1(h)) to be a "specified employee" (within the meaning of Treas. Reg. Section 1.409A-1(i)), then with regard to any payment that is required to be delayed pursuant to Section 409A(a)(2)(B) of the Code (the "**Delayed Payments**"), such payment shall not be made prior to the earlier of (i) the expiration of the six (6) month period measured from the date of his "separation from service" and (ii) the date of his death. Any payments due under this Agreement other than the Delayed Payments shall be paid in accordance with the normal payment dates specified herein. In no case will the delay of

any of the Delayed Payments by Company constitute a breach of Company's obligations under this Agreement. For all purposes under this Agreement, reference to Executive's "termination of employment" (and corollary terms) with Company shall be construed to refer to Executive's "separation from service" (as determined under Treas. Reg. Section 1.409A-1(h), as uniformly applied by Company) with Company.

In addition, to the extent that any reimbursement, fringe benefit or other, similar plan or arrangement in which Executive participates during the term of Executive's employment under this Agreement or thereafter provides for a "deferral of compensation" within the meaning of Section 409A of the Code, (i) the amount eligible for reimbursement or payment under such plan or arrangement in one calendar year may not affect the amount eligible for reimbursement or payment in any other calendar year (except that a plan providing medical or health benefits may impose a generally applicable limit on the amount that may be reimbursed or paid), and (ii) subject to any shorter time periods provided herein, any reimbursement or payment of an expense under such plan or arrangement must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred.

10.15 Payment by Subsidiaries. Executive acknowledges and agrees that Company may satisfy its obligations to make payments to Executive under this Agreement by causing one or more of its subsidiaries to make such payments to Executive. Executive agrees that any such payment made by any such subsidiary shall fully satisfy and discharge Company's obligation to make such payment to Executive hereunder (but only to the extent of such payment).

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written, to be effective at the Effective Time.

/s/ William J. Davis

William J. Davis

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

/s/ Glen E. Tullman

By: Glen E. Tullman

Title: CEO

Appendix A

Required Share Ownership

At all times during the Employment Period, Executive shall retain shares of Company common stock with a fair market value as shown in the following schedule. For this purpose, "fair market value" shall be determined on the first day of the applicable portion of the Employment Period by reference to the closing price of the Company common stock on such date as reported on the principal exchange on which the Company common stock is traded. Options to purchase Company common stock, restricted Company common stock and restricted stock units denominated in shares of Company common stock shall be included for purposes of determining whether these guidelines are satisfied, except that the fair market value with respect to an option shall be reduced by the exercise price with respect to such option. At the Company's reasonable request, the Executive shall provide the Company with evidence to the Company's satisfaction that the Executive is in compliance with these guidelines.

| <u>During the following portion of the Employment Period:</u> | <u>Fair market value to be maintained during applicable portion of the Employment Period:</u> |
|---|---|
| From the Effective Date until the day prior to the first anniversary of the Effective Date: | 100% of the Executive's Base Salary on the Effective Date. |
| From the first anniversary of the Effective Date until the day prior to the second anniversary of the Effective Date: | 66% of the Executive's Base Salary on the Effective Date. |
| From the second anniversary of the Effective Date until the day prior to the third anniversary of the Effective Date: | 33% of the Executive's Base Salary on the Effective Date. |
| From and after the third anniversary of the Effective Date: | 0 |

JPMorganChase

August 6, 2008

Allscripts Healthcare Solutions, Inc.
222 Merchandise Mart, Suite 2024
Chicago, Illinois 60654

Attention: Mr. William J. Davis
Chief Financial Officer

Re: AmendedCredit Facility

Ladies and Gentlemen:

Allscripts Healthcare Solutions, Inc. (“Allscripts”) has requested that JPMorgan Chase Bank, National Association (“JPMCB”) agree to act as administrative agent and that J.P. Morgan Securities Inc. (“JPMorgan”) agree to act as sole lead arranger and sole book manager with respect to an amendment and restatement of your existing credit facility dated as of December 31, 2007 (the “Existing Credit Facility”) with JPMCB and JPMorgan. You have requested the amendment and restatement of the Existing Credit Facility in connection with that certain Agreement and Plan of Merger dated as of March 17, 2008 (the “Merger Agreement”) between Allscripts, Patriot Merger Company, LLC, a wholly-owned subsidiary of Allscripts (“Patriot”), Misys plc (“Misys”), and Misys Healthcare Systems, LLC, a wholly-owned subsidiary of Misys (“MHS”), pursuant to which the following transactions (collectively, the “Acquisition”) are contemplated: (i) Patriot will merge with and into MHS, with MHS surviving as a wholly-owned subsidiary of Allscripts, and with Misys or one of its subsidiaries receiving shares of Allscripts common stock in consideration thereof which, when taken together with the shares to be issued pursuant to clause (ii) of this sentence, will result in Misys or such subsidiary owning 54.5% of Allscripts’ post-transaction fully-diluted number of shares of common stock and (ii) Misys or one of its subsidiaries will purchase either, at Misys’ election, 18,957,142 shares of Allscripts common stock for \$331,750,000 or 18,857,142 shares of Allscripts common stock for \$330,000,000. In connection with the Acquisition and pursuant to the terms of Section 3.3 of the Merger Agreement, Allscripts will pay a special cash dividend (the “Special Cash Dividend”) of between approximately \$4.84 per share (assuming that, prior to the record date for such special cash dividend, all holders of its convertible debentures exercise their conversion right and all in-the-money options are exercised), or approximately \$5.68 per share (assuming that prior to the record date for such special cash dividend, no convertible debenture holders exercise their conversion right, and no in-the-money options are exercised), such special cash dividend to be payable on the fifth business day following the closing date of the Acquisition to holders of record of Allscripts common stock (other than Misys and its affiliates) as of the close of business on the business day prior to such closing date.

You have requested that the Existing Credit Facility be amended and restated (as so amended and restated, the "Amended Credit Facility") to consist of (a) a revolving credit facility in an amount of \$75 million, and (b) a backstop facility of up to \$50 million. The existing Borrowers under the Existing Credit Facility will remain as Borrowers under the Amended Credit Facility, and, upon completion of the Acquisition, MHS will join the Amended Credit Facility as an additional Borrower thereunder.

JPMCB is pleased offer its commitment to lend the entire amount of the Amended Credit Facility, upon and subject to the terms and conditions set forth in this letter (this "Commitment Letter") and in the Summary of Terms and Conditions attached as Exhibit A hereto and incorporated herein by this reference (including the Rate Rider attached thereto, the "Summary of Terms"). Further, JPMCB is pleased to advise you of its willingness to be the sole administrative agent (in such capacity, the "Administrative Agent") for the Amended Credit Facility, and JPMorgan is pleased to advise you of its willingness in connection with the foregoing commitment to serve as sole lead arranger and sole book manager (in such capacities, the "Lead Arranger") in connection with the structuring and arranging of the Amended Credit Facility and any syndication thereof to financial institutions reasonably acceptable to you (collectively, the "Lenders"). No additional agents, co-agents or arrangers will be appointed and no other titles will be awarded without the prior written approval of Allscripts, JPMCB and JPMorgan.

The commitment of JPMCB hereunder and the undertaking of JPMorgan to provide the services described herein are subject to the satisfaction of each of the following conditions precedent in a manner acceptable to JPMCB and JPMorgan: (a) the negotiation, execution and delivery on or before the Commitment Termination Date (as hereinafter defined) of loan documentation satisfactory in all reasonable respects to JPMCB and its counsel consistent with the Summary of Terms, and (b) the other conditions set forth in the Summary of Terms.

You represent, warrant and covenant that all information which has been or is hereafter made available to JPMCB or JPMorgan by you or any of your representatives in connection with any aspect of the transactions contemplated hereby, as and when furnished, is and will be, taken as a whole, complete and correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not materially misleading. You agree to use commercially reasonable efforts to furnish us with further and supplemental information from time to time until the closing date under the Amended Credit Facility so that each representation, warranty and covenant in the immediately preceding sentence is correct on the closing date as if the information were being furnished, and such representation, warranty and covenant were being made, on such date. In issuing this commitment, JPMCB and JPMorgan are and will be using and relying on the information you have provided or will hereafter provide without independent verification thereof.

By executing this Commitment Letter, you agree to reimburse JPMCB and JPMorgan from time to time on demand for all reasonable out-of-pocket fees and expenses (including, but not limited to, (a) the reasonable fees, disbursements and other charges of one outside counsel firm to

JPMCB and JPMorgan, and (b) due diligence expenses) incurred in connection with the Amended Credit Facility, the preparation of the definitive documentation therefor and the other transactions contemplated hereby.

You agree to indemnify and hold harmless JPMCB and JPMorgan and each of their affiliates and their respective officers, directors, employees, agents, advisors and other representatives (each, an "Indemnified Party") from and against (and will reimburse each Indemnified Party as the same are incurred for) any and all claims, damages, losses, liabilities and expenses (including, without limitation, the reasonable fees, disbursements and other charges of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) (a) any matters contemplated by this Commitment Letter or any related transaction or (b) the Amended Credit Facility and any other financings or any use made or proposed to be made with the proceeds thereof, except to the extent such claim, damage, loss, liability or expense is found in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or proceeding to which the indemnity in this paragraph applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by you, your equityholders or creditors or an Indemnified Party, whether or not an Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. You also agree that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to you or your subsidiaries or affiliates or to your or their respective equity holders or creditors arising out of, related to or in connection with any aspect of the transactions contemplated hereby, except to the extent of direct, as opposed to special, indirect, consequential or punitive, damages determined in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. Notwithstanding any other provision of this Commitment Letter, no Indemnified Party shall be liable for any damages arising from the use by others of information or other materials obtained through electronic telecommunications or other information transmission systems, other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnified Party as determined by a final and nonappealable judgment of a court of competent jurisdiction. (For the avoidance of doubt, any indemnification or exculpation undertakings between JPMorgan Cazenove on one hand and Misys plc on the other hand regarding the Acquisition shall be governed by the agreements between such parties rather than the terms of this paragraph.)

This Commitment Letter is confidential and, except for disclosure hereof on a confidential basis to your and our respective accountants, attorneys and other professional advisors retained by you or us in connection with the Amended Credit Facility or as otherwise required by law, may not be disclosed in whole or in part to any person or entity without the prior written consent of the other party; provided, however, it is understood and agreed that you may disclose this Commitment Letter (including the Summary of Terms) but not any information regarding fees set forth on the accompanying Fee Letter, after your acceptance of this Commitment Letter, in filings with the Securities and Exchange Commission and other applicable regulatory authorities and stock exchanges. This Commitment Letter (including the Summary of Terms and the

accompanying Fee Letter) may also be disclosed on a confidential basis to Misys, MHS or its accountants, attorneys and representatives in connection with the Acquisition. JPMCB and JPMorgan hereby notify you that pursuant to the requirements of the USA Patriot Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "Act"), each of them is required to obtain, verify and record information that identifies you, which information includes your name and address and other information that will allow JPMCB or JPMorgan, as applicable, to identify you in accordance with the Act.

You acknowledge that JPMCB and JPMorgan or their affiliates may be providing financing or other services to parties whose interests may conflict with yours. JPMCB and JPM agree that they will not furnish confidential information obtained from you to any person, except as otherwise expressly agreed by you, and that they will treat confidential information relating to you and your affiliates with the same degree of care as they treat their own confidential information. JPMCB and JPMorgan further advise you that they will not make available to you confidential information that they have obtained or may obtain from any other customer, except as expressly agreed by such customer. In connection with the services and transactions contemplated hereby, you agree that JPMCB and JPMorgan are permitted to access, use and share with any of their bank or non-bank affiliates, agents, advisors (legal or otherwise) or representatives any information concerning you or any of your affiliates that is or may come into the possession of JPMCB, JPMorgan or any of such affiliates. Further, you acknowledge and agree that, notwithstanding anything to the contrary in this letter, JPMCB and JPMorgan shall be entitled to disclose this Commitment Letter (and the Summary of Terms and the accompanying Fee Letter) and any other information (a) to the extent requested by any regulatory authority, (b) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (c) to its and its affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors to the extent necessary in connection with the Amended Credit Facility, (d) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating hereto, (e) in connection with any syndication or proposed syndication or assignment or participation of any of the loans contemplated hereby, to any assignee of or participant in, or any prospective assignee of or participant in, any of such loans, and (f) to the extent such information (i) becomes publicly available other than as a result of a breach of this letter or (ii) is or becomes available to such party on a nonconfidential basis from a source other than Allscripts. JPMCB and JPMorgan shall be deemed to have maintained the confidentiality of information if such parties shall have exercised the same degree of care to maintain the confidentiality of such information as such parties would accord to their own confidential information.

In connection with all aspects of each transaction contemplated by this Commitment Letter, you acknowledge and agree that: (a) (i) the arranging and other services described herein regarding the Amended Credit Facility are arm's-length commercial transactions between you and your affiliates, on the one hand, and JPMCB and JPMorgan, on the other hand, (ii) you have consulted your own legal, accounting, regulatory and tax advisors to the extent you have deemed appropriate, and (iii) you are capable of evaluating, and understand and accept, the terms, risks and conditions of the transactions contemplated hereby; (b) (i) JPMCB and JPMorgan each has been, is, and will be acting solely as a principal and, except as otherwise expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or

fiduciary for you, any of your affiliates or any other person or entity and (ii) neither JPMCB nor JPMorgan has any obligation to you or your affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein; and (c) JPMCB and JPMorgan and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from yours and those of your affiliates, and JPMCB and JPMorgan have no obligation to disclose any of such interests to you or your affiliates. To the fullest extent permitted by law, you hereby waive and release any claims that you may have against JPMCB and JPMorgan with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated by this Commitment Letter.

The provisions of the immediately preceding five paragraphs shall remain in full force and effect regardless of whether any definitive documentation for the Amended Credit Facility shall be executed and delivered, and notwithstanding the termination of this Commitment Letter or any commitment or undertaking of JPMCB or JPMorgan hereunder.

This Commitment Letter may be executed in counterparts which, taken together, shall constitute an original. Delivery of an executed counterpart of this Commitment Letter by telecopier or facsimile shall be effective as delivery of a manually executed counterpart thereof.

This Commitment Letter (including the Summary of Terms) shall be governed by, and construed in accordance with, the laws of the State of Illinois. Each party consents to the nonexclusive jurisdiction and venue of the state or federal courts located in the City of Chicago. Each of Allscripts, JPMCB and JPMorgan hereby irrevocably waives (a) any and all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Commitment Letter (including the Summary of Terms), the transactions contemplated hereby or the actions of JPMCB and JPMorgan in the negotiation, performance or enforcement hereof, and (b) any objection that it may now or hereafter have to the laying of venue of any such legal proceeding in the state or federal courts located in the City of Chicago. The commitments and undertakings of JPMCB and JPMorgan may be terminated by us if you fail to pay any amounts when due under the terms of this Commitment Letter or fail to perform in any material respect any other of your obligations under this Commitment Letter on a timely basis.

This Commitment Letter (including the Summary of Terms and the accompanying Fee Letter) embodies the entire agreement and understanding among JPMCB, JPMorgan, you and your affiliates with respect to the Amended Credit Facility and supersedes all prior agreements and understandings relating to the specific matters hereof. However, please note that the terms and conditions of the commitment of JPMCB and the undertaking of JPMorgan hereunder are not limited to those set forth herein or in the Summary of Terms; such matters that are not covered or made clear herein or in the Summary of Terms are subject to mutual agreement of the parties. No party has been authorized by JPMCB or JPMorgan to make any oral or written statements that are inconsistent with this Commitment Letter. This Commitment Letter is not assignable by Allscripts without our prior written consent and is intended to be solely for the benefit of the parties hereto and the Indemnified Parties.

This Commitment Letter and all commitments and undertakings of JPMCB and JPMorgan hereunder will expire at 5:00 p.m. (Chicago, Illinois time) on August 11, 2008, unless you execute this Commitment Letter and the Fee Letter and return them to us prior to that time (which may be by facsimile transmission) together with payment of any fees due upon your acceptance of this Commitment Letter, whereupon this Commitment Letter (including the Summary of Terms and the accompanying Fee Letter) (each of which may be signed in one or more counterparts) shall become binding agreements. Thereafter, all commitments and undertakings of JPMCB and JPMorgan hereunder will expire on Commitment Termination Date (as hereinafter defined) unless definitive documentation for the Amended Credit Facility is executed and delivered prior to such date. As used herein, "Commitment Termination Date" means October 31, 2008; provided, that if the parties to the Merger Agreement agree in writing to extend the Outside Date (as defined in the Merger Agreement) beyond October 31, 2008 in connection with, or as a result in delays in, obtaining any consents, clearances or approvals required under applicable laws, then Allscripts may by written notice delivered to JPMCB and JPMorgan on or prior to October 31, 2008 (including a copy of the written agreement by which the Outside Date was extended by the parties to the Merger Agreement) elect to extend the Commitment Termination Date by the amount of such extension, but in no event may the Commitment Termination Date be extended to a date later than December 15, 2008. In consideration of the time and resources that JPMorgan and JPMCB will devote to the Amended Credit Facility, you agree that, until such expiration, you will not solicit, initiate, entertain or permit, or enter into any discussions in respect of, any offering, placement or arrangement of any competing credit facility for Allscripts and its subsidiaries.

THIS WRITTEN AGREEMENT (WHICH INCLUDES THE SUMMARY OF TERMS) REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

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JPMCB and JPMorgan are pleased to have been given the opportunity to assist you in connection with this important financing.

Very truly yours,

JPMORGAN CHASE BANK, N.A.

By: /s/ Carl W. Jordan
Name: Carl W. Jordan
Title: Vice President

JPMORGAN SECURITIES, INC.

By: /s/ James K. McHugh
Name: James K. McHugh
Title: Vice President

ACCEPTED AND AGREED TO
AS OF THE DATE WRITTEN BELOW:

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

By: /s/ William J. Davis
Name: William J. Davis
Title: Chief Financial Officer

Date: August 6, 2008

**SUMMARY
TERMS AND CONDITIONS
FOR
ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
AMENDED CREDIT FACILITY**

This Term Sheet is attached to and delivered in connection with that certain commitment letter dated as of August 6, 2008 (the "Commitment Letter") from JPMorgan Chase Bank, N.A. ("JPMCB") and J.P. Morgan Securities Inc. ("JPMorgan") to Allscripts Healthcare Solutions, Inc. ("Allscripts"). Capitalized terms used herein and not otherwise defined herein shall have the meanings attributed to such terms in the Commitment Letter.

- Borrower(s)/Obligor(s):** Allscripts Healthcare Solutions, Inc. ("Allscripts"); Allscripts LLC; A4 Health Systems, Inc.; A4 Realty, LLC; and Extended Care Information Network, Inc. (the existing Borrowers under the Existing Credit Facility referred to below) will be Borrowers under the amended credit facility described herein, and, upon consummation of the Acquisition described herein, Misys Healthcare Systems, LLC shall join the amended credit facility described herein as an additional Borrower (such parties collectively referred to herein as "Borrowers"). (For the avoidance of doubt, neither the direct or indirect shareholders of Allscripts nor the affiliates of such shareholders (other than the Loan Parties described herein) shall have any obligations under the terms set forth herein.)
- Guarantors:** Other material domestic subsidiaries not included in Borrowers, to be determined (collectively with the Borrowers, the "Loan Parties").
- Lead Arranger and Sole Bookrunner:** JPMorgan Securities, Inc. ("JPMorgan")
- Administrative Agent:** JPMorgan Chase Bank, N.A. ("JPMCB")
- Lenders:** A syndicate of banks, financial institutions and other entities, including JPMCB, arranged by Lead Arranger and, so long as an event of default has not occurred under the terms of the Amended Credit Facility, approved by Allscripts, such approval not to be unreasonably withheld (collectively, the "Lenders").

Amended Credit Facility:

The amended credit facility (the “Amended Credit Facility”) described herein will be effected by way of amendment and restatement of Allscripts’ existing credit facility with JPMorgan and JPMCB (the “Existing Credit Facility”). The Amended Credit Facility will consist of the following:

(a) a four-year revolving credit facility (the “Revolving Credit Facility”) in the amount of \$75 million, available on a revolving basis during the period commencing on the Closing Date and ending on the fourth anniversary thereof, and

(b) a two-year backstop facility (the “Backstop Facility”) in the amount of up to \$50 million to be used to fund any repurchases of Allscripts’ 3.50% Convertible Senior Debentures (the “Convertible Senior Debentures”) arising by reason of the occurrence of the Acquisition, as provided in more detail below.

Acquisition Transaction:

The Amended Credit Facility is offered in connection with that certain Agreement and Plan of Merger dated as of March 17, 2008 (the “Merger Agreement”) between Allscripts Healthcare Solutions, Inc. (“Allscripts”), Patriot Merger Company, LLC a wholly-owned subsidiary of Allscripts (“Patriot”), Misys plc (“Misys”), and Misys Healthcare Systems, LLC, a wholly-owned subsidiary of Misys (“MHS”), pursuant to which the following transactions (collectively, the “Acquisition”) are contemplated: (i) Patriot will merge with and into MHS, with MHS surviving as a wholly-owned subsidiary of Allscripts, and with Misys or one of its subsidiaries receiving shares of Allscripts common stock in consideration thereof which, when taken together with the shares to be issued pursuant to clause (ii) of this sentence, will result in Misys or such subsidiary owning 54.5% of Allscripts’ post-transaction fully-diluted number of shares of common stock and (ii) Misys or one of its subsidiaries will purchase either, at Misys’ election, 18,957,142 shares of Allscripts common stock for \$331,750,000 or 18,857,142 shares of Allscripts common stock for \$330,000,000. In connection with the Acquisition and pursuant to the terms of Section 3.3 of the Merger Agreement, Allscripts will pay a special cash dividend (the “Special Cash Dividend”) of between approximately \$4.84 per share (assuming that, prior to the record date for such special cash dividend, all holders of its convertible debentures exercise their conversion right and all in-the-money options are exercised), or approximately \$5.68 per share (assuming that prior to the record date for such special cash dividend, no convertible debenture holders exercise their conversion right, and no in-the-money options are exercised), such special cash dividend to be payable on the fifth business day following the closing date of the Acquisition to holders of record of Allscripts common stock (other than Misys and its affiliates) as of the close of business on the business day prior to such closing date.

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| Purpose: | <p>a. The proceeds of the Revolving Credit Facility shall be used for general corporate needs of Allscripts and its subsidiaries, including, at the option of Allscripts, to fund repurchases of Convertible Senior Debentures as provided in the following paragraph.</p> <p>b. The proceeds of the Backstop Facility shall be used solely to fund purchases, if any, required to be made by Allscripts of its Convertible Senior Debentures under and in accordance with Section 3.08 of that the Indenture dated as of July 6, 2004 with LaSalle Bank N.A. as trustee (the "Indenture") by reason of the occurrence of the Acquisition. Allscripts shall be entitled to make a single draw upon the Backstop Facility on the Change of Control Repurchase Date (as defined in the Indenture) in an amount of up to the aggregate Change of Control Repurchase Price (as defined in the Indenture) required to be deposited with the paying agent in accordance with Section 3.10 of the Indenture. The commitment of the Lenders to fund any portion of the Backstop Facility not drawn upon by the close of business on the business day immediately following the Change of Control Repurchase Date shall automatically terminate. Furthermore, notwithstanding anything to the contrary herein, the commitment of the Lenders to fund the Backstop Facility shall in any event terminate as of the date that is one hundred twenty (120) days after the date of the consummation of the Acquisition.</p> |
| Maturity Date of Revolving Credit Facility: | The Revolving Credit Facility shall remain in effect until the fourth anniversary date of the Closing Date (the "Revolving Loan Maturity Date"), subject to earlier cancellation by the Borrowers as provided herein, and subject to acceleration and termination upon default. |
| Amortization and Maturity Date of Backstop Facility: | Any principal drawn under the Backstop Facility will be amortized in eight equal payments, commencing with the date that is 90 days after the funding of the Backstop Facility and continuing thereafter on a quarterly basis until the Backstop Loan Maturity Date (as defined below). The final maturity date of the Backstop Facility will be the second anniversary of the date on which the Backstop Facility is funded (the "Backstop Loan Maturity Date"), subject to earlier acceleration upon default. |
| Closing: | To be determined, but in no event later than the Commitment Termination Date (as defined in the Commitment Letter). |

Option to Increase Revolving Credit Facility:

On or subsequent to the Closing Date, Allscripts shall be permitted to, at its option, and subject to customary conditions, request to increase the maximum principal amount of the Revolving Credit Facility by up to \$75 million (not to exceed a total of \$150 million for the Revolving Credit Facility) by obtaining one or more commitments therefor from one or more Lenders or other entities with the consent of the Administrative Agent (such consent not to be unreasonably withheld), but without the consent of any other Lenders. JPMorgan and JPMCB will assist in these regards, but will have no obligation to provide any increased amount.

Letters of Credit:

A portion of the Revolving Credit Facility not in excess of \$5 million shall be available for the issuance of letters of credit (the "Letters of Credit"). No Letter of Credit shall have an expiration date after the earlier of (a) one year after the date of issuance and (b) five business days prior to the Revolving Credit Termination Date, provided that any Letter of Credit with a one-year tenor may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (b) above). The Administrative Agent will be the issuing bank (the "Issuing Bank") for all Letters of Credit. The then effective interest rate margin for LIBOR-based borrowings will be the commission rate for standby letters of credit. Such commission shall be shared ratably among the Lenders under the Revolving Credit Facility and shall be payable quarterly in arrears. Under terms consistent with the Existing Credit Facility, the Issuing Bank will also be entitled to a fronting fee for its own account equal to 1/8 of 1% per annum of the face amount of the Letters of Credit, payable by the applicable account party or applicant.

Drawings under any Letter of Credit shall be reimbursed by the Borrowers (whether with their own funds or with the proceeds of a draw under the Revolving Credit Facility) on terms consistent with the Existing Credit Facility. To the extent that the Borrowers do not so reimburse the Issuing Bank, the Lenders under the Revolving Credit Facility shall be irrevocably and unconditionally obligated to reimburse the Issuing Bank on a pro rata basis.

Borrowing Options:

To include LIBOR, plus the applicable spread, or JPMCB's Prime Rate.

Interest Rates and Fees:

As set forth on the Rate Rider attached hereto and the Fee Letter dated as of August 6, 2008 and delivered in connection with the Commitment Letter. Interest with respect to JPMCB Prime Rate-based loans shall be payable quarterly and with respect to LIBOR-based loans shall be payable as of the last day of each applicable interest period and in the case of LIBOR-based loans with an interest period of more than three months' duration, each day prior to the last day of such interest period that occurs at intervals of three months' duration after the first day of such interest period, in each case in arrears and due within five (5) days of Allscripts' receipt of the Administrative Agent's notice regarding the balance due.

Optional Prepayments and Commitment Reductions:

The Borrowers may prepay the Amended Credit Facility in whole or in part at any time without premium or penalty, subject to reimbursement of the Lenders' breakage and redeployment costs in the case of prepayment of LIBOR borrowings. Any prepayments of the principal amount of the Amended Credit Facility in part and not in whole shall be applied first ratably to scheduled principal installments under the Backstop Facility. The unutilized portion of the commitments under the Revolving Credit Facility may be irrevocably reduced or terminated by Allscripts in whole or in part without penalty upon five (5) business day's notice.

Conditions Precedent to Initial Closing:

The closing and the initial extension of credit under the Amended Credit Facility will be subject to satisfaction of the following conditions precedent (the date upon which all such conditions precedent shall be satisfied, the "Closing Date") on or before the Commitment Termination Date (as defined in the Commitment Letter):

- (i) The negotiation, execution and delivery of definitive documentation (including, without limitation, satisfactory legal opinions and other customary closing documents) for the Amended Credit Facility consistent with this Summary of Terms and satisfactory in all reasonable respects to JPMorgan and JPMCB.
- (ii) There shall not have occurred since the date of the Merger Agreement a material impairment of the ability of any of the Borrowers or other Loan Parties to perform their obligations under any loan documentation proposed in connection with the Amended Credit Facility.
- (iv) Absence of injunction or temporary restraining order which would prohibit the making of any of the Loans.

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- (v) JPMorgan and JPMCB shall have received delivery of any new or updated financial statements, proforma combined financial statements, environmental reports, SEC comments and documents, and other new or updated documents that Allscripts may have received in connection with the Acquisition.

Conditions Precedent to Funding of Backstop Facility

Funding of the Backstop Facility will be subject to satisfaction of the following additional conditions precedent:

- (i) The respective directors and shareholders of Allscripts and Misys shall have approved the Acquisition, and all regulatory and legal requirements for the Acquisition shall have been obtained and all waiting periods and extensions thereof shall have expired or been terminated (and, to the extent any other antitrust or merger control clearances, consents or approvals are required, such clearances, consents and approvals shall have been granted or deemed in accordance with applicable law to have been granted by the relevant authority).
- (ii) The Acquisition shall have been consummated on the terms set forth in the Merger Agreement without amendment, modification or waiver of the terms thereof (other than amendments, modifications and waivers (i) of which JPMorgan and JPMCB have been notified in writing prior to or as of the consummation of the Acquisition and (ii) which do not individually or in aggregate have a material adverse effect on the interests of the Lenders; provided, that any amendment or modification to the definition of, or waiver in respect of the occurrence of any event constituting a, “Material Adverse Effect” (as such term is defined in the Merger Agreement) with respect to Allscripts or MHS shall be deemed to have a material adverse effect on the interests of the Lenders).
- (iii) MHS shall have joined the Amended Credit Facility as a Borrower thereunder pursuant to customary joinder documentation, including customary certifications regarding corporate matters and customary legal opinions.
- (iv) JPMorgan and JPMCB shall have received delivery of any new or updated financial statements, proforma combined financial statements, environmental reports, SEC comments and documents, and other new or updated documents that Allscripts may have received in connection with the Acquisition.

(v) Absence of injunction or temporary restraining order which would prohibit the funding of the Backstop Facility.

Conditions Precedent to All Extensions of Credit:

All extensions of credit will be subject to satisfaction of the following conditions precedent as set forth in the Existing Credit Facility: (i) all of the representations and warranties in the loan documentation shall be true and correct in all material respects as of the date of such extension of credit (except to the extent they relate solely to an earlier date, in which case they shall be true and correct in all material respects as of such date), and (ii) no event of default under the Amended Credit Facility or incipient default shall have occurred and be continuing, or would result from such extension of credit.

Representations and Warranties:

Usual and customary for transactions of this type, including, without limitation, the following, subject to usual and customary carve-outs, qualifiers, limitations and baskets mutually agreeable to all parties: (i) legal existence, qualification and power; (ii) due authorization and no contravention of law, contracts or organizational documents; (iii) governmental and third party approvals and consents; (iv) enforceability; (v) accuracy and completeness of specified GAAP and statutory financial statements and no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect as of the closing date; (vi) no material litigation as of the closing date; (vii) ownership of property; (viii) insurance matters; (ix) environmental matters; (x) tax matters; (xi) ERISA compliance; (xii) identification of subsidiaries and equity interests; (xiii) use of proceeds and not engaging in business of purchasing/carrying margin stock; (xiv) status under Investment Company Act; (xv) accuracy of disclosure; (xvi) compliance with laws; and (xvii) intellectual property; and including in any event, representations and warranties set forth in the Existing Credit Facility.

Covenants:

Usual and customary for transactions of this type, including, without limitation, the following, subject to usual and customary carve-outs, qualifiers, limitations and baskets mutually agreeable to all parties: (i) delivery of GAAP and statutory financial statements, SEC filings, compliance certificates and other information, (ii) notices of default, material litigation, material governmental proceedings or investigations, ERISA and

environmental proceedings and material changes in accounting or financial reporting practices; (iii) payment of obligations; (iv) preservation of existence; (v) maintenance of properties and insurance; (vi) compliance with laws; (vii) maintenance of books and records, (viii) inspection rights; (ix) use of proceeds; and (x) limitations on (A) liens, (B) mergers and other fundamental changes solely to the extent such changes may result in a change of control of Borrower, (C) sales and other dispositions of material property or assets (taken as a whole) outside the ordinary course of business (and subject to mutually-agreed carve-outs and limitations) (D) dividends and other distributions outside the ordinary course of business (except for payment of the Special Cash Dividend in connection with the Acquisition, as described in Section 3.3 of the Merger Agreement) or at any time that an Event of Default exists or would reasonably be expected to result from the declaration or making of such payment, (E) material changes in the nature of business, (F) transactions with affiliates (subject to carve-outs for transition services agreements, licenses and other similar agreements between any of the Loan Parties, on one hand, and Misys or any of its affiliates (other than the Borrowers and other Loan Parties), on the other hand, in connection with the Acquisition in form and substance mutually acceptable to the Administrative Agent and the Borrowers, but including in any event prohibitions on any loans, advances and other extensions of credit to, or investments in, or guarantees of, or purchase of assets from Misys or any of its affiliates (other than the Borrowers and other Loan Parties)), (G) burdensome agreements, and (H) use of proceeds; and including in any event, covenants set forth in the Existing Credit Facility. The definitive documentation will include a negative pledge in favor of the Administrative Agent and the Lenders, and will prohibit the granting of a negative pledge in favor of any party other than the Administrative Agent. It will further provide that the Amended Credit Facility will remain pari passu with the Convertible Senior Debentures at all times prior to any conversion thereof.

Financial Covenants:

Leverage: As currently provided in the Existing Credit Facility, Maximum Total Funded Debt / EBITDA of 3.00 to 1.00, calculated quarterly. For purposes of this calculation, any portion of the Convertible Senior Debentures that remain outstanding will be considered debt.

Coverage: As currently provided in the Existing Credit Facility, Minimum EBIT / Interest of 4.00 to 1.00, calculated quarterly.

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|--|---|
| Events of Default: | Customary events of default will include, but not be limited to, non-payment of amounts when due related to the Amended Credit Facility (principal, and within five business days, interest, fees, etc.); material breach of representations and warranties; default of any covenant after applicable grace period, including cross default under any other debt or financing agreement in excess of an amount to be agreed upon between Allscripts and JPMCB; bankruptcy; ERISA defaults; material judgment in excess of an amount to be agreed upon between Allscripts and JPMCB; and change of control; and including in any event, the events of default set forth in the Existing Credit Facility. |
| Reporting: | <p>Annual: Audited Annual Report, SEC Form 10-K, Proxy Statement, annual budget / plan of Allscripts and Letter of Compliance to the Administrative Agent within 90 days after each Allscripts fiscal year-end.</p> <p>Quarterly: Unaudited Quarterly Report, SEC Form 10-Q, Letter of Compliance within 45 days of each Allscripts fiscal quarter end.</p> <p>Other: Copies of all material announcements and SEC filings when made, and including in any event, reporting requirements set forth in the Existing Credit Facility.</p> |
| Assignments & Participations: | The Lenders shall be permitted to assign all or a portion of their loans and commitments with the consent, not to be unreasonably withheld, of (a) Allscripts, unless (i) the assignee is a Lender, an affiliate of a Lender or an approved fund or (ii) an Event of Default has occurred and is continuing, (b) the Administrative Agent, and (c) any Issuing Bank. In the case of partial assignments (other than to another Lender, to an affiliate of a Lender or an approved fund), the minimum assignment amount shall be \$5,000,000, unless otherwise agreed by the Borrower and the Administrative Agent. |
| Voting: | Amendments and waivers with respect to the Amended Credit Facility shall require the approval of Lenders holding more than 50% of the aggregate amount of the loans and unused commitments with respect thereto, except that (a) the consent of each Lender directly affected thereby shall be required with respect to (i) reductions in the amount or extensions of the scheduled date of maturity of any facility, (ii) reductions in the rate of interest or any fee or extensions of any due date thereof and (iii) increases in the amount or extensions of the expiry date of any Lender's commitment and (b) the consent of 100% of the Lenders shall be required with respect to modifications to any of the voting percentages. |

Yield Protection: As set forth in the Existing Credit Facility, the Amended Credit Facility will contain provisions (a) protecting the Lenders against increased costs or loss of yield resulting from changes in reserve, tax, capital adequacy and other requirements of law and from the imposition of or changes in withholding or other taxes and (b) indemnifying the Lenders for “breakage costs” incurred in connection with, among other things, any prepayment of a LIBOR-based loan on a day other than the last day of an interest period with respect thereto.

Counsel to the Administration Agent: Locke Lord Bissell & Liddell LLP, Chicago

Counsel to the Borrowers: Sidley Austin LLP

Governing Law: State of Illinois

Expenses and Indemnification: The Borrowers shall pay (a) all reasonable out-of-pocket expenses of the Administrative Agent and the Lead Arranger associated with the preparation, execution, delivery and administration of the documentation for the Amended Credit Facility, any syndication of the Amended Credit Facility, and any amendment or waiver with respect to the Amended Credit Facility (including in each case the reasonable fees, disbursements and other charges of one outside counsel firm of the Administrative Agent) and (b) all out-of-pocket expenses of the Administrative Agent and the Lenders (including the fees, disbursements and other charges of counsel) in connection with the enforcement of the Amended Credit Facility.

Consistent with the terms of the Existing Credit Facility, the Administrative Agent, the Lead Arranger and the Lenders (and their affiliates and their respective officers, directors, employees, advisors and agents) will have no liability for, and will be indemnified and held harmless against, any loss, liability, cost or expense incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof (except to the extent resulting from the gross negligence or willful misconduct of the indemnified party).

RATE RIDER
ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
AMENDED CREDIT FACILITY

This Rate Rider is delivered in connection with that certain commitment letter dated as of August 6, 2008 (the "Commitment Letter") from JPMorgan Chase Bank, N.A. ("JPMCB") and J.P. Morgan Securities Inc. ("JPMorgan") to Allscripts Healthcare Solutions, Inc. ("Allscripts") and attached to the Summary of Terms referred to therein. Capitalized terms used herein and not otherwise defined herein shall have the meanings attributed to such terms in the Commitment Letter.

Interest Rates: Allscripts will be permitted to select interest rates based on JPMCB Prime Rate or LIBOR. Interest rates for both the Revolving Credit Facility and the Backstop Facility will be based upon the Leverage Ratio of Allscripts and determined using the Pricing Grid shown below.

| Level | Leverage Ratio (Total Funded Debt / EBITDA) | JPMCB Prime Rate- Based Loans | LIBOR-Based Loans | Facility Fee for Revolving Credit Facility |
|-------|--|-------------------------------------|----------------------|--|
| 1 | < 1.10 X | Prime Rate | LIBOR + 1.25% | 0.175% |
| 2 | ≥ 1.10 X and < 1.50 X | Prime Rate | LIBOR + 1.375% | 0.20% |
| 3 | ≥ 1.50 X and < 2.00 X | Prime Rate | LIBOR + 1.50% | 0.225% |
| 4 | ≥ 2.00 X and < 2.50 X | Prime Rate | LIBOR + 1.625% | 0.25% |
| 5 | ≥ 2.50 X | Prime Rate | LIBOR + 1.75% | 0.30% |

LIBOR borrowings will be at fixed rates for the period of time (30, 60, 90 or 180 days) chosen by Allscripts. The interest rate for Prime Rate based borrowings will adjust as applicable changes are announced by JPMCB. The Prime Rate option will facilitate same-day borrowings or principal repayments by Allscripts.

For purposes of calculating Total Funded Debt, the outstanding amount, if any, of Convertible Senior Debentures will be considered debt.

Certification

I, Glen E. Tullman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Allscripts Healthcare Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2008

/s/ Glen E. Tullman

Chairman and Chief Executive Officer

Certification

I, William J. Davis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Allscripts Healthcare Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2008

/s/ William J. Davis

Chief Financial Officer

The following statement is being made to the Securities and Exchange Commission solely for purposes of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), which carries with it certain criminal penalties in the event of a knowing or willful misrepresentation.

Securities and Exchange Commission
450 Fifth Street, NW
Washington, D.C. 20549

Re: Allscripts Healthcare Solutions, Inc.

Ladies and Gentlemen:

In accordance with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 (18 USC 1350), each of the undersigned hereby certifies that:

(i) this Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, which this statement accompanies, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(ii) the information contained in this quarterly report on Form 10-Q for the quarter ended June 30, 2008, fairly presents, in all material respects, the financial condition and results of operations of Allscripts Healthcare Solutions, Inc.

Dated as of this 8th day of August, 2008.

/s/ GLEN E. TULLMAN

Glen E. Tullman
Chief Executive Officer

/s/ WILLIAM J. DAVIS

William J. Davis
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Allscripts Healthcare Solutions, Inc. and will be retained by Allscripts Healthcare Solutions, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.