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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): December 31, 2018

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-35547
(Commission
File Number)

36-4392754
(IRS Employer
Identification No.)

**222 Merchandise Mart Plaza, Suite 2024,
Chicago, Illinois 60654**
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (800) 334-8534

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.01 Completion of Acquisition or Disposition of Assets

On December 31, 2018, Allscripts Healthcare, LLC, a North Carolina limited liability company (“**Healthcare LLC**”) and wholly-owned subsidiary of Allscripts Healthcare Solutions, Inc., a Delaware corporation (“**Allscripts**”), and Allscripts Next, LLC, a Delaware limited liability company and wholly-owned subsidiary of Healthcare LLC (“**Next LLC**” and, together with Healthcare LLC, the “**Seller**”), completed the previously announced transactions contemplated by that certain Unit Purchase Agreement (the “**Purchase Agreement**”), dated as of December 7, 2018, by and among Seller, ACP Accelerate I LLC, a Delaware limited liability company, ACP Accelerate II LLC, a Delaware limited liability company, TA XII-A, L.P., a Delaware limited partnership, TA XII-B, L.P. a Delaware limited partnership, TA Investors XII L.P., a Delaware limited partnership, the California State Teachers’ Retirement System, White Plaza Group Trust, Performance EFFEM PE Fund, L.P.: Series 2018, a Delaware limited partnership, GI Netsmart Holdings LLC, a Delaware limited liability company, Pacific Opportunity LP, a Delaware limited partnership, Pacific Opportunity II LP, a Delaware limited partnership, and Bay Opportunities LP, a Delaware limited partnership, (collectively, the “**Purchasers**”), and, solely for the limited purposes set forth therein, Allscripts, pursuant to which the Seller sold to the Purchasers, severally and upon the terms and conditions of the Purchase Agreement, all of the Class A Common Units (the “**Units**”) of Netsmart LLC, a Delaware limited liability company (the “**Company**”), held by it (the “**Sale**”) in exchange for \$566,610,567, plus up to \$8,389,433 in the event the Company’s Net Debt Amount is less than the Target Net Debt Amount (each as defined in the Purchase Agreement) as of the end of the day on December 31, 2018 (as determined following the closing pursuant to the terms of the Purchase Agreement).

Allscripts’ unaudited pro forma consolidated financial information giving effect to the Sale is filed as Exhibit 99.1 hereto.

The foregoing description of the Purchase Agreement and the transactions contemplated thereby does not purport to be complete and is qualified in its entirety by reference to the Purchase Agreement, a copy of which is attached as Exhibit 2.1 to our Form 8-K filed with the Securities and Exchange Commission on December 11, 2018, which is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(b) **Pro forma financial information.**

Allscripts’ unaudited pro forma consolidated financial information giving effect to the Sale is filed as Exhibit 99.1 hereto.

(d) **Exhibits:**

Exhibit No.	Description
2.1	<u>Unit Purchase Agreement, dated as of December 7, 2018, by and among Allscripts Healthcare, LLC, Allscripts Next, LLC, ACP Accelerate I LLC, ACP Accelerate II LLC, TA XII-A, L.P., TA XII-B, L.P., TA Investors XII L.P., GI Netsmart Holdings LLC, Pacific Opportunity LP, Pacific Opportunity II LP, Bay Opportunities LP, and, solely for the limited purposes set forth therein, Allscripts Healthcare Solutions, Inc. (filed as Exhibit 2.1 to the Current Report on Form 8-K filed on December 11, 2018 and incorporated herein by reference).</u>
99.1	<u>Unaudited pro forma consolidated financial information.</u>

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 7, 2019

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

By: /s/ DENNIS M. OLIS
Dennis M. Olis
Chief Financial Officer

Allscripts Healthcare Solutions, Inc.
Summary of Unaudited Pro Forma Financial Information

(Dollars in thousands, except per share amounts)

Overview

On December 31, 2018, Allscripts Healthcare Solutions, Inc. (“the Company”) sold all of the Class A Common Units of Netsmart LLC, Delaware limited liability company (“Netsmart”) held by several of the Company’s wholly-owned subsidiaries in exchange for \$566.6 million plus up to \$8.4 million in the event Netsmart’s Net Debt Amount is less than the Target Debt Amount as defined by in the Unit Purchase Agreement as of the end of the day on December 31, 2018 (as determined following the closing pursuant to the terms of the Unit Purchase Agreement).

Basis of Presentation

The unaudited pro forma consolidated balance sheet as of September 30, 2018 has been prepared to give effect to the elimination of Netsmart’s assets, liabilities and equity balances as a result of the disposition of Netsmart as if it had occurred on September 30, 2018. The unaudited pro forma consolidated statement of operations for the nine months ended September 30, 2018 and the years ended December 31, 2017 and 2016 have been prepared to give effect to the elimination of revenues and costs as a result of the disposition of Netsmart as if it had occurred on January 1, 2017.

The unaudited financial information for the Company was derived from, and should be read in conjunction with, the Company’s unaudited interim consolidated financial statements included in its Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission (“SEC”) on November 2, 2018 and the audited consolidated financial statements for the years ended December 31, 2017 and 2016 included in the Company’s Annual Report on Form 10-K filed with the SEC on February 26, 2018.

The pro forma adjustments are described in the notes to the unaudited pro forma financial information. The unaudited pro forma financial information included herein is for informational purposes only and is not necessarily indicative of what the Company’s historical financial performance and financial position would have been without the consolidation of Netsmart. In addition, the unaudited pro forma financial information is not necessarily indicative of the Company’s results to be expected in the future.

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2018

(In thousands, except per share amounts)	Allscripts Historical (A)	Netsmart Historical	Sale of Netsmart	Pro Forma
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 111,775	\$ (14,050)	\$ 566,611 (D)	\$ 664,336
Restricted cash	8,016	(3,717)		4,299
Accounts receivable, net of allowance of \$61,926 as of September 30, 2018	520,381	(71,624) (E)		448,757
Contract assets	71,745	(10,887)		60,858
Prepaid expenses and other current assets	131,826	(17,170)		114,656
Total current assets	843,743	(117,448)	566,611	1,292,906
Fixed assets, net	160,225	(30,715)		129,510
Software development costs, net	239,359	(39,510)		199,849
Intangible assets, net	873,635	(420,999)		452,636
Goodwill	2,207,967	(814,666)		1,393,301
Deferred taxes, net	5,566	0		5,566
Contract assets - long-term	52,555	0		52,555
Other assets	135,030	(1,958)		133,072
Total assets	<u>\$ 4,518,080</u>	<u>\$ (1,425,296)</u>	<u>\$ 566,611</u>	<u>\$ 3,659,395</u>

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEETS (CONTINUED)
AS OF SEPTEMBER 30, 2018

(In thousands, except per share amounts)	Allscripts Historical (A)	Netsmart Historical	Sale of Netsmart	Pro Forma
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	\$ 126,709	\$ (12,910)	\$ 95,228 (F)	\$ 209,027
Accrued expenses	120,326	(12,436)		107,890
Accrued compensation and benefits	107,799	(20,923)		86,876
Deferred revenue	506,568	(68,775)		437,793
Current maturities of long-term debt	19,516	0		19,516
Current maturities of non-recourse long-term debt - Netsmart	4,257	(4,257)		0
Current maturities of capital lease obligations	9,190	(8,118)		1,072
Total current liabilities	894,365	(127,419)	95,228	862,174
Long-term debt	1,002,026	0		1,002,026
Non-recourse long-term debt - Netsmart	788,489	(788,489)		0
Long-term capital lease obligations	4,606	(2,814)		1,792
Deferred revenue	21,804	(4,977)		16,827
Deferred taxes, net	124,294	(62,668)		61,626
Other liabilities	95,575	(4,089)		91,486
Liabilities attributable to discontinued operations	2,261	0		2,261
Total liabilities	2,933,420	(990,456)	95,228	2,038,192
Redeemable convertible non-controlling interest - Netsmart	467,981	(467,981)		0
Commitments and contingencies				
Stockholders' equity:				
Preferred stock: \$0.01 par value, 1,000 shares authorized, no shares issued and outstanding as of September 30, 2018	0	0		0
Common stock: \$0.01 par value, 349,000 shares authorized as of September 30, 2018; 270,506 and 174,707 shares issued and outstanding as of September 30, 2018, respectively	2,708	(102,084)	102,084	2,708
Treasury stock: at cost, 96,099 as of September 30, 2018	(423,521)	0		(423,521)
Additional paid-in capital	1,765,103	108,832		1,873,935
Accumulated (deficit) retained earnings	(251,363)	26,290	369,299 (D)	144,226
Accumulated other comprehensive loss	(5,452)	0		(5,452)
Total Allscripts Healthcare Solutions, Inc.'s stockholders' equity	1,087,475	33,038	471,383	1,591,896
Non-controlling interest	29,204	103		29,307
Total stockholders' equity	1,116,679	33,141	471,383	1,621,203
Total liabilities and stockholders' equity	<u>\$ 4,518,080</u>	<u>(1,425,296)</u>	<u>\$ 566,611</u>	<u>\$ 3,659,395</u>

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(In thousands, except per share amounts)	Allscripts Historical (B)	Pro Forma Adjustments		Pro Forma
		Netsmart Historical	Intercompany Activity (C)	
Revenue:				
Software delivery, support and maintenance	\$ 996,569	\$ (157,479)	\$ 85	\$ 839,175
Client services	565,213	(103,455)	6,682	468,440
Total revenue	1,561,782	(260,934)	6,767	1,307,615
Cost of revenue:				
Software delivery, support and maintenance	328,534	(45,213)	103	283,424
Client services	480,231	(75,107)	6,666	411,790
Amortization of software development and acquisition-related assets	101,008	(24,991)	0	76,017
Total cost of revenue	909,773	(145,311)	6,769	771,231
Gross profit	652,009	(115,623)	(2)	536,384
Selling, general and administrative expenses	425,365	(74,390)	0	350,975
Research and development	220,066	(17,845)	93	202,314
Asset impairment charges	30,075	0	0	30,075
Amortization of intangible and acquisition-related assets	37,210	(17,665)	84	19,629
Loss from operations	(60,707)	(5,723)	(179)	(66,609)
Interest expense	(80,843)	43,917	0	(36,926)
Other loss, net	(590)	7	0	(583)
Gain on sale of businesses, net	172,258	0	0	172,258
Impairment of long-term investments	(15,487)	0	0	(15,487)
Equity in net income of unconsolidated investments	529	0	0	529
Income from continuing operations before income taxes	15,160	38,201	(179)	53,182
Income tax benefit (provision)	3,020	(8,938)	0	(5,918)
Income from continuing operations, net of tax	18,180	29,263	(179)	47,264
Income from discontinued operations, net of tax	3,731	0	0	3,731
Net income	21,911	29,263	(179)	50,995
Less: Net loss attributable to non-controlling interests	3,494	0	(149)	3,345
Less: Accretion of redemption preference on redeemable convertible non-controlling interest - Netsmart	(36,446)	36,446	0	0
Net (loss) income attributable to Allscripts Healthcare Solutions, Inc. stockholders	\$ (11,041)	\$ 65,709	\$ (328)	\$ 54,340
Net (loss) income attributable to Allscripts Healthcare Solutions, Inc. stockholders per share:				
Basic				
Continuing operations	\$ (0.09)	\$ 0.37	\$ 0.00	\$ 0.28
Discontinued operations	0.03	0.00	0.00	0.03
Net (loss) income attributable to Allscripts Healthcare Solutions, Inc. stockholders per share	\$ (0.06)	\$ 0.37	\$ 0.00	\$ 0.31
Diluted				
Continuing operations	\$ (0.09)	\$ 0.37	\$ 0.00	\$ 0.28
Discontinued operations	0.03	0.00	0.00	0.03
Net (loss) income attributable to Allscripts Healthcare Solutions, Inc. stockholders per share	\$ (0.06)	\$ 0.37	\$ 0.00	\$ 0.31

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

(In thousands, except per share amounts)	Allscripts Historical (B)	Pro Forma Adjustments		Pro Forma
		Netsmart Historical	Intercompany Activity (C)	
Revenue:				
Software delivery, support and maintenance	\$ 1,156,391	\$ (199,194)	\$ 990	\$ 958,187
Client services	649,951	(119,880)	9,450	539,521
Total revenue	1,806,342	(319,074)	10,440	\$ 1,497,708
Cost of revenue:				
Software delivery, support and maintenance	368,192	(51,886)	807	317,113
Client services	541,388	(87,762)	9,445	463,071
Amortization of software development and acquisition-related assets	114,601	(29,876)	0	84,725
Total cost of revenue	1,024,181	(169,524)	10,252	864,909
Gross profit	782,161	(149,550)	188	632,799
Selling, general and administrative expenses	486,271	(85,588)	5	400,688
Research and development	220,219	(18,024)	87	202,282
Amortization of intangible and acquisition-related assets	33,754	(16,465)	56	17,345
Income from operations	41,917	(29,473)	40	12,484
Interest expense	(87,479)	49,939	0	(37,540)
Other income, net	413	(925)	0	(512)
Impairment and losses on long-term investments	(165,290)	0	0	(165,290)
Equity in net income of unconsolidated investments	821	0	0	821
Loss from continuing operations before income taxes	(209,618)	19,541	40	(190,037)
Income tax benefit	50,767	(45,253)	0	5,514
Loss from continuing operations, net of tax	(158,851)	(25,712)	40	(184,523)
Income from discontinued operations, net of tax	4,676	0	0	4,676
Net loss	(154,175)	(25,712)	40	(179,847)
Less: Net loss attributable to non-controlling interests	1,566	0	0	1,566
Less: Accretion of redemption preference on redeemable convertible non-controlling interest - Netsmart	(43,850)	43,850	0	0
Net loss attributable to Allscripts Healthcare Solutions, Inc. stockholders	\$ (196,459)	\$ 18,138	\$ 40	\$ (178,281)
Net loss attributable to Allscripts Healthcare Solutions, Inc. stockholders per share:				
Basic				
Continuing operations	\$ (1.12)	\$ 0.10	\$ 0.00	\$ (1.02)
Discontinued operations	0.03	0.00	0.00	0.03
Net loss attributable to Allscripts Healthcare Solutions, Inc. stockholders per share	\$ (1.09)	\$ 0.10	\$ 0.00	\$ (0.99)
Diluted				
Continuing operations	\$ (1.12)	\$ 0.10	\$ 0.00	\$ (1.02)
Discontinued operations	0.03	0.00	0.00	0.03
Net loss attributable to Allscripts Healthcare Solutions, Inc. stockholders per share	\$ (1.09)	\$ 0.10	\$ 0.00	\$ (0.99)

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

(In thousands, except per share amounts)	Allscripts Historical (B)	Pro Forma Adjustments		Pro Forma
		Netsmart Historical (A)	Intercompany Activity (C)	
Revenue:				
Software delivery, support and maintenance	\$ 1,003,618	\$ (106,882)	\$ 2,563	\$ 899,299
Client services	546,281	(66,479)	6,968	486,770
Total revenue	1,549,899	(173,361)	9,531	1,386,069
Cost of revenue:				
Software delivery, support and maintenance	331,055	(38,938)	2,115	294,232
Client services	459,174	(46,718)	6,867	419,323
Amortization of software development and acquisition-related assets	88,631	(17,416)	0	71,215
Total cost of revenue	878,860	(103,072)	8,982	784,770
Gross profit	671,039	(70,289)	549	601,299
Selling, general and administrative expenses	392,865	(58,331)	(13)	334,521
Research and development	187,906	(9,399)	27	178,534
Asset impairment charges	4,650	0	0	4,650
Amortization of intangible and acquisition-related assets	25,847	(9,971)	8	15,884
Income from operations	59,771	7,412	527	67,710
Interest expense	(68,141)	38,663	0	(29,478)
Other income, net	1,087	(258)	0	829
Equity in net loss of unconsolidated investments	(7,501)	0	0	(7,501)
Loss from continuing operations before income taxes	(14,784)	45,817	527	31,560
Income tax benefit (expense)	17,814	(18,123)	0	(309)
Net income	3,030	27,694	527	31,251
Less: Net income attributable to non-controlling interests	(146)	0	0	(146)
Less: Accretion of redemption preference on redeemable convertible non-controlling interest - Netsmart	(28,536)	28,536	0	0
Net (loss) income attributable to Allscripts Healthcare Solutions, Inc. stockholders	\$ (25,652)	\$ 56,230	\$ 527	\$ 31,105
Net (loss) income attributable to Allscripts Healthcare Solutions, Inc. stockholders per share:				
Basic	\$ (0.14)	\$ 0.30	\$ 0.00	\$ 0.16
Diluted	\$ (0.14)	\$ 0.30	\$ 0.00	\$ 0.16

The Company's Unaudited Pro Forma Consolidated Balance Sheet as of September 30, 2018, the Unaudited Pro Forma Consolidated Statement of Operations for the Nine Months Ended September 30, 2018 and the Years Ended December 31, 2017 and 2016 include the following:

- (A) As reported in the Quarterly Report on Form 10-Q filed by the Company with the SEC on November 2, 2018. Netsmart activity for the year ended December 31, 2016 includes activity from March 17, 2016 through December 31, 2016.
- (B) As reported in the Annual Report on Form 10-K filed by the Company with the SEC on February 26, 2018. During the first quarter of 2018, the Company changed the presentation of certain bundled revenue streams. Such revenue was previously included as part of software, delivery, support and maintenance revenue. Under the new presentation, such revenue is included as part of client services revenue. The revenue previously reported for the years ended December 31, 2017 and 2016 has been recast to match to the new presentation by reducing software delivery, support and maintenance and increasing client services by \$18.3 and \$8.7 million, respectively.
- (C) Represents intercompany transactions that would not have been eliminated if Netsmart's results were not consolidated.
- (D) Represents the proceeds and gain, net of tax from the sale of Netsmart as if it had occurred on September 30, 2018.
- (E) Netsmart's balance for allowance for doubtful accounts was \$13,238 as of September 30, 2018.
- (F) The pro forma tax rate of 20.5% differs from the blended federal and state statutory rate of 26% due to the application of valuation allowances relating to use of NOLs and tax credits.