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): **February 21, 2006**

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**000-32085**	**36-4392754**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(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) 654-0889**

(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 Instruction 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))

Item 1.01. Entry into a Material Definitive Agreement.

On February 15, 2006, the Company announced that it intends to offer 7,300,000 shares of its common stock (the "Offering"), pursuant to a preliminary prospectus supplement filed with the Securities and Exchange Commission on February 15, 2006 under the Company's shelf registration statement. On February 21, 2006, the Company announced that it entered into a Purchase Agreement with General Electric Company ("GE"), IDX Systems Corporation, a wholly owned subsidiary of GE ("IDX") and IDX Investment Corporation, a wholly owned subsidiary of IDX ("IIC" and together with GE and IDX, the "GE Entities"), pursuant to which the Company agreed to repurchase from IIC 1,250,000 shares of the Company's common stock at a price per share equal to 95% of the public offering price per share in the Offering (which is the net price per share the Company will receive in the Offering) (the "Repurchase"). The closing of the Repurchase is contingent on the closing of the Offering. The terms of the Purchase Agreement also provide that the GE Entities will not sell any of the remaining shares of the Company's common stock that they own for 60 days from the date of the prospectus supplement relating to the Offering, subject to certain exceptions. A copy of the press release related to the Repurchase is attached hereto as Exhibit 99.1.

After completion of the Offering and the Repurchase (based on 40,873,047 shares of the Company's common stock outstanding as of December 31, 2005), IDX will beneficially own 5,827,138 shares of Company's common stock or approximately 12.4% of the Company's outstanding shares. The Company is a party to a Stock Rights and Restrictions Agreement with IDX which may impose restrictions on the ability of the GE Entities to sell shares of the Company's common stock after the expiration of the 60-day period described above and the manner of such future sales. However, the GE Entities retain the ability to sell substantial amounts of the Company's common stock in the public market. Sales of substantial amounts of the Company's common stock by the GE Entities in the public market, or the perception that such sales could occur, could adversely affect the prevailing trading prices of the Company's common stock and could impair its ability to raise capital through future offerings of equity or equity related securities, including the Offering.

A copy of the Purchase Agreement is filed as Exhibit 99.2 to this report, and a copy of the Stock Rights and Restrictions Agreement is incorporated by reference into this report as Exhibit 99.3. The foregoing descriptions of the Purchase Agreement and the Stock Rights and Restrictions Agreement are qualified in their entirety by reference to the full text of those agreements.

As previously announced, on January 18, 2006, the Company entered into an Agreement of Merger (the "Merger Agreement") with A4 Health Systems, Inc. ("A4"). The Merger Agreement provides for a business combination whereby a newly formed, wholly owned subsidiary of the Company will be merged with and into A4, with A4 surviving the merger (the "A4 Acquisition").

On February 10, 2006, the Company filed a Current Report on Form 8-K with pro forma financial statements that gave effect to the A4 Acquisition and a proposed debt financing, on the one hand, and a proposed equity financing, on the other hand. Filed as Exhibit 99.4 hereto are revised pro forma financial statements that give effect to the A4 Acquisition, the Offering and the

Repurchase. These pro forma financials statements update the pro forma financial statements in the Current Report on Form 8-K filed on February 10, 2006.

Consummation of the Offering, the Repurchase and the A4 Acquisition are subject to various conditions. There can be no assurances that the Offering, the Repurchase or the A4 Acquisition will be consummated on the terms described herein or at all.

This report shall not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any offer of the Company's common stock in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction.

Statements in this report contain forward-looking information within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements about the proposed Offering and the proposed Repurchase. These statements involve a number of risks and uncertainties, including investor response to the proposed Offering, the trading prices for the Company's common stock during the offering period, other conditions in the financial markets and customary closing conditions. For a more complete discussion of the risks, uncertainties and assumptions that may affect the Company, see the Company's preliminary prospectus supplement relating to the Offering, the Company's free writing prospectus dated February 21, 2006 and the Company's 2004 Annual Report on Form 10-K, available through the Web site maintained by the Securities and Exchange Commission at www.sec.gov.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are filed with this report:

Exhibit 99.1	Press Release dated February 21, 2006.
Exhibit 99.2	Purchase Agreement by and among Allscripts Healthcare Solutions, Inc., General Electric Company, IDX Systems Corporation and IDX Investment Corporation, a wholly owned subsidiary of IDC, dated as of February 21, 2006.
Exhibit 99.3	Stock Rights and Restrictions Agreement by and between Allscripts Healthcare Solutions, Inc. and IDX Systems Corporation, dated as of January 8, 2001 (incorporated herein by reference from the Allscripts Healthcare Solutions, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2001).
Exhibit 99.4	Pro forma income statements for the nine months ended September 30, 2005 and for the year ended December 31, 2004 and pro forma balance sheet as of September 30, 2005, in each case giving effect to the Acquisition, the Offering and the Repurchase.

SIGNATURES

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.

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

Date: February 21, 2006

By: /s/ Brian Vandenberg
Brian Vandenberg
Vice President and General Counsel

EXHIBIT 99.1

Allscripts Contact:

Bill Davis
Chief Financial Officer
312-506-1211
bill.davis@allscripts.com

Allscripts Announces Repurchase of 1.25 Million Shares Held by General Electric Company

CHICAGO, IL February 21, 2006– Allscripts (Nasdaq:MDRX) announced today that Allscripts and General Electric Company, the parent of IDX Systems Corporation, have reached an agreement for Allscripts to purchase 1.25 million shares of Allscripts common stock directly from GE at the initial offering price of Allscripts' previously announced proposed offering of common stock, after deducting a standard underwriting discount and commission. The agreement is conditioned upon the closing of the proposed offering. Following the announcement of the proposed offering, GE contacted Allscripts and the two companies agreed that Allscripts would assist GE in selling a portion of its holdings in Allscripts in a cooperative fashion. Following the purchase, these shares of Allscripts will no longer be outstanding.

Glen Tullman, Chief Executive Officer of Allscripts, stated: "We were pleased to accommodate GE's investment objectives."

The terms of the agreement provide that GE will lock-up the remaining portion of their shares for 60 days from the pricing of the offering.

Michael Jones, Executive Vice President, Business Development, GE Healthcare, commented, "We manage our investment portfolio separately from our business relationship with Allscripts, which was amended earlier this year. We continue to value our relationship with Allscripts."

About Allscripts

Allscripts is a leading provider of clinical software, connectivity and information solutions that physicians use to improve healthcare. Allscripts' Clinical Solutions Group's clinical software applications include Electronic Health Record, e-prescribing and document imaging solutions. Additionally, Allscripts provides clinical product education and connectivity solutions for physicians and patients through its Physicians Interactive™ Group and medical fulfillment services through its Medication Solutions Group.

This announcement shall not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any offer of the common stock of Allscripts in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction.

Statements in this press release contain forward-looking information within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements about the agreement with GE and the proposed offering of common stock. These statements involve a number of risks and uncertainties, including investor response to the proposed offering, the trading prices for the Allscripts' common stock during the offering period, other conditions in the financial markets and customary closing conditions. For a more complete discussion of the risks, uncertainties and assumptions that may affect Allscripts, see the Company's preliminary prospectus supplement relating to the proposed offering and the Company's 2004 Annual Report on Form 10-K, available through the Web site maintained by the Securities and Exchange Commission at www.sec.gov.

EXHIBIT 99.2

PURCHASE AGREEMENT

Purchase Agreement dated as of February 21, 2006 (the "Agreement") among Allscripts Healthcare Solutions, Inc., a Delaware corporation ("Allscripts"), General Electric Company, a New York corporation ("GE"), IDX Systems Corporation, a Vermont corporation ("IDX"), and IDX Investment Corporation, a Vermont corporation ("IIC" and, together with GE and IDX, the "GE Entities").

WHEREAS, Allscripts and IDX have heretofore entered into the Stock Rights and Restrictions Agreement dated as of January 8, 2001 (the "SRR Agreement");

WHEREAS, pursuant to an Agreement and Plan of Merger dated as of September 28, 2005, a wholly-owned subsidiary of GE merged into IDX whereby IDX became a wholly-owned subsidiary of GE;

WHEREAS, IIC, a wholly-owned subsidiary of IDX, owns 7,077,138 shares of common stock of Allscripts (the "Common Stock");

WHEREAS, on February 15, 2006 Allscripts announced that it intends to offer shares of its Common Stock in a public offering (the "Offering") pursuant to a prospectus supplement filed with the Securities and Exchange Commission on February 15, 2006, as it may be amended or supplemented; and

WHEREAS, in connection with the Offering, the parties have agreed that it is in their best interest to enter into the transactions contemplated hereby;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. <u>Purchase and Sale</u>.

On the basis of the representations and warranties contained in, and subject to the terms and conditions of, this Agreement, the GE Entities agree to sell and deliver 1,250,000 shares of Common Stock (the "Shares") to Allscripts, and Allscripts agrees to purchase and accept the Shares at the Closing (as hereinafter defined). The purchase price of each Share shall be 95% of the public offering price per share of Common Stock in the Offering.

The closing of the purchase and sale of the Shares hereunder (the "Closing") shall take place on the date of the closing of the Offering, after satisfaction or waiver of the conditions set forth in paragraph 2, or at such other time as shall be determined by agreement among the parties.

At the Closing, the GE Entities shall deliver or cause to be delivered to Allscripts stock certificates representing the Shares duly endorsed in blank, or accompanied by stock powers duly executed in blank, with all required documentary or transfer tax stamps, if any, affixed.

2. Conditions; Termination.

(a) The obligations of the parties to effect the transactions contemplated hereby shall be subject to the fulfillment, on or prior to the Closing, of the following conditions:

(i) the Offering shall have been consummated; and

(ii) no temporary restraining order, preliminary or permanent injunction or other judgment, decision or order issued by any governmental authority of competent jurisdiction shall be in effect preventing the consummation of the transactions contemplated hereby.

(b) This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing:

(i) by the mutual written consent of Allscripts and GE;

(ii) by either Allscripts or GE by written notice to the other parties if the Closing shall not have occurred on or prior to March 15, 2006; or

(iii) by Allscripts if there shall have been a material breach by the GE Entities of their representations, warranties, covenants or agreements contained in this Agreement.

3. Lock-Up Agreement.

For a period commencing on the date hereof and ending on the 60th day after the date of the pricing of the Offering (the "Lock-Up Period"), the GE Entities agree not to, directly or indirectly, (1) offer for sale, sell, pledge or otherwise dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition by any person at any time in the future of) any shares of Common Stock or securities convertible into or exchangeable for Common Stock, or sell or grant options, rights or warrants with respect to any shares of Common Stock or securities convertible into or exchangeable for Common Stock, (2) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of such shares of Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or other securities, in cash or otherwise, (3) cause to be filed a registration statement, including any amendments, with respect to the registration of any shares of Common Stock or securities convertible, exercisable or exchangeable into Common Stock or any other securities of the Company or (4) publicly disclose the intention to do any of the foregoing, in each case without the prior written consent of Allscripts. If at any time any party who has signed a lock-up agreement in connection with the Offering is released from such lock-up agreement by the underwriters with respect to all or a portion of such shares in connection with the sale of such shares, the GE Entities shall be released from the lock-up contemplated by this paragraph 3 with respect to the same number of shares.

4. Representations and Warranties.

The GE Entities hereby represent and warrant to Allscripts as follows:

As of the date hereof IIC is, and as of the Closing, IIC will be, the registered and beneficial holder of 7,077,138 shares of Common Stock, with good title to the Shares and full power and authority to sell, assign and transfer the Shares to Allscripts, free and clear of all liens, claims, restrictions, charges and encumbrances of any kind whatsoever and not subject to any adverse claim (collectively, “Encumbrances”). Upon sale and delivery of, and payment for, the Shares as provided herein at the Closing, IIC will convey to Allscripts good and valid title to the Shares free and clear of all Encumbrances. The Shares are not subject to any preemptive or similar rights.

5. Notice. All notices and other communications under this Agreement shall be in writing and shall be deemed given (i) when delivered personally by hand (with written confirmation of receipt), (ii) when sent by facsimile (with written confirmation of transmission) or (iii) one business day following the day sent by overnight courier (with written confirmation of receipt), in each case at the following addresses and facsimile numbers (or to such other address and facsimile number as a party may have specified by notice given to the other parties pursuant to this provision):

If to Allscripts:

Allscripts Healthcare Solutions, Inc.
222 Merchandise Mart Plaza
Chicago, IL 60654
Attention: President
Facsimile: (312) 506-1208

with a copy to: the General Counsel at the same address.

If to IDX:

IDX Systems Incorporated
1400 Shelburne Road
South Burlington, VT 05403
Attention: President
Facsimile: (802) 862-6351

with a copy to:

GE Healthcare
540 West Northwest Highway
Barrington, IL 60010-3076
Attention: General Counsel
Facsimile: (847) 277-5090

6. Miscellaneous.

(a) This Agreement may be executed in several counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

(b) The GE Entities consent to the statements set forth in Exhibit A regarding this Agreement, it being understood that Allscripts will make these statements publicly.

(c) The parties acknowledge and agree that the SRR Agreement remains in full force and effect.

(d) Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or unenforceability without invalidating the remainder of such invalid, illegal or unenforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

(e) Except for the SRR Agreement, this Agreement constitutes the entire agreement, and supersedes all prior agreements, understandings and communications, whether oral or written, among the parties with respect to the sale of shares of Common Stock by the GE Entities. Any term of this Agreement may be amended or modified only by written agreement of the parties.

(f) All of the terms and provisions of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. All representations, warranties and covenants shall survive the Closing.

(g) THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO ITS CONFLICT OF LAWS PROVISIONS.

(h) The parties shall be entitled to enforce their rights under this Agreement specifically, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights existing in their favor. The parties agree and acknowledge that money damages would not be an adequate remedy for any breach of the provisions of this Agreement and that the parties, in their sole discretion, may apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive relief (without posting a bond or other security) in order to enforce or prevent any violation of the provisions of this Agreement.

(i) Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first above written.

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

By: /s/ Brian Vandenberg

Name: Brian Vandenberg
Title: Vice President & General Counsel

GENERAL ELECTRIC COMPANY

By: /s/ Michael A. Jones

Name: Michael A. Jones
Title: EVP, Business Development

IDX SYSTEMS CORPORATION

By: /s/ Michael A. Jones

Name: Michael A. Jones
Title: EVP, Business Development

IDX INVESTMENT CORPORATION

By: /s/ Michael A. Jones

Name: Michael A. Jones
Title: EVP, Business Development

EXHIBIT 99.4

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statement for the year ended December 31, 2004 is based on the audited financial statements of Allscripts Healthcare Solutions, Inc. ("Allscripts") included in Allscripts' 2004 Annual Report on Form 10-K and the audited financial statements of A4 Health Systems, Inc. ("A4"), included in Allscripts' Form 8-K filed on February 10, 2006. The unaudited pro forma condensed combined financial statements as of and for the nine months ended September 30, 2005 are based on the unaudited financial statements of Allscripts, included in Allscripts' Quarterly Report on Form 10-Q for the quarter ended September 30, 2005 and the unaudited financial statements of A4, included in Allscripts' Form 8-K filed on February 10, 2006. The unaudited pro forma condensed combined financial statements give effect to the proposed offering by Allscripts of 7,300,000 shares of its common stock (the "Offering"), the application of net proceeds therefrom, the IDX Stock Repurchase described below, the acquisition of A4 (the "A4 Acquisition"), and the assumptions and adjustments described in the accompanying notes, as if each had occurred on January 1, 2004 in the case of the unaudited pro forma condensed combined statement of operations and September 30, 2005 in the case of balance sheet data. The unaudited pro forma condensed combined financial statements give effect to the Offering and the receipt of approximately $125.4 million of net proceeds therefrom, based on an assumed public offering price of $18.21 per share (which was the last reported sale price of Allscripts' common stock on the Nasdaq National Market on February 17, 2006) and after deducting underwriting discounts and commissions and estimated expenses of the Offering payable by Allscripts. The unaudited pro forma condensed combined financial statements give effect to the repurchase of 1,250,000 shares of Allscripts common stock from IDX Systems Corporation ("IDX"), a wholly owned subsidiary of General Electric Company ("GE") (the "IDX Stock Repurchase") pursuant to a purchase agreement entered into with GE, IDX and IDX Investment Corporation, a wholly owned subsidiary of IDX, for an aggregate purchase price of $21.6 million, based on an assumed price per share of $17.30 which is 95% of the assumed public offering price per share in the Offering (the assumed net price per share Allscripts will receive in the Offering) of $18.21 (which was the last reported sale price of Allscripts' common stock on the Nasdaq National Market on February 17, 2006). The Offering is not conditioned upon the consummation of the A4 Acquisition or the IDX Stock Repurchase. The closing of the IDX Stock Repurchase is contingent on the closing of the Offering. Allscripts cannot assure you that the A4 Acquisition or the IDX Stock Repurchase will be consummated on the terms described herein or at all.

The pro forma adjustments are based upon available information, preliminary estimates and certain assumptions that Allscripts believes are reasonable and are described in the accompanying notes to the unaudited pro forma condensed combined financial statements. The unaudited pro forma condensed combined financial statements do not take into account (i) any synergies or cost savings that may or are expected to occur as a result of the A4 Acquisition or (ii) any cash or non-cash charges that Allscripts may incur in connection with the A4 Acquisition, the level and timing of which cannot yet be determined. The unaudited pro forma condensed combined financial statements have been prepared in accordance with SEC rules and regulations.

The unaudited pro forma condensed combined financial statements assume that the A4 Acquisition would be accounted for using the purchase method of accounting in accordance with the Financial Accounting Standards Board, or FASB, Statement No. 141, "Business Combinations," or SFAS No. 141, and the resultant goodwill and other intangible assets will be accounted for under FASB Statement No. 142, "Goodwill and Other Intangible Assets," or SFAS No. 142. The total purchase price has been preliminarily allocated based on information available to Allscripts as of the date of this report, to the tangible and intangible assets acquired and liabilities assumed based on management's preliminary estimates of their current fair values. These estimates and assumptions of fair values of assets acquired and liabilities assumed and related operating results are subject to change that could result in material differences between the actual amounts and those reported in the unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial statements are provided for informational purposes only and are subject to a number of uncertainties and assumptions and do not purport to represent what the combined companies' actual performance or financial position would have been had the transactions occurred on the dates indicated and does not purport to indicate financial position or results of operations as of any future date or for any future period. You should read the following information in conjunction with

Allscripts' and A4's historical financial statements and the accompanying notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" from Allscripts' Annual Report on Form 10-K as of and for the year ended December 31, 2004 and from Allscripts' Quarterly Report on Form 10-Q as of and for the three and nine months ended September 30, 2005, each incorporated by reference in this report.

As used herein, (i) the terms "we," "our," "us," "Allscripts" and "the Company" refer to Allscripts Healthcare Solutions, Inc. and its consolidated subsidiaries, and (ii) the term "A4" refers to A4 Health Systems, Inc. and its consolidated subsidiaries.

Unaudited Pro Forma Condensed Combined Statement of Operations
Nine months ended September 30, 2005

	For the nine months ended September 30, 2005			
	Historical Allscripts	Historical A4	Pro forma adjustments (Note 4)	Pro forma combined
	(in millions, except per share data)			
Revenues:				
Software and related services	$46.9	$55.9	$—	$102.8
Prepackaged medications	32.8	—	—	32.8
Information services	6.6	—	—	6.6
Total revenues	86.3	55.9	—	142.2
Cost of revenue:				
Software and related services	16.6	23.4	—	40.0
Prepackaged medications	27.2	—	—	27.2
Information services	3.3	—	—	3.3
Total cost of revenue	47.1	23.4	—	70.5
Gross profit	39.2	32.5	—	71.7
Operating expenses:				
Selling, general and administrative expenses	31.8	20.6	—	52.4
Amortization of intangible assets	1.3	0.6	10.1(C)	12.0
Income from operations	6.1	11.3	(10.1)	7.3
Interest income	2.9	0.4	(2.7)(H)	0.6
Interest expense	(2.6)	—	—	(2.6)
Other income (expense), net	(0.1)	—	—	(0.1)
Income before income taxes	6.3	11.7	(12.8)	5.2
Income taxes	—	3.6	(1.6)(J)	2.0
Net income	$6.3	$8.1	($11.2)	$3.2
Net income per share:				
Basic	$0.16			$0.06
Diluted	$0.15			$0.06
Weighted average common shares outstanding (Note 2):				
Basic	39.9		9.5(K)	49.4
Diluted	43.0		9.5(K)	52.5

Unaudited Pro Forma Condensed Combined Statement of Operations
Year ended December 31, 2004

	For the year ended December 31, 2004			
	Historical Allscripts	Historical A4	Pro forma adjustments (Note 4)	Pro forma combined
	(in millions, except per share data)			
Revenues:				
Software and related services	$44.1	$67.2	($7.9)(E)	$103.4
Prepackaged medications	44.7	—	—	44.7
Information services	11.9	—	—	11.9
Total revenues	100.7	67.2	(7.9)	160.0
Cost of revenue:				
Software and related services	15.9	26.4	—	42.3
Prepackaged medications	35.7	—	—	35.7
Information services	6.5	—	—	6.5
Total cost of revenue	58.1	26.4	—	84.5
Gross profit	42.6	40.8	(7.9)	75.5
Operating expenses:				
Selling, general and administrative expenses	37.7	24.0	—	61.7
Amortization of intangible assets	1.8	0.5	13.4(C)	15.7
Income (loss) from operations	3.1	16.3	(21.3)	(1.9)
Interest income	1.7	0.2	(1.4)(H)	0.5
Interest expense	(1.7)	(0.1)	(1.7)(I)	(3.5)
Income (loss) before income taxes	3.1	16.4	(24.4)	(4.9)
Income taxes	—	(3.9)	3.9(J)	—
Net income (loss)	$3.1	$20.3	($28.3)	($4.9)
Net income (loss) per share:				
Basic	$0.08			($0.10)
Diluted	$0.07			($0.10)
Weighted average common shares outstanding (Note 2):				
Basic	39.0		9.5(K)	48.5
Diluted	41.6		9.5(K)	48.5

Unaudited Pro Forma Condensed Combined Balance Sheet
As of September 30, 2005

	As of September 30, 2005			
	Historical Allscripts	Historical A4	Pro forma adjustments (Note 4)	Pro forma combined
	(in millions, except per share data)			
Current assets:				
Cash and cash equivalents	$37.7	$24.1	($23.3)(A)	$38.5
Marketable securities	56.9	—	(56.9)(A)	—
Accounts receivable, net	26.8	10.8	—	37.6
Other receivables	0.6	—	—	0.6
Inventories	1.9	1.0	—	2.9
Deferred income taxes	—	2.8	22.1(D)	24.9
Prepaid expenses and other current assets	4.9	0.7	—	5.6
Total current assets	128.8	39.4	(58.1)	110.1
Non-current assets:				
Long-term marketable securities	41.4	—	(41.4)(A)	—
Fixed assets, net	2.6	8.7	—	11.3
Software development costs, net	6.4	—	—	6.4
Intangible assets, net	9.6	5.0	80.5(C)	95.1
Goodwill	13.8	27.9	128.5(B)	170.2
Deferred income taxes	—	0.3	—	0.3
Other assets	5.3	—	—	5.3
Total non-current assets	79.1	41.9	167.6	288.6
Total assets	$207.9	$81.3	$109.5	$398.7
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Current maturities of long-term debt	$—	$0.2	$—	$0.2
Accounts payable and accrued liabilities	16.0	7.4	—	23.4
Deferred revenues	15.1	17.4	(5.2)(E)	27.3
Total current liabilities	31.1	25.0	(5.2)	50.9
Non-current liabilities:				
Long-term debt	82.5	3.3	—	85.8
Deferred tax liabilities	—	0.2	—	0.2
Other long term liabilities	0.4	—	—	0.4
Total non-current liabilities	82.9	3.5	—	86.4
Mandatorily redeemable convertible preferred and common stock	—	40.6	(40.6)(F)	—
Commitments and contingencies				
Stockholders' equity	93.9	12.2	155.3(G)	261.4
Total liabilities and stockholders' equity	$207.9	$81.3	$109.5	$398.7

Notes to Unaudited Condensed Combined Pro Forma Financial Statements

1. A4 Acquisition

On January 18, 2006, we entered into an agreement of merger with A4. The merger agreement provides for a business combination whereby a newly formed wholly-owned subsidiary of Allscripts will be merged with and into A4, with A4 surviving the merger.

Pursuant to the merger agreement, and subject to the terms and conditions of the merger agreement, we will acquire all of the outstanding equity interests (including options) of A4 for aggregate merger consideration of $215 million in cash and 3,500,000 shares of Allscripts common stock, subject to a purchase price adjustment based on changes in working capital.

Our acquisition of A4 has been accounted for as a business combination under SFAS No. 141. Assets acquired and liabilities assumed were recorded at their fair values as of September 30, 2005. The total preliminary purchase price is $289.1 million, including acquisition related transaction costs and is comprised of:

	(in millions)
Acquisition of the outstanding common stock of A4 (cash of $215 million, working capital cash of $6.4 million as of September 30, 2005, and 3,500,000 Allscripts shares at $18.21 per share, the last sale price of our common stock on February 17, 2006)	$285.1
Acquisition related transaction costs	4.0
Total preliminary purchase price	$289.1

Acquisition related transaction costs include our estimate of investment banking fees, loan commitment fee for securing bridge financing, legal and accounting fees and other external costs directly related to the A4 Acquisition.

Under business combination accounting, the total preliminary purchase price will be allocated to A4's net tangible and identifiable intangible assets based on their estimated fair values. Based upon our management's preliminary valuation, the total purchase price will be allocated as follows:

	(in millions)
Goodwill	$156.4
Identifiable intangible assets	80.5
Net tangible assets	30.1
Net deferred tax assets	22.1
Total preliminary purchase price allocation	$289.1

Goodwill represents the excess of the purchase price over the fair value of net tangible and identifiable intangible assets acquired. Goodwill amounts are not amortized, but rather are tested for impairment at least annually. In the event that we determine that the value of goodwill has become impaired, we will incur an accounting charge for the amount of impairment during the fiscal quarter in which such determination is made.

Identifiable intangible assets acquired consist of developed technology, core technology, trade names, customer contracts and software support agreements. The preliminary estimated fair value of identifiable intangible assets was determined by our management and will be finalized based on an independent third-party valuation. In addition, management is also evaluating A4's in-process research and development costs, which could result in a change in the amount of goodwill recorded.

Net tangible assets were valued at their respective carrying amounts, which we believe approximates fair market value, except for adjustments to deferred revenues. Deferred revenues were reduced by $5.2 million in the pro forma condensed combined balance sheet, to adjust deferred revenue to an amount equivalent to the estimated cost plus an appropriate profit margin to perform the services related to A4's software and support contracts.

As a result of the proposed A4 Acquisition and the forecasted net income of the combined company, we have reversed our deferred tax asset valuation allowance in conjunction with the purchase accounting for the A4 Acquisition. The reversal of the December 31, 2004 deferred tax valuation allowance totaling $54.6 million was included in the pro forma balance sheet adjustments as of September 30, 2005.

We have currently not identified any pre-acquisition contingencies where a liability is probable and the amount of the liability can be reasonably estimated. If information becomes available to us prior to the end of the purchase price allocation period, which would indicate that a liability is probable and the amount can be reasonably estimated, such items will be included in the purchase price allocation.

2. Offering

The unaudited pro forma condensed combined financial statements give effect to the sale of 7,300,000 shares of our common stock in the Offering and our receipt of approximately $125.4 million of net proceeds, based on an assumed public offering price of $18.21 per share (which was the last reported sale price of our common stock on the Nasdaq National Market on February 17, 2006) and after deducting underwriting discounts and commissions and estimated expenses of the Offering payable by us.

3. IDX Stock Repurchase

On February 21, 2006, we entered into a purchase agreement with GE, IDX and IIC to repurchase 1,250,000 shares of our common stock from IDX. The repurchase amount reflects an aggregate purchase price of $21.6 million, based on an assumed purchase price per share of $17.30 which is 95% of the assumed public offering price per share in the Offering (the assumed net price per share we will receive in the Offering) of $18.21 (which was the last reported sale price of our common stock on the Nasdaq National Market on February 17, 2006). This transaction has been reflected in the pro forma condensed combined financial statements as if it occurred on January 1, 2004.

4. Pro Forma Adjustments

The following pro forma adjustments are included in the unaudited pro forma condensed combined balance sheet as of September 30, 2005:

(A) To record the following adjustments to cash:

	(in millions)
To record net proceeds from the Offering (net of $7.5 million in issuance costs)	$125.4
To record cash paid for A4 common stock	(221.4)
To record cash paid for A4 deal related costs	(4.0)
To record cash paid for the repurchase of 1,250,000 shares of our common stock from IDX	(21.6)
Reclassification of long-term and short-term marketable securities to cash and cash equivalents	98.3
Total adjustments to cash	($23.3)

(B) To eliminate A4's historical goodwill and record the preliminary fair value of goodwill.

(in millions)	Historical amount, net	Preliminary fair value	Increase
Goodwill	$27.9	$156.4	$128.5

(C) To record the difference between the preliminary fair value and the historical amount of intangible assets.

(in millions)	Historical amount, net	Preliminary fair value	Increase	Annual amortization*	Nine months amortization*	Estimated useful life
Developed technology, core technology, trade names, customer contracts and software support agreements	$5.0	$85.5	$80.5	$13.9	$10.7	6 yrs.
Total identifiable intangible assets	$5.0	$85.5	$80.5	$13.9	$10.7	
A4 historical amortization				(0.5)	(0.6)	
Net increase in amortization				$13.4	$10.1	

* Pro forma amortization expense is calculated herein using the straight-line method. However, upon completion of our valuation process, we may conclude that intangible assets should be amortized using an accelerated method.

(D) As a result of the A4 Acquisition and the forecasted net income of the combined company, we have reversed our deferred tax asset valuation allowance in conjunction with the purchase accounting for the A4 Acquisition.

To record the adjustment for deferred tax liabilities related to identifiable intangible assets and deferred revenues and the reversal of the December 31, 2004 deferred tax valuation allowance:

(in millions)	Preliminary fair value adjustment	Statutory tax rate	Deferred tax asset (liability)
Increase in identifiable intangible assets	$80.5	38.0%	($30.6)
Decrease in deferred revenues	5.2	38.0%	(1.9)
Deferred tax liabilities	$85.7		($32.5)
Reversal of the December 31, 2004 deferred tax valuation allowance			54.6
Net deferred tax adjustment			$22.1

(E) To record the preliminary fair value adjustment to deferred revenues acquired. The preliminary fair value represents an amount equivalent to the estimated cost plus an appropriate profit margin, which assumes a legal obligation, to perform services related to A4's new software and product support based on the deferred revenue balances of A4 as of September 30, 2005 and does not reflect the actual fair value adjustment as of the date of acquisition. The following adjustments represent the September 30, 2005 balance sheet adjustment and income statement adjustment for the year ended December 31, 2004:

(in millions)	Historical deferred revenue amount, net	Preliminary deferred revenue fair value	Decrease
New software and product support as of September 30, 2005	$17.4	$12.2	($5.2)
New software and product support as of January 1, 2004	$26.5	$18.6	($7.9)

(F) To eliminate $40.6 million mandatorily redeemable convertible preferred and common stock that was converted to common stock in conjunction with the A4 Acquisition.

(G) To record the following adjustments to stockholders' equity:

	(in millions)
To record net proceeds from the Offering	$125.4
To record the issuance of approximately 3,500,000 shares for A4's outstanding common stock	63.7
To eliminate A4's historical stockholders' equity	(12.2)
To record cash paid for the repurchase of 1,250,000 shares of our common stock from IDX	(21.6)
Total adjustments to stockholders' equity	$155.3

(H) The cash purchase price payment for the A4 Acquisition and the cash purchase price for the IDX stock repurchase would have resulted in a decrease in interest income for the nine months ended September 30, 2005 and the year ended December 31, 2004, as presented below.

(in millions)	Interest income as reported	Revised interest income-pro forma	Decrease
For the nine months ended September 30, 2005	$2.9	$0.2	($2.7)
For the year ended December 31, 2004	$1.7	$0.3	($1.4)

(I) In July 2004, Allscripts completed a private placement of $82.5 million of 3.50% senior convertible debentures due 2024. These notes can be converted, in certain circumstances, into 7,329,424 shares of our common stock, subject to adjustment. The pro forma condensed combined financial statements have been presented under the assumption that these notes were issued as of January 1, 2004. This assumption resulted in a pro forma adjustment of $1.7 million in additional interest expense, which consisted of $1.4 million in interest expense and $0.3 million in additional amortization of debt issuance costs.

(J) To reverse A4's income tax provision (benefit) to reflect the tax provision related to the pro forma net income (loss) of the combined statements of operations for the nine months ended September 30, 2005 and for the year ended December 31, 2004.

(K) Represents the 3,500,000 shares issued in conjunction with the A4 Acquisition, the issuance of 7,300,000 shares of common stock in the Offering and the repurchase of 1,250,000 shares of our common stock from IDX.