

ALLSCRIPTS HEALTHCARE SOLUTIONS INC  
Form PRER14A  
July 21, 2008  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

(Rule 14a-01)

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a)**  
**of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement.  Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).  
 Definitive Proxy Statement.  
 Definitive Additional Materials.  
 Soliciting Material Pursuant to §240.14a-12.

**ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.  
 Fee computed below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:  
Allscripts Healthcare Solutions, Inc. common stock, par value \$0.01 per share

---

2) Aggregate number of securities to which transaction applies: 84,800,000, representing the maximum number of shares of common stock, par value \$0.01 per share, of Allscripts Healthcare Solutions, Inc., a Delaware corporation ( Allscripts ), estimated to be issuable upon completion of the merger of Patriot Merger Company, LLC, a wholly-owned subsidiary of Allscripts, with and into Misys Healthcare Systems, LLC, an indirect wholly-owned subsidiary of Misys plc ( Misys ), added to 18,957,142, representing the maximum number of shares of common stock of Allscripts that are issuable to Misys in consideration for Misys purchase of such additional shares.

---

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): \$12.72, based upon, pursuant to Rules 457(c) and 457(f) under the Securities Act of 1933, as amended, the average of the high and low sales prices of Allscripts common stock as reported on the Nasdaq National Market on June 9, 2008

---

4) Proposed maximum aggregate value of transaction: \$1,169,271,154

---

5) Total fee paid: \$45,952.36

---

x Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

1) Amount Previously Paid:

---

2) Form, Schedule or Registration Statement No.:

---

3) Filing Party:

---

4) Date Filed:

---

Table of Contents

Preliminary Copy

222 Merchandise Mart Plaza, Suite 2024

Chicago, IL 60654

Telephone: (866) 358-6869

Facsimile: (312) 506-1201

, 2008

Fellow Stockholder:

Allscripts Healthcare Solutions, Inc. ( Allscripts ), Misys plc ( Misys ), and Misys Healthcare Systems, LLC, a wholly-owned subsidiary of Misys ( MHS ), have entered into a merger agreement pursuant to which (i) Patriot Merger Company, LLC, a wholly-owned subsidiary of Allscripts, will merge with and into MHS, with MHS surviving as a wholly-owned subsidiary of Allscripts (which is referred to as the Merger ) and with Misys or one of its subsidiaries receiving shares of Allscripts common stock in consideration thereof and (ii) Misys or one of its subsidiaries will purchase either, at Misys election as described in the accompanying proxy statement, 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 (the Share Purchase and, together with the Merger, the Transactions ). As a result, Misys will hold 54.5% of Allscripts common stock, with existing Allscripts equityholders, which includes holders of our convertible debentures, holding 45.5% of Allscripts common stock immediately after the Merger and Share Purchase, in each case on a fully diluted basis. Allscripts common stock is listed on the NASDAQ National Market under the symbol MDRX. **Our existing stockholders will not receive any new shares in the Merger and will continue to hold their existing shares of Allscripts common stock after the Merger. Additionally, Allscripts will pay a special cash dividend in connection with the foregoing transactions of between approximately \$4.84 per share (assuming that, prior to the record date for the special cash dividend, all holders of our 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 the special cash dividend no convertible debenture holders exercise their conversion right and no in-the-money options are exercised).**

We cordially invite you to attend the annual meeting of Allscripts stockholders to be held on , , 2008 at , at :00 p.m., local time. At the annual meeting, we will ask you to consider and vote on the proposal to approve the issuance of shares of Allscripts common stock in connection with the Transactions and an amendment and restatement of the certificate of incorporation of Allscripts required in connection with the Transactions, both of which are required to complete the Transactions. We will also ask you to consider and vote on additional amendments and a restatement of Allscripts certificate of incorporation and by-laws and the other proposals set forth in the accompanying notice of annual meeting.

**On March 17, 2008, our board of directors approved, adopted and declared advisable and in the best interests of Allscripts and its stockholders Allscripts entering into the merger agreement, the Merger, the amendment and restatement and additional amendments and a restatement of the certificate of incorporation and by-laws of Allscripts and the other Transactions.**

The accompanying proxy statement will provide you with information regarding the Transactions and information about Misys Healthcare Systems, LLC. **Please review the proxy statement carefully. The Merger and the other Transactions involve risks, some of which may be significant, and their completion is subject to several conditions that either must be satisfied or waived. We discuss these risks and conditions in greater detail in the accompanying proxy statement and urge you to read the sections entitled Risk Factors beginning on page 23 and The Merger Agreement Conditions to the Consummation of the Transactions beginning on page 84.**

**Table of Contents**

On behalf of our board of directors, I thank you for your support and appreciate your consideration of this matter.

Sincerely,

Glen E. Tullman

*Chairman and Chief Executive Officer*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the Transactions, including the Merger, the Allscripts share issuance or any other transaction described in the accompanying proxy statement or passed upon the adequacy or accuracy of this proxy statement. Any representation to the contrary is a criminal offense.**

The accompanying proxy statement is dated \_\_\_\_\_, 2008 and is first being mailed to Allscripts stockholders on or about \_\_\_\_\_, 2008.

**Table of Contents**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

TO BE HELD \_\_\_\_\_, 2008

To the Stockholders of Allscripts Healthcare Solutions, Inc.:

This Proxy Statement is being furnished to holders of shares of Allscripts Healthcare Solutions, Inc. ( Allscripts ) common stock in connection with the solicitation of proxies by the board of directors of Allscripts for use at the annual meeting of stockholders to be held on \_\_\_\_\_, 2008 at \_\_\_\_\_, at \_\_\_\_\_:00 p.m., local time. The annual meeting is being held for the following purposes:

1. to approve the issuance of shares of Allscripts common stock in connection with (i) the merger (which is referred to as the Merger ) of Patriot Merger Company, LLC ( Merger Sub ), a newly-created, wholly-owned subsidiary of Allscripts, with and into Misys Healthcare Systems, LLC ( MHS ), an indirect wholly-owned subsidiary of Misys plc ( Misys ), with MHS continuing as a surviving wholly-owned subsidiary of Allscripts, and (ii) the purchase by Misys or one of its subsidiaries of either, at Misys election as described in the accompanying proxy statement, 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 (the issuance of shares described in clauses (i) and (ii) collectively the Share Issuance );
2. to approve, effective upon the consummation of the Merger, the amendment and restatement of the certificate of incorporation of Allscripts as set forth in Annex B (the Required Amendments );
3. to approve, effective upon the consummation of the Merger, the additional amendment and restatement of the certificate of incorporation and by-laws of Allscripts as set forth in Annex C (the Additional Amendments );
4. to elect two directors, each to serve a term expiring at the third annual meeting of stockholders following their election;
5. to ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for 2008;
6. to adjourn the annual meeting to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the Share Issuance and the Required Amendments; and
7. to transact any and all other business that may properly come before the annual meeting or any adjourned or postponed session of the annual meeting.

**Approval of Proposals 1 and 2 are required for completion of the Merger and the other transactions (collectively, the Transactions ) contemplated by the Agreement and Plan of Merger dated as of March 17, 2008 between Allscripts, Misys, MHS and Merger Sub (the Merger Agreement ).**

Only stockholders who owned shares of Allscripts common stock at the close of business on \_\_\_\_\_, 2008, the record date for the annual meeting, are entitled to notice of, and to vote at, the annual meeting and any adjournment of it. As of the record date for the annual meeting, there were \_\_\_\_\_ shares of Allscripts common stock outstanding.

The Merger Agreement and the Merger, along with the other Transactions, are described more fully in the accompanying proxy statement. A copy of the Merger Agreement is attached to the proxy statement as Annex A. We urge you to read the entire proxy statement and Merger Agreement carefully. Allscripts stockholders will have no appraisal rights under Delaware law in connection with the Merger or the other Transactions.

**Table of Contents**

**The Allscripts board of directors has approved the Merger Agreement, the Merger, the Required Amendments, the Additional Amendments and the other Transactions and recommends that Allscripts stockholders vote FOR the Share Issuance (Proposal 1) and FOR the Required Amendments (Proposal 2), which are necessary to effect the Merger and the other Transactions, and vote FOR the Additional Amendments (Proposal 3) and FOR Proposals 4 through 6 in this notice.**

**Holders of one-third of the outstanding shares must be present in person or by proxy in order for the meeting to be held. Therefore, whether or not you expect to attend the annual meeting in person, you are urged to have your shares voted by submitting your proxy by telephone or electronically via the Internet or completing and returning the accompanying proxy in the enclosed envelope. Instructions for transmitting your voting instructions by telephone or via the Internet are contained in the accompanying proxy card.**

Any executed but unmarked proxy cards will be voted in accordance with the recommendations of the Allscripts board of directors, including **FOR** the approval of the Share Issuance, Required Amendments and Additional Amendments and proposals four through six in this notice. Allscripts stockholders may revoke their proxy in the manner described in the accompanying proxy statement before their shares have been voted at the annual meeting.

By Order of the Board of Directors,

Lee Shapiro

*President and Secretary*

, 2008

**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<u>CHAPTER ONE THE INTRODUCTION</u>	
<u>QUESTIONS AND ANSWERS ABOUT THE TRANSACTIONS AND THE ALLSCRIPTS ANNUAL MEETING</u>	1
<u>SUMMARY TERM SHEET FOR THE TRANSACTIONS</u>	8
<u>SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA</u>	17
<u>Selected Historical Financial Data of Allscripts</u>	17
<u>Selected Historical Financial Data of MHS</u>	19
<u>Selected Unaudited Pro Forma Condensed Combined Financial Data</u>	19
<u>Comparative Historical and Unaudited Pro Forma Per Share Data</u>	20
<u>Allscripts Common Stock Market Price and Dividend Information</u>	22
<u>RISK FACTORS</u>	23
<u>Risks that Relate to the Transactions</u>	23
<u>Other Risks that Relate to Allscripts and MHS after the Transactions</u>	28
<u>Other Risks that Relate to an Investment in Allscripts Common Stock</u>	29
<u>CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS</u>	31
<u>CAUTIONARY STATEMENT CONCERNING INFORMATION OF MISYS AND ITS AFFILIATES</u>	32
<u>INFORMATION ABOUT THE COMPANIES</u>	33
<u>CHAPTER TWO INFORMATION ABOUT THE ANNUAL MEETING</u>	
<u>INFORMATION ABOUT THE ALLSCRIPTS ANNUAL MEETING</u>	36
<u>General: Date: Time and Place: Purposes of the Meeting</u>	36
<u>Record Date: Voting Information: Required Votes</u>	36
<u>Recommendation of Allscripts Board of Directors</u>	37
<u>How to Vote</u>	38
<u>Solicitation of Proxies</u>	39
<u>Revocation of Proxies</u>	39
<u>Adjournments and Postponements</u>	39
<u>Attending the Annual Meeting</u>	39
<u>Shares Beneficially Owned by Allscripts Directors and Officers</u>	40
<u>Householding</u>	40
<u>Questions and Additional Information</u>	40
<u>CHAPTER THREE THE TRANSACTIONS</u>	
<u>Overview</u>	41
<u>Consideration to be Received</u>	41
<u>Allscripts Proposal 1</u>	41
<u>Allscripts Proposal 2 and 3</u>	42
<u>Background of the Transactions</u>	42
<u>Recommendation of Allscripts Board: Allscripts Reasons for the Transactions</u>	47
<u>Opinion and Analysis of Allscripts Financial Advisor</u>	50
<u>Interests of Certain Persons in the Transactions</u>	58
<u>Material U.S. Federal Income Tax Consequences of the Transactions</u>	64
<u>The Merger</u>	65
<u>The Special Cash Dividend</u>	65
<u>Accounting Treatment of the Merger</u>	68
<u>Regulatory Approvals</u>	69
<u>Federal Securities Law Consequences: Resale Restrictions</u>	69

**Table of Contents**

	<b>Page</b>
<u>No Appraisal Rights</u>	69
<u>Business Relationships between Allscripts and MHS</u>	69
<u>Directors and Officers of Allscripts After the Transactions</u>	69
<u>Special Tax Considerations</u>	70
<b><u>THE MERGER AGREEMENT</u></b>	<b>71</b>
<u>General</u>	71
<u>Effective Time</u>	71
<u>Consideration to be Received</u>	71
<u>Certain Post-Closing Governance Matters</u>	72
<u>Representations and Warranties</u>	72
<u>Covenants</u>	74
<u>Structural Changes</u>	82
<u>Additional Agreements</u>	82
<u>Conditions to the Consummation of the Transactions</u>	84
<u>Termination of the Merger Agreement</u>	86
<u>Effect of Termination</u>	87
<u>Fees and Expenses</u>	88
<u>Survival</u>	89
<u>Amendments and Waiver</u>	89
<b><u>ADDITIONAL AGREEMENTS: POST-TRANSACTION GOVERNANCE</u></b>	<b>90</b>
<u>Voting Agreement</u>	90
<u>Transition Services Agreement</u>	90
<u>Relationship Agreement</u>	91
<u>Board of Directors Allscripts After the Transactions</u>	93
<u>Other Post-Transaction Governance</u>	94
<b><u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS</u></b>	<b>95</b>
<b><u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION FOR MHS</u></b>	<b>107</b>
<u>Overview</u>	107
<u>Critical Accounting Policies and Estimates</u>	108
<u>Results of Operations</u>	111
<u>Liquidity and Capital Resources</u>	116
<u>Future Capital Requirements</u>	118
<u>Contractual Obligations, Commitments and Off Balance Sheet Arrangements</u>	118
<u>Recent Accounting Pronouncements</u>	119
<u>Quantative and Qualitative Disclosures About Market Risk</u>	120
<b><u>PROPOSAL 2 THE REQUIRED AMENDMENTS</u></b>	<b>121</b>
<u>Overview</u>	121
<u>The Required Amendments</u>	121
<u>The Required By-Law Amendments</u>	123
<b><u>PROPOSAL 3 THE ADDITIONAL AMENDMENTS</u></b>	<b>125</b>
<u>Overview</u>	125
<u>Charter Amendments</u>	125
<u>By-Law Amendments</u>	126
<b><u>DESCRIPTION OF ALLSCRIPTS CAPITAL STOCK</u></b>	<b>128</b>
<u>Authorized Capital Stock</u>	128
<u>Allscripts Common Stock</u>	128
<u>Allscripts Preferred Stock</u>	128
<u>Listing</u>	129



**Table of Contents**

	<b>Page</b>
<u>Allscripts Transfer Agent and Registrar</u>	129
<u>Specific Provisions of Allscripts Charter and By-Laws and Delaware Law</u>	129
<u>CHAPTER FOUR ELECTION OF DIRECTORS</u>	132
<u>CHAPTER FIVE RATIFICATION OF GRANT THORNTON</u>	158
<u>CHAPTER SIX ADJOURNMENT OF THE ANNUAL MEETING</u>	159
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	160
<u>FUTURE PROPOSALS</u>	161
<u>OTHER MATTERS</u>	161
FINANCIAL STATEMENTS OF MISYS HEALTHCARE SYSTEMS, LLC	F-1
ANNEXES	
THE MERGER AGREEMENT	A-1
REQUIRED AMENDMENTS	B-1
ADDITIONAL AMENDMENTS	C-1
OPINION OF GOLDMAN, SACHS & CO.	D-1

**Table of Contents**

**CHAPTER ONE**

**THE INTRODUCTION**

**QUESTIONS AND ANSWERS ABOUT THE TRANSACTIONS**

**AND THE ALLSCRIPTS ANNUAL MEETING**

The following are some of the questions that stockholders of Allscripts Healthcare Solutions, Inc. ( Allscripts ) may have regarding the transactions (the Transactions ) contemplated by the Merger Agreement (as defined below), and answers to those questions. These questions and answers, as well as the following summary, are not meant to be a substitute for the information contained in the remainder of this proxy statement, and this information is qualified in its entirety by the more detailed descriptions and explanations contained elsewhere in this proxy statement. Allscripts urges its stockholders to read this proxy statement in its entirety prior to making any decision.

**Q: What are the Transactions?**

A: Allscripts and Misys plc ( Misys ) are proposing to combine Misys Healthcare Systems, LLC ( MHS ), Misys' electronic health record and practice management business, with Allscripts' businesses and the purchase of additional shares of Allscripts common stock by Misys for cash. Allscripts, Patriot Merger Company, LLC ( Merger Sub ), Misys and MHS have entered into an Agreement and Plan of Merger (the Merger Agreement ) pursuant to which Merger Sub will merge with and into MHS (the Merger ), and thereby become a wholly owned subsidiary of Allscripts, and Misys will purchase either, at Misys' election as described under the heading The Merger Agreement Structural Changes on page 82, 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 (collectively, the Share Issuance ).

**Q: What is Allscripts proposing?**

A: In connection with the entry into the Merger Agreement and the consummation of the Transactions, Allscripts is seeking certain stockholder approvals necessary to complete the Transactions. Allscripts cannot complete the Transactions unless each of the following proposals is approved by the requisite vote of stockholders:

The proposal relating to the Share Issuance must be approved by the affirmative vote of a majority of the shares of Allscripts common stock entitled to vote thereon represented in person or by proxy (provided that a quorum is present in person or by proxy).

The proposal related to the amendment and restatement of the certificate of incorporation of Allscripts as set forth in Annex B (the Required Amendments ) must be approved by the affirmative vote of a majority of the outstanding shares of Allscripts common stock entitled to vote thereon.

In addition, while not a condition to the Transactions, stockholder approval of the proposal related to approval of additional amendment and restatement of the certificate of incorporation and by-laws of Allscripts as set forth in Annex C (the Additional Amendments ) by the affirmative vote of at least eighty percent (80%) of the outstanding shares of Allscripts common stock entitled to vote thereon is also being sought in connection with the Transactions.

Allscripts is also seeking your approval of the ratification of Grant Thornton LLP as our independent registered public accounting firm for 2008, the adjournment of the annual meeting to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the Share Issuance and the Required Amendments and the election of two directors, each to serve a term expiring at the third

## Edgar Filing: ALLSCRIPTS HEALTHCARE SOLUTIONS INC - Form PRER14A

annual meeting of stockholders following their election. Approval of these proposals requires the affirmative vote of a majority of the shares of common stock entitled to vote thereon, present in person or by proxy.

This document includes important information about the Transactions and the annual meeting of the stockholders of Allscripts. Allscripts stockholders should read this information carefully and in its entirety.

**Table of Contents**

A copy of the Merger Agreement is attached as Annex A to this document, a copy of the Required Amendments is attached to this document as Annex B and a copy of the Additional Amendments is attached to this document as Annex C.

**Q: What will Allscripts stockholders receive in the Transactions?**

A: Pursuant to the Merger Agreement, Allscripts will declare and pay a special cash dividend of \$330,000,000, in the aggregate, which dividend will be contingent upon the consummation of the Transactions. The special cash dividend will be paid on the fifth business day following the closing date of the Transactions 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. The special cash dividend is anticipated to be between approximately \$4.84 per share assuming that, prior to the record date for the special cash dividend, all holders of our convertible debentures exercise their conversion right and all in-the-money options are exercised or approximately \$5.68 per share if prior to the record date for the special cash dividend no convertible debenture holders exercise their right and no in-the-money options are exercised. The actual per share amount of the special cash dividend will not be determinable until the close of business on the record date therefor because the number of shares of Allscripts common stock outstanding and entitled thereto will not be fixed until such time. Allscripts stockholders will also continue to own their shares of Allscripts common stock after completion of the Transactions and need not exchange or tender their shares of common stock.

The anticipated per share value to Allscripts stockholders of the special cash dividend and retaining their shares of Allscripts common stock represents a premium to the market price of Allscripts common stock prior to announcement of the Transactions.

**Q: What percentage of the combined entity will Allscripts stockholders own after consummation of the Transactions and why is the per share amount of the special cash dividend not known now?**

A: The percentage of the combined entity that stockholders will own and the per share amount of the special cash dividend are dependent upon the number of shares of Allscripts common stock outstanding on the record date for the special cash dividend and the closing date of the Transactions, respectively. The actual number of outstanding shares of Allscripts common stock on such dates depends on whether holders of options to acquire Allscripts common stock exercise such options and whether holders of our 3.50% convertible senior debentures exercise their right to convert into shares of Allscripts common stock.

The following table presents illustrative scenarios and the resulting approximate per share amount of the special cash dividend and the approximate percentage ownership of pre-Merger stockholders (which excludes holders of our convertible debentures and stock options unless they convert or exercise prior to the record date for the special cash dividend) of Allscripts both on an actually outstanding and fully-diluted basis:

Scenario	Per share amount of the special cash dividend	Percentage ownership on an actually outstanding basis	Percentage ownership on a fully-diluted basis*
No debenture conversion, no options exercised	\$5.68	40.8%	37.2%
No debenture conversion, all in-the-money options exercised for cash	\$5.42	41.5%	38.7%
All debentures convert, no options exercised	\$5.04	44.7%	43.7%
All debentures convert, all in-the-money options exercised for cash	\$4.84	45.4%	45.3%

Edgar Filing: ALLSCRIPTS HEALTHCARE SOLUTIONS INC - Form PRER14A

- \* The difference between the fully-diluted ownership percentage shown in this column and the 45.5% fully-diluted ownership that pre-Merger equityholders of Allscripts will have in the combined company immediately after consummation of the Transactions results from the fact that holders of unexercised stock options and unvested restricted stock units and holders of unconverted convertible debentures continue to dilute our stockholders' fully-diluted ownership in Allscripts.

**Table of Contents**

**Q: What will Misys receive in the Transactions?**

A: In consideration for the Merger and the cash used to purchase additional shares of Allscripts common stock we will issue to Misys shares of our common stock equal to 54.5% of Allscripts on a fully diluted basis. Misys' actual percentage ownership of Allscripts' outstanding common stock upon consummation of the Transactions may be equal to as much as 59.2% in the event that, prior to such consummation, no holders of our 3.50% convertible senior debentures elect to convert their debentures into our common stock and holders of our stock options do not exercise such options.

As used within this document, the calculation of share amounts on a fully diluted basis includes (i) all issued and outstanding shares of Allscripts common stock, (ii) all shares of Allscripts common stock that are or may become issuable upon conversion or exchange of any security outstanding, other than options to purchase shares of Allscripts common stock, taking into account any adjustments for the special cash dividend, and (iii) an amount of shares in respect of in-the-money stock options equal to (x) the number of shares subject to such options minus, in the case of each stock option, (y) the number of shares of Allscripts common stock equal to (A) the exercise price of such stock option (as may be adjusted for the special dividend) multiplied by the number of shares of Allscripts common stock subject to such stock option divided by (B) the average closing price of Allscripts common stock as reported on NASDAQ (adjusted not to include the per share amount of the special dividend) during the 15 business day period ending on the fifth business day prior to the closing date of the Transactions.

Set forth below are diagrams that graphically illustrate, in simplified form, the existing corporate structures of Misys and Allscripts, respectively, and the corporate structure immediately following the consummation of the Transactions.

**Table of Contents**

Existing Structures

\* Ownership percentages are approximate, on a fully diluted basis and actual percentages may differ.

**Q: When and where is the annual meeting?**

A: The annual meeting of Allscripts stockholders will be held on \_\_\_\_\_, 2008, at \_\_\_\_\_:00 p.m., local time, at \_\_\_\_\_.

**Q: Why is my vote important?**

A: Allscripts stockholders are being asked to approve the Share Issuance and Required Amendments, each as required pursuant to the Merger Agreement, and Additional Amendments, as contemplated by the Merger Agreement, and to take action on the other proposals set forth in the notice of the annual meeting. If you do not submit your proxy by telephone, the Internet or mail or vote in person at the annual meeting, it will be more difficult for Allscripts to obtain the quorum necessary to hold the annual meeting and to obtain stockholder approval of the Required Amendments (which requires the approval of the holders of a majority of the outstanding shares entitled to vote thereon) and the Additional Amendments (which requires the approval of the holders of at least eighty percent (80%) of the outstanding shares entitled to vote thereon).

**Table of Contents**

**Q: What will Misys shareholders receive in the Transactions?**

A: Misys shareholders will not receive any consideration in the Merger. They will continue to hold their existing ordinary shares of Misys.

**Q: Will Misys be permitted to purchase additional shares of Allscripts common stock after the Transactions?**

A: Misys ability to purchase and sell shares of Allscripts common stock after consummation of the Transactions will be limited pursuant to the terms of the relationship agreement entered into by Misys and Allscripts (the Relationship Agreement), which is discussed in more detail below under Additional Agreements; Post-Transaction Governance Relationship Agreement beginning on page 91. Pursuant to the Relationship Agreement, Misys is permitted to purchase, without audit committee approval, up to sixty percent (60%) of Allscripts number of fully diluted shares. Additionally, Misys may not sell, transfer or otherwise dispose of fifteen percent (15%) or more of the number of outstanding shares of Allscripts common stock without approval of the Allscripts board of directors.

**Q: When will the Transactions be completed?**

A: Allscripts expects to complete the Transactions during the third quarter of 2008. However, it is possible that factors outside Allscripts and Misys control could require the delay of the completion of the Transactions to a later time or result in the Transactions not being completed at all. For a discussion of the conditions to the Transactions, see The Merger Agreement Conditions to the Consummation of the Transactions beginning on page 84.

**Q: Will Misys control Allscripts after completion of the Transactions?**

A: Yes. Misys will have the right to nominate a majority of the board of directors and will, immediately after the Transactions, own in excess of fifty percent (50%) of the voting capital stock of Allscripts. Because Allscripts stockholders prior to the Transactions will, in the aggregate, become minority stockholders in Allscripts upon consummation of the Transactions, they will generally not thereafter have the ability to approve or block approval of proposals to be voted upon by Allscripts stockholders.

**Q: What if an Allscripts stockholder does not vote on the proposals?**

A:

If an Allscripts stockholder submits a signed proxy but does not indicate a vote for or against a proposal, it will be voted as the Allscripts board of directors recommends as to such proposal.

If an Allscripts stockholder submits a signed proxy and abstains from voting on a proposal, it will have the same effect as a vote against that proposal, except in the case of the Share Issuance, on which abstentions will have no effect.

If an Allscripts stockholder fails to respond, his or her shares, unless held in the name of a broker that exercises discretionary authority to vote such shares on any proposal, will not count towards the required quorum of one-third of the outstanding common stock entitled to vote at the annual meeting and, regardless of whether held in the name of a broker, will have the effect of a vote against the Required Amendments and the Additional Amendments but will have no effect on the other proposals.



If an Allscripts stockholder holds shares registered in the name of a bank, broker, or other street name agent and you do not provide your bank, broker or other nominee with voting instructions, such shares may be considered to be represented at the annual meeting and will have the legal effect of a vote against the Required Amendments and the Additional Amendments but will have no effect on the other proposals.

**Q: Do Misys shareholders have to vote to approve the Transactions?**

A: Yes, under applicable rules in the United Kingdom, Misys is required to call an extraordinary general meeting of its shareholders and obtain the consent of a simple majority of such shareholders voting at the meeting (in person or by proxy) to the Merger Agreement and the transactions contemplated by it.

**Table of Contents**

**Q: Have any Allscripts stockholders already agreed to vote for the issuance of Allscripts common stock or the approval of the amendment and restatement of the certificate of incorporation and by-laws in connection with the Merger?**

A: No.

**Q: How do Allscripts stockholders vote?**

A: Allscripts stockholders may transmit their voting instructions before the annual meeting in one of the following ways:

use the toll-free number shown on the proxy card;

visit the website shown on the proxy card to submit a proxy via the Internet;

complete, sign, date and return the enclosed proxy card in the enclosed postage-paid envelope; or

attend the annual meeting and vote their shares.

**Q: If I am not going to attend the annual meeting, should I return my proxy card(s) or otherwise vote my shares?**

A: Yes. Having your shares voted by calling the toll-free number shown on the proxy card, visiting the website shown on the proxy card or returning the accompanying proxy card(s) ensures that the shares will be represented and voted at the annual meeting, even if a stockholder is unable to or does not attend.

**Q: If my Allscripts shares are held in street name by my broker, will my broker vote my shares for me?**

A: Brokers typically have the authority to vote on routine proposals, such as the uncontested election of directors and ratification of auditors, when they have not received instructions from beneficial owners. Absent specific instructions from the beneficial owner of the shares, however, brokers are not allowed to exercise their voting discretion with respect to the approval of non-routine matters. Therefore, if you are an Allscripts stockholder whose shares are held in street name by your broker, you must provide your broker with instructions on how to vote your shares; otherwise, your broker will not vote your shares on the proposals for the Share Issuance, Required Amendments or Additional Amendments.

Allscripts stockholders should follow the directions provided by their broker regarding voting their shares. Shares registered in the name of a bank, broker, or other street name agent, for which proxies are voted on some, but not all matters, will be considered to be represented at the annual meeting and voted only as to those matters marked on the proxy card.

**Q: Can Allscripts stockholders change their vote after they mail their proxy card?**

## Edgar Filing: ALLSCRIPTS HEALTHCARE SOLUTIONS INC - Form PRER14A

A: Yes. If a holder of record of Allscripts common stock has properly completed and submitted his or her proxy card, the Allscripts stockholder can change his or her vote in any of the following ways:

by sending a written notice to the corporate secretary of Allscripts that is received prior to the annual meeting stating that the Allscripts stockholder revokes his or her proxy;

by voting again by the Internet or by telephone in accordance with the instructions on the enclosed proxy card prior to the annual meeting;

by properly completing a new proxy card bearing a later date and properly submitting it so that it is received prior to the annual meeting; or

by attending the annual meeting and voting in person.

Simply attending the annual meeting will not revoke a proxy.

However, if an Allscripts stockholder holds shares in street name by his or her broker and has directed such person to vote his or her shares, he or she should instruct such person to change his or her vote.

**Table of Contents**

For further details about how an Allscripts stockholder can change their vote see below Information About the Allscripts Annual Meeting Revocation of Proxies.

**Q: What should Allscripts stockholders do now?**

A: After carefully reading and considering the information contained in this document, Allscripts stockholders should vote their shares as soon as possible so that their shares will be represented and voted at the Allscripts annual meeting. Allscripts stockholders should follow the instructions set forth on the enclosed proxy card or on the voting instruction form provided by the record holder if their shares are held in the name of a broker or other nominee.

**Q: Who can answer my questions?**

A: If an Allscripts stockholder has any questions about the Transactions, please contact our proxy solicitor Innisfree M&A Incorporated at (877) 687-1871.

**Table of Contents**

**SUMMARY TERM SHEET FOR THE TRANSACTIONS**

*This summary highlights selected information from this proxy statement with respect to the proposed Transactions; it is not intended to be complete and may not contain all of the information that is important to you. To understand the Transactions fully and for a more complete description of the legal terms of the Merger Agreement, you should carefully read this entire proxy statement and the documents to which we refer you. A copy of the Merger Agreement is attached as Annex A to this proxy statement and is incorporated by reference into this proxy statement. See *Where You Can Find More Information* beginning on page 160.*

**The Companies (see page 33)**

**Allscripts Healthcare Solutions, Inc.**

222 Merchandise Mart Plaza, Suite 2024

Chicago, Illinois 60654

Telephone: (866) 358-6869

<http://www.allscripts.com>

Allscripts is a leading provider of clinical software, connectivity and information solutions that physicians use to improve healthcare. Allscripts solutions inform, connect and transform healthcare, delivering improved care at a lower cost. More than 40,000 physicians and thousands of other healthcare professionals in clinics, hospitals and extended care facilities nationwide utilize Allscripts to automate everyday tasks such as writing prescriptions, documenting patient care, managing billing and scheduling, and safely discharging patients, as well as to connect with key information and stakeholders in the healthcare system.

**Patriot Merger Company, LLC**

c/o Allscripts Healthcare Solutions, Inc.

222 Merchandise Mart Plaza, Suite 2024

Chicago, Illinois 60654

Telephone: (866) 358-6869

Patriot Merger Company, LLC, which we refer to herein as *Merger Sub*, is a North Carolina limited liability company and a direct wholly-owned subsidiary of Allscripts. *Merger Sub* was formed for the purpose of completing the Merger.

**Misys plc**

125 Kensington High Street

London W8 5SF

United Kingdom

Telephone: +44 20 7368-2300

<http://www.misys.com>

Misys is one of the world's longest-established providers of industry-specific software and a leader in the global application software and services market. Founded in 1979, Misys provides mission critical software to clients in the international banking and healthcare industries, combining technological expertise with an in-depth understanding of customers' markets and operational needs.



## **Table of Contents**

Misys shares trade on the London Stock Exchange. Headquartered in London, Misys employs approximately 4,500 people worldwide serving customers in more than 120 countries. Misys has the following businesses in addition to MHS:

Banking: delivers retail banking, corporate/wholesale banking (including trade finance and payments) and universal banking integrated solutions that drive revenue generation, performance and efficiency improvements for financial institutions across the globe; and

Treasury and Capital Markets: creates integrated, comprehensive solutions for financial institutions and corporate treasury departments across the globe, enabling them to manage their capital market activities across multiple asset classes.

In banking and treasury and capital markets Misys has over 1,200 customers, including the world's top 50 banks.

### **Misys Healthcare Systems, LLC**

8529 Six Forks Road

Raleigh, NC 27615

Telephone: (919) 847-8102

<http://www.misyshealthcare.com>

MHS, a wholly-owned indirect subsidiary of Misys, develops and supports reliable, easy-to-use software and services that enable physicians and caregivers to more easily manage the complexities of healthcare. MHS products include electronic health record ( EHR ) for ambulatory, departmental systems, practice management systems and emergency department information system ( EDIS ) connectivity. MHS is one of the largest providers of IT solutions in the U.S. healthcare market, serving more than 110,000 physicians in 18,000 practice locations, 600 home care providers and hundreds of commercial laboratories, clinics, managed services organizations, integrated delivery networks and other related organizations. MHS has over 1,500 employees.

### **The Transactions (see page 41)**

Under the terms of the Merger Agreement (i) Merger Sub will merge with and into MHS, with MHS surviving as a wholly-owned subsidiary of Allscripts, with Misys or one of its subsidiaries receiving shares of Allscripts common stock in consideration thereof (which is referred to herein as the Merger ) and (ii) Misys or one of its subsidiaries will purchase either, at Misys election as described herein, 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. The Merger Agreement is attached as Annex A to this proxy statement. We urge you to carefully and fully read the Merger Agreement to understand the rights and obligations of the parties under the Merger Agreement, as it is the legal document that governs the Merger and the other transactions contemplated thereby.

On the fifth business day following the closing of the Merger, Allscripts will pay the special cash dividend to its stockholders (other than Misys and its affiliates) of record as of the record date for the special cash dividend. It is currently anticipated that this special cash dividend will be between approximately \$4.84 per share, assuming that, prior to the record date for the special cash dividend, all holders of our convertible debentures exercise their conversion right and all in-the-money options are exercised, or approximately \$5.68 per share if prior to the record date for the special cash dividend no convertible debenture holders exercise their right and no in-the-money options are exercised. The actual per share amount of the special cash dividend will not be determinable until the close of business on the record date therefor because the number of shares of Allscripts common stock outstanding and entitled thereto will not be fixed until such time.

## **Table of Contents**

### **Allscripts Stockholders Will be Diluted (see page 41)**

Following the consummation of the Transactions, MHS will be a wholly-owned subsidiary of Allscripts. Additionally, approximately 54.5% of the fully diluted number of shares of Allscripts common stock are expected to be owned by Misys, with approximately 45.5% being owned by pre-Merger equityholders of Allscripts, which includes holders of our convertible debentures. As a percentage of post-Transaction issued and outstanding shares of Allscripts common stock, Misys' actual ownership percentage could range from 54.5% to 59.2%, with the pre-Merger stockholders of Allscripts owning the remaining percentage. Our pre-Merger stockholders (which excludes holders of our convertible debentures and stock options unless they convert or exercise prior to the record date for the special cash dividend) could own as little as approximately 40.8% of our common stock on an actual outstanding basis or approximately 37.2% of our common stock on a fully-diluted basis immediately after consummation of the Transaction.

### **The Required Certificate of Incorporation Amendment and Restatement (see page 121)**

At the annual meeting, Allscripts stockholders will be asked to approve an amendment and restatement of the certificate of incorporation of Allscripts that is required in order to complete the Transactions and that would take effect only upon consummation of the Transactions.

The required amendment and restatement of the certificate of incorporation will:

change the name of Allscripts to Allscripts-Misys Healthcare Solutions, Inc. ;

increase the number of authorized shares of Allscripts common stock from 150 million to 199 million;

set forth the composition and powers of committees of the board of directors, including providing for certain mandatory approvals of directors of Allscripts that were directors of Allscripts prior to the consummation of the Transactions;

opt-out of Section 203 of the Delaware General Corporation Law, which generally provides for limitations on business combinations with stockholders that own 15% or more of the outstanding voting power; and

make additional, incidental or clarifying amendments to the certificate of incorporation.

If the required amendment and restatement of Allscripts' certificate of incorporation are approved at the annual meeting and the Transactions are consummated, Allscripts board of directors will amend the by-laws to:

set a quorum for board of director meetings at six directors;

specify, in additional detail, the powers and reporting lines of the executive officers;

conform the by-laws to include the board committee amendments effected through the required certificate of incorporation amendment and restatement;

establish a new disclosure committee of the board of directors; and



## Edgar Filing: ALLSCRIPTS HEALTHCARE SOLUTIONS INC - Form PRER14A

make additional, incidental or clarifying amendments to the by-laws.

### **The Additional Certificate of Incorporation and By-Law Amendments and Restatements (see page 124)**

As an additional matter, Allscripts stockholders will be asked to approve additional amendments and restatements of Allscripts certificate of incorporation and by-laws. If holders of eighty percent (80%) of the outstanding voting power of Allscripts common stock entitled to vote thereon approve these additional amendments, Allscripts certificate of incorporation will be amended to, among other things:

set the size of the board of directors at ten;

**Table of Contents**

provide for the annual election of all directors, thereby eliminating the classified nature of Allscripts board of directors where directors stand for election every three years;

provide that directors may be removed with or without cause by the affirmative vote of the holders of a majority of Allscripts common stock;

remove the prohibition against stockholder action by written consent;

provide for the filling of vacancies on the board by the committee that nominated the director whose vacancy is being filled; and

remove the ability of Allscripts president to call a special meeting of stockholders.  
Additionally, Allscripts by-laws will be amended to:

conform to the additional certificate of incorporation amendment and restatement;

provide for the procedures for stockholder action by written consent, including the provision of notice to non-consenting stockholders; and

make additional, incidental or conforming amendments to the by-laws.

**Recommendation of Allscripts Board to Stockholders (see page 37)**

The Allscripts board of directors has reviewed and considered the terms of the Merger Agreement and the Transactions and has approved the Merger Agreement, the Merger and the other Transactions and approved and declared advisable the Requirement Amendments and the Additional Amendments and recommends that Allscripts stockholders vote **FOR** the Share Issuance and **FOR** the Required Amendments, which are necessary to effect the Merger and the other Transactions, vote **FOR** the Additional Amendments and **FOR** the other proposals (four through six) in the accompanying notice of annual meeting.

**Allscripts Stockholder Approvals Are Required to Complete the Transactions (see page 41)**

The Transactions will not be completed unless Allscripts stockholders approve:

the Share Issuance; and

the Required Amendments as set forth in Annex B.

Approval of the Share Issuance requires the affirmative vote of a majority of the shares of Allscripts common stock entitled to vote thereon present in person or represented by proxy (provided that a quorum is present). Approval of the Required Amendments set forth in Annex B requires the affirmative vote of a majority of the outstanding shares of Allscripts common stock entitled to vote thereon.

**Opinion of Financial Advisors (see page 50)**

Goldman, Sachs & Co. ( Goldman Sachs ) delivered its opinion to Allscripts board of directors that, as of March 17, 2008 and based upon and subject to the factors and assumptions set forth therein, the number of shares of common stock of Allscripts to be paid by Allscripts to Misys

Edgar Filing: ALLSCRIPTS HEALTHCARE SOLUTIONS INC - Form PRER14A

pursuant to the Merger Agreement such that Misys will own 54.5% of the aggregate number of fully-diluted shares (as defined in the Merger Agreement) in exchange for \$330 million in cash and the acquisition by Allscripts of MHS was fair from a financial point of view to Allscripts.

## **Table of Contents**

The full text of the written opinion of Goldman Sachs, dated March 17, 2008, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex D to this proxy statement. Goldman Sachs provided its opinion for the information and assistance of Allscripts' board of directors in connection with its consideration of the Transactions. The Goldman Sachs opinion is not a recommendation as to how any holder of shares of common stock of Allscripts should vote with respect to the Transactions or any other matter. Pursuant to an engagement letter between Allscripts and Goldman Sachs, Allscripts has agreed to pay Goldman Sachs an advisory fee within a reasonable time after Goldman Sachs' request of \$250,000 and a transaction fee payable upon consummation of the Transactions equal to the greater of (i) \$8,500,000 and (ii) 0.9% of the equity value of Allscripts on a fully-diluted basis (based on the average stock prices during specified periods prior to closing), less the advisory fee to the extent paid.

### **Interests of Our Directors and Executive Officers (see page 58)**

When considering the Allscripts boards of directors' recommendation that stockholders vote in favor of the Share Issuance, the Required Amendments and the Additional Amendments and related proposals, stockholders should be aware that some Allscripts executive officers and directors may have interests in the Transactions that may be different from, or in addition to, the interests of Allscripts' stockholders. Those interests include, among other things, the accelerated vesting of most of Allscripts' equity based compensation awards and the new employment agreements with each of Allscripts' chief executive officer, president and chief financial officer that will take effect upon consummation of the Transactions, including the retention and success payments payable thereunder.

As a result, some of the directors and executive officers of Allscripts may be more likely to recommend approval of the Share Issuance, Required Amendments, Additional Amendments and related proposals than if these interests did not exist.

### **Treatment of Equity Awards (see page 59)**

The Transactions will constitute a change of control under Allscripts' equity compensation award agreements. Accordingly, outstanding restricted stock and restricted stock units (other than those granted after the execution of the Merger Agreement) will vest and unexercisable options will become exercisable in connection with the consummation of the Transactions. Allscripts has agreed to take all necessary action to accelerate the vesting of all restricted stock units (other than those granted after the execution of the Merger Agreement) and stock options effective as of the record date for the special cash dividend so that holders of such awards will participate in the special cash dividend. With respect to the restricted stock units granted after execution of the Merger Agreement, the Transactions will accelerate the vesting of such awards such that fifty percent (50%) of the awards will vest on the first anniversary of the grant date and the other fifty percent (50%) will vest on the second anniversary of the grant date.

Options to acquire Allscripts common stock that are unexercised and unvested restricted stock units awarded after the execution of the Merger Agreement, will remain outstanding after consummation of the Transactions. Additionally, any such outstanding options will be adjusted to preserve their intrinsic value after taking into account the effect of the special cash dividend on the trading price of Allscripts common stock.

### **Material U.S. Federal Income Tax Consequences (see page 64)**

For U.S. federal income tax purposes, the special cash dividend should be taxable as a dividend to the extent of Allscripts' current and accumulated earnings and profits, thereafter treated as a tax-free return of capital that reduces a stockholder's tax basis in its Allscripts common stock, and, after a stockholder's basis is reduced to zero, treated as taxable gain.

## **Table of Contents**

The special cash dividend is expected to exceed Allscripts' current and accumulated earnings and profits by a significant amount. Therefore, for U.S. federal income tax purposes, the special cash dividend is expected to be treated in part as a taxable dividend and in part as a tax-free return of capital that reduces a stockholder's basis in its shares, and therefore is expected to have the effect of increasing the amount of gain (or decreasing the amount of loss) otherwise recognized on a subsequent taxable disposition of Allscripts common stock.

The portion of the special cash dividend that will be taxable as a dividend will not be determined until after the end of the year paid, and possibly not until after the due date for tax returns on which the dividend must be reported. Stockholders may need to file amended tax returns to reflect the correct amount of the taxable dividend or the correct amount of gain or loss on a sale of Allscripts common stock. Non-U.S. holders can expect that U.S. taxes withheld will exceed by a significant amount the taxes for which they are ultimately responsible.

**Allscripts stockholders should consult their own tax advisors for a full understanding of the tax consequences to them of the Transactions, including the special cash dividend.** The material U.S. federal income tax consequences of the Transactions are described in more detail under "Material U.S. Federal Income Tax Consequences of the Transactions" beginning on page 64.

### **Regulatory Approvals and Conditions to the Transactions (see page 69)**

In addition to the approval by Allscripts' stockholders of the Share Issuance and the Required Amendments, consummation of the Transactions is subject to customary closing conditions, including (a) the absence of certain legal impediments preventing or prohibiting the consummation of the Transactions, (b) the expiration or termination of applicable waiting periods, together with any extensions thereof, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), which occurred at 11:59 p.m. Eastern Daylight Time on May 30, 2008, and (c) the receipt by both Misys and Allscripts of certain tax opinions.

### **Absence of Appraisal Rights (see page 69)**

Allscripts stockholders will not be entitled to exercise appraisal rights or to demand payment for their shares in connection with the Transactions.

### **Directors and Officers of Allscripts Following the Transactions; Post-Transaction Governance (see page 69)**

The Merger Agreement provides that, following the effective time of the Merger, Allscripts will expand its board of directors to ten members, which will be comprised of four continuing Allscripts directors, including Allscripts' Chief Executive Officer, and six new directors to be nominated by Misys. Mr. Tullman, the current Chairman and Chief Executive Officer of Allscripts, will remain the Chief Executive Officer of Allscripts, and, if he is elected by stockholders as a director pursuant to Proposal 4 or otherwise appointed to the board, will serve on Allscripts board. Mr. Lawrie, Chief Executive Officer of Misys, will also serve as the Chairman of the Allscripts' board of directors and as the Executive Chairman of Allscripts (the senior officer of Allscripts). Additionally, the Relationship Agreement contains certain governance provisions that will become effective upon the consummation of the Transactions. It is currently anticipated that Allscripts' current executive officers will remain its executive officers after consummation of the Transactions. Mr. Tullman, Lee Shapiro, our president, and Bill Davis, our chief financial officer, have each entered into new employment agreements with Allscripts to be effective as of the closing of the Transactions.

### **Termination of the Merger Agreement (see page 86)**

Allscripts and Misys may mutually agree to terminate the Merger Agreement and abandon the Transactions at any time prior to completion of the Transactions.

**Table of Contents**

In addition, either party could decide, without the consent of the other, to terminate the Merger Agreement and abandon the Transactions in a number of situations, including:

if the closing of the Transactions does not occur by October 31, 2008;

any governmental entity issues an order, decree or ruling or takes other action permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by the Merger Agreement, and such order, decree, ruling or other action shall have become final and nonappealable;

the required approvals of the Allscripts stockholders or Misys shareholders are not obtained at the respective stockholder or shareholder meetings;

the other party breaches or fails to perform any of its representations and warranties or covenants and agreements contained in the Merger Agreement, which breach or failure to perform would give rise to the failure of a condition in the Merger Agreement and could not be cured within 20 days of written notice to such breaching party of such breach;

between the date of the Merger Agreement and the effective time of the Merger there occurs any state of facts, change, development, effect, condition or occurrence that, individually or in the aggregate, would reasonably be expected to have a material adverse effect on Allscripts, in the case of Misys termination right, or MHS, in the case of Allscripts termination right, and it is incapable of being cured by October 31, 2008, so long as the terminating party is not then in breach of any of its representations, warranties or covenants such that a condition to the other party's obligation to close would not be satisfied; or

the other party breaches or is deemed to have breached in any material respect its non-solicitation obligations.

The Merger Agreement may be terminated by Misys prior to completion of the Transactions if:

the board of directors of Allscripts changes its recommendation to its stockholders, or, in the case of a Takeover Proposal (as defined below) made by way of a tender offer or exchange offer, the board failed to recommend that its stockholders reject such offer within the ten business day period specified in Section 14e-2(a) under the Exchange Act; or

Misys is entitled to terminate the Merger Agreement in response to a Superior Proposal (as defined below) or due to an Intervening Event (as defined below).

The Merger Agreement may be terminated by Allscripts prior to completion of the Transactions if:

the board of directors of Misys changes its recommendation to its shareholders with respect to their vote on the Merger and the Merger Agreement; or

Allscripts is entitled to terminate the Merger Agreement in response to a Superior Proposal or due to an Intervening Event.

**Termination Fees May Be Payable Under Some Circumstances (see page 88)**

Pursuant to the Merger Agreement, Allscripts has agreed to pay to Misys and MHS an aggregate termination fee of \$14,281,883 if:

Allscripts breaches or is deemed to have breached, in any material respect its non-solicitation obligations, provided, that, within twelve months after the date of such termination, Allscripts enters into a definitive agreement to consummate, or consummates a Takeover Proposal, except that all references in the definition of Takeover Proposal to 20% are changed to 50.1%;

## Table of Contents

unless Misys exercised its option to force a vote of Allscripts stockholders, if the board of directors of Allscripts changes its recommendation to the stockholders with respect to the Share Issuance and the Required Amendments, or, in the case of a Takeover Proposal made by way of a tender offer or exchange offer, fails to recommend that Allscripts stockholders reject such offer within the ten business day period specified in Section 14e-2(a) under the Exchange Act;

Allscripts terminates the Merger Agreement in response to a Superior Proposal or due to an Intervening Event; or

unless Misys exercised its option to force a vote of Allscripts stockholders, the Allscripts stockholder approval of the Share Issuance and the Required Amendments is not obtained, provided, that, after the date of the Merger Agreement and prior to the Allscripts stockholder meeting, (A) a *bona fide* Takeover Proposal is made to Allscripts or publicly to its stockholders which has not been withdrawn prior to such stockholders meeting or (B) any person shall have publicly announced its specific intention to make a *bona fide* Takeover Proposal, which shall not have been withdrawn prior to the Allscripts stockholder meeting and, in the case of (A) or (B), within twelve months after the date of such termination, Allscripts enters into a definitive agreement to consummate, or consummates, a Takeover Proposal, except that all references in the definition of Takeover Proposal to 20% are changed to 50.1%. Pursuant to the Merger Agreement, MHS and Misys have agreed to pay to Allscripts an aggregate termination fee of GBP£7,136,657 (which was, as of the date of the Merger Agreement, equivalent to US\$14,281,883) if:

either Misys or MHS breaches, or is deemed to have breached, in any material respect its non-solicitation obligations, provided that, within twelve months after the date of such termination, MHS enters into a definitive agreement to consummate, or consummates, a Takeover Proposal, except that all references in the definition of Takeover Proposal to 20% are changed to 50.1%;

unless Allscripts exercised its option to force a vote of Misys shareholders, if the board of directors of Misys changes its recommendation to the shareholders with respect to their vote on the Merger and the Merger Agreement; or

Misys terminates the Merger Agreement in response to a Superior Proposal or due to an Intervening Event; or

unless Allscripts exercised its option to force a vote of Misys shareholders, the Misys shareholder approval of the Merger and the Merger Agreement is not obtained, provided, that, after the date of the Merger Agreement and prior to the Misys shareholder meeting, (A) a *bona fide* Takeover Proposal with respect to MHS is made to MHS, Misys or Misys shareholders which has not been withdrawn prior to such shareholders meeting or (B) any person shall have publicly announced its specific intention to make a *bona fide* Takeover Proposal with respect to MHS, which shall not have been withdrawn prior to the Misys shareholder meeting and, in the case of (A) or (B), within twelve months after the date of such termination, MHS enters into a definitive agreement to consummate, or consummates, a Takeover Proposal with respect to MHS, except that all references in the definition of Takeover Proposal to 20% are changed to 50.1%.

### **Voting Agreements (see page 90)**

In connection with the entry into the Merger Agreement, Allscripts entered into a voting agreement with each of ValueAct Capital Master Fund L.P. and ValueAct Capital Master Fund III, L.P. (collectively, ValueAct), pursuant to which ValueAct has agreed, among other things, to vote its ordinary shares of Misys to approve the Merger, the Merger Agreement and the other transactions contemplated thereby and against any proposed adjournment of the meeting of Misys shareholder.



## **Table of Contents**

### **Relationship Agreement (see page 91)**

Allscripts and Misys entered into the Relationship Agreement on March 17, 2008. The Relationship Agreement sets forth the agreement between Misys and Allscripts with respect to certain governance and other matters, including:

the composition of the board of directors;

a voting agreement from Misys;

a standstill agreement that Misys will not acquire, without audit committee approval, more than sixty percent (60%) of the fully diluted number of shares of Allscripts common stock;

a prohibition on Misys selling, transferring or disposing of fifteen percent (15%) or more of the outstanding shares of Allscripts common stock unless approved by Allscripts board of directors;

anti-dilution protection for Misys in the event of issuances of Allscripts common stock, subject to limited exceptions, such as aggregate grants under Allscripts benefit plans under one and one-half percent (1.5%) of the fully diluted number of shares of Allscripts common stock; and

the provision of information within its possession or control to the other party that is required by such other party to comply with applicable regulatory requirements.

Substantially all of the provisions of the Relationship Agreement will become effective as of the effective time of the Merger.

### **Accounting Treatment (see page 68)**

The transactions will be accounted for under the purchase method of accounting for business combinations in accordance with accounting principles generally accepted in the United States. Under the purchase method of accounting, with MHS as the accounting acquiror, 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 Transactions and the Performance of Allscripts After the Transactions are Subject to a Number of Risks (see page 23)**

There are a number of risks relating to the Transactions and to the businesses of Allscripts, MHS and the combined company following the Transactions. See Risk Factors beginning on page 23 of this proxy statement for a discussion of these and other risks and see also the documents that we have filed with the SEC and which we have incorporated by reference into this proxy statement.

**Table of Contents****SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA**

The following selected historical and pro forma financial information is being provided to assist you in your analysis of the financial aspects of the Transactions. The information is only a summary and should be read in conjunction with the financial information included elsewhere in this document. In addition, see *Where You Can Find More Information* beginning on page 160, *Information About the Companies* beginning on page 33, *Management's Discussion and Analysis of Financial Condition and Results of Operation for MHS* beginning on page 107 and *Financial Statements of Misys Healthcare Systems* beginning on page F-1. The historical results included below and elsewhere in this proxy statement are not necessarily indicative of the future performance of Allscripts, MHS or the combined company after the completion of the Merger.

**Selected Historical Financial Data of Allscripts**

The following table sets forth selected historical consolidated financial data of Allscripts. The Allscripts annual historical information is derived from the audited consolidated financial statements of Allscripts as of and for each of the years in the five-year period ended December 31, 2007. The information as of and for the three months ended March 31, 2008 and 2007 has been derived from unaudited interim financial statements of Allscripts, and, in the opinion of Allscripts management, includes all normal and recurring adjustments that are considered necessary for the fair presentation of the results for the interim period of such company.

(in thousands of dollars,  
except per share data)

	<b>Three Months Ended March 31, 2008</b>		<b>2007</b>	<b>2007 (1)</b>	<b>Year Ended December 31,</b>			<b>2003 (3)</b>
	<b>2008</b>	<b>2007</b>			<b>2006 (2)</b>	<b>2005</b>	<b>2004</b>	
	<b>(Unaudited)</b>							
<b>Consolidated Statements of Operations Data:</b>								
Revenue	\$72,089	\$65,022	\$281,908	\$227,969	\$120,564	\$100,770	\$85,841	
Cost of revenue	36,048	32,749	141,495	112,031	65,689	58,122	55,169	
Gross profit	36,041	32,273	140,413	115,938	54,875	42,648	30,672	
Operating expenses:								
Selling, general and administrative expenses	31,393	22,374	101,666	85,798	43,908	37,653	36,058	
Amortization of intangibles	3,439	2,576	10,636	10,272	1,744	1,752	951	
Income (loss) from operations	1,209	7,323	28,111	19,868	9,223	3,243	(6,337)	
Interest and other income, net	565	1,037	3,961	3,163	4,003	1,582	1,358	
Interest expense	(1,644)	(933)	(3,715)	(3,712)	(3,516)	(1,717)		
Gain on sale of equity investment			2,392					
Income (loss) before income taxes	130	7,427	30,749	19,319	9,710	3,108	(4,979)	
Income tax expense	50	2,960	10,186	7,424				
Net income (loss)	\$80	\$4,467	\$20,563	\$11,895	\$9,710	\$3,108	(\$4,979)	
Net income (loss) per share basic	\$0.00	\$0.08	\$0.37	\$0.23	\$0.24	\$0.08	(\$0.13)	
Net income (loss) per share diluted	\$0.00	\$0.08	\$0.35	\$0.22	\$0.23	\$0.07	(\$0.13)	
Weighted-average shares used in computing basic net income (loss) per share	56,503	54,639	55,712	51,058	40,045	38,979	38,621	
Weighted-average shares used in computing diluted net income (loss) per share	57,503	64,462	64,671	53,367	43,068	41,592	38,621	



**Table of Contents**

(in thousands of dollars,  
except per share data)

	Three Months Ended March 31, 2008 2007 2007			Year Ended December 31, 2006 2005 2004 2003 (3)			
	(Unaudited)						
<b>Other Operating Data:</b>							
Software and related services revenue	\$58,618	\$51,240	\$222,673	\$173,503	\$65,166	\$44,121	\$28,366
Prepackaged medication revenue	9,595	10,229	43,959	43,688	45,609	44,733	46,172
Information services revenue	3,876	3,553	15,276	10,778	9,789	11,916	11,303
<b>Total revenue</b>	<b>\$72,089</b>	<b>\$65,022</b>	<b>\$281,908</b>	<b>\$227,969</b>	<b>\$120,564</b>	<b>\$100,770</b>	<b>\$85,841</b>

(in thousands of dollars)

	As of March 31, 2008 (1) 2007 2007 (1)			As of December 31, 2006 (2) 2005 2004 2003 (3)			
	(Unaudited)						
<b>Consolidated Balance Sheet Data:</b>							
Cash, cash equivalents and marketable securities	\$61,381	\$90,016	\$63,003	\$83,038	\$146,063	\$128,239	\$51,309
Working capital	84,675	93,916	75,067	82,250	113,317	34,914	17,392
Goodwill and intangible assets, net	344,615	259,612	347,955	266,311	22,911	24,546	26,359
<b>Total assets</b>	<b>581,743</b>	<b>490,018</b>	<b>578,143</b>	<b>477,610</b>	<b>220,964</b>	<b>194,177</b>	<b>110,392</b>
Long-term debt	135,089	85,373	135,162	85,441	82,500	82,500	
<b>Total stockholders equity</b>	<b>342,447</b>	<b>323,882</b>	<b>340,640</b>	<b>316,250</b>	<b>98,419</b>	<b>78,693</b>	<b>83,390</b>

- (1) On December 31, 2007, Allscripts completed its acquisition of Extended Care Information Network, Inc. ( ECIN ) for aggregate consideration of approximately \$93,525 in cash.
- (2) On March 2, 2006, Allscripts completed its acquisition of A4 Health Systems, Inc. ( A4 ) for aggregate consideration of \$227,730 in cash and 3,500 shares of Allscripts common stock.
- (3) On August 1, 2003, Allscripts acquired 100% of the outstanding common stock of Advanced Imaging Concepts, Inc. On August 8, 2003, Allscripts acquired certain assets and assumed certain liabilities of RxCentric.

**Table of Contents****Selected Historical Financial Data of MHS**

The selected combined financial data shown below should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and MHS' combined financial statements and related notes included elsewhere in this report. The combined statements of operations data of MHS for the three years ended May 31, 2007, 2006 and 2005 and the consolidated balance sheet data of MHS at May 31, 2007, 2006 and 2005 are derived from the combined financial statements audited by PricewaterhouseCoopers LLP, which are included elsewhere in this report. The combined statements of operations data of MHS for the years ended May 31, 2004 and 2003 and the balance sheet data of MHS at May 31, 2004 and 2003 are derived from unaudited financial statements. The information as of and for the nine months ended February 29, 2008 and February 28, 2007 has been derived from unaudited interim financial statements of MHS, and, in the opinion of MHS management, includes all normal and recurring adjustments that are considered necessary for the fair presentation of the results for the interim period of such company.

(in thousands of dollars)

	Nine Months Ended February 29 and February 28, Respectively		Year Ended May 31,				
	2008 (as restated)	2007	2007	2006 (1)	2005	2004	2003
Revenue	\$286,722	\$282,748	\$379,693	\$381,736	\$362,515	\$334,628	\$323,301
Cost of revenue	130,741	141,691	189,128	196,763	194,043	181,640	180,755
Gross profit	155,981	141,057	190,565	184,973	168,472	152,988	142,546
Selling, general and administrative	92,957	83,308	121,101	112,135	105,825	95,957	93,358
Research and development	28,281	31,782	40,880	29,592	27,313	24,457	22,034
Amortization of intangibles	11,128	16,790	22,392	23,039	23,998	24,064	23,998
Income from operations	\$23,615	\$9,177	\$6,192	\$20,207	\$11,336	\$8,510	\$3,156

	As of February 29 and February 28, Respectively		As of May 31,				
	2008 (as restated)	2007	2007	2006 (1)	2005	2004	2003
<b>Balance Sheet Data</b>							
Total assets	\$184,725	\$180,296	\$171,247	\$199,148	\$186,880	\$209,282	\$230,201
Total long-term obligations (2)	1,006	1,096	944	2,308	17,961	34,382	46,019

(1) On January 30, 2006, MHS completed the acquisition of Payerpath, Inc. for aggregate consideration of approximately \$48,951 in cash. On March 1, 2006, MHS completed the acquisition of Amicore, Inc. for aggregate consideration of approximately \$3,875 in cash.

(2) Total long-term obligations include a non-current deferred tax liability balance of \$6, \$17,039, \$31,909, and \$45,237 as of May 31, 2006, 2005, 2004 and 2003, respectively. There was no deferred tax liability as of February 29, 2008, February 28, 2007 or May 31, 2007.

**Selected Unaudited Pro Forma Condensed Combined Financial Data**

The Merger will be accounted for under the purchase method of accounting, which means the assets and liabilities of Allscripts will be recorded, as of completion of the Merger, at their respective fair values and added to those of MHS, which will be carried at their book values. For a more detailed description of purchase accounting, see The Transactions Accounting Treatment of the Merger beginning on page 68 of this proxy statement.



**Table of Contents**

We have presented below selected unaudited pro forma condensed combined financial information that reflects the purchase method of accounting and gives effect to the Transactions, in the case of the income statement, as though the Merger had occurred as of June 1, 2006 and, in the case of the balance sheet information, as though the Merger had occurred as of February 29, 2008. **Allscripts is providing this selected unaudited condensed combined pro forma financial data for illustrative purposes only, and this information should not be relied upon for purposes of making any investment or other decisions.**

The unaudited pro forma condensed combined financial information give effect to the Transactions, which will be accounted for as a reverse acquisition under the purchase method of accounting. For this purpose, MHS will be deemed the accounting acquirer, and Allscripts will be deemed the accounting acquiree. The pre-acquisition combined financial statements of MHS will be treated as the historical financial statements of the combined company and Allscripts' historical stockholders' equity will not be carried forward to the combined company as of the date of the merger. MHS' historical financial statements have been prepared as a carve-out set of financial statements. The following summary unaudited pro forma condensed combined financial statements have been derived from and should be read together with the unaudited pro forma condensed combined financial statements and accompanying notes. The following summary unaudited pro forma condensed combined financial information assumes that the holders of Allscripts' convertible debentures convert into shares of Allscripts common stock prior to the record date for the special cash dividend.

The unaudited pro forma condensed combined financial information may have been different had the companies actually been combined as of June 1, 2006 or February 29, 2008. The selected unaudited pro forma condensed combined financial information does not reflect the effect of synergies that may result from the Transactions. You should not rely on the selected unaudited pro forma condensed combined financial information as being indicative of the historical results that would have occurred had the companies been combined or the future results that may be achieved after completion of the Transactions. The following selected unaudited pro forma condensed combined financial information has been derived from, and should be read in conjunction with, the Allscripts and MHS Unaudited Pro Forma Condensed Combined Financial Statements and related notes beginning on page 95 of this proxy statement.

	<b>For the nine months ended February 29, 2008</b>	<b>For the year ended May 31, 2007</b>
<b>Pro Forma Statement of Operations:</b>		
Total revenue	\$515,218	\$643,862
Total gross profit	\$269,584	\$315,292
Net income	\$ 26,338	\$ 13,879

	<b>As of February 29, 2008</b>
<b>Balance Sheet:</b>	
Total assets	\$1,380,042
Working capital	\$ 75,853
Long-term debt	\$ 136,031
Stockholders' equity	\$ 712,199

**Comparative Historical and Unaudited Pro Forma Per Share Data**

The following table sets forth selected pro forma and historical per share information of Allscripts, and unaudited pro forma condensed combined per share information reflecting the Merger, the Share Issuance and the special cash dividend, under the purchase method of accounting. Allscripts is providing this information for illustrative purposes only. You should read this information in conjunction with the selected historical financial

**Table of Contents**

information and financial information of MHS, included elsewhere in this proxy statement, the historical financial statements of Allscripts and related notes contained in the Allscripts annual report on Form 10-K for the year ended December 31, 2007, as amended, and the Allscripts quarterly report on Form 10-Q for the period ended March 31, 2008, which have been incorporated by reference into this proxy statement and the Allscripts and MHS Unaudited Pro Forma Condensed Financial Statements beginning on page 95 of this proxy statement, and in the other documents incorporated by reference herein that are described under the section entitled "Where You Can Find More Information" beginning on page 160.

The unaudited pro forma condensed combined per share information is derived from, and should be read in conjunction with, the Allscripts and MHS Unaudited Pro Forma Condensed Combined Financial Statements and related notes beginning on page 95 of this proxy statement. The historical per share information is derived from the audited financial statements of Allscripts as of and for the year ended December 31, 2007 and the unaudited financial statements of Allscripts for the three months ended March 31, 2008.

The unaudited pro forma condensed combined per share information does not purport to represent what the actual results of operations of Allscripts and MHS would have been had the companies been combined during the periods presented or to project Allscripts and MHS results of operations that may be achieved after completion of the Transactions.

MHS is a non-publicly traded subsidiary of Misys and, accordingly, per share historical data for MHS is omitted.

	<b>For the nine months ended February 29, 2008</b>	<b>For the year ended May 31, 2007</b>
<b>Allscripts Historical Data</b>		
Net income per share:		
Basic	\$0.18	\$0.33
Diluted	\$0.18	\$0.32
As of February 29, 2008:		
Book value per share (3)		\$5.92

	<b>For the nine months ended February 29, 2008</b>	<b>For the year ended May 31, 2007</b>
<b>Pro Forma Combined Data</b>		
Pro forma net income per share (1):		
Basic	\$0.19	\$0.10
Diluted	\$0.19	\$0.10
As of February 29, 2008:		
Pro forma book value per share (2)		\$5.15

- (1) Pro forma net income per share was calculated by dividing pro forma net income by the pro forma weighted average common shares outstanding as if the transaction had occurred on June 1, 2006.
- (2) Pro forma book value per share is computed assuming the transaction occurred on February 29, 2008 and is calculated by dividing pro forma stockholders' equity of \$712,199 as of February 29, 2008 by the pro forma total diluted common shares outstanding of 138,375.
- (3) Book value per share is computed by dividing stockholders' equity of \$342,447 as of February 29, 2008 by the diluted shares outstanding of 57,798.





**Table of Contents****Allscripts Common Stock Market Price and Dividend Information**

Allscripts common stock is currently traded on the NASDAQ National Market ( NASDAQ ) under the symbol MDRX. As of , 2008, there were shares of Allscripts common stock outstanding, held by approximately shareholders of record. On March 17, 2008, the last trading day before the announcement of the Transactions, the last sale price of Allscripts common stock reported by NASDAQ was \$8.76. On , 2008, the last practicable trading day prior to the date of this proxy statement, the last sale price of Allscripts common stock reported by NASDAQ was \$ . The following table sets forth the high and low sales prices of Allscripts common stock as reported by NASDAQ, for the periods indicated. For current price information, Allscripts stockholders are urged to consult publicly available sources.

	<b>Allscripts Common Stock</b>	
	<b>High</b>	<b>Low</b>
<b>Fiscal year Ended December 31, 2006</b>		
First Quarter	\$19.83	\$13.45
Second Quarter	\$19.85	\$15.85
Third Quarter	\$23.16	\$16.51
Fourth Quarter	\$29.18	\$21.82
<b>Fiscal year Ended December 31, 2007</b>		
First Quarter	\$31.38	\$24.07
Second Quarter	\$27.71	\$22.41
Third Quarter	\$28.08	\$22.21
Fourth Quarter	\$28.00	\$16.26
<b>Fiscal year Ending December 31, 2008</b>		
First Quarter	\$19.98	\$8.67
Second Quarter	\$13.55	\$10.12
Third Quarter (through July 16, 2008)	\$13.89	\$12.02

Allscripts has not paid any dividends on its shares of common stock. Pursuant to the Merger Agreement, Allscripts will declare and pay the special dividend of \$330,000,000, in the aggregate, contingent upon the consummation of the Transactions. The special cash dividend will be paid on the fifth business day following the closing date of the Transactions 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.

As a non-publicly traded subsidiary of Misys, there is no established public trading market or pricing data for MHS units.

## **Table of Contents**

### **RISK FACTORS**

*You should carefully consider each of the following risks, and all of the other information contained in this document and the annexes hereto, including the information incorporated by reference into this document, which includes the Risk Factors contained in Allscripts' Annual Report on Form 10-K for the fiscal year end December 31, 2007, in considering the proposed Transactions. Some of the risks described below relate principally to the business and the industry in which Allscripts will operate after the Transactions, while others relate principally to the Transactions. The remaining risks relate principally to the ownership of Allscripts common stock. The risks described below are not the only risks facing Allscripts following the Transactions. Additional risks and uncertainties not currently known or that are currently deemed to be immaterial may also materially and adversely affect Allscripts' business operations and financial condition or the price of Allscripts' common stock following completion of the Transactions.*

#### **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;

## Edgar Filing: ALLSCRIPTS HEALTHCARE SOLUTIONS INC - Form PRER14A

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.

## **Table of Contents**

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 described in The Merger Agreement Representations and Warranties on page 72) 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 Required Amendments 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

## **Table of Contents**

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 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 that it estimates will be approximately \$22 million in connection with the Transactions. Further, under the Merger Agreement, Allscripts has agreed to pay up to \$5 million of the merger related expenses of MHS and Misys. 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. As of the date of this proxy statement, neither Allscripts nor MHS is aware of any notice of termination or a request for a material modification of existing material contractual relationships with their customers, suppliers or other business partners as a result of the Transactions. 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

---

**Table of Contents**

the Merger Agreement. Please see the section titled "The Merger Agreement - Covenants" beginning on page 74 of this proxy statement for a description of the restrictive covenants applicable to Allscripts and MHS.

***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 included in this document 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 \$14,281,883;

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 uncertain reporting of the special cash dividend may result in stockholders overpaying income taxes and having to file amended tax returns.***

For U.S. federal income tax purposes, the special cash dividend should be taxable as a dividend to the extent of Allscripts' current and accumulated earnings and profits, thereafter treated as a tax-free return of capital that reduces a stockholder's tax basis in its Allscripts common stock, and, after a stockholder's basis is reduced to zero, treated as taxable gain.

The special dividend is expected to exceed Allscripts' current and accumulated earnings and profits by a significant amount. Therefore, for U.S. federal income tax purposes, the special cash dividend is expected to be treated in part as a taxable dividend and in part as a tax-free return of capital that reduces stockholders' tax basis in their shares, and therefore is expected to have the effect of increasing the amount of gain (or decreasing loss) otherwise recognized upon a subsequent sale of Allscripts common stock. However, the portion of the special cash dividend that will be taxable as a dividend will not be determined until after the end of the year paid, and possibly not until after the due date for tax returns on which the dividend must be reported, because that determination depends on the earnings and profits of Allscripts through the close of the year paid. Not later than January 31 of the following year, Allscripts will be required to send information returns to stockholders reporting the special cash dividend, and copies of the information returns are also required to be filed by Allscripts with the U.S. Internal Revenue Service. Also, stockholders will be required to report the special cash dividend on their tax returns for the taxable year of a stockholder in which the dividend is taken into account, which in the case of individuals are generally required to be filed on or before April 15 of the following year (assuming no extension). It is not expected that the determination of the taxable amount of the special cash dividend will be made prior to the due date for such information returns, and may not be made prior to the due date for tax returns required to be filed by stockholders. Stockholders might also be required to make estimated tax filings with respect to which the treatment of the special cash dividend is relevant prior to such determination.

## **Table of Contents**

Assuming that the taxable amount of the special cash dividend is not determined at the time Allscripts files the information returns, Treasury Regulations require that on the information returns required to be prepared by Allscripts the entire amount of the special cash dividend be reported as a taxable dividend. If, as expected, the special cash dividend exceeds the earnings and profits of Allscripts, the information returns will overstate the amount taxable as a dividend. The Internal Revenue Service has not provided clear guidance on how stockholders should file their tax returns in these circumstances. Allscripts currently intends to provide stockholders with an amended information return, reflecting its determination of the portion of the special cash dividend constituting a taxable dividend, as soon as practicable after such determination is made, which is not expected to be made until after Allscripts' federal income tax return for the year of payment is completed. For example, assuming a 2008 dividend, the due date for Allscripts' 2008 federal income tax return, taking into account expected extensions, is September 15, 2009. Thus, stockholders may need to file an amended tax return to reflect the correct amount of the taxable dividend.

The portion of the special cash dividend that does not constitute a dividend for tax purposes will affect a stockholder's tax basis in its Allscripts common stock. As a result, until the exact amount of the special cash dividend constituting a taxable dividend is determined, stockholders who sell their Allscripts common stock will face uncertainty with respect to the computation of any gain or loss on the sale. Stockholders who report the full amount of the special cash dividend as a dividend must reduce their tax basis by the amount ultimately determined not to constitute a dividend whether or not they amend their originally filed return. Stockholders who report gain or loss from a sale of Allscripts common stock prior to the time a determination is made as to the taxable amount of the special cash dividend may need to file an amended tax return to reflect the correct amount of gain or loss, after taking into account the effect of the special cash dividend on the tax basis of the shares sold.

In the case of a non-U.S. holder, the amount of the special cash dividend constituting a dividend for U.S. federal income tax purposes will generally be subject to U.S. federal income tax at a rate of thirty percent (30%) (or a lower rate specified in any applicable income tax treaty). The thirty percent (30%) income tax is generally collected by way of withholding. Because the amount of the special cash dividend constituting a dividend for U.S. federal income tax purposes will not be known at the time the special cash dividend is paid, it is expected that Allscripts or another U.S. withholding agent will withhold thirty percent (30%) from the gross amount of the special cash dividend paid to any non-U.S. holder (or such lower amount as is specified in an applicable income tax treaty). As a result, non-U.S. holders can expect that amounts withheld will exceed by a significant amount the taxes for which they are ultimately responsible. Non-U.S. holders may generally obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the Internal Revenue Service. As noted above, however, the amount of the special cash dividend constituting a dividend may not be known until the year following the year of payment, after Allscripts' federal income tax return for the year of payment is completed. Thus, non-U.S. holders may face significant delays in recovering any excess withheld amounts.

### ***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, Allscripts' financial condition may be adversely affected as a result of the payment of the termination fee and transaction expenses, which might deter third parties from proposing alternative business combination proposals.



## **Table of Contents**

***Some of the directors and executive officers of Allscripts have interests and arrangements that could have affected their decision to support or approve the Merger Agreement and the Transactions.***

Executive officers of Allscripts negotiated the terms of the Merger Agreement and the Allscripts board of directors approved the Merger Agreement and the other transactions contemplated thereby. These executive officers and directors may have interests in the Transactions that are different from, in addition to, or in conflict with, those of Allscripts stockholders generally and could have affected their decision to support or approve the Merger Agreement and the Transactions. These interests include the continued employment of Allscripts executive officers, including the retention and success bonuses that may be payable to each of our chief executive officer, president and chief financial officer, the continued positions of certain Allscripts directors, the treatment of the Transactions under Allscripts equity incentive plans and employment agreements with its executive officers as a change of control and other interests described under The Transactions Interests of Certain Persons in the Transactions beginning on page 58 of this proxy statement.

***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. See The Transactions-Special Tax Considerations on page 70.

### **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, 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.

## **Table of Contents**

*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 ended 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.

*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.

**Table of Contents**

*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 actually 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, subject to the provisions of the Required Amendments and Additional Amendments which vest authority to approve certain matters in committees of the board comprised entirely of Legacy Allscripts Directors (as defined below) or by a majority of Legacy Allscripts Directors. 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 of all 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.

**Table of Contents**

**CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS**

This proxy statement 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. Such statements include, but are not limited to, statements about the expected benefits of the Transactions, including potential synergies and cost savings, future financial and operating results, and the combined company's plans and objectives. In addition, statements made in this proxy statement about anticipated financial results, future operational improvements and results or regulatory approvals are also forward-looking statements. 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 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 above and in Allscripts' periodic filings with the SEC incorporated in this document by reference.

Many of the factors that will determine the outcome of the subject matter of this proxy statement are beyond Allscripts', Misys' and MHS' ability to control or predict. Allscripts can give no assurance that any of the Transactions will be completed or that the conditions to the Transactions will be satisfied. 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 of this proxy statement or the date of any document incorporated by reference.

All subsequent written and oral forward-looking statements concerning the Transactions or other matters addressed in this proxy statement and attributable to Allscripts or any person acting on Allscripts' behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. 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.

**Table of Contents**

**CAUTIONARY STATEMENT CONCERNING INFORMATION OF  
MISYS AND ITS AFFILIATES**

Except as specifically described herein, the information concerning Misys, MHS and their affiliates contained in this proxy statement has been taken from or is based upon information furnished by Misys or its representatives. Allscripts has no knowledge that would indicate that any statements contained herein based on such documents and records are untrue. However, neither Allscripts nor any of its affiliates assumes any responsibility for the accuracy, currency or completeness of the information furnished by Misys concerning Misys, MHS or their affiliates.

**Table of Contents**

**INFORMATION ABOUT THE COMPANIES**

**Allscripts Healthcare Solutions, Inc.**

222 Merchandise Mart Plaza, Suite 2024

Chicago, Illinois 60654

Telephone: (866) 358-6869

<http://www.allscripts.com>

Allscripts is a leading provider of clinical software, connectivity and information solutions that physicians use to improve healthcare. Allscripts unique solutions inform, connect and transform healthcare, delivering improved care at lower cost. More than 40,000 physicians and thousands of other healthcare professionals in clinics, hospitals and extended care facilities nationwide utilize Allscripts to automate everyday tasks such as writing prescriptions, documenting patient care, managing billing and scheduling, and safely discharging patients, as well as to connect with key information and stakeholders in the healthcare system. The software and related services segment of our business provides clinical software solutions, including EHR, electronic prescribing ( e-prescribing ), practice management, EDIS, hospital care management solutions, and document imaging solutions. Our information services segment, through our Physicians Interactive business unit, provides clinical education and information solutions for physicians and patients. The prepackaged medications segment of our business provides prepackaged medication fulfillment solutions, which includes both medications and software for dispensing and inventory control.

**Clinical Solutions**

*EHR/Practice Management Physician Practice Solutions.* EHR solutions automate the collection and management of clinical data, allowing physician practice groups to enter, organize, and effectively utilize secure patient chart information at the point of care. EHR solutions also streamline practice-wide clinical workflow and communication and help physicians manage lab orders, results and other data. EHR solutions can improve healthcare quality and reduce costs by preventing medical errors, reducing paperwork and reducing administrative inefficiencies. Practice management systems automate administrative workflow, including scheduling, patient billing and collection and claims management. Practice management systems improve the efficiency of operations within a physician practice, particularly the financial aspects of the practice related to billing and reimbursement.

*Hospital Emergency Department Solutions.* Hospital emergency department information systems automate emergency room processes, including patient registration, triage, tracking and reporting. Hospital emergency department information systems enable hospitals to better manage patient flow and emergency department activity.

*Hospital Care Management Solutions.* Hospital care management programs automate processes related to case management, quality management and utilization management. Care management programs help hospitals manage length of stay, billing and claims processing, and patient care resources. Another key element of the care management process is arranging for the transfer of patients to post-acute facilities.

**Physicians Interactive**

Clinical education and information solutions programs link physicians with pharmaceutical companies, medical product suppliers and health plans through e-mail, surveys, and online interactive programs. These web-based programs, often referred to as e-Detailing, use interactive sessions to provide product information and clinical education to physicians. Pharmaceutical companies leverage e-Detailing to assist in the marketing and sales efforts for their products. Our physicians interactive business unit offers electronic marketing and educational programs to pharmaceutical companies, and delivers these programs to a network of physicians nationwide through an interactive web-based platform.

## **Table of Contents**

### **Medication Solutions**

The market for the sale of prepackaged medications to physicians for on-site dispensing includes medications distributed for occupational health, workers compensation, urgent care and bariatric facilities. On-site dispensing offers provider organizations an opportunity to improve financial performance by adding an incremental source of revenue and reducing expenses related to prescription transmission, billing and processing. From a patient perspective, the dispensing of medications at the point of care provides an increased level of convenience, privacy and treatment compliance, whether in the physician's office, at a clinic or at the patient's place of employment.

Additional information about Allscripts is available on our website at [www.allscripts.com](http://www.allscripts.com). The information contained on our website is not incorporated into, and does not form a part of, this proxy statement or any other report or document on file with or furnished to the SEC.

For additional information about Allscripts and our business, please refer to "Where You Can Find More Information" on page 160.

### **Patriot Merger Company, LLC**

c/o Allscripts Healthcare Solutions, Inc.

222 Merchandise Mart Plaza, Suite 2024

Chicago, Illinois 60654

Telephone: (866) 358-6869

Patriot Merger Company, LLC, which we refer to herein as "Merger Sub," is a North Carolina limited liability company and a direct wholly-owned subsidiary of Allscripts. Merger Sub was formed for the purpose of completing the Merger and has not engaged in any business activities.

### **Misys plc**

125 Kensington High Street

London W8 5SF

United Kingdom

Telephone: +44 20 7368-2300

<http://www.misys.com>

Misys is one of the world's longest-established providers of industry-specific software and a leader in the global application software and services market. Founded in 1979, Misys provides mission critical software to clients in the international banking and healthcare industries, combining technological expertise with an in-depth understanding of customers' markets and operational needs.

Misys shares trade on the London Stock Exchange. Headquartered in London, Misys employs 4,500 people worldwide serving customers in more than 120 countries. Misys has the following businesses in addition to MHS:

Banking: delivers retail banking, corporate/wholesale banking (including trade finance and payments) and universal banking integrated solutions that drive revenue generation, performance and efficiency improvements for financial institutions across the globe; and

## Edgar Filing: ALLSCRIPTS HEALTHCARE SOLUTIONS INC - Form PRER14A

Treasury and Capital Markets: creates integrated, comprehensive solutions for financial institutions and corporate treasury departments across the globe, enabling them to manage their capital market activities across multiple asset classes. In banking and treasury and capital markets Misys has over 1,200 customers, including the world's top 50 banks.



**Table of Contents**

**Misys Healthcare Systems, LLC**

Misys Healthcare Systems

8529 Six Forks Road

Raleigh, NC 27615

Telephone: (919) 847-8102

*<http://www.misyshealthcare.com>*

MHS delivers integrated, comprehensive solutions that improve results for healthcare practitioners. Drawing on decades of healthcare experience, relationships with more than 110,000 healthcare professionals, and its commitment to customer success, MHS delivers innovative software and services that assists physicians, caregivers, and a connected healthcare community.

MHS suite of solutions includes practice management applications such as Misys Tiger and Misys Vision, electronic medical record software such as Misys EMR, and revenue cycle management applications like Misys Payerpath. In addition, MHS sells Misys MyWay , an integrated solution offering electronic medical record, practice management and revenue cycle solutions in one solution. MHS also competes successfully in the Homecare and Hospice segments with customized solutions calibrated to the unique needs of caregivers in that field.

Additionally, MHS offers a wide range of services to its customers, including training, implementation and optimization services. MHS has over 1,500 employees.

**Table of Contents**

**CHAPTER TWO**

**INFORMATION ABOUT THE ALLSCRIPTS ANNUAL MEETING**

**General; Date; Time and Place; Purposes of the Meeting**

The enclosed proxy is solicited on behalf of Allscripts board of directors for use at the annual meeting of stockholders to be held on \_\_\_\_\_, 2008, at \_\_\_\_\_:00 p.m., local time, or at any adjournments or postponements of the annual meeting, for the purposes set forth in this document and in the accompanying notice of annual meeting. The annual meeting will be held at the \_\_\_\_\_, located at \_\_\_\_\_. This document and the accompanying proxy card are being mailed on or about \_\_\_\_\_, 2008 to all stockholders entitled to vote at the annual meeting.

At the annual meeting, stockholders will be asked:

to approve the issuance of shares of Allscripts common stock in connection with the Transactions (the Share Issuance );

to approve the amendment and restatement of the certificate of incorporation of Allscripts as set forth in Annex B (the Required Amendments );

to approve the additional amendment and restatement of the certificate of incorporation and by-laws of Allscripts set forth in Annex C (the Additional Amendments );

to elect two directors, each to serve a term expiring at the third annual meeting of stockholders following their election;

to ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for 2008;

to adjourn the annual meeting to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the Share Issuance and Required Amendments; and

to transact any and all other business that may properly come before the annual meeting or any adjourned or postponed session of the annual meeting.

A copy of the Merger Agreement is attached to this document as Annex A. All stockholders of Allscripts are urged to read the Merger Agreement carefully and in its entirety.

A copy of the Required Amendments is attached to this document as Annex B, and a copy of the Additional Amendments is attached to this document as Annex C. All stockholders of Allscripts are urged to read such amendments and restatements carefully and in their entirety.

Allscripts does not expect a vote to be taken on any other matters at the annual meeting. If any other matters are properly presented at the annual meeting for consideration, however, the holders of the proxies, if properly authorized, will have discretion to vote on these matters in accordance with their best judgment.

When this document refers to the annual meeting, it is also referring to any adjournment or postponement of the annual meeting, if necessary.

**Record Date; Voting Information; Required Votes**

## Edgar Filing: ALLSCRIPTS HEALTHCARE SOLUTIONS INC - Form PRER14A

Stockholders of record of Allscripts common stock at the close of business on \_\_\_\_\_, 2008, the record date for the annual meeting, are entitled to notice of, and to vote at, the annual meeting and any adjournments thereof. At the close of business on the record date, \_\_\_\_\_ shares of Allscripts common stock were outstanding and entitled to vote. Stockholders are entitled to one vote on each matter submitted to the stockholders for each share of Allscripts common stock held as of the record date.

**Table of Contents**

Shares entitled to vote at the annual meeting may take action on a matter at the annual meeting only if a quorum of those shares exists. The presence at the meeting, in person or by proxy, of the holders of one-third of the outstanding shares of Allscripts common stock entitled to vote at the annual meeting will constitute a quorum for the transaction of business at the annual meeting. If a share is represented for any purpose at the annual meeting, it will be deemed present for purposes of determining whether a quorum exists.

Under the rules that govern brokers who have record ownership of shares that are held in brokerage accounts for their clients, who are the beneficial owners of those shares, brokers typically have the authority to vote on routine proposals, such as the uncontested election of directors and ratification of auditors, when they have not received instructions from beneficial owners. Absent specific instructions from the beneficial owner of the shares, however, brokers are not allowed to exercise their voting discretion with respect to the approval of non-routine matters, such as the Share Issuance, the Required Amendments and the Additional Amendments. Where a broker with discretionary authority fails to exercise such authority with respect to any proposal, referred to as a broker non-vote, such proxy is counted toward the quorum required at the annual meeting. For the purposes of determining whether a proposal has been approved, an abstention or broker non-vote on the proposal will have the following effect:

Share Issuance broker non-votes have no effect and abstentions have the effect of votes against;

Required Amendments both broker non-votes and abstentions have the effect of votes against;

Additional Amendments both broker non-votes and abstentions have the effect of votes against;

Election of Directors broker non-votes have no effect and abstentions have the effect of votes against;

Ratification of Grant Thornton broker non-votes have no effect and abstentions have the effect of votes against; and

Adjournment of Annual Meeting broker non-votes have no effect and abstentions have the effect of votes against.

Approval of the Share Issuance, the election of directors, the Ratification of Grant Thornton and the adjournment of the annual meeting require the affirmative vote of a majority of the shares of Allscripts common stock entitled to vote thereon represented in person or by proxy (provided that a quorum is present). Approval of the Required Amendments requires the affirmative vote of a majority of the outstanding shares of Allscripts common stock entitled to vote thereon. Approval of the Additional Amendments requires the affirmative vote of at least eighty percent (80%) of the outstanding shares of Allscripts common stock entitled to vote thereon. If Allscripts stockholders fail to approve the Share Issuance or the Required Amendments upon a vote at the Allscripts annual meeting, each of Allscripts and Misys will have the right to terminate the Merger Agreement, as described under The Merger Agreement Termination of the Merger Agreement beginning on page 86.

**Recommendation of Allscripts Board of Directors**

After careful consideration, the board of directors of Allscripts resolved that the Transactions contemplated by the Merger Agreement are in the best interests of the holders of Allscripts common stock and approved the Merger Agreement, the Merger and the other Transactions. The board of directors of Allscripts also declared the Required Amendments and the Additional Amendments advisable. **The Allscripts board of directors recommends that the stockholders of Allscripts vote FOR the Share Issuance and FOR the Required Amendments, and, if necessary or appropriate, FOR the adjournment of the annual meeting to solicit additional proxies if there are not sufficient votes at the time of the annual meeting for these proposals. The Allscripts board of directors recommends that the stockholders of Allscripts vote FOR the Additional Amendments, FOR the election of the directors and FOR the ratification of the appointment of Grant Thornton LLP as Allscripts independent registered public accounting firm for 2008.**

## **Table of Contents**

### **How to Vote**

Allscripts stockholders can vote in person by completing a ballot at the Allscripts annual meeting, or Allscripts stockholders can transmit their voting instructions before the Allscripts annual meeting by proxy. Even if Allscripts stockholders plan to attend the annual meeting, Allscripts encourages its stockholders to transmit their voting instructions as soon as possible by proxy. Allscripts stockholders can transmit their voting instructions by proxy using the Internet, by telephone, or by mail, as discussed below.

*Submit a Proxy by Internet:* Allscripts stockholders can submit their proxy using the Internet. With the enclosed proxy card in hand, go to the web site indicated on the proxy card and follow the instructions. Internet voting is available twenty-four hours a day, seven days a week until 11:59 p.m. Eastern time on \_\_\_\_\_, 2008. Allscripts stockholders will be given the opportunity to confirm that their instructions have been properly recorded. If Allscripts stockholders transmit their voting instructions on the Internet, they do NOT need to return the proxy card.

*Submit a Proxy by Telephone:* Allscripts stockholders can submit their proxy by telephone if they have a touch-tone telephone. With the enclosed proxy card in hand, call the toll-free number shown on the proxy card and follow the instructions. Telephone voting is available twenty-four hours a day, seven days a week until 11:59 p.m. Eastern time on \_\_\_\_\_, 2008. Easy-to-follow voice prompts allow Allscripts stockholders to have their shares voted and confirm that their instructions have been properly recorded. If Allscripts stockholders transmit their voting instructions by telephone, they do NOT need to return their proxy card.

*Submit a Proxy by Mail:* If Allscripts stockholders prefer to submit their proxy by mail, mark the proxy card, date and sign it, and return it in the postage-paid envelope provided. If Allscripts stockholders sign the proxy card but do not specify how they want their shares to be voted, their shares will be voted in accordance with the directors' recommendation on the proposals. All properly executed proxy cards received before the polls are closed at the Allscripts annual meeting, and not revoked or superseded, will be voted at the Allscripts annual meeting in accordance with the instructions indicated by those proxy cards.

*Registered Owners:* If an Allscripts stockholder's shares of common stock are registered directly in his or her name with Allscripts' transfer agent, LaSalle Global Trust Services, the Allscripts stockholder is considered a registered stockholder with respect to those shares. If this is the case, the proxy materials have been sent or provided directly to the Allscripts stockholder by Allscripts.

*Beneficial Owners:* If Allscripts stockholders hold shares of Allscripts common stock in street name or beneficial name (that is, the Allscripts stockholders hold their shares through a broker, bank, or other nominee), the proxy materials have been forwarded to the Allscripts stockholders by their brokerage firm, bank, or other nominee, or their agent which is considered the stockholder of record with respect to these shares. As the beneficial holder, Allscripts stockholders have the right to direct their broker, bank, or other nominee as to how to vote their shares by using the voting instruction form or proxy card included in the proxy materials, or by transmitting their voting instructions via the Internet or by telephone, but the scope of their rights depends upon the voting processes of the broker, bank, or other nominee. Please follow the voting instructions provided by the brokerage firm, bank, or other nominee, or their agent carefully.

If Allscripts stockholders sign their proxy card without indicating their vote, their shares will be voted FOR the Share Issuance, FOR the Required Amendments, FOR the Additional Amendments, FOR the election of the directors, FOR the ratification of the appointment of Grant Thornton LLP as Allscripts' independent registered public accounting firm for 2008, FOR the proposal to approve the adjournment of the annual meeting, if necessary, to solicit additional proxies, and in accordance with the recommendations of the Allscripts board of directors on any other matters properly brought before the annual meeting for a vote or any adjourned or postponed session of the annual meeting.

## **Table of Contents**

### **Solicitation of Proxies**

Allscripts will bear the entire cost of soliciting proxies from its stockholders. In addition to solicitation of proxies by mail, Allscripts will request that banks, brokers and other nominees send proxies and proxy material to the beneficial owners of Allscripts common stock and secure their voting instructions, if necessary or appropriate. Allscripts will reimburse the banks, brokers and other nominees for their reasonable expenses in taking those actions. Allscripts also has made arrangements with Innisfree M&A Incorporated to assist it in soliciting proxies and has agreed to pay it an amount not to exceed \$65,000 plus reasonable expenses for these services. If necessary, proxies may be solicited by Allscripts directors, officers and employees, who will not be specially compensated, either personally or by telephone, facsimile, letter or by other electronic communication, such as the Internet, e-mail or Allscripts Intranet.

### **Revocation of Proxies**

Any person giving a proxy pursuant to this solicitation has the power to revoke and change it at any time before it is voted. It may be revoked and changed by filing a written notice of revocation with the Corporate Secretary of Allscripts at Allscripts headquarters, 222 Merchandise Mart Plaza, Suite 2024, Chicago, Illinois 60654, by submitting in writing a proxy bearing a later date, by voting again by the Internet or by telephone prior to the annual meeting or by attending the annual meeting and voting in person. Attendance at the annual meeting will not, by itself, revoke a proxy. If Allscripts stockholders have given voting instructions to a broker, bank, or other nominee that holds their shares in street name, they may revoke those instructions by following the directions given by the broker, bank, or other nominee.

### **Adjournments and Postponements**

Although it is not currently expected, the annual meeting may be adjourned or postponed, if necessary, for the purpose of soliciting additional proxies if there are not sufficient votes at the time of the annual meeting to approve the Share Issuance and the Required Amendments. In order to approve the proposal to adjourn the annual meeting, the affirmative vote of holders of a majority of the shares of common stock present at the annual meeting in person or by proxy and entitled to vote thereon is required, whether or not a quorum exists at the annual meeting. Any adjournment or postponement of the annual meeting for the purpose of soliciting additional proxies will allow Allscripts stockholders who have already sent in their proxies to revoke them at any time prior to their use at the annual meeting as adjourned. If the annual meeting is adjourned or postponed to a different place, date, or time, Allscripts need not give notice of the new place, date, or time if the new place, date, and time is announced at the meeting before adjournment, unless the adjournment is for more than 30 days after the date fixed for the original meeting. If a new record date is or must be set for the adjourned or postponed meeting, notice of the adjourned meeting will be given to persons who are stockholders as of the new record date.

The adjournment proposal relates only to an adjournment of the annual meeting occurring for purposes of soliciting additional proxies for the approval of the Share Issuance or the Required Amendments. Allscripts board of directors retains full authority to adjourn the annual meeting if a quorum is not present or to postpone the meeting.

### **Attending the Annual Meeting**

All Allscripts stockholders, including stockholders of record and stockholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the Allscripts annual meeting. Stockholders of record can vote in person at the annual meeting. If an Allscripts stockholder is not a stockholder of record, such stockholder must obtain a proxy executed in their favor, from the record holder of their shares, such as a broker, bank or other nominee, to be able to vote in person at the annual meeting. If an Allscripts stockholder plans to attend the annual meeting, such stockholder must hold his, her or its shares in his, her or its own name or have a letter from the record holder of such shares confirming his, her or its ownership and he or she must bring a form of personal photo identification in order to be admitted. Allscripts reserves the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification.

## **Table of Contents**

### **Shares Beneficially Owned by Allscripts Directors and Officers**

Allscripts directors and executive officers beneficially owned \_\_\_\_\_ shares of Allscripts common stock on \_\_\_\_\_, 2008, the record date for the Allscripts annual meeting. These shares represent in total approximately \_\_\_\_\_ % of the total voting power of Allscripts voting securities outstanding and entitled to vote as of the record date for the Allscripts annual meeting. Although none of the members of the Allscripts board of directors or its executive officers have executed voting agreements, based solely on its discussions with its board of directors and executive officers, Allscripts currently expects that its directors and executive officers will vote their shares in favor of the Share Issuance, the Required Amendments and the Additional Amendments.

### **Householding**

SEC rules allow delivery of a single document to households at which two or more stockholders reside. Accordingly, stockholders sharing an address who have been previously notified by their broker or its intermediary will receive only one copy of this document, unless the stockholder has provided contrary instructions. Individual proxy cards or voting instruction forms (or electronic voting facilities) will, however, continue to be provided for each stockholder account. This procedure, referred to as householding, reduces the volume of duplicate information received by stockholders, as well as Allscripts expenses. Stockholders having multiple accounts may have received householding notifications from their respective brokers and, consequently, such stockholders may receive only one document. Stockholders who prefer to receive separate copies of the document, may request to receive separate copies of the document by notifying Allscripts Secretary in writing or by telephone at the following address: Allscripts Healthcare Solutions, Inc., Attn: Lee Shapiro, Secretary, 222 Merchandise Mart Plaza, Suite 2024, Chicago, Illinois 60654; telephone: (866) 358-6869. Stockholders currently sharing an address with another stockholder who wish to have only one proxy statement and annual report delivered to the household in the future should also contact Allscripts Secretary.

### **Questions and Additional Information**

If Allscripts stockholders have more questions about the Transactions or how to submit their proxy, or if they need additional copies of this document or the enclosed proxy card or voting instructions, please call Innisfree M&A Incorporated at (877) 687-1871.

**The vote of Allscripts stockholders is important. Please submit the proxy and/or voting instructions promptly via the Internet or by telephone or by signing, dating and returning your proxy card in the enclosed envelope.**

---

**Table of Contents**

**CHAPTER THREE**

**THE TRANSACTIONS: ALLSCRIPTS PROPOSALS 1-3**

**Overview**

On March 18, 2008, Allscripts and Misys announced that they had entered into the Merger Agreement, which provides for the Merger, the Share Issuance and the other transactions contemplated thereby. As a result of the Transactions, (i) Misys or one of its subsidiaries will become a majority stockholder of Allscripts, (ii) Allscripts stockholders immediately prior to the Transactions will retain a minority interest in post-Transaction Allscripts and, if they continue to hold their shares of Allscripts common stock at the close of business on the payment date for the special cash dividend (the fifth business day after the closing of the Transactions), receive the special cash dividend of \$330,000,000, in the aggregate, and (iii) MHS will become a wholly-owned subsidiary of Allscripts. The Allscripts board of directors is using this proxy statement to solicit proxies from the holders of Allscripts common stock for use at the Allscripts annual meeting, or any adjournment or postponement thereof.

**Consideration to be Received**

In consideration for the merger of MHS into Merger Sub and the purchase by Misys or one of its subsidiaries of shares of Allscripts common stock for cash, Misys or one of its subsidiaries will receive, in the aggregate, shares of Allscripts common stock equal to 54.5% of the fully diluted number of shares of Allscripts common stock. As a percentage of post-Transaction issued and outstanding shares of Allscripts common stock, Misys' actual ownership percentage could range from 54.5% to 59.2%, with the pre-Merger stockholders of Allscripts owning the remaining percentage. Our pre-Merger stockholders (which excludes holders of our convertible debentures and stock options unless they convert or exercise prior to the record date for the special cash dividend) could own as little as approximately 40.8% of our common stock on an actual outstanding basis or approximately 37.2% of our common stock on a fully-diluted basis immediately after consummation of the Transaction.

Allscripts stockholders of record as of the close of business on the business day prior to the closing of the Transactions will receive, on the fifth business day after consummation of the Transactions, the special cash dividend, which is currently expected to be between approximately \$4.84 per share, assuming that, prior to the record date, all holders of our convertible debentures exercise their conversion right and all in-the-money options are exercised, or approximately \$5.68 per share if prior to the record date no convertible debenture holders exercise their right and no in-the-money options are exercised. The actual per share amount of the special cash dividend will not be determinable until the close of business on the record date therefor because the number of shares of Allscripts common stock outstanding and entitled thereto will not be fixed until such time. Allscripts stockholders will also retain their shares of Allscripts common stock, thereby remaining stockholders in Allscripts after closing of the Transactions.

**Allscripts Proposal 1**

At the Allscripts annual meeting, holders of shares of Allscripts common stock on the record date will be asked to vote on the issuance of shares of Allscripts common stock to Misys as contemplated by the Merger Agreement, requiring approval by the affirmative vote of a majority of the shares of Allscripts common stock entitled to vote thereon represented in person or by proxy at the meeting (provided that a quorum is present in person or by proxy) (the "Share Issuance").

**OUR BOARD OF DIRECTORS HAS APPROVED THE SHARE ISSUANCE IN  
CONNECTION WITH THE TRANSACTIONS AND RECOMMENDS A VOTE FOR  
THE SHARE ISSUANCE PROPOSAL.**



## **Table of Contents**

### **Allscripts Proposal 2**

At the Allscripts annual meeting, holders of shares of Allscripts common stock on the record date will be asked to vote on an amendment and restatement of Allscripts charter, to be implemented only if the Share Issuance proposal is approved, requiring approval of a majority of the outstanding shares of Allscripts common stock entitled to vote thereon, attached hereto as Annex B (the Required Amendments ).

**OUR BOARD OF DIRECTORS HAS APPROVED THE REQUIRED AMENDMENTS AND RECOMMENDS A VOTE FOR THE REQUIRED AMENDMENTS.**

**THE TRANSACTIONS WILL NOT BE COMPLETED UNLESS ALLSCRIPTS STOCKHOLDERS APPROVE THE SHARE ISSUANCE AND THE REQUIRED AMENDMENTS.**

### **Allscripts Proposal 3**

In addition, holders of shares of Allscripts common stock will be asked to vote on an additional amendment and restatement of Allscripts charter and by-laws requiring approval of eighty percent (80%) of the outstanding shares of Allscripts common stock, attached hereto as Annex C (the Additional Amendments ). Approval of the Additional Amendments is not required to consummate the Transactions. If approved, the Additional Amendments will only be implemented if the Share Issuance and Required Amendment proposals are also approved.

**OUR BOARD OF DIRECTORS HAS APPROVED THE ADDITIONAL AMENDMENTS AND RECOMMENDS A VOTE FOR THE ADDITIONAL AMENDMENTS.**

A separate vote by the holders of Allscripts common stock on the Merger Agreement or the Merger is not required under Delaware law.

### **Background of the Transactions**

On July 2, 2006, Allscripts received a letter from JPMorgan Cazenove Limited, soliciting indications of interest regarding a possible acquisition of all or part of Misys. On July 10, 2006, the Allscripts board of directors considered whether to put forth an indicative proposal regarding such a strategic transaction with Misys. At the meeting, the board concluded that it was only interested in pursuing MHS. At that time, MHS included hospital system and laboratories businesses which were subsequently divested by Misys in two separate transactions in the fourth quarter of 2007. The board recognized that an acquisition of MHS would enhance Allscripts position as one of the leaders in the growing electronic health records and physician practice management industry. After extensive discussion, the board decided to formally submit a non-binding indicative proposal on July 12, 2006.

Under the terms of the proposal, Allscripts offered to acquire all issued and outstanding equity interests in MHS through an acquisition entity sponsored by Allscripts and a financial partner (the Joint Bidder ). The offer remained subject to formal board approval, due diligence and the satisfactory negotiation of a transition services agreement. These conversations, and Allscripts proposal, were terminated at the end of August based on guidance from Misys advisors that it would only consider offers for sale of the entire company (not just the healthcare business).

On February 1, 2007, Mr. Lee Shapiro, the president of Allscripts, telephoned Mr. Michael Lawrie, the newly appointed chief executive officer of Misys, to express Allscripts interest in a strategic transaction involving MHS or a partnership between Allscripts and MHS. Mr. Shapiro believed that the combined entity would be well positioned to allow physicians and hospitals to provide better patient care and manage their businesses more effectively.

On March 19, 2007, Mr. Shapiro met with Mr. Lawrie, Mr. Roger L. Davenport, the executive vice president and general manager of MHS, and Mr. Paul Musselman, the executive vice president of strategy and

**Table of Contents**

corporate development of Misys, to discuss the possibility of an acquisition by Allscripts of MHS or a partnership between Allscripts and MHS. It was agreed that Mr. Shapiro and representatives of Misys and MHS would meet in April to discuss these matters further.

On April 26, 2007, executives from Allscripts, Misys and MHS met in Raleigh, North Carolina to discuss partnering opportunities between MHS and Allscripts. The discussions included scheduling future product demonstrations as well as a more general conversation about healthcare industry trends.

On June 8, 2007, Mr. Shapiro discussed further the potential for a partnership between MHS and Allscripts with Mr. Davenport. However, at that point, neither Allscripts nor Misys was prepared to move forward with a partnership.

On August 13, 2007, Mr. Glen Tullman, the chairman and chief executive officer of Allscripts, met with Mr. Lawrie in Chicago, Illinois. Messrs. Tullman and Lawrie discussed the possibility of a partnership between Allscripts and MHS. On August 23, 2007, Messrs. Shapiro and Davenport spoke telephonically about the partnership opportunity, including the impact of developments at the respective companies since the parties first initiated contact in February 2007.

On September 26, 2007, Messrs. Tullman and Lawrie met again in Chicago, Illinois to consider further a strategic relationship between Allscripts and MHS, including a possible acquisition by Allscripts of MHS. Both parties agreed to proceed with a more detailed discussion about cross-selling and other synergistic opportunities.

On October 5, 2007, Mr. Shapiro conferred telephonically with Mr. Musselman and Mr. Victor Kats, MHS director of business development, regarding a possible business combination or partnership opportunities between MHS and Allscripts.

On October 8, 2007, Mr. Kats provided Mr. Shapiro with a draft confidentiality agreement for his review. Later that week, on October 10, 2007, the confidentiality agreement was executed by Misys and the principal operating subsidiary of Allscripts.

On October 25, 2007, Messrs. Shapiro, Musselman and Kats convened a conference call to discuss further a potential transaction in which Allscripts would acquire MHS. In advance of the call, Mr. Shapiro provided Messrs. Musselman and Kats with a high-level summary of the strategic rationale for a transaction between the two entities.

During the remainder of 2007, Allscripts and Misys each continued internal analyses of a business combination between MHS and Allscripts and held occasional telephone conversations relating thereto.

On January 10, 2008, Messrs. Tullman and Lawrie met again in Chicago, Illinois to discuss a variety of issues pertaining to a possible acquisition by Allscripts of MHS, including the consideration to be received by Misys in a possible business transaction. Later that month, Mr. Musselman asked Mr. Shapiro whether the Allscripts board of directors would consider a transaction whereby Misys would acquire a controlling interest in Allscripts, which Mr. Musselman indicated was Misys preferred transaction structure. Mr. Shapiro replied that he would convey Mr. Musselman's inquiry to Mr. Tullman and the board.

In mid-January of 2008, Allscripts management determined that it should seek, subject to board approval, a financial advisor to provide advice and counsel on any potential strategic transaction. Management contacted Goldman, Sachs & Co. ( Goldman Sachs ) to serve in this capacity. This engagement was subsequently approved by the board of directors and confirmed in writing in March 2008.

On February 1, 2008, Messrs. Tullman and Lawrie convened telephonically to discuss whether Allscripts would be interested in receiving a proposal for a strategic transaction pursuant to which the businesses of MHS and Allscripts would be combined and Misys would acquire a controlling interest in the combined company. Mr. Tullman noted the potential benefits of a strategic transaction but highlighted that any proposal from Misys would need to be reviewed with the Allscripts board of directors before further discussions could be pursued.

**Table of Contents**

On February 4, 2008, Mr. Tullman received a letter from Mr. Lawrie stating that the Misys board had formally authorized Mr. Lawrie to pursue an evaluation of the strategic merits of a potential combination. The letter summarized a number of key parameters for the upcoming discussions. In the letter, Mr. Lawrie proposed an exchange of 100% of MHS for Allscripts common stock and a purchase of Allscripts common stock for an unspecified amount of cash that, when taken together, would result in Misys owning not less than 60% of Allscripts (the Original Misys Proposal). Mr. Lawrie would become chairman of the Allscripts board and Mr. Tullman would remain the chief executive officer and a board member. Mr. Lawrie proposed that the parties meet to consider the possible transaction. Prior to sending the letter, Mr. Lawrie telephoned Mr. Tullman to provide an overview of its content.

On February 6, 2008, the Allscripts board of directors convened telephonically to consider the Original Misys Proposal. At the meeting, the board discussed its views on the Original Misys Proposal, its desire to obtain clarity on the level of cash Misys would include in the transaction and valuation issues. Representatives of Goldman Sachs and Sidley Austin LLP (Sidley Austin), the outside legal advisor to Allscripts, participated in the discussions. The consensus of the Allscripts board of directors was that the Original Misys Proposal was deficient due to the uncertain level of cash and high level of Misys ownership. However, the board believed that it might be possible to address those issues and, accordingly, authorized management and its advisors to begin due diligence, the sharing of non-public information with Misys and further exploration of a strategic transaction with Misys. In addition, the Allscripts board authorized Goldman Sachs and Allscripts management to contact other parties that might be interested in a strategic transaction with Allscripts. Representatives of Goldman Sachs subsequently contacted nine parties regarding a possible acquisition of Allscripts. Each of the nine parties subsequently informed Goldman Sachs that they had no interest in pursuing a transaction with Allscripts at the current time.

After the February 6, 2008 Allscripts board meeting, Messrs. Tullman and Lawrie concluded that a series of meetings between senior executives within their respective organizations and advisors should be scheduled. An initial meeting was planned for February 8, with additional meetings to occur at later dates. The gatherings were designed to accelerate the due diligence process. Also, on February 7, Misys requested that Allscripts enter into an exclusivity agreement and Misys delivered a draft exclusivity agreement to Allscripts. Allscripts declined to enter into the exclusivity agreement.

On February 8, 2008, representatives of Misys and Allscripts met at Sidley Austin's offices in Chicago, Illinois, along with their financial and legal advisors. At the meetings, Allscripts and Misys shared presentations on their businesses and Misys presented its strategic rationale for a transaction with Allscripts. Misys renewed its request that Allscripts enter into an exclusivity agreement with Misys, which Allscripts again rejected.

On February 10, 2008, Misys contacted a representative of Goldman Sachs to convey revised terms of its proposal of a business combination involving MHS and Allscripts. Under this revised proposal, Misys would contribute MHS and \$350 million in cash to Allscripts. In exchange, Misys would receive 57.5% ownership in Allscripts, on a fully-diluted basis.

The following week, on February 12, 2008, the Allscripts board met telephonically. Mr. Tullman provided an overview of the on-going discussions and the due diligence activities since the last meeting of the board and a representative of Sidley Austin provided a detailed briefing about the duties and responsibilities of the board in connection with the Misys proposal. A representative of Goldman Sachs discussed the economic terms of the revised Misys proposal as well as its contacts with other companies regarding a potential transaction with Allscripts. A representative of Goldman Sachs noted that, while it had not heard back from all contacted parties, no one had yet expressed an interest in pursuing a business combination with Allscripts. The board engaged in extensive discussions regarding Misys' proposal and MHS' business, including a discussion of the relatively high ownership percentage of Misys under the revised proposal in light of the expected valuation of MHS. At this meeting, the board authorized management to continue negotiations with Misys and to enter into a written engagement with Goldman Sachs.

**Table of Contents**

On February 16, 2008, a representative of Lehman Brothers, Inc. ( Lehman ), Misys financial advisor which was formally retained on February 1, 2008, contacted a representative of Goldman Sachs with two potential options of revised terms for a business combination. Under option one, Misys proposed an ownership stake of 56.5% in Allscripts for a cash contribution of \$342 million and the merger of MHS with an Allscripts subsidiary. Under option two, Misys proposed an ownership stake of 55.0% in Allscripts for a cash contribution of \$312 million and the merger of MHS with an Allscripts subsidiary.

Also on February 16, 2008, a draft merger agreement was distributed by Debevoise & Plimpton LLP ( Debevoise ), U.S. legal counsel for Misys, to Sidley Austin. Representatives of Misys, MHS and Allscripts, and their respective legal, financial and accounting advisors met at the offices of Sidley Austin in Chicago during the week of February 18. On February 19, Sidley Austin provided Debevoise with a detailed markup of the draft merger agreement. Early in the week of February 18, representatives of Misys, Allscripts, Goldman Sachs and Lehman, Misys financial advisor, held further discussions on the economic terms of Misys proposal. During these discussions, Misys indicated a willingness to reduce its ownership in Allscripts from 57.5% to approximately 56%, while maintaining the \$350 million cash purchase of Allscripts shares.

On February 20, Debevoise distributed a revised version of the merger agreement and representatives of Sidley Austin and Debevoise discussed a number of legal issues raised by that draft, including the amount of the termination fee, circumstances under which the board of directors could change its recommendation and whether either party should be entitled to force a vote of the other s stockholders.

On February 21, 2008, a representative of Goldman Sachs received a telephone call from a third party strategic company ( Party A ) expressing interest in exploring the possibility of a business combination with Allscripts. Party A entered into a confidentiality agreement with Allscripts on February 26, 2008.

Also on February 21, 2008, the Allscripts board convened in-person at the offices of Goldman Sachs in New York City. Representatives of Goldman Sachs, Sidley Austin and members of senior management also participated in portions of the meeting. Management and a representative of Goldman Sachs discussed Allscripts various strategic alternatives, including a possible business combination with Misys and MHS. At this meeting, a representative of Goldman Sachs provided the board with a detailed financial analysis regarding the MHS business. Sidley Austin highlighted the board s on-going fiduciary obligation in connection with its evaluation of the proposed transactions. The board decided to continue the due diligence process and work towards a strategic transaction with Misys.

In the days following the Allscripts board meeting, senior management at Allscripts engaged in numerous discussions with their counterparts at Misys and MHS and had further in-person meetings at the offices of Sidley Austin in Chicago. Additionally, on February 22, 2008, Sidley Austin distributed a further revised version of the merger agreement to Debevoise and the parties continued with their due diligence.

On February 25, 2008, a representative of Lehman contacted a representative of Goldman Sachs with revised terms of a proposal for a business combination. Under the revised terms, Misys would acquire a 55.3% ownership stake in Allscripts in exchange for MHS and \$250 million in cash. On February 28, 2008, Mr. Tullman contacted Mr. Lawrie to discuss the revised proposal. During this conversation, Mr. Tullman informed Mr. Lawrie that the revised proposal was unacceptable and suggested a transaction whereby Misys would acquire a 54% ownership interest in Allscripts in exchange for MHS and \$350 million in cash.

On March 3, 2008, in response to an inquiry made by a representative of Allscripts, Allscripts received a telephone call from a representative of a private equity firm ( Party B ) expressing interest in exploring the possibility of acquiring Allscripts. Party B entered into a confidentiality agreement with Allscripts on March 4, 2008.

On March 4, 2008, the Allscripts board met telephonically to discuss the status of the negotiations with respect to the merger agreement. Representatives of Goldman Sachs and Sidley Austin participated in this meeting along with members of Allscripts senior management.

## Table of Contents

On March 5 through 7, representatives of Misys, MHS and Allscripts had further meetings and due diligence sessions at the offices of Sidley Austin in Chicago. During these meetings, Misys and Allscripts discussed economic terms for the transaction. Misys proposed that it would acquire a 54.5% ownership stake in Allscripts in exchange for MHS and \$312 million in cash. Debevoise distributed a revised draft of the merger agreement to Sidley Austin on March 5 and on March 7 Sidley distributed a revised draft merger agreement to Debevoise.

Also on March 5, 2008, Party A sent to Allscripts a non-binding letter expressing its interest in acquiring 100% of Allscripts' capital stock for an unspecified mix of cash and stock in Party A for a valuation of between \$16.50 to \$18.50 per share of Allscripts common stock. Representatives of Party A and Allscripts met at Sidley Austin's Chicago office from March 9 through March 11 to discuss the possible transaction and various due diligence topics.

From March 7 through March 17, 2008, Sidley Austin and Debevoise, with input from their respective clients, exchanged drafts of and negotiated the terms of the merger agreement and other ancillary documents. Also during this time, representatives of Allscripts met separately with representatives of Misys and Party A.

On March 7, 2008, Messrs. Tullman and Shapiro and a representative of Goldman Sachs met with a representative of Party B in Chicago to discuss a possible transaction. At the Allscripts board of directors meeting later in the day of March 7, Mr. Tullman updated the Allscripts board on the status of discussions with Party A and Party B, noting that Party B had indicated that it would take at least four weeks to determine if it had any interest in acquiring Allscripts and what price it would be willing to offer. Mr. Tullman also noted that a second private equity firm ( Party C ) had contacted Mr. Shapiro with preliminary interest in discussing an acquisition of Allscripts. Mr. Shapiro had previously had conversations with Party C in mid-February and held further discussions regarding a possible acquisition of Allscripts on March 3. The Allscripts board determined to proceed in discussions with Misys and Party A but, given market conditions and the valuation likely to be offered, to not proceed in discussions with Party B or Party C at that time. Before Mr. Tullman informed Party B of this determination, he received a telephone call from Party B indicating that it was not interested in pursuing a transaction with Allscripts.

Also on March 7, 2008, Misys delivered to Mr. Tullman a draft of a new employment agreement for each of Messrs. Tullman, Shapiro and Davis.

On March 10, 2008, Messrs. Tullman and Lawrie met to discuss the proposed transaction. During this meeting, Mr. Lawrie suggested that Misys would be willing to increase the cash component of its offer to \$330 million, while leaving the Misys ownership level at 54.5%. Mr. Tullman informed Mr. Lawrie that he would convey this revised offer to the Allscripts board of directors.

Also on March 11, 2008, in response to the requirement from Misys that Messrs. Tullman, Davis and Shapiro enter into new employment agreements concurrently with the execution of the merger agreement, Allscripts retained Vedder Price LLP ( Vedder Price ) for the benefit of Messrs. Tullman, Davis and Shapiro to assist in the negotiation of these new employment agreements. The proposed new employment agreements would waive the change of control termination rights that Messrs. Tullman, Davis and Shapiro otherwise would have in connection with the consummation of the Transactions, require Messrs. Tullman, Davis and Shapiro to maintain minimum investments in Allscripts and Misys. Upon closing of the transaction, Messrs. Tullman, Davis and Shapiro would receive restricted stock or restricted stock unit awards, a success bonus and a cash retention award following the first anniversary of the closing, subject to certain restrictions. Subject to the foregoing and clarifying and immaterial changes, the new employment agreements would be substantially similar to the existing employment agreements.

On March 13, 2008, the Allscripts board met telephonically to discuss the proposed transaction and the status of the due diligence process. Also on March 13, 2008, Party A informed Mr. Tullman and a representative of Goldman Sachs that it was not prepared to move forward with a business combination. Vedder Price also sent a revised form of employment agreement to Debevoise on March 13. Vedder Price and Debevoise continued to negotiate the terms of the employment agreements until March 17.

## Table of Contents

On March 16, 2008, Messrs. Tullman, Davis and Lawrie held further discussions in London, England. Later that day, a telephonic meeting of the Allscripts board was called to discuss the status of the proposed transaction with Misys, including a review of the proposed material terms thereof. During the meeting, Mr. Tullman informed the Allscripts board that Party A and Party B were not interested in pursuing a business combination with Allscripts and that there had been no further contacts from third parties expressing an interest in pursuing a business combination with Allscripts. Goldman Sachs discussed its financial analyses of the proposed transaction with Misys. Allscripts' management also gave the Allscripts board its recommendation in regards to the proposed business combination. The board also discussed the possible employment agreements to be entered into between Allscripts and Messrs. Tullman, Shapiro and Davis. It was the consensus of the board that Philip Green, chairman of the compensation committee, would further review the terms of the employment agreements and report back to the directors at the next meeting.

On March 17, 2008, Messrs. Tullman and Lawrie met again and tentatively resolved the remaining open issues regarding the proposed transaction. Thereafter, they discussed the process for negotiating and finalizing management's employment agreements. Later that day, the Allscripts board met telephonically to consider approval of the proposed transaction.

Prior to the start of the full board meeting, Mr. Green reviewed the financial terms of the proposed employment agreements for management with the non-management members of the board (Mr. Tullman, whose employment agreement was being considered, was not present) and representatives of Sidley Austin. Following that discussion, Mr. Tullman and other members of management joined the meeting. Mr. John McConnell, an Allscripts board member and owner of MHS' predecessor, then informed the other directors and participants in the meeting that he was immediately resigning as a director because he did not want to participate in the final board action with respect to the proposed transaction. Mr. McConnell thereupon left the conference call and subsequently sent an email to the board confirming his resignation and the reasons therefor. Goldman Sachs delivered its oral opinion, which was subsequently confirmed by delivery of a written opinion dated March 17, 2008, that, as of such date, based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be paid by Allscripts was fair from a financial point of view to Allscripts. A copy of the Goldman Sachs opinion is included as Annex D to this proxy statement. After consideration and discussion, the Allscripts board approved the Transactions and related matters.

Later that evening, Allscripts and Misys executed the Merger Agreement. On March 18, 2008, prior to the opening of trading on the London Stock Exchange and NASDAQ, Allscripts and Misys issued a joint press release announcing the execution of the Merger Agreement.

On March 19, 2008, a representative of Goldman Sachs received a telephone call from a private equity firm expressing a preliminary interest in exploring an acquisition of Allscripts. During the same week, a member of Allscripts' senior management received a telephone call from Party C expressing interest in exploring an acquisition of Allscripts. In accordance with the terms of the merger agreement, Misys was notified of these contacts. Neither of these two parties made a formal proposal and each later notified Goldman Sachs or Allscripts of its decision to not pursue an acquisition of Allscripts at this time.

### **Recommendation of Allscripts Board; Allscripts' Reasons for the Transactions**

**The Allscripts board of directors has approved the Merger Agreement, the Merger and the other Transactions, has determined that the Merger Agreement, the Merger, the Required Amendments, the Additional Amendments and the other Transactions are advisable and in the best interests of Allscripts and its stockholders and recommends that Allscripts stockholders vote for the Share Issuance, Required Amendments and the Additional Amendments.**

In reaching its decision that the Transactions, the Required Amendments and Additional Amendments are advisable and in the best interests of Allscripts and its stockholders and in recommending the approval of the

**Table of Contents**

Share Issuance, Required Amendments and Additional Amendments, Allscripts board of directors consulted with management, as well as Goldman, Sachs & Co., Allscripts financial advisor, and Sidley Austin LLP, Allscripts outside legal counsel, and considered various material factors, which are described below. The following discussion of the information and factors considered by the Allscripts board of directors is not exhaustive, but includes all material factors considered by the Allscripts board of directors. In view of the wide variety of factors considered by the Allscripts board of directors in connection with its evaluation of the Transactions, the Allscripts board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. In considering the factors described below, individual members of the Allscripts board of directors may have given different weight to different factors. The Allscripts board of directors considered this information as a whole, and overall considered the information and factors to be favorable to, and in support of, its determinations and recommendations. Among the material information and factors considered by the Allscripts board of directors were the following:

*Strategic Considerations.* The Allscripts board of directors considered a number of strategic benefits resulting from the Transactions, including that the combined company will be an industry leader with physicians in both Electronic Health Records ( EHR ) and Practice Management Systems ( PM ) categories, with the largest desktop presence and physician mindshare. As a result, there will be a significant EHR selling opportunity in MHS installed base of PM customers. The Transactions will also position Allscripts to connect to nearly half of all physicians in the United States, creating the opportunity to accelerate the pace of adoption for electronic-prescribing, EHRs and other health information technology solutions.

*Synergies.* The Allscripts board of directors considered that, although no assurance can be given that any particular level of cost synergies will be achieved, Allscripts management had identified certain estimated cost synergies following completion of the Transactions. The Allscripts board of directors has considered the synergy potential and timing to achieve synergies.

*Impact of the Transactions on Customers and Employees.* The Allscripts board of directors evaluated the expected impact of the Transactions on Allscripts customers and employees. Specifically, the Allscripts board of directors believes the merger will benefit customers by enhancing operations, strengthening reliability and extending connectivity across the continuum of care; and provide more opportunities for employees in a larger, more competitive company.

*Stock Price.* The Allscripts board of directors considered the current and historical stock price of Allscripts, including that the anticipated per share value of the Transactions to existing Allscripts stockholders of between \$14.30 and \$16.20 represented a premium of 63%-85% over the closing price of Allscripts common stock on March 17, 2008, the day prior to announcement of the Transactions, and a 37%-55% premium to Allscripts 30-day average share price of \$10.46 prior to announcement. The Allscripts board also considered that the anticipated per share value of the Transactions represented the best value available to stockholders for a sale of control resulting from the market check conducted by Allscripts with the assistance of its financial advisor.

*Special Dividend.* The Allscripts board of directors considered the \$330 million cash dividend payable to stockholders of Allscripts as part of the Transactions, which represented a substantial return of capital to stockholders in addition to stockholders retaining their shares of common stock in an enlarged enterprise. The board recognized that there would be substantial dilution of current stockholders equity ownership, but concluded that it was acceptable in light of the special cash dividend and the stake of the combined enterprise retained by current stockholders.

*Financial Considerations.* The Allscripts board of directors considered the expected financial impact of the Transactions on Allscripts. In particular, the Allscripts board of directors considered the quantitative analysis of the Transactions on the combined company's earnings per share prepared by Allscripts management and financial advisor. The Allscripts board of directors also considered the historic financial condition, operating results and businesses of Allscripts and MHS, including information with respect to their respective earnings history.

**Table of Contents**

*Opinion of Financial Advisor.* The Allscripts board of directors considered the opinion of Goldman, Sachs & Co. to the Allscripts board of directors that, as of March 17, 2008 and based upon and subject to the assumptions, qualifications and limitations discussed in such opinion, the consideration to be paid by Allscripts pursuant to the Merger Agreement was fair, from a financial point of view, to Allscripts. Allscripts' board of directors was aware that a large portion of Goldman Sachs' fee is contingent upon the closing of the Transactions and that Goldman Sachs had provided Allscripts with other banking and financial services to Allscripts. Allscripts' board of directors concluded that these factors did not materially detract from its reliance upon Goldman Sachs' opinion.

*Strategic Alternatives.* The Allscripts board of directors considered the trends and competitive developments in the industry and the range of strategic alternatives available to Allscripts, including the possibility of business combinations with other participants in the industry or others or continuing to operate as a stand-alone entity. The Allscripts board of directors also considered the market-checks conducted by its financial advisor.

*Recommendation of Management.* The Allscripts board of directors took into account management's recommendation in favor of the Transactions.

*Terms of the Merger Agreement.* The Allscripts board of directors reviewed the terms of the Merger Agreement, including the restrictions on Allscripts' interim operations, the conditions to each party's obligation to complete the Transactions, the instances in which each party is permitted to terminate the Merger Agreement and the related termination fees payable by each party in the event of termination of the Merger Agreement under specified circumstances. See The Merger Agreement for a detailed discussion of the terms and conditions of the Merger Agreement. The Allscripts board of directors also considered the course of negotiations of the Merger Agreement.

*Management Arrangements.* The Allscripts board of directors reviewed employment arrangements of certain executive officers of Allscripts to be adopted in connection with the execution of the merger agreement.

*Due Diligence.* The Allscripts board of directors considered the scope of the due diligence investigation conducted by management and Allscripts' outside advisors and evaluated the results thereof.

*Likelihood of Completion of the Transactions.* The Allscripts board of directors considered the likelihood that the Transactions will be completed on a timely basis, including the likelihood that the Merger and Share Issuance will receive all necessary regulatory approvals.

The Allscripts board of directors also considered the potential risks of the Transactions, including the following:

*Timing for Closing.* The Allscripts board of directors considered the significant time between announcement and closing given the audit requirements for MHS and the need for each party to obtain stockholder approval.

*Restrictions on Interim Operations.* The Allscripts board of directors considered the provisions of the Merger Agreement placing restrictions on Allscripts' operations until completion of the Transactions.

*Diversion of Management.* The Allscripts board of directors considered the possible diversion of management resulting from the substantial time and effort necessary to complete the Transactions and integrate the operations of Allscripts and MHS following completion of the Merger.

*Integration.* The Allscripts board of directors evaluated the challenges inherent in the combination of two business enterprises of the size and scope of Allscripts and MHS, including the possibility of not achieving the anticipated cost synergies and other benefits sought to be obtained from the Merger.



## **Table of Contents**

*Governance.* The Allscripts board of directors also considered the governance provisions, including those in the Relationship Agreement, that will be in effect following the Transactions, including the effects of having a majority stockholder. These provisions include certain minority stockholder protections. See Relationship Agreement for a detailed discussion of the terms and conditions of the Relationship Agreement.

*Stockholder Dilution.* The Allscripts board of directors also considered the fact that current Allscripts stockholders as a group would control less than a majority, and possibly as little as approximately 40.8% on an outstanding basis or 37.2% on a fully-diluted basis of the combined business of Allscripts and MHS after consummation of the Transactions.

The Allscripts board of directors believed that, overall, the potential benefits of the Transactions to Allscripts and its stockholders outweighed the potential risks. It should be noted that this explanation of the Allscripts board's reasoning and other information presented in this section is, in part, forward-looking in nature and, therefore, should be read in light of the factors discussed in the Cautionary Statement on Forward-Looking Statements section on page 31 and the Risk Factors section beginning on page 23.

### **Opinion and Analysis of Allscripts' Financial Advisor**

Goldman Sachs delivered its opinion to Allscripts' board of directors that, as of March 17, 2008 and based upon and subject to the factors and assumptions set forth therein, the consideration to be paid by Allscripts pursuant to the Merger Agreement was fair from a financial point of view to Allscripts. Consideration is referred to in this section as the number of shares of Allscripts common stock that Allscripts will issue to Misys such that Misys will own 54.5% of the aggregate number of fully-diluted shares (as defined in the Merger Agreement) in exchange for \$330 million in cash and the acquisition by Allscripts of MHS. Goldman Sachs noted that the Merger Agreement also provides that on the Settlement Date (as defined in the Merger Agreement) Allscripts will pay an extraordinary cash dividend of \$330 million, in the aggregate, to all holders of shares of common stock of Allscripts other than Misys, Misys' affiliates and Allscripts, such dividend being referred to in this section as the \$330 million special cash dividend.

The full text of the written opinion of Goldman Sachs, dated March 17, 2008, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex D to this proxy statement. Goldman Sachs provided its opinion for the information and assistance of Allscripts' board of directors in connection with its consideration of the Transactions. The Goldman Sachs opinion is not a recommendation as to how any holder of shares should vote with respect to the Transactions or any other matter. The Goldman Sachs opinion has been approved by a fairness committee of Goldman Sachs.

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

the Merger Agreement;

the voting agreement between ValueAct Capital Master Fund, L.P. and Allscripts, dated March 17, 2008;

the voting agreement between ValueAct Capital Master Fund III, L.P. and Allscripts, dated March 17, 2008;

the relationship agreement between Allscripts and Misys, dated March 17, 2008;

the Charter and By-Laws Amendments and the Additional Charter and By-Laws Amendments (each as defined in Merger Agreement);

the annual report to stockholders and Annual Report on Form 10-K of Allscripts for the five years ending December 31, 2007;



**Table of Contents**

annual reports of Misys for the five years ending May 31, 2007;

certain interim reports to stockholders and Quarterly Reports on Form 10-Q of Allscripts;

certain interim reports to stockholders of Misys;

certain other communications from Allscripts and Misys to their respective stockholders;

certain publicly available research analyst reports for Allscripts and Misys;

certain internal financial analyses and forecasts for MHS prepared by Allscripts' management and approved for Goldman Sachs' use by Allscripts (the "MHS Forecasts"); and

certain internal financial analyses and forecasts, including sensitivity analyses, for Allscripts, prepared by its management and approved for Goldman Sachs' use by Allscripts (the "Forecasts"), including certain revenue, cost savings and operating synergies projected by the management of Allscripts to result from the Transactions (the "Synergies").

Goldman Sachs also held discussions with members of the senior management of Allscripts, Misys and MHS regarding their assessment of the strategic rationale for, and the potential benefits of, the Transactions and the past and current business operations, financial condition and future prospects of Allscripts and MHS. In addition, Goldman Sachs reviewed the reported price and trading activity for the shares of common stock of Allscripts, compared certain financial and stock market information for Allscripts and Misys with similar information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the healthcare information technology and software industries specifically and in other industries generally and performed such other studies and analyses, and considered such other factors, as it considered appropriate.

For purposes of rendering the opinion described above, Goldman Sachs relied upon and assumed, without assuming any responsibility for independent verification, the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by it. In that regard, Goldman Sachs assumed with the consent of Allscripts that the Forecasts, including the Synergies, and the MHS Forecasts had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Allscripts, and that the Synergies would be realized in the amounts and time periods contemplated thereby. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of Allscripts or MHS. Goldman Sachs also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Transactions would be obtained without any adverse effect on Allscripts or MHS or on the expected benefits of the Transactions in any way meaningful to its analysis. Goldman Sachs' opinion does not address any legal, regulatory, tax or accounting matters, nor does it address the underlying business decision of Allscripts to engage in the Transactions or the relative merits of the Transactions as compared to any strategic alternatives that may be available to Allscripts. Goldman Sachs did not express any opinion as to the prices at which shares of common stock of Allscripts would trade at any time. Goldman Sachs' opinion addressed only the fairness from a financial point of view, as of the date of the opinion, to Allscripts of the consideration to be paid by Allscripts. Goldman Sachs did not express any view on, and its opinion did not address, any other term or aspect of the Merger Agreement or the Transactions, including, without limitation, the fairness of the Transactions to, or any consideration received in connection therewith by, the holders of any class of securities, creditors, or other constituencies of Allscripts or Misys; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Allscripts, MHS or Misys, or class of such persons in connection with the Transactions, whether relative to the consideration to be paid by Allscripts pursuant to the Merger Agreement or otherwise. Goldman Sachs' opinion was necessarily based on economic, monetary, market and other conditions, as in effect on, and the information made available to it as of, the date of the opinion and Goldman Sachs assumed no responsibility for updating, revising or reaffirming its opinion based on circumstances, developments or events occurring after the date of its opinion.

## Table of Contents

The following is a summary of the material financial analyses delivered by Goldman Sachs to the board of directors of Allscripts in connection with rendering the opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs, nor does the order of analyses described represent relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs' financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before March 13, 2008 and is not necessarily indicative of current market conditions.

*Selected Companies Analysis.* Goldman Sachs reviewed and compared certain financial information for Allscripts to corresponding financial information, ratios and public market multiples for the following publicly traded corporations in the healthcare information technology and software industries:

Cerner Corporation;

CompuGROUP Holding AG;

Computer Programs & Systems, Inc.;

Eclipsys Corporation;

Quality Systems, Inc; and

The Sage Group plc.

Although none of the selected companies is directly comparable to Allscripts, the companies included were chosen because they are publicly traded companies with operations that for purposes of analysis may be considered similar to certain operations of Allscripts. The selected companies analysis compares various financial multiples and ratios for the selected companies to those of Allscripts to infer a range of such multiples and ratios upon which a basis for comparison may be made between Allscripts and other publicly traded corporations in the healthcare information technology and software industries.

Goldman Sachs also calculated and compared various financial multiples and ratios for Allscripts and the selected companies based on closing share prices and other publicly available historical financial data as of March 13, 2008 and projections from the Institutional Brokers Estimate System (IBES) and Wall Street research. With respect to Allscripts and the selected companies, Goldman Sachs calculated:

enterprise value, which is the market value of fully diluted common equity plus the estimated book value of debt less cash, as a multiple of estimated sales, for calendar year 2007;

enterprise value as a multiple of estimated earnings before interest and tax, referred to herein as EBIT, for calendar year 2007; and

enterprise value as a multiple of estimated earnings before interest, tax, depreciation and amortization, referred to herein as EBITDA, for calendar years 2007 and 2008.

The results of these analyses are summarized as follows:

<b>Enterprise Value as a multiple of:</b>	<b>Selected Companies (including Allscripts)</b>		
	<b>Range</b>	<b>Median</b>	<b>Allscripts</b>
2007 Sales	1.8x-4.9x	2.2x	2.2x
2007 EBIT	10.1x-40.0x	16.9x	20.5x
2007 EBITDA	9.2x-16.0x	10.4x	11.0x
2008E EBITDA	7.2x-12.7x	7.9x	7.5x

**Table of Contents**

Goldman Sachs also calculated Allscripts and the selected companies estimated calendar years 2008 and 2009 price/earnings ratios. The following table presents the results of this analysis:

<b>Price/Earnings Ratio:</b>	<b>Selected Companies (including Allscripts)</b>		
	<b>Range</b>	<b>Median</b>	<b>Allscripts</b>
2008E	13.6x-20.1x	15.3x	14.9x
2009E	9.4x-23.4x	13.7x	11.6x

Goldman Sachs also considered EBITDA margins and EBIT margins for calendar year 2007, forward five-year compound annual growth rate of earnings per share for the five calendar years ending in 2012 and the ratio of the price/earnings ratio to the five-year compound annual growth rate of earnings per share for calendar year 2008. The following table presents the results of this analysis:

	<b>Selected Companies (including Allscripts)</b>		
	<b>Range</b>	<b>Median</b>	<b>Allscripts</b>
2007 EBITDA Margin	12.9%-34.1%	23.0%	19.8%
2007 EBIT Margin	5.1%-30.6%	14.4%	10.6%
5-Year Compound Annual Growth Rate of Earnings per Share	10.0%-25.0%	24.4%	25.0%
Ratio of Price/Earnings Ratio to 5-Year Compound Annual Growth Rate of Earnings per Share	0.6x-1.4x	0.8x	0.6x

*Illustrative Discounted Cash Flow Analysis Stand-Alone.* Goldman Sachs performed an illustrative discounted cash flow analysis on Allscripts on a stand-alone basis using projections for Allscripts prepared by its management in order to determine a range of implied present values per share of Allscripts common stock based on management's projection of Allscripts cash flow on a stand-alone basis. Goldman Sachs calculated indications of implied aggregate equity values and implied present values per share of Allscripts stock as of January 1, 2008 based on unlevered free cash flows for the years 2008 through 2012 using discount rates ranging from 10.0% to 12.0%. Goldman Sachs calculated illustrative terminal values for Allscripts in the year 2012 based on assumed perpetuity growth rates of cash flows for year 2012 ranging from 2.0% to 4.0%. These illustrative terminal values were then discounted to calculate implied indications of present values using discount rates ranging from 10.0% to 12.0%. Goldman Sachs also calculated illustrative terminal values as a p