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

FORM 10-Q

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

For the quarterly period ended November 30, 2009

OR

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

Commission file number 000-32085

ALLSCRIPTS-MISYS HEALTHCARE SOLUTIONS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**36-4392754**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐(Do not check if a smaller reporting company)	Smaller reporting company	☐

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

As of January 8, 2010, there were 145,974,056 shares of the registrant's $0.01 par value common stock outstanding.

Explanatory Note

On October 10, 2008, Allscripts Healthcare Solutions, Inc. (which changed its name to Allscripts-Misys Healthcare Solutions, Inc. on October 10, 2008, "Allscripts") completed the transactions (the "Transactions") contemplated by an Agreement and Plan of Merger dated as of March 17, 2008 by and among Misys plc, Misys Healthcare Systems, LLC ("MHS"), Allscripts and Patriot Merger Company, LLC. The Transactions are described in greater detail in this Form 10-Q. As a result of the Transactions, MHS became a wholly-owned subsidiary of Allscripts and Allscripts changed its fiscal year to end on May 31. Since the Transactions constituted a "reverse acquisition" for accounting purposes, the pre-acquisition combined financial statements of MHS are treated as the historical financial statements of Allscripts, with the results of legacy Allscripts being included from October 10, 2008.

ALLSCRIPTS-MISYS HEALTHCARE SOLUTIONS, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ALLSCRIPTS-MISYS HEALTHCARE SOLUTIONS, INC.

CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)
(Unaudited)

	November 30, 2009	May 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 88,646	$ 71,159
Accounts receivable, net of allowance of $6,657 and $6,870 at November 30, 2009 and May 31, 2009, respectively	154,951	155,122
Deferred taxes, net	1,684	1,052
Inventories	3,722	2,583
Prepaid expenses and other current assets	41,553	31,061
Total current assets	290,556	260,977
Long-term marketable securities	1,926	2,267
Fixed assets, net	18,366	17,343
Software development costs, net	20,151	13,515
Intangible assets, net	217,150	227,766
Goodwill	413,390	418,431
Other assets	12,123	12,357
Total assets	$973,662	$952,656
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 19,832	$ 19,239
Accrued expenses	46,397	41,498
Accrued compensation and benefits	11,906	16,567
Deferred revenue	78,583	86,032
Other current liabilities	1,109	792
Total current liabilities	157,827	164,128
Long-term debt	23,995	63,699
Deferred taxes, net	22,379	20,368
Other liabilities	3,722	4,091
Total liabilities	207,923	252,286
Preferred stock:		
Undesignated, $0.01 par value, 1,000 shares authorized, no shares issued and outstanding at November 30, 2009 and May 31, 2009	—	—
Common stock:		
$0.01 par value, 199,000 shares authorized; 145,911 shares issued and outstanding at November 30, 2009; 142,397 shares issued and outstanding at May 31, 2009	1,460	1,423
Additional paid-in capital	882,868	846,257
Accumulated deficit	(118,580)	(147,291)
Accumulated other comprehensive income (loss)	(9)	(19)
Total stockholders' equity	765,739	700,370
Total liabilities and stockholders' equity	$973,662	$952,656

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

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ALLSCRIPTS-MISYS HEALTHCARE SOLUTIONS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended November 30,		Six Months Ended November 30,	
	2009	2008	2009	2008
Revenue:				
System sales	$ 33,565	$ 20,761	$ 67,022	$ 33,791
Professional services	18,340	11,782	34,258	19,188
Maintenance	61,305	46,734	120,723	83,369
Transaction processing and other	56,134	44,636	112,251	80,354
Total software and related services	169,344	123,913	334,254	216,702
Prepackaged medications	—	4,700	—	4,700
Total revenue	169,344	128,613	334,254	221,402
Cost of revenue:				
System sales	18,319	11,670	37,898	19,414
Professional services	14,849	11,881	30,353	18,359
Maintenance	19,511	16,756	40,460	31,603
Transaction processing and other	21,115	17,640	40,930	31,365
Total software and related services	73,794	57,947	149,641	100,741
Prepackaged medications	—	3,904	—	3,904
Total cost of revenue	73,794	61,851	149,641	104,645
Gross profit	95,550	66,762	184,613	116,757
Selling, general and administrative expenses	55,622	64,113	108,578	97,012
Research and development	10,724	10,927	22,697	18,885
Amortization of intangible assets	2,521	1,256	5,084	1,443
Income (loss) from operations	26,683	(9,534)	48,254	(583)
Interest expense	(478)	(628)	(1,163)	(690)
Interest income and other, net	115	284	216	285
Income (loss) before income taxes	26,320	(9,878)	47,307	(988)
(Provision) benefit for income taxes	(10,541)	3,913	(18,596)	399
Net income (loss)	$ 15,779	$ (5,965)	$ 28,711	$ (589)
Earnings per share:				
Basic	$ 0.11	$ (0.05)	$ 0.20	$ (0.01)
Diluted	$ 0.10	$ (0.05)	$ 0.19	$ (0.01)
Weighted average shares outstanding:				
Basic	148,754	119,545	147,186	101,433
Diluted	150,560	119,545	149,857	101,433

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

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ALLSCRIPTS-MISYS HEALTHCARE SOLUTIONS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended November 30, 2009	Six Months Ended November 30, 2008
Cash flows from operating activities:		
Net income (loss)	$ 28,711	$ (589)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	17,955	6,168
Stock-based compensation expense	7,750	1,049
Excess tax benefits from stock-based compensation	(6,857)	—
Provision for doubtful accounts	2,680	3,415
Deferred taxes	10,676	(7,778)
Asset impairment losses	—	14,076
Changes in operating assets and liabilities:		
Accounts receivable	(2,509)	(14,767)
Inventories	(1,139)	(180)
Prepaid expenses and other assets	(8,138)	(6,744)
Accounts payable	593	(35)
Accrued expenses	4,678	1,105
Accrued compensation and benefits	(5,118)	(2,910)
Deferred revenue	(7,449)	(5,566)
Other liabilities	(733)	289
Net cash provided by (used in) operating activities	41,100	(12,467)
Cash flows from investing activities:		
Capital expenditures	(4,223)	(1,581)
Capitalized software	(8,453)	(2,518)
Purchases of marketable securities	(3,999)	(38)
Sales and maturities of marketable securities	4,357	136
Payment for acquisition of Allscripts	—	(329,494)
Net cash acquired in merger with Allscripts	—	65,728
Net proceeds received from sale of building	—	6,450
Net cash used in investing activities	(12,318)	(261,317)
Cash flows from financing activities:		
Proceeds from exercise of common stock options	1,844	371
Proceeds from employee stock purchase plan, net	895	—
Excess tax benefits from stock-based compensation	6,857	—
Payments of capital lease obligations	(891)	(14)
Credit facility payments	(20,000)	—
Payments on promissory note	—	(3,030)
Line of credit payments	—	(41,915)
Line of credit borrowings	—	38,683
Change in parent’s net investment, including $330,000 received from Misys PLC	—	348,254
Net cash (used in) provided by financing activities	(11,295)	342,349
Net increase in cash and cash equivalents	17,487	68,565
Cash and cash equivalents, beginning of period	71,159	325
Cash and cash equivalents, end of period	$ 88,646	$ 68,890

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

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

1. Summary of Significant Accounting Policies

Basis of Presentation

On October 10, 2008, in accordance with the transactions (the "Transactions") contemplated by the Agreement and Plan of Merger dated as of March 17, 2008 by and among Misys plc, ("Misys"), Allscripts Healthcare Solutions, Inc. ("legacy Allscripts"), Misys Healthcare Systems ("MHS" or "legacy MHS") and Patriot Merger Company, LLC ("Patriot") a reverse merger was completed that consisted of (i) the cash payment to legacy Allscripts by an affiliate of Misys of approximately $330,000 and (ii) the merger of Patriot with and into MHS, with MHS being the surviving company. As a result of the completion of the Transactions, MHS became a wholly-owned subsidiary of Allscripts-Misys Healthcare Solutions, Inc. ("Allscripts" or the "Company"). In connection with the closing of the Transactions, Allscripts issued an aggregate of 82,886 shares of its common stock to two subsidiaries of Misys, which as of the closing of the Transactions, represented approximately 56.8% of the number of outstanding shares of Allscripts common stock. The Transactions were 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 "acquirer," the assets and liabilities of legacy Allscripts were recorded, as of October 10, 2008, at their fair values and added to those of MHS, which are carried at their book values. Concurrent with the completion of the Transactions the newly combined entity was renamed Allscripts-Misys Healthcare Solutions, Inc.

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). The interim consolidated financial statements include the consolidated accounts of Allscripts-Misys Healthcare Solutions, Inc. and its wholly-owned subsidiaries with all significant intercompany transactions eliminated. In management's opinion, all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of the financial position, results of operations and cash flows for the interim periods presented have been made. The Company derived its consolidated balance sheet at May 31, 2009 from the audited consolidated financial statements at that date. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to SEC rules and regulations. These financial statements should be read in conjunction with the consolidated financial statements for the year ended May 31, 2009 and the notes thereto in our Annual Report on Form 10-K for the year ended May 31, 2009. Operating results for the three and six months ended November 30, 2009 are not necessarily indicative of the results for the full year.

Results of operations include MHS for all periods presented and legacy Allscripts for periods subsequent to the completion of the Transactions on October 10, 2008. Since the Transactions constitute a reverse acquisition for accounting purposes, the pre-acquisition combined financial statements of MHS are treated as the historical financial statements of Allscripts. General corporate expenses incurred prior to October 10, 2008 and reported in the prior period financial statements contain allocations of operating costs between MHS and its former parent, Misys plc. These costs include executive salaries, accounting and legal fees, departmental costs for accounting, finance, legal, information technology, purchasing, marketing, human resources as well as other general overhead costs. These allocations were based on a variety of factors, dependent upon the nature of the costs being allocated, including revenues and number of employees. Management believes these allocations are made on a reasonable basis; however, the financial statements included herein may not necessarily reflect Allscripts results of operations, financial position and cash flows in the future or what its results of operations, financial position and cash flows would have been had MHS operated as a stand-alone entity prior to October 10, 2008.

Revenue Recognition

Revenue represents the fair value of consideration received or receivable from clients for goods and services provided by the Company. Revenue from system sales includes software and related hardware. Revenue from professional services includes implementation, training and consulting services. Revenue from maintenance includes post contract customer support and maintenance services. Revenue from transaction processing and other includes EDI services. Revenue from prepackaged medications includes the sale of medications and pharmaceutical products. There was no prepackaged medications revenue during the three and six months ended November 30, 2009, as the related business was disposed in the fourth quarter of fiscal year 2009 (see note 8) and was not part of MHS during the three months ended August 31, 2008 as this was a legacy Allscripts business.

Revenue from software licensing arrangements where the service element is not considered essential to the functionality of the other elements of the arrangement is recognized upon shipment of the software or as services are performed, provided persuasive evidence of an arrangement exists, fees are considered fixed and determinable, and collection of the receivable is considered probable. The revenue recognized for each separate element of a multiple-element software contract is based upon vendor-specific objective evidence of fair value, which is based upon the price the customer is required to pay when the element is sold separately or renewed. For agreements that are deemed to have extended payment terms, revenue recognition is limited to amounts due and payable.

Revenue from software licensing arrangements, where the service element is considered essential to the functionality of the other elements of the arrangement, is accounted for on an input basis using actual hours worked as a percentage of total expected hours required by the arrangement, provided that the fee is fixed and determinable and collection of the receivable is probable. Maintenance and support from these agreements is recognized over the term of the support agreement based on vendor-specific objective evidence of fair value of the maintenance revenue, which is generally based upon contractual renewal rates. For agreements that are deemed to have extended payment terms, revenue is recognized using the input method but is limited to the amounts due and payable. For arrangements accounted for under the percentage of completion method, for purposes of income statement presentation we allocate arrangement consideration between software and services based on vendor specific evidence of our hourly services rate multiplied by the amount of hours performed, with the residual allocated to software license fee.

Revenue from certain value-added reseller ("VAR") relationships in which software is directly sold to VARs is recognized upon delivery of the software assuming all other revenue recognition criteria have been met. Revenue recognition is deferred until the software is delivered to the ultimate end user if the written and implied arrangement terms do not satisfy the criteria for revenue recognition.

(Unaudited, dollar and share amounts in thousands, except per-share amounts)

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Certain of our customer arrangements encompass multiple deliverables. If the deliverables meet the separation criteria described below, the deliverables are separated into distinct units of accounting, and revenue is allocated to the units based on their fair values. The separation criteria are that the delivered item has value to the customer on a stand-alone basis, there is objective and reliable evidence of the fair value of the undelivered item, and if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item is considered probable and substantially in the control of the vendor. Applicable revenue recognition criteria are considered separately for each separate unit of accounting.

Management applies judgment to ensure appropriate accounting for multiple deliverables, including value allocation among multiple units of accounting, determination of whether undelivered elements are essential to the functionality of delivered elements and timing of revenue recognition, among others. For those arrangements where the deliverables do not qualify as separate units of accounting, revenue recognition is evaluated for the combined deliverables as a single unit of accounting and generally the recognition pattern of the final deliverable will dictate the revenue recognition pattern for the single, combined unit of accounting. Changes in circumstances and customer data may affect management's analysis of separation criteria, which may cause Allscripts to adjust upward or downward the amount of revenue recognized under the arrangement.

The Company records reimbursements for out-of-pocket expenses incurred as revenue in the statement of operations. These amounts totaled approximately $1,016 and $1,200 for the three months ended November 30, 2009 and 2008, respectively, and $2,290 and $1,709 for the six months ended November 30, 2009 and 2008, respectively.

Maintenance fees are recognized ratably over the period of the contract based on vendor specific objective evidence of fair value based upon contractual renewal rates. Revenue from electronic data interchange ("EDI") services is recognized as services are provided and is determined based on the volume of transactions processed. Revenue from the sale of prepackaged medications, net of provisions for estimated returns, is recognized upon shipment of the pharmaceutical products, the point at which the customer takes ownership and assumes risk of loss, when no performance obligations remain and collection of the receivable is probable. Allscripts offers the right of return on pharmaceutical products under various policies and estimates and maintains reserves for product returns based on historical experience.

Fair Value

The fair values of assets and liabilities required to be measured at fair value are categorized based upon the level of judgment associated with the inputs used to measure their value. The fair values are categorized based upon the level of judgment associated with the inputs used to measure their value. Hierarchical levels are as follows:

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

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

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

	Fair Value as of November 30, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Marketable securities-long term	$ 1,926	$ —	$ 1,926	$ —
Liabilities	—	—	—	—

Long-term marketable securities are primarily valued using a market approach, based on prices and other relevant information generated by market transactions involving identical or comparable assets.

Subsequent Events

In May 2009, the Financial Accounting Standards Board ("FASB") issued guidance on subsequent events, which establishes general standards of accounting and disclosure for events that occur after the balance sheet date but before financial statements are issued. This guidance is effective for interim and annual periods ending after June 15, 2009 and requires that public entities evaluate subsequent events through the date that the financial statements are issued. Subsequent events have been evaluated as of January 11, 2010 and no further disclosures were required.

(Unaudited, dollar and share amounts in thousands, except per-share amounts)

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2. Business Combinations

Allscripts Healthcare Solutions, Inc. and Misys Healthcare Systems

On March 17, 2008, legacy Allscripts entered into the Merger Agreement with Misys, MHS and Patriot. On October 10, 2008, legacy Allscripts and MHS completed the Transactions. As a result of the completion of the Transactions, MHS became a wholly-owned subsidiary of legacy Allscripts in a reverse merger, Misys purchased $330,000 of legacy Allscripts common stock and Misys obtained a controlling interest in legacy Allscripts. In connection with the closing of the Transactions, legacy Allscripts issued an aggregate of 82,886 shares of its common stock to two subsidiaries of Misys, which as of the closing of the Transactions, represented approximately 56.8% of the number of outstanding shares of Allscripts common stock. The combined company has a client base of approximately 160,000 U.S. physicians and 800 hospitals and is positioned to help physicians provide better patient care, manage their business more effectively and connect with their patients and other key healthcare stakeholders.

The Allscripts and MHS merger has been accounted for as a business combination. As MHS is the accounting acquiror, the historical financial statements are those of MHS. The assets acquired and liabilities assumed of Allscripts have been recorded at the date of acquisition at their respective fair values.

The results of operations of legacy Allscripts are included in the accompanying consolidated statements of operations for periods subsequent to the date of the completion of the Transactions, October 10, 2008. The total purchase price for the acquisition was $569,198 and is comprised of the following:

Fair value of Allscripts Healthcare Solutions, Inc. (62,998 Allscripts common shares at $8.77, the closing stock price of Allscripts on October 10, 2008)	$ 552,494
Share-based compensation value	10,567
Acquisition-related transaction costs	6,137
Total purchase price	$569,198

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

The purchase price has been allocated as follows:

Acquired cash and marketable securities	$ 410,374
Accounts receivable, net	88,306
Prepaid expenses and other current assets	20,555
Fixed assets and other long-term assets	24,144
Goodwill	330,984
Intangible assets	236,600
Deferred tax liability, net	(27,182)
Accounts payable and accrued liabilities	(385,916)
Deferred revenue	(44,389)
Long-term debt	(80,602)
Other liabilities	(3,676)
Net assets acquired	$569,198

Goodwill was determined based on the residual difference between the purchase price and the value assigned to tangible and intangible assets and liabilities, and is not deductible for tax purposes. Among the factors that contributed to a purchase price resulting in the recognition of goodwill were Allscripts' history of profitability and high operating margins, strong sales force and overall employee base, and position in the healthcare information technology market.

We have allocated $330,984 to goodwill and $236,600 to intangible assets. Allocated goodwill consists of $258,257 and $72,727 attributed to the clinical solutions and health solutions segments, respectively. Allocated intangible assets consists of $180,600, $53,000 and $3,000 attributed to the clinical solutions, health solutions and prepackaged medications segments as of the date of the October 10, 2008 acquisition, respectively. Of the $236,600 of acquired intangible assets, $52,000 was assigned to registered trade names, which have an indefinite life and are not subject to amortization. The remaining $184,600 of intangible assets acquired consist of the following: $49,000 was assigned to service and maintenance contracts with a useful life of 20 years, $44,000 was assigned to developed technology rights with a useful life of 7 years, $3,000 was assigned to developed technology rights with a useful life of 4 years, $38,000 was assigned to core technology with a useful life of 12 years, $21,000 was assigned to customer relationships with a useful life of 20 years, $15,000 was assigned to ASP contracts with a useful life of 13 years, $7,000 was assigned to service and maintenance contract backlog with a useful life of 2 years, $5,000 was assigned to provider relationships with a useful life of 15 years, $2,000 was assigned to service backlog with a useful life of 3 years, $300 was assigned to Allscripts' non-compete agreement with a useful life of 1 year, and $300 was assigned to favorable leasehold interests with a useful life of 6 years. The intangible assets are being amortized on a straight-line basis over their average useful lives.

ALLSCRIPTS-MISYS HEALTHCARE SOLUTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Unaudited, dollar and share amounts in thousands, except per-share amounts)

The following unaudited pro forma information assumes the legacy Allscripts and MHS merger occurred at the beginning of each period presented. The unaudited pro forma supplemental results have been prepared based on estimates and assumptions, which we believe are reasonable and are not necessarily indicative of the consolidated financial position or results of operations had the Transactions occurred at the beginning of the period being presented, nor of future results of operations. The unaudited pro forma results for the three and six months ended November 30, 2008 are as follows:

	Three Months Ended November 30, 2008	Six Months Ended November 30, 2008
Total revenue	$ 170,945	$ 342,266
Net income	$ 7,696	$ 16,942
Earnings per share:		
Basic	$ 0.05	$ 0.12
Diluted	$ 0.05	$ 0.12

3. Comprehensive Income (Loss)

Comprehensive income (loss) includes all changes in stockholders' equity during a period except those resulting from investments by owners and distributions to owners. The components of comprehensive income (loss) are as follows:

	Three Months Ended November 30,		Six Months Ended November 30,	
	2009	2008	2009	2008
Net income (loss)	$15,779	($5,965)	$28,711	($589)
Other comprehensive income:				
Unrealized gain on marketable securities, net of tax	—	144	10	144
Comprehensive income (loss)	$15,779	($ 5,821)	$28,721	($ 445)

As of November 30, 2009 and May 31, 2009, the components of accumulated other comprehensive income (loss), net of income tax, consist of net unrealized losses on Allscripts marketable securities.

ALLSCRIPTS-MISYS HEALTHCARE SOLUTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Unaudited, dollar and share amounts in thousands, except per-share amounts)

4. Net Income Per Share

Basic income per share is computed by dividing the net income by the weighted-average shares of outstanding common stock including participating securities. For purposes of calculating diluted earnings per share, the denominator includes both the weighted average shares of common stock outstanding and dilutive potential common stock equivalents. Dilutive common stock equivalent shares consist primarily of stock options, restricted stock unit awards and conversion of the Debentures.

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

	Three Months Ended November 30,		Six Months Ended November 30,	
	2009	2008	2009	2008
Net earnings available for diluted per-share calculation:				
Net income (loss)	$ 15,779	($ 5,965)	$ 28,711	($ 589)
Interest expense on Debentures, net of tax	—	—	69	—
Net earnings available for diluted per-share calculation	$ 15,779	($ 5,965)	$ 28,780	($ 589)

	Three Months Ended November 30,		Six Months Ended November 30,	
	2009	2008	2009	2008
Weighted average shares outstanding:				
Basic				
Weighted average common stock outstanding	145,348	118,912	144,184	100,800
Participating securities	3,406	633	3,002	633
Total basic weighted average shares outstanding	148,754	119,545	147,186	101,433
Diluted				
Basic weighted average shares outstanding	148,754	119,545	147,186	101,433
Dilutive effect of stock options and restricted stock units awards	1,806	—	1,761	—
Dilutive effect of Debentures	—	—	910	—
Total diluted weighted average shares outstanding	150,560	119,545	149,857	101,433

MHS did not have any shares outstanding prior to the merger, and therefore, the basic and diluted share count is comprised of the Allscripts shares issued on the October 10, 2008 acquisition date for all periods prior to the acquisition date as this reflects the Allscripts shares equivalent of MHS equity prior to the acquisition. Total shares outstanding for purposes of determining the earnings per share for the three and six months ended November 30, 2009 and 2008 are comprised of the total legacy Allscripts shares outstanding at the date of the Transactions and the total shares issued to Misys plc at the merger date.

In June 2008, the Financial Accounting Standards Board issued guidance pertaining to determining whether instruments granted in share-based payment transactions are participating securities. A share-based payment award is a participating security when the award includes nonforfeitable rights to dividends or dividend equivalents. Unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents are considered participating securities, and therefore should be included in computing earnings per share. We adopted this guidance on June 1, 2009.

The as-if converted shares and interest expense related to Allscripts' 3.5% Senior Convertible Debentures due 2024 were not included in the three and six months ended November 30, 2008 as the effects were anti-dilutive.

ALLSCRIPTS-MISYS HEALTHCARE SOLUTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Unaudited, dollar and share amounts in thousands, except per-share amounts)

5. Other Assets

Perpetual License

On September 15, 2008, Allscripts reached an agreement (the "Agreement") with iMedica (now Aprima Medical Software, Inc., or "Aprima") which provides the Company a perpetual license for certain Aprima health and practice management software, marketed under the Allscripts' MyWay brand. The perpetual license is being amortized over its estimated useful life of seven years. The net value of this perpetual license was $9,061 and $9,811 as of November 30, 2009 and May 31, 2009, respectively, and is included in other assets on the consolidated balance sheets. Amortization expense related to this license was $375 and $0 for the three months ended November 30, 2009 and 2008, respectively, and $750 and $0 for the six months ended November 30, 2009 and 2008, respectively. On July 17, 2009, the Company and Aprima entered into an amendment to the Agreement to settle a dispute over certain of the Agreement terms with regard to resale of the perpetual license. As consideration for entering into this amendment, Allscripts paid Aprima $2,000, which is reflected in selling, general and administrative expenses on the consolidated statement of operations for the six months ended November 30, 2009.

As part of the Agreement, MHS agreed to pay iMedica a total of $12,000 in cash contingent upon delivery by iMedica and acceptance by MHS of the source code and services, and to surrender its minority equity stake in iMedica along with any outstanding prepaid royalties. Misys plc agreed to make the $12,000 payment on MHS' behalf. During the three months ended November 30, 2008, the Company reviewed the fair market value of its iMedica source code license and determined that it was impaired. The impairment was valued by comparing the expected discounted future cash flows to be generated by the iMedica source code license to its carrying value. The resulting impairment charge of $14,076 was recorded in selling, general and administrative expenses during the three months ended November 30, 2008.

6. Long-Term Debt and Credit Facility

Long-term debt outstanding as of November 30, 2009 and May 31, 2009 consisted of the following:

	November 30, 2009	May 31, 2009
Long-term revolving Credit Facility, LIBOR plus 2.00% interest	$ 23,995	$ 43,995
3.5% Senior Convertible Debentures	—	19,704
Total long-term debt	$ 23,995	$63,699

Interest expense for the three months ended November 30, 2009 and 2008 was $478 and $628, respectively, which includes debt issuance cost amortization of $93 and $122, respectively. Interest expense for the six months ended November 30, 2009 and 2008 was $1,163 and $690, respectively, which includes debt issuance cost amortization of $181 and $122, respectively.

Credit Facility

On November 20, 2009 Allscripts entered into a First Amendment (the "Amendment") to the Second Amended and Restated Credit Agreement (as amended, the "Credit Facility"). The Amendment increased the total unsecured commitment under the Credit Facility by $25,000 to $150,000. The Credit Facility matures on August 15, 2012. The Credit Facility is available in the form of letters of credit in an aggregate amount up to $10,000 and revolving loans. The Credit Facility bears interest at LIBOR plus 2.00%, which rate is based upon the Company's leverage ratio as of the last day of the most recently ended fiscal quarter or fiscal year.

As of November 30, 2009, $23,995 in borrowings and $1,231 in letters of credit were outstanding under the Credit Facility. As of November 30, 2009, the interest rate on the Credit Facility was LIBOR plus 2.00%. There was no default under the Credit Facility as of November 30, 2009. The Credit Facility contains customary representations, warranties, covenants and events of default.

Under the Credit Facility, as of the end of each fiscal quarter, the Company is required to maintain a ratio of indebtedness to EBITDA (as defined below) for the four fiscal quarters most recently ended of (i) not greater than 2.75 to 1.00 as of any date on or before November 30, 2010 and (ii) not greater than 2.50 to 1.00 as of any date after November 30, 2010. As of November 30, 2009, the Company was in compliance with this requirement. EBITDA is defined in our Credit Facility as consolidated net income from continuing operations, plus depreciation, amortization, non-cash stock-based compensation expenses, interest expense, income taxes, and minus in the case of income or plus in the case of losses, non-cash non-operating items and one-time charges and non-cash extraordinary gains or losses and other non-cash non-recurring items of income or expense plus transaction fees and expenses associated with or incurred by the Company or any of its subsidiaries in connection with the Credit Facility or the acquisition of MHS.

The Company is also required to maintain, under the Credit Facility and as of the end of each fiscal quarter, a ratio of EBIT (as defined below) for the four fiscal quarters ending on such date to the consolidated interest expense of the Company for such four fiscal quarters of not less than 4.00 to 1.00. As of November 30, 2009, the Company was in compliance with this requirement. EBIT is defined in our Credit Facility as consolidated net income from continuing operations, plus non-cash stock-based compensation expenses, interest expense, income taxes, and minus in the case of income or plus in the case of losses, non-cash non-operating items and one-time charges and non-cash extraordinary gains or losses and other non-cash non-recurring items of income or expense plus transaction fees and expenses associated with or incurred by the Company or any of its subsidiaries in connection with the Credit Facility or the acquisition of MHS.

ALLSCRIPTS-MISYS HEALTHCARE SOLUTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Unaudited, dollar and share amounts in thousands, except per-share amounts)

Senior Convertible Debentures

In July 2004, Allscripts completed a private placement of $82,500 of 3.50% Senior Convertible Debentures due 2024 (“Debentures”). Holders of $54,632 principal amount of the Debentures exercised their right to convert the Debentures into an aggregate of 4,854 shares of Allscripts common stock by virtue of the Transactions. As a result of further actions taken by holders of the Debentures, discussed in greater detail below, there were no outstanding Debentures as of November 30, 2009.

On November 7, 2008, Allscripts launched an offer to purchase for cash all of the $27,868 of Notes then outstanding at a purchase price equal to 100% of the principal amount of the Notes being repurchased ($1,000 per each $1,000 principal amount outstanding) plus any accrued and unpaid interest, pursuant to the terms of the indenture governing the Notes. The offer to purchase the outstanding Notes expired on December 9, 2008, with $8,164 of the $27,868 outstanding Notes being repurchased for cash.

During July 2009, Allscripts exercised its call option on the remaining $19,704 of Debentures for redemption. As a result of the call exercised by Allscripts, the Holders of the Debentures had the right to convert the Debentures into common stock prior to payment redemption. During July and August 2009, Holders of all of the outstanding Debentures exercised their right to convert the Debentures into an aggregate of 2,451 shares of Allscripts common stock.

7. Income Taxes

The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity’s financial statements or tax returns. We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Accounting literature also provides guidance on derecognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures. Judgment is required in assessing the future tax consequences of events that have been recognized in our financial statements or tax returns. Variations in the actual outcome of these future tax consequences could materially impact our financial position, results of operations, or cash flows. In connection with the closing of the Transactions on October 10, 2008, the Company has unrecognized tax benefits of $2,397 related to legacy Allscripts.

The provision for income taxes reflects the Company’s estimate of the effective tax rate expected to be applicable for the full fiscal year. The effective tax rate was 40.0% and 39.6% for the three months ended November 30, 2009 and 2008, respectively. The effective tax rate was 39.3% and 40.4% for the six months ended November 30, 2009 and 2008, respectively.

8. Business Segments

Authoritative guidance establishes standards for reporting information about operating segments in annual financial statements and requires selected information about operating segments in interim financial reports issued to stockholders. Operating segments are defined as components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

Allscripts has organized its business around groups of similar customers, which resulted in three reportable segments: clinical solutions, health solutions and prepackaged medications. The clinical solutions segment derives its revenue from the sale of clinical and practice management solutions and related services to physicians. Clinical solutions include electronic medical records software, practice management software, related installation and training services, electronic claims administration services and the resale of related hardware. The health solutions segment derives its revenue from the sale of clinical and practice management solutions and related services to hospital providers. Health solutions include software, related installation and training services, and the resale of related hardware. The prepackaged medications segment derives its revenue from the prepackaged medications business, including wholesale medication sales and on-site medication dispensing. As noted below, the prepackaged medications business was disposed of in fiscal year 2009.

On March 16, 2009, Allscripts completed the sale of its Medications Services business pursuant to the Asset Purchase Agreement (the “Meds Agreement”) with A-S Medication Solutions LLC (“A-S”). Also at that time, Allscripts entered into a five-year marketing agreement (the “Marketing Agreement”) with A-S which requires that Allscripts provide various marketing services to A-S for compensation of $900 per quarter. Allscripts has continuing obligations requiring substantive performance under the Marketing Agreement, including the use of the Allscripts trade name, promotion of the products and service offerings of A-S with existing and future Allscripts’ customers, participation in the development and promotion of joint marketing materials, sharing of certain customer and sales lead information, and other related marketing service obligations. As a result of the Meds Agreement, there was no activity in the prepackaged medications segment during the three and six months ended November 30, 2009. There was no activity in the prepackaged medications segment in the first quarter of 2008 as this was a legacy Allscripts segment. For the services provided under the Marketing Agreement, Allscripts recorded revenue in the clinical solutions segment during the three months ended November 30, 2009 and 2008, of $900 and $0, respectively, and for the six months ended November 30, 2009 and 2008, $1,800 and $0, respectively.

The Company does not track its assets by segment. The Company does not allocate interest expense or income taxes to its operating segments. In addition, the Company records corporate selling, general, and administrative expenses and amortization of intangibles in its unallocated corporate costs. These costs are not included in the evaluation of the financial performance of the operating segments.

ALLSCRIPTS-MISYS HEALTHCARE SOLUTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Unaudited, dollar and share amounts in thousands, except per-share amounts)

	Three Months Ended November 30,		Six Months Ended November 30,	
	2009	2008	2009	2008
Revenue				
Clinical solutions	$ 141,232	$ 107,338	$ 280,334	$ 190,599
Health solutions	28,112	16,575	53,920	26,103
Prepackaged medications	—	4,700	—	4,700
Total revenue	$ 169,344	$ 128,613	$ 334,254	$ 221,402
Income (loss) from operations				
Clinical solutions	$ 41,275	$ 22,287	$ 75,064	$ 39,694
Health solutions	15,440	5,663	28,150	8,312
Prepackaged medications	—	(82)	—	(82)
Unallocated corporate expenses	(30,032)	(37,402)	(54,960)	(48,507)
Total income (loss) from operations	26,683	(9,534)	48,254	(583)
Interest expense	(478)	(628)	(1,163)	(690)
Interest income and other, net	115	284	216	285
Income (loss) from operations before income taxes	$ 26,320	($ 9,878)	$ 47,307	($ 988)

9. Related Parties

Misys plc

General corporate expenses of Misys Holdings, Inc. incurred prior to October 10, 2008, which were not directly related to legacy MHS, included certain corporate executives' salaries, accounting and legal fees, departmental costs for accounting, finance, legal, IT, purchasing, marketing, human resources as well as other general overhead costs. Selling, general and administrative expenses in the combined statements of operations include corporate expense allocations of $921 and $5,220 for the three and six months ending November 30, 2008, respectively. All figures related to the three and six months ended November 30, 2009 reflect charges under the shared services agreement described below.

Shared Services Agreement

On March 1, 2009, Allscripts and Misys entered into a Shared Services Agreement dated as of March 1, 2009 and effective as of October 10, 2008 (the "Services Agreement"). The Services Agreement was approved by the Audit Committee of Allscripts' Board of Directors. The services being provided to Allscripts include: (1) human resource functions such as administration, selection of benefit plans and designing employee survey and training programs, (2) management services, (3) procurement services such as travel arrangements, disaster recovery and vendor management, (4) research and development services such as software development, (5) access to information technology, telephony, facilities and other related services at Misys' customer support center located in Manila, The Philippines; and (6) information system services such as planning, support and database administration. Allscripts is providing Misys with certain tax, facility space and payroll processing services. The Services Agreement has an initial one-year term from October 10, 2008 and may be renewed upon the mutual agreement of Misys and Allscripts. Subject to certain exceptions, a recipient of services may terminate services provided under the Services Agreement upon at least 45 days prior written notice. On October 12, 2009 Allscripts and Misys executed a 30 day extension to the Services Agreement and are currently negotiating a longer term renewal of the Services Agreement. Expenses incurred under the Services Agreement were as follows:

	Three Months Ended November 30,		Six Months Ended November 30,	
	2009	2008	2009	2008
Cost of revenue	$ 396	$ 159	$ 788	$ 159
Selling, general and administrative expenses	1,017	753	2,030	753
Research and development	1,865	586	4,001	586
Total	$ 3,278	$ 1,498	$ 6,819	$ 1,498

ALLSCRIPTS-MISYS HEALTHCARE SOLUTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Unaudited, dollar and share amounts in thousands, except per-share amounts)

10. Recent Accounting Pronouncements

In September 2009, the FASB ratified authoritative guidance on revenue recognition. Under the new guidance for arrangements that include software elements, tangible products that have software components that are essential to the functionality of the tangible product will no longer be within the scope of the software revenue recognition guidance, and software-enabled products will now be subject to other relevant revenue recognition guidance. Additionally, the FASB issued authoritative guidance on revenue arrangements with multiple deliverables that are outside the scope of the software revenue recognition guidance. Under the new guidance, when vendor specific objective evidence or third party evidence for deliverables in an arrangement cannot be determined, a best estimate of the selling price is required to separate deliverables and allocate arrangement consideration using the relative selling price method. The new guidance includes new disclosure requirements on how the application of the relative selling price method affects the timing and amount of revenue recognition. This guidance is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010 and will be applied on a prospective basis. Earlier application is permitted as of the beginning of an entity's fiscal year. The Company is assessing the potential impact of this new guidance on its consolidated financial position and results of operations.

11. Contingencies

On August 4, 2009, a lawsuit was filed in the United States District Court for the Northern District of Illinois against the Company, Glen Tullman and William Davis by the Plumbers and Pipefitters Local Union No. 630 Pension-Annuity Trust Fund on behalf of a purported class consisting of stockholders who purchased Allscripts common stock between May 8, 2007 and February 13, 2008. On October 13, 2009, David Robb was appointed lead plaintiff , and on November 25, 2009, an amended complaint was filed. On January 11, 2010, the Company filed a motion to dismiss the lawsuit.

In addition to commitments and obligations in the ordinary course of business, we are subject to various claims, other pending and potential legal actions for damages and other matters arising in the normal conduct of our business. Two matters in particular are described below, which relate to intellectual property claims asserted against the Company. The Company believes that the two matters described below are not material and that the Company has strong defensive positions in both matters. Neither claim relates to the core of the Company's applications. However, the outcomes of patent and copyright lawsuits are often uncertain and such lawsuits are typically expensive to litigate. Recent mediations in respect of the matters described below did not result in a resolution of the disputes, and these cases will likely go to trial.

First, the Company is a defendant, together with multiple other defendants in the healthcare technology industry, in a patent action brought by Document Generation Corporation ("Document Generation") on December 11, 2008, in the United States District Court for the Eastern District of Texas. This action is based upon a U.S. patent that allegedly covers various aspects of the creation of patient medical records and related reports. Because this case is in a preliminary stage of litigation and the outcome depends on questions of law or fact that are disputed or unclear, its impact on the Company's results of operations cannot be predicted with confidence at this time. The action seeks damages for infringement, including treble damages. Plaintiff also seeks injunctive relief, attorneys' fees and costs. The Company intends to contest this matter vigorously. The Company is also a defendant, together with multiple other defendants in the healthcare technology industry, in a separate patent infringement action brought by Document Generation on December 5, 2007, in the United States District Court for the Southern District of Illinois, which has been stayed pending re-examination of the subject patent by the United States Patent and Trademark Office.

Second, on September 8, 2008, Pegasus Imaging Corporation ("Pegasus") filed a lawsuit against the Company and Allscripts, LLC, in the United States District Court for the Middle District of Florida. Pegasus' claims against the Company include breach of license agreement, copyright infringement, misappropriation of trade secrets, unfair trade practices and unfair competition based on the Company's allegedly unauthorized use of a software development toolkit related to barcode recognition. On December 4, 2009, the Company filed a motion to dismiss the case, which is currently pending. As noted above, the Company believes it has a strong defensive position in this matter.

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

(In thousands, except per share amounts)

Overview

Merger Agreement

On October 10, 2008, in accordance with the transactions (the "Transactions") contemplated by the Agreement and Plan of Merger dated as of March 17, 2008 by and among Misys plc, ("Misys"), Allscripts Healthcare Solutions, Inc. ("legacy Allscripts"), Misys Healthcare Systems ("MHS" or "legacy MHS") and Patriot Merger Company, LLC ("Patriot") a reverse acquisition for accounting purposes was completed that consisted of (i) the cash payment to legacy Allscripts by an affiliate of Misys of approximately $330,000 and (ii) the merger of Patriot with and into MHS, with MHS being the surviving company. As a result of the completion of the Transactions, MHS became a wholly-owned subsidiary of Allscripts-Misys Healthcare Solutions, Inc. ("Allscripts" or the "Company"). In connection with the closing of the Transactions, Allscripts issued an aggregate of 82,886 shares of its common stock to two subsidiaries of Misys, which as of the closing of the Transactions, represented approximately 56.8% of the number of outstanding shares of Allscripts common stock. The Transactions were 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 "acquirer," the assets and liabilities of legacy Allscripts were recorded, as of October 10, 2008, at their fair values and added to those of MHS, which are carried at their book values. Concurrent with the completion of the Transactions the newly combined entity was renamed Allscripts-Misys Healthcare Solutions, Inc.

Basis of Presentation

The Transactions constitute a reverse acquisition for accounting purposes. As such, the pre-acquisition combined financial statements of MHS are treated as the historical financial statements of Allscripts. Results of operations for the first quarter of 2008 are the results of operations of MHS only.

Business Overview

Allscripts is a leading provider of clinical software, services, information and connectivity solutions that empower physicians and other healthcare providers to deliver best-in-class patient safety, clinical outcomes and financial results. Our businesses provide innovative solutions that inform physicians with just right, just in time information, connect physicians to each other and to the entire community of care, and transform healthcare, improving both the quality and efficiency of care. We provide various clinical software applications, including Electronic Health Records (EHR), practice management, revenue cycle management, clearinghouse services, electronic prescribing, Emergency Department Information System (EDIS), hospital care management and discharge management solutions, document imaging solutions, and a variety of solutions for home care and other post-acute facilities. We have reported our financial results utilizing three business segments: clinical solutions, health solutions and prepackaged medications.

Our clinical solutions segment includes both our Enterprise business for large physician practices and Integrated Delivery Networks, and our Professional business for smaller or independent physician practices, providing such practices with clinical and practice management software solutions and related services. Our award-winning EHR solutions are designed to enhance physician productivity using tablet PCs, wireless handheld devices or desktop workstations for the purpose of automating the most common physician activities, including prescribing, dictating, ordering lab tests and viewing results, documenting clinical encounters and capturing charges, among others. Our practice management solutions combine scheduling and revenue cycle management tools in a single package with functionality including rules-based appointment scheduling, multi-resource and recurring appointment features, referral and eligibility indicators, and appointment and claims management. Our electronic prescribing solutions include a Web-based stand-alone solution offered free-of-charge to any licensed prescriber, and solutions that are integrated into each of our EHRs. And our Web-based suite of revenue cycle management and clearinghouse services solutions – available on a stand-alone basis or integrated into our practice management solutions—address every step in the reimbursement cycle for healthcare organizations, clearinghouses and payers.

Our health system solutions segment provides offerings for hospitals that are seeking Emergency Department Information System (EDIS) and care management solutions, as well as post-acute facilities such as home health providers, hospices and skilled nursing facilities. Allscripts ED (formerly HealthMatics ED) is an EDIS that electronically streamlines processes for large hospital Emergency Departments, including tracking, triage, nurse and physician charting, disposition and reporting. EmSTAT, a legacy EDIS product, offers similar functionality for streamlining the Emergency Department care process in small hospitals. Allscripts Care Management (formerly Canopy and ECIN) is a Web-based solution that streamlines and speeds the patient care management process by automating utilization, case, discharge and quality management processes relating to patient hospital visits. Allscripts Post Acute solutions include: Referral Management, Referral Management Plus, Allscripts Mobile and Core System Integration. These solutions streamline the transition of care process between hospitals and post-acute care facilities. Our solution for home health providers is an integrated system that combines business, clinical, and scheduling features into a single package, providing home health, hospice, and private duty organizations with a user friendly product that enables staff to work more effectively both inside and outside the office.

On March 16, 2009, Allscripts completed the sale of its Medications Services business pursuant to the Asset Purchase Agreement (the "Meds Agreement") with A-S Medication Solutions LLC ("A-S"). Also at that time, Allscripts entered into a five-year marketing agreement (the "Marketing Agreement") with A-S which requires that Allscripts provide various marketing services to A-S for compensation of $900 per quarter. Allscripts has continuing obligations requiring substantive performance under the Marketing Agreement, including the use of the Allscripts trade name, promotion of the products and service offerings of A-S with existing and future Allscripts' customers, participation in the development and promotion of joint marketing materials, sharing of certain customer and sales lead information, and other related marketing service obligations. As a result of the Meds Agreement, there was no activity in the prepackaged medications segment during the three and six months ended November 30, 2009. There was no activity in the prepackaged medications segment in the first quarter of 2008 as this was a legacy Allscripts segment. For the services provided under the Marketing Agreement, Allscripts recorded revenue in the clinical solutions segment during the three months ended November 30, 2009 and 2008, of $900 and $0, respectively, and for the six months ended November 30, 2009 and 2008, $1,800 and $0, respectively.

We principally derive our revenue and cash flow from sales of our proprietary software and related hardware and professional services in the segments described above. These sales also are the basis for our complementary recurring service contracts for maintenance and transaction processing. See below for a discussion of our outlook for new orders and other factors that could have an impact on our revenue and cash flows.

We believe a combination of executive and legislative leadership at the federal level, industry standards provided by the Certification Commission for Healthcare Information Technology (CCHIT) and other potential regulatory bodies, and federal incentives that exist today for e-prescribing and pay-for-quality initiatives, will quickly make electronic health records as common as practice management systems in all provider offices. We believe the stimulus and other provisions provided by the American Recovery and Reinvestment Act of 2009 (the “Stimulus”) will be the single biggest driver of healthcare IT adoption in our industry’s history since the requirement of electronic claims submissions. We believe that we are well positioned in the market to take advantage of the material opportunity presented by the Stimulus and have begun to see a positive impact on new orders, particularly in our Enterprise products, in our three and six months ended November 30, 2009. However, we believe that the impact on new orders related to the Stimulus have been tempered by continued uncertainty around the Stimulus and related funding requirements and also due to the challenging economic conditions which have motivated customers and prospective customers to defer capital investments, conserve cash and move towards software subscription arrangements versus traditional licensing arrangements. We believe that the continuation of these challenging economic conditions and uncertainty around the Stimulus may continue during the remainder of our fiscal year 2010. Additionally, we face the following other material opportunities, challenges and risks related to the Stimulus, which are further described below: (i) developing adequate capacity to satisfy the potential increased demand; (ii) ensuring that we obtain applicable product certifications and our customers are able to achieve “meaningful use” as required by the Stimulus; (iii) taking advantage of demand trends; and (iv) positioning the Company, in the absence of final regulations, as a provider to potential government-funded health care providers.

Management has taken steps to position the Company to have what we believe will be adequate capacity to meet the significant additional demand that could result from new orders related to the Stimulus. These steps include supplementing our internal direct sales force with strategic distribution partners with established sales forces focused on practices with one to five providers. Further, we have taken steps to improve the efficiency of our approach to new system installations. Recently, the Company launched its “Ready” implementation program, which standardizes certain key processes across customer sites and decreases the number of hours required by our professional services team to enable installations of our clinical and practice management solutions. This strategy is predicated on repeatable, best practice workflows and was designed collaboratively by our services and development teams and is proprietary to the Company. Early results indicate that the Ready program has significantly reduced installation timeframes for an initial portion of our client base. Finally, the Company is exploring additional sources of potential capacity to complement its internal professional services organization through various third-party implementation alternatives in order to meet additional market demand.

In order for our customers to qualify for Stimulus funding, our products must meet various requirements for product certification under the Stimulus regulations, and must enable our customers to achieve “meaningful use,” as such term may be ultimately defined under the final Stimulus regulations. In that the final definition of “meaningful use”, and the final arbiters of product certification, have still not been finalized, our industry is presented with a challenge in preparing for compliance. Similarly, our ability to achieve product certification by CCHIT and/or other regulatory bodies, and the length, if any, of additional related development and other efforts required to meet evolving standards could materially impact our ability to maximize the market opportunity. Currently, given the maturity of our products, management does not believe the incremental development effort, if any, required to meet final meaningful use standards will be significant. Management has made product development a strategic focus, with development funding expected to be as high as 10% of revenues this fiscal year. Management has also positioned the current product portfolio to achieve certification via current and anticipated pathways in time for our customers to take maximum advantage of the Stimulus incentives offered to physicians under the Health Information Technology for Economic and Clinical Health Act.

We are currently experiencing different demand trends between large and small physician practices, as well as a trend towards community-based purchasing decisions. Management believes that the federal Stimulus has resulted in additional related new orders for our Enterprise EHR products, primarily from larger physician practices, and expects this to remain the case in the short term. Management believes this is because these larger physician practices, as a function of their size and complexity, generally require longer installation periods and may take more lead time to satisfy meaningful use requirements as required by the Stimulus in order to qualify for funding. Therefore, these practices are motivated to begin the buying process as early as possible in order to implement EHR systems and meet the requirements on a timely basis, to take advantage of the Stimulus funding.

We believe small physician offices may defer EHR buying decisions due to a number of factors. First is the scarcity of capital, which defers decision making until such time as Stimulus funding is available. We have seen greater demand in small physician offices for subscription based arrangements as opposed to pure licensing arrangements, which reflects a motivation to reduce capital outlays. This shift to subscription from license (which is the manner in which we have traditionally sold our Professional offering) will result in recurring revenue over a longer period of time than we have achieved historically, as opposed to revenue recognized on license fees. Second, these offices typically require less time to implement and train than larger offices, so the need to plan implementations well in advance is not as acute as in larger physician organizations.

We have also seen an evolution of buying decisions toward an increase in local community-based buying activity whereby individual hospitals, health systems and integrated delivery networks are subsidizing the purchase of EHR licenses or related services for their affiliated physicians in order to leverage buying power and take advantage of the Stimulus across their employed physician base. This activity has also resulted in a “pull-through” effect where smaller practices affiliated with the community hospital are also incentivized to participate so the subsidizing health system can expand connectivity within the local provider community and optimize its referral base. This pull-through effect has resulted in new orders for our Professional EHR and our MyWay offering. Management believes that the focus on new orders driven by the federal Stimulus program and related to Enterprise EHR and community-related activity will continue in the near term, with additional activity increasing for our Professional EHR products as we move closer to calendar 2011, the first year for disbursement of Stimulus-based funding by the federal government. The associated challenge facing our management is to successfully position and sell our products to the hospital, health system or integrated delivery network that is subsidizing its affiliated physicians.

Management has also dedicated senior level resources toward developing our capability to take advantage of incentives that may become available to government-funded health care providers as a result of the Stimulus. The Stimulus contains discretionary funding for the Health and Human Services Secretary in the form of grants and loans to organizations such as Federally Qualified Health Centers (FQHC), the Indian Health Service (IHS) and other providers. At this time it is still unclear as to how and when that funding will be utilized and, when it is, whether it will present a material opportunity for the Company.

Although the Company believes it has and continues to take the proper steps to take advantage of the opportunity presented by the Stimulus, given the uncertainties that still remain and the effects the Stimulus is having on our customers, there can be no assurance that the Stimulus will result in significant new orders for the Company in the near term, and if it does, that the Company will have the capacity to meet the additional market demand in a timely fashion.

Management believes that the Transactions and the effort made during fiscal year 2009 to integrate the legacy MHS and legacy Allscripts infrastructure has positioned the Company well in the market. This fiscal year the Company has developed an enablement center which is designed to make it more efficient for legacy MHS customers to migrate to our Professional or Enterprise solutions. This enablement solution is a key part of our integration strategy, which we believe will allow us to optimize and accelerate our ability to penetrate the legacy MHS customer base with our strategic solutions and make it more convenient and affordable for the customer base to migrate as well as to take advantage of the Stimulus, if applicable. While we believe we have a competitive advantage selling new products to the legacy MHS client base, these customers are cautious in making new expenditures and we continue to face competition for this business.

The composition of our revenue by segment is as follows:

	Three Months Ended November 30,		Six Months Ended November 30,	
	2009	2008	2009	2008
Revenue				
Clinical solutions	$ 141,232	$ 107,338	$ 280,334	$ 190,599
Health solutions	28,112	16,575	53,920	26,103
Prepackaged medications	—	4,700	—	4,700
Total revenue	$ 169,344	$ 128,613	$ 334,254	$ 221,402

Cost of revenue for Allscripts' clinical solutions segment consists primarily of salaries, bonuses and benefits of Allscripts billable professionals, third-party software costs, hardware costs, third-party transaction processing costs, amortization of acquired proprietary technology, depreciation and amortization and other direct engagement costs. Cost of revenue for Allscripts' health solutions segment consists primarily of salaries, bonuses and benefits of Allscripts billable professionals, third-party software costs, hardware costs, depreciation and amortization and other direct engagement costs. In addition, the cost of revenue for both segments includes certain services performed by Misys under a Shared Services Agreement.

Selling, general and administrative expenses consist primarily of salaries, bonuses and benefits for management and support personnel, commissions, facilities costs, depreciation and amortization, general operating expenses, non-capitalizable product development expenses and selling and marketing expenses. Selling, general and administrative expenses for each segment consist of expenses directly related to that segment. In addition, selling, general and administrative expenses include certain services performed by Misys under a Shared Services Agreement.

Research and development expenses consist primarily of salaries, bonuses and benefits, third party contractor costs and other costs directly related to development of new products and upgrading and enhancing existing products.

Amortization of intangibles consists of amortization of customer relationships, trade names and other intangibles acquired under purchase accounting related to the Transactions and the Medic, Payerpath and Amicore acquisitions.

Interest expense consists primarily of interest on our previously outstanding 3.50% Senior Convertible Debentures due 2024 (the "Debentures"), interest on capital leases and interest expense on our Second Amended and Restated Credit Agreement (the "Credit Facility"). Interest income and other consists primarily of interest earned on cash and marketable securities.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Management believes the following critical accounting policies, among others, affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

Revenue Recognition

Revenue represents the fair value of consideration received or receivable from clients for goods and services provided by the Company. Revenue from System Sales includes software and related hardware. Revenue from Professional Services includes implementation, training and consulting services. Revenue from Maintenance includes customer support and maintenance services. Revenue from Transaction Processing and Other includes Electronic Data Interchange ("EDI") services. Revenue from prepackaged medications includes the sale of medications and pharmaceutical products. There was no prepackaged medications revenue during the three months ended August 31, 2009 or 2008 as the related business was disposed in the fourth quarter of fiscal year 2009 and was not part of MHS during the three months ended August 31, 2008 as this was a legacy Allscripts business.

Revenue from software licensing arrangements where the service element is not considered essential to the functionality of the other elements of the arrangement is recognized upon shipment of the software or as services are performed, provided persuasive evidence of an arrangement exists, fees are considered fixed and determinable, and collection of the receivable is considered probable. The revenue recognized for each separate element of a multiple-element software contract is based upon vendor-specific objective evidence of fair value, which is based upon the price the customer is required to pay when the element is sold separately or renewed. For agreements that are deemed to have extended payment terms, revenue recognition is limited to amounts due and payable.

Revenue from software licensing arrangements, where the service element is considered essential to the functionality of the other elements of the arrangement, is accounted for on an input basis using actual hours worked as a percentage of total expected hours required by the arrangement, provided that the fee is fixed and determinable and collection of the receivable is probable. Maintenance and support from these agreements is recognized over the term of the support agreement based on vendor-specific objective evidence of fair value of the maintenance revenue, which is generally based upon contractual renewal rates. For agreements that are deemed to have extended payment terms, revenue is recognized using the input method but is limited to the amounts due and payable. For arrangements accounted for under the percentage of completion method, for purposes of income statement presentation we allocate arrangement consideration between software and services based on vendor specific evidence of our hourly services rate multiplied by the amount of hours performed, with the residual allocated to software license fee.

Revenue from certain value-added reseller (“VAR”) relationships in which software is directly sold to VARs is recognized upon delivery of the software assuming all other revenue recognition criteria have been met. Revenue recognition is deferred until the software is delivered to the ultimate end user if the written and implied arrangement terms do not satisfy the criteria for revenue recognition.

Certain of our customer arrangements encompass multiple deliverables. If the deliverables meet the separation criteria described below, the deliverables are separated into distinct units of accounting, and revenue is allocated to the units based on their fair values. The separation criteria are that the delivered item has value to the customer on a stand-alone basis, there is objective and reliable evidence of the fair value of the undelivered item, and if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item is considered probable and substantially in the control of the vendor. Applicable revenue recognition criteria are considered separately for each separate unit of accounting.

Management applies judgment to ensure appropriate accounting for multiple deliverables, including value allocation among multiple units of accounting, determination of whether undelivered elements are essential to the functionality of delivered elements and timing of revenue recognition, among others. For those arrangements where the deliverables do not qualify as separate units of accounting, revenue recognition is evaluated for the combined deliverables as a single unit of accounting and generally the recognition pattern of the final deliverable will dictate the revenue recognition pattern for the single, combined unit of accounting. Changes in circumstances and customer data may affect management’s analysis of separation criteria, which may cause Allscripts to adjust upward or downward the amount of revenue recognized under the arrangement.

The Company records reimbursements for out-of-pocket expenses incurred as revenue in the statement of operations.

Maintenance fees are recognized ratably over the period of the contract based on vendor specific objective evidence of fair value based upon contractual renewal rates. Revenue from electronic data interchange (“EDI”) services is recognized as services are provided and is determined based on the volume of transactions processed. Revenue from the sale of prepackaged medications, net of provisions for estimated returns, is recognized upon shipment of the pharmaceutical products, the point at which the customer takes ownership and assumes risk of loss, when no performance obligations remain and collection of the receivable is probable. Allscripts offers the right of return on pharmaceutical products under various policies and estimates and maintains reserves for product returns based on historical experience.

Allowance for Doubtful Accounts Receivable

We rely on estimates to determine our bad debt expense and the adequacy of our allowance for doubtful accounts. These estimates are based on our historical experience and the industry in which we operate. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances and related bad debt expense may be required.

Goodwill and Intangible Assets

We evaluate the value of intangible assets based upon the present value of the future economic benefits expected to be derived from the assets. We assess the impairment of the identifiable intangibles and goodwill annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. If we determine that the value of the intangible assets and goodwill may not be recoverable from future cash flows, a write-down of the value of the asset may be required.

We estimate the useful lives of our intangible assets and amortize the value over that estimated life. If the actual useful life is shorter than our estimated useful life, we will amortize the remaining book value over the remaining useful life or the asset may be deemed to be impaired and, accordingly, a write-down of the value of the asset may be required.

Software Capitalization

The carrying value of capitalized software is dependent upon the ability to recover its value through future revenue from the sale of the software. If we determine in the future that the value of the capitalized software could not be recovered, a write-down of the value of the capitalized software to its recoverable value may be required.

We estimate the useful life of our capitalized software and amortize the value over that estimated life. If the actual useful life is shorter than our estimated useful life, we will amortize the remaining book value over the remaining useful life or the asset may be deemed to be impaired and, accordingly, a write-down of the value of the asset may be required.

Income Taxes

The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity’s financial statements or tax returns. Judgment is required in addressing the future tax consequences of events that have been recognized in our consolidated financial statements or tax returns.

In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. A change in the assessment of the outcomes of such matters could materially impact our consolidated financial statements. The calculation of tax liabilities involves dealing with uncertainties in the application of complex tax regulations. We recognize liabilities for anticipated tax audit issues based on our estimate of whether, and the extent to which, additional taxes may be required. If we ultimately determine that payment of these amounts is unnecessary, then we reverse the liability and recognizes a tax benefit during the period in which we determine that the liability is no longer necessary. We also recognize tax benefits to the extent that it is more likely than not that our positions will be sustained if challenged by the taxing authorities. To the extent we prevail in matters for which liabilities have been established, or are required to pay amounts in excess of our liabilities, our effective tax rate in a given period may be materially affected. An unfavorable tax settlement would require cash payments and may result in an increase in our effective tax rate in the year of resolution. A favorable tax settlement would be recognized as a reduction in our effective tax rate in the year of resolution. We report interest and penalties related to uncertain income tax positions as income taxes.

Results of Operations

The following table shows, for the periods indicated, our results of operations expressed as a percentage of our revenue:

	Three Months Ended November 30,		Six Months Ended November 30,	
	2009	2008	2009	2008
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of revenue	43.6	48.1	44.8	47.3
Gross profit	56.4	51.9	55.2	52.7
Operating expenses:				
Selling, general and administrative expenses	32.8	49.8	32.5	43.8
Research and development	6.3	8.5	6.8	8.5
Amortization of intangibles	1.5	1.0	1.5	0.7
Income (loss) from operations	15.8	(7.4)	14.4	(0.3)
Interest expense	(0.3)	(0.5)	(0.3)	(0.3)
Interest and other income, net	0.0	0.2	0.1	0.1
Income (loss) from operations before income taxes	15.5	(7.7)	14.2	(0.5)
(Provision) benefit for income taxes	(6.2)	3.1	(5.6)	0.2
Net income (loss)	9.3%	(4.6)%	8.6%	(0.3)%

Given the level of integration of the operations and reporting of legacy Allscripts and legacy MHS following the Transactions, management does not view or manage the business on a legacy business basis. Accordingly, it is not possible or meaningful in every case to quantify the impacts of the inclusion of legacy Allscripts on our financial results on a year-over-year basis within our overview of consolidated results and segment results.

Overview of Consolidated Results

Three and Six Months Ended November 30, 2009 Compared to the Three and Six Months Ended November 30, 2008

Revenue

Consolidated revenue increased $40,731, or 31.7%, from $128,613 during the three months ended November 30, 2008 to $169,344 during the three months ended November 30, 2009. Consolidated revenue increased $112,852, or 51.0%, from $221,402 during the six months ended November 30, 2008 to $334,254 during the six months ended November 30, 2009. The increase for the three and six months ended November 30, 2009 is primarily due to the inclusion of revenue contributed by legacy Allscripts due to the closing of the Transactions on October 10, 2008.

Excluding the revenue contributed by legacy Allscripts, the legacy MHS revenue declined in the three and six months ended November 30, 2009 as compared to the three and six months ended November 30, 2008. This decline was concentrated in systems sales and professional services in the legacy MHS clinical solutions segment and was as a direct result of a shift of new sales orders away from the legacy MHS products to the legacy Allscripts products where similar products existed in both legacy businesses. This shift was expected by management and is part of the overall integration strategy for the clinical solutions segment. Partially offsetting this decline in systems sales and professional services revenue was a modest increase in legacy MHS clinical solutions transaction services revenue. The net decline in revenue in the legacy MHS clinical solutions business was partially offset by revenue growth in the legacy MHS health solutions segment which experienced system sales and professional services revenue growth due to an increase in orders as well as growth in maintenance revenue as a result of continued growth in the customer base and annual price increases on existing contracts.

Gross Margin

Consolidated gross margin for the three months ended November 30, 2009 increased $28,788, or 43.1%, from $66,762 for the three months ended November 30, 2008 to $95,550 in the three months ended November 30, 2009. Consolidated gross margin for the six months ended November 30, 2009 increased $67,856, or 58.1%, from $116,757 for the six months ended November 30, 2008 to $184,613 in the six months ended November 30, 2009. Consolidated gross margin as a percentage of revenue for the three months ended November 30, 2009 and 2008 was 56.4% and 51.9%, respectively, and for the six months ended November 30, 2009 and 2008 was 55.2% and 52.7%, respectively. The increase in gross margin in the three and six months ended November 30, 2009 is primarily due to the inclusion of gross margin contributed by legacy Allscripts due to the closing of the Transactions on October 10, 2008. Also contributing to the increase in gross margin was improvement in gross margin as a percent of revenue in system sales, professional services and maintenance. Excluding expenses related to the amortization of software development costs and technology acquired intangibles, system sales gross margin as a percent of revenue improved in the three and six month periods of 2009 as compared to the comparable periods of 2008. This improvement was as a result of a more favorable revenue mix with more revenue being contributed from software licenses and less from lower margin hardware sales. Amortization of software development costs and technology acquired intangibles increased as the result of increased development activity on our strategic products and as a result of the purchase accounting for the Transactions, respectively. Also contributing to the improvement in gross margin as a percent of revenue was professional services margin as a result of more favorable pricing on certain contracts and an increase in revenue related to milestone billings on contracts with extended payment terms in our Enterprise business and maintenance margin as a result of cost savings from synergies obtained upon integrating functions across the legacy MHS and legacy Allscripts businesses.

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Operating Income

Consolidated operating income increased $36,218 from a loss of $9,534 during the three months ended November 30, 2008 to income of $26,684 in the three months ended November 30, 2009. Consolidated operating income increased $48,837 from a loss of $583 during the six months ended November 30, 2008 to income of $48,254 in the six months ended November 30, 2009. The increase in operating income for the three and six months ended November 30, 2009 is primarily due to significantly lower selling, general and administrative costs related to the Transactions. Costs related to the Transactions totaled $22,100 and $23,800 in the three and six months ended November 30, 2008, respectively, and $1,300 and $5,200 in the three and six months ended November 30, 2009. These reductions in costs were partially offset by higher selling, general and administrative costs related to a $2,000 payment to Aprima (formerly iMedica) related to an amendment to our perpetual license agreement for our MyWay product and higher amortization of acquisition intangibles as a result of the Transactions. The increase in operating income for the three and six months ended November 30, 2009 was also caused by the inclusion of gross margin contributed by legacy Allscripts due to the closing of the Transactions on October 10, 2008 as well as the overall improvement in gross margin as a percent of revenue.

Segment Operations

Clinical Solutions

	Three Months Ended November 30,		Six Months Ended November 30,	
	2009	2008	2009	2008
	(Unaudited)			
Revenue:				
System sales	$ 27,813	$ 17,117	$ 56,762	$ 26,611
Professional services	15,193	9,935	28,056	15,682
Maintenance	52,830	40,761	103,976	73,076
Transaction processing and other	45,396	39,525	91,540	75,230
Total revenue	141,232	107,338	280,334	190,599
Total cost of revenue	66,163	53,068	134,797	93,178
Gross profit	75,069	54,270	145,537	97,421
Selling, general and administrative expenses	24,820	22,858	51,683	41,754
Research and development	8,974	9,125	18,790	15,973
Income from operations	$ 41,275	$ 22,287	$ 75,064	$ 39,694

Revenue

Total clinical solutions revenue for the three months ended November 30, 2009 increased $33,894, or 31.6%, from $107,338 during the three months ended November 30, 2008 to $141,232 in the three months ended November 30, 2009. Total clinical solutions revenue for the six months ended November 30, 2009 increased $89,735, or 47.1%, from $190,599 during the six months ended November 30, 2008 to $280,334 in the six months ended November 30, 2009. The revenue increase in the three and six months ended November 30, 2009 is primarily due to the clinical solutions revenue contributed by legacy Allscripts due to the closing of the Transactions on October 10, 2008. Excluding the revenue contributed by legacy Allscripts, the legacy MHS revenue declined in the three and six months ended November 30, 2009 as compared to the same period in 2008. This decline was concentrated in systems sales and professional services and was as a direct result of a shift of new sales orders away from the legacy MHS products to the legacy Allscripts products where similar products existed in both legacy businesses. This shift was expected by management and is part of the overall integration strategy for the clinical solutions segment. Partially offsetting this decline in systems sales and services revenue was a modest increase in legacy MHS clinical solutions transaction services revenue.

Gross Margin

Gross margin for the three months ended November 30, 2009 increased $20,799, or 38.3%, from $54,270 in the three months ended November 30, 2008 to $75,069 in three months ended November 30, 2009. Gross margin for the six months ended November 30, 2009 increased $48,116, or 49.4%, from $97,421 in the six months ended November 30, 2008 to $145,537 in six months ended November 30, 2009. The increase in gross margin is primarily due to the clinical solutions margin contributed by legacy Allscripts as a result of the closing of the Transactions on October 10, 2008. Gross margin as a percentage of revenue was 53.2% and 50.6% for the three months ended November 30, 2009 and 2008, respectively, and 51.9% and 51.1% for the six months ended November 30, 2009 and 2008, respectively. Contributing to the increase in gross margin was improvement in gross margin as a percent of revenue in system sales, professional services and maintenance. Excluding expenses related to the amortization of software development costs and technology acquired intangibles system sales gross margin as a percent of revenue improved in the three and six month periods of 2009 as compared to the comparable periods of 2008. This improvement was as a result of a more
favorable revenue mix with more revenue being contributed from software licenses and less from lower margin hardware sales. Amortization of software development costs and technology acquired intangibles increased as the result of increased development activity on our strategic products and as a result of the purchase accounting for the Transactions, respectively. Also contributing to the improvement in gross margin as a percent of revenue was professional services margin as a result of more favorable pricing on certain contracts and an increase in revenue related to milestone billings on contracts with extended payment terms in our Enterprise business and maintenance margin as a result of cost savings from synergies obtained upon integrating functions across the legacy MHS and legacy Allscripts businesses.

Selling, General and Administrative

Selling, general and administrative costs for the three months ended November 30, 2009 increased $1,962, or 8.6%, from $22,858 during the three months ended November 30, 2008 to $24,820 in the three months ended November 30, 2009. Selling, general and administrative costs for the six months ended November 30, 2009 increased $9,929, or 23.8%, from $41,754 during the six months ended November 30, 2008 to $51,683 in the six months ended November 30, 2009. The increase during the three and six months ended November 30, 2009 was primarily a result of the inclusion of legacy Allscripts due to the closing of the Transactions on October 10, 2008.

Research and Development

Research and development costs for the three months ended November 30, 2009 decreased $151, or 1.7%, from $9,125 during the three months ended November 30, 2008 to $8,974 in the three months ended November 30, 2009. Research and development costs for the six months ended November 30, 2009 increased $2,817, or 17.6%, from $15,973 during the six months ended November 30, 2008 to $18,790 in the six months ended November 30, 2009. The increase during the six months ended November 30, 2009 is primarily due to the inclusion of legacy Allscripts research and development activity as a result of the closing of the Transactions on October 10, 2008. This increase was partially offset by lower research and development costs in the legacy MHS business as a result of lower third party spend on legacy MHS products. Also offsetting the increase was an increase in the amount of expense eligible for capitalization driven by the closing of the Transactions on October 10, 2008, which resulted in an increase in projects undertaken that qualified for capitalization.

Health Solutions

	Three Months Ended November 30,		Six Months Ended November 30,	
	2009	2008	2009	2008
	(Unaudited)			
Revenue:				
System sales	$ 5,752	$ 3,644	$ 10,260	$ 7,180
Professional services	3,147	1,847	6,202	3,506
Maintenance	8,475	5,973	16,747	10,293
Transaction processing and other	10,738	5,111	20,711	5,124
Total revenue	28,112	16,575	53,920	26,103
Total cost of revenue	7,631	4,879	14,844	7,563
Gross profit	20,481	11,696	39,076	18,540
Selling, general and administrative expenses	3,291	4,231	7,019	7,316
Research and development	1,750	1,802	3,907	2,912
Income from operations	$ 15,440	$ 5,663	$28,150	$ 8,312

Revenue

Total health solutions revenue for the three months ended November 30, 2009 increased $11,537, or 69.6%, from $16,575 during the three months ended November 30, 2008 to $28,112 in the three months ended November 30, 2009. Total health solutions revenue for the six months ended November 30, 2009 increased $27,817, or 106.6%, from $26,103 during the six months ended November 30, 2008 to $53,920 in the six months ended November 30, 2009. The revenue increase in the three and six months ended November 30, 2009 is primarily due to the health solutions revenue contributed by legacy Allscripts as a result of the closing of the Transactions on October 10, 2008. Excluding the impact on revenue contributed by legacy Allscripts, the increase in revenue was related to legacy MHS health solutions, which experienced an increase in system sales and professional services revenue due to an increase in orders as well as growth in maintenance revenue primarily as a result of continued growth in the customer base and annual price increases on existing contracts.

Gross Margin

Gross margin for the three months ended November 30, 2009 increased $8,785, or 75.1%, from $11,696 in the three months ended November 30, 2008 to $20,481 in the three months ended November 30, 2009. Gross margin for the six months ended November 30, 2009 increased $20,536, or 110.8%, from $18,540 in the six months ended November 30, 2008 to $39,076 in the six months ended November 30, 2009. Gross margin as a percentage of revenue for the three months ended November 30, 2009 and 2008 was 72.9% and 70.6%, respectively, and 72.5% and 71.0%, for the six months ended November 30, 2009 and 2008, respectively. The gross margin increase in the three and six months ended November 30, 2009 is primarily due to the health solutions margin contributed by legacy Allscripts as a result of the closing of the Transactions on October 10, 2008. The improvement in gross margin as a percent of revenue was primarily due to professional services margin as a result of improved utilization.

Selling, General and Administrative

Selling, general and administrative costs for the three months ended November 30, 2009 decreased $940, or 22.2%, from $4,231 in the three months ended November 30, 2008 to $3,291 in the three months ended November 30, 2009. Selling, general and administrative costs for the six months ended November 30, 2009 decreased $297, or 4.1%, from $7,316 in the six months ended November 30, 2008 to $7,019 in the six months ended November 30, 2009. The decline in selling, general and administrative expenses was primarily as a result of lower marketing expenses.

Research and Development

Research and development costs for the three months ended November 30, 2009 decreased $52, or 2.9% from $1,802 during the three months ended November 30, 2008 to $1,750 in the three months ended November 30, 2009. Research and development costs for the six months ended November 30, 2009 increased $995, or 34.2%, from $2,912 during the six months ended November 30, 2008 to $3,907 in the six months ended November 30, 2009. The increase in the six months ended November 30, 2009 is primarily due to the additional research and development costs contributed by legacy Allscripts from the closing of the Transactions, partially offset by a increase in the amount of expense eligible for capitalization driven by the closing of the Transactions on October 10, 2008, which resulted in an increase in projects undertaken that qualified for capitalization. During the three months ended November 30, 2009 the additional research and development costs contributed by legacy Allscripts from the closing of the Transactions was more than offset by the increase in the amount of expense eligible for capitalization in the 2009 period.

Prepackaged Medications Segment

	Three Months Ended November 30,		Six Months Ended November 30,	
	2009	2008	2009	2008
	(Unaudited)			
Prepackaged medications revenue	$—	$ 4,700	$—	$ 4,700
Prepackaged medications cost of revenue	—	3,904	—	3,904
Gross profit	—	796	—	796
Selling, general and administrative expenses	—	878	—	878
Income from operations	$—	($ 82)	$—	($ 82)

On March 16, 2009, Allscripts completed the sale of its Medications Services business pursuant to the Asset Purchase Agreement (the “Meds Agreement”) with A-S Medication Solutions LLC (“A-S”). Also at that time, Allscripts entered into a five-year marketing agreement (the “Marketing Agreement”) with A-S which requires that Allscripts provide various marketing services to A-S for compensation of $900 per quarter. Allscripts has continuing obligations requiring substantive performance under the Marketing Agreement, including the use of the Allscripts trade name, promotion of the products and service offerings of A-S with existing and future Allscripts’ customers, participation in the development and promotion of joint marketing materials, sharing of certain customer and sales lead information, and other related marketing service obligations. As a result of the Meds Agreement, there was no activity in the prepackaged medications segment during the three and six months ended November 30, 2009. For the services provided under the Marketing Agreement, Allscripts recorded revenue in the clinical solutions segment during the three months ended November 30, 2009 and 2008, of $900 and $0, respectively, and for the six months ended November 30, 2009 and 2008, $1,800 and $0, respectively.

Unallocated Corporate Expenses

Unallocated corporate expenses for the three months ended November 30, 2009 decreased by $8,635, from $36,146 in the three months ended November 30, 2008 to $27,511 in the three months ended November 30, 2009. Unallocated corporate expenses for the six months ended November 30, 2009 increased by $2,812, from $47,064 in the six months ended November 30, 2008 to $49,876 in the six months ended November 30, 2009. During the three and six months ended November 30, 2009, the Company incurred significantly lower costs related to the Transactions. Costs related to the Transactions totaled $22,100 and $23,800 in the three and six months ended November 30, 2008, respectively, and $1,300 and $5,200 in the three and six months ended November 30, 2009, respectively. Also, the three and six month periods in 2008 included an impairment charge of $14,076 related to the investment in iMedica, which did not recur in the 2009 periods. Offsetting the impact of the lower Transactions and impairment related costs was the inclusion of legacy Allscripts unallocated corporate expenses subsequent to the date of the closing of the Transactions on October 10, 2008 as well as a $2,000 payment to Aprima (formerly iMedica) related to an amendment to our perpetual license agreement for our MyWay product.

Amortization of Intangibles

Amortization of intangibles for the three months ended November 30, 2009 increased $1,265, from $1,256 during the three months ended November 30, 2008 to $2,521 in the three months ended November 30, 2009. Amortization of intangibles for the six months ended November 30, 2009 increased $3,641, from $1,443 during the six months ended November 30, 2008 to $5,084 in the six months ended November 30, 2009. The increase was due to the intangible amortization recorded in conjunction with the closing of the Transactions.

Interest Expense and Interest Income and Other, Net

Interest expense for the three months ended November 30, 2009 decreased $150, from $628 in the three months ended November 30, 2008 to $478 during the three months ended November 30, 2009. Interest expense for the six months ended November 30, 2009 increased $473, from $690 in the six months ended November 30, 2008 to $1,163 during the six months ended November 30, 2009. The decrease in the three months ended November 30, 2009 is primarily due to the absence of interest expense related to Allscripts’ 3.50% Senior Convertible Debentures due 2024 (the “Debentures”) as well as reduced interest expense on the Credit Facility as a result of a lower outstanding balance. The increase during the six months ended November 30, 2009 is primarily due to interest expense related to Allscripts’ 3.50% Senior Convertible Debentures due 2024 (the “Debentures”) as well as interest on the Credit Facility, which were only present subsequent to the closing of the Transactions on October 10, 2008.

During July 2009, Allscripts exercised its call option on the remaining $19,704 of Debentures for redemption. As a result of the call exercised by Allscripts, the holders of the Debentures had the right to convert the Debentures into common stock prior to payment redemption. During July and August 2009, holders of all of the outstanding Debentures exercised their right to convert the Debentures into an aggregate of 2,451 shares of Allscripts common stock.

Interest income and other, net, for the three months ended November 30, 2009 decreased $169, from $284 during the three months ended November 30, 2008 to $115 during the three months ended November 30, 2009. Interest income and other, net, for the six months ended November 30, 2009 decreased $69, from $285 during the six months ended November 30, 2008 to $216 during the six months ended November 30, 2009. Interest income and other consists primarily of interest earned on Allscripts’ cash and marketable securities balances. The decrease in interest income and other is primarily due to lower interest rates earned on cash in the 2009 periods.

Income Tax Expense

Allscripts recorded an income tax provision of $10,541 and $18,596 for the three and six months ended November 30, 2009, respectively. Income tax benefit of $3,913 and $399 was recorded for the three and six months ended November 30, 2008, respectively. The effective tax rate was 40.0% and 39.6% for the three months ended November 30, 2009 and November 30, 2008, respectively, and 39.3% and 40.4% for the six months ended November 30, 2009 and November 30, 2008, respectively. The decrease in the six month effective tax rate is primarily due to the resolution of certain discrete items. The annual effective tax rate for fiscal year 2010 is expected to be approximately 39% to 40%.

Contract Backlog

As of November 30, 2009 and 2008, the Company had a committed contract backlog of approximately $741 million and $600 million, respectively. Of that amount, approximately $121 million and $71 million, as of November 30, 2009 and 2008, respectively, was related to long term software as a service contract commitments that are not expected to be realized as revenue in the next twelve months. A portion of the contracts in the committed contract backlog are accounted for under the percentage of completion accounting method. The determination of the revenue related to these contracts which will be recognized in the next twelve months is projected based upon the expected implementation period for such contracts.

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Liquidity and Capital Resources

As of November 30, 2009 and 2008, our principal sources of liquidity consisted of cash, cash equivalents and marketable securities of $90,572 and $77,119, respectively. The increase in our cash balance is reflective of the following:

Operating Cash Flow Activities

	Six Months Ended November 30, 2009	Six Months Ended November 30, 2008
Net income (loss)	$ 28,711	$ (589)
Non-cash adjustments to net income	32,204	16,930
Cash used in changes in operating assets and liabilities	(19,815)	(28,808)
Net cash provided by (used in) operating activities	$ 41,100	$(12,467)

During the six months ended November 30, 2009, operating activities provided $41,100 of cash compared to a use of cash of $12,467 from operating activities in the comparable period in 2008. This increase of $53,567 reflects an increase in net income, net of adjustments for non-cash items, primarily due to the contribution by legacy Allscripts from the closing of the Transactions on October 10, 2008. Net changes in operating assets and liabilities improved by $8,993 during the six months ended November 30, 2009 as compared to the same period in 2008. This net operating cash flow benefit was primarily due to an improvement in cash provided from accounts receivable, accounts payable and accrued expenses, partially offset by timing related increases in cash used in inventories, prepaid expenses and other assets, accrued compensation and benefits, deferred revenue and other liabilities.

Investing Cash Flow Activities

	Six Months Ended November 30, 2009	Six Months Ended November 30, 2008
Capital expenditures	$ (4,223)	$ (1,581)
Capitalized software	(8,453)	(2,518)
Sales and maturities of marketable securities, net	358	98
Payment for acquisition of Allscripts, net of cash acquired	—	(263,766)
Net proceeds received from sale of building	—	6,450
Net cash used in investing activities	$(12,318)	$ (261,317)

During the six months ended November 30, 2009 we used $12,318 of cash from investing activities, compared to cash used of $261,317 in the comparable period in 2008. The decrease in cash used in investing activities was a result of the acquisition of Allscripts on October 10, 2008, net of cash acquired, offset by an increase in capital expenditures and the amount of software development expenses that qualified for capitalization, primarily due to the nature of the development activity subsequent to the Transactions. The first half of fiscal 2009 also benefited from the sale of Allscripts' Cary Facility in which we received approximately $6,450 in net proceeds.

Financing Cash Flow Activities

	Six Months Ended November 30, 2009	Six Months Ended November 30, 2008
Proceeds from stock options and employee stock purchase plan	$ 2,739	$ 371
Excess tax benefits from stock-based compensation	6,857	—
Net payments on debt instruments	(20,891)	(6,276)
Change in parent's net investment	—	348,254
Net cash (used in) provided by financing activities	$(11,295)	$ 342,349

During the six months ended November 30, 2009 we used $11,295 in net cash from financing activities, compared to $342,349 of cash provided in the comparable period of 2008. This change in cash from financing activities of $353,644 was attributable to a decrease of cash provided from the parent's net investment account as Misys capital contributions ceased upon closing of the Transactions, as well as an increase in net payments on debt instruments caused by the debt contributed by legacy Allscripts upon completion of the Transactions, partially offset by cash provided by proceeds from legacy Allscripts stock option and employee stock purchase plan activity which did not exist prior to closing of the Transactions.

Future Capital Requirements

On November 20, 2009 Allscripts entered into a First Amendment (the “Amendment”) to the Second Amended and Restated Credit Agreement among the Company, Allscripts, LLC, A4 Health Systems, Inc., A4 Realty, LLC, Extended Care Information Network, Inc. (“ECIN”) and Misys Healthcare Systems, LLC, as Borrowers, and the other parties from time to time joined as additional Borrowers, JPMorgan Chase Bank, N.A., as the sole administrative agent, JPMorgan Securities, Inc., as lead arranger, and Fifth Third Bank, as syndication agent and co-lead arranger. The Amendment increased the total unsecured commitment under the Credit Facility by $25,000 to $150,000. The Credit Facility matures on August 15, 2012. The Second Amended and Restated Credit Agreement is available in the form of letters of credit in an aggregate amount up to $10,000 and revolving loans and bears interest at LIBOR plus 2.00%, which rate is based on Allscripts’ leverage ratio as of the last day of the most recently ended fiscal quarter or fiscal year. On November 20, 2009 Allscripts entered into a First Amendment to the Second Amended and Restated Credit Agreement in which it exercised its right to increase the aggregate commitments under the Credit Facility. Pursuant to the First Amendment, the Credit Facility provides for a total unsecured commitment of $150,000, an increase of $25,000 from the Second Amendment to the Credit Facility.

Under the Credit Facility, as of the end of each fiscal quarter, the Company is required to maintain a ratio of indebtedness to EBITDA (as defined below) for the four fiscal quarters most recently ended of (i) not greater than 2.75 to 1.00 as of any date on or before November 30, 2010 and (ii) not greater than 2.50 to 1.00 as of any date after November 30, 2010. As of November 30, 2009, the Company was in compliance with this requirement. EBITDA is defined in our Credit Facility as consolidated net income from continuing operations, plus depreciation, amortization, non-cash stock-based compensation expenses, interest expense, income taxes, and minus in the case of income or plus in the case of losses, non-cash non-operating items and one-time charges and non-cash extraordinary gains or losses and other non-cash non-recurring items of income or expense plus transaction fees and expenses associated with or incurred by the Company or any of its subsidiaries in connection with the Credit Facility or the acquisition of MHS.

The Company is also required to maintain, under the Credit Facility and as of the end of each fiscal quarter, a ratio of EBIT (as defined below) for the four fiscal quarters ending on such date to the consolidated interest expense of the Company for such four fiscal quarters of not less than 4.00 to 1.00. As of November 30, 2009, the Company was in compliance with this requirement. EBIT is defined in our Credit Facility as consolidated net income from continuing operations, plus non-cash stock-based compensation expenses, interest expense, income taxes, and minus in the case of income or plus in the case of losses, non-cash non-operating items and one-time charges and non-cash extraordinary gains or losses and other non-cash non-recurring items of income or expense plus transaction fees and expenses associated with or incurred by the Company or any of its subsidiaries in connection with the Credit Facility or the acquisition of MHS.

We believe that our cash, cash equivalents and marketable securities of $90,572 as of November 30, 2009, our future cash flows from operations, and our borrowing capacity under our Credit Facility, taken together, provide adequate resources to fund ongoing operating cash requirements for the next twelve months, including any additional common stock repurchases under our open market program or the Repurchase Agreement, funding interest payments on our debt instruments, contractual obligations, including the Shared Services Agreement with Misys, and investment needs of our current business. We cannot provide assurance that our actual cash requirements will not be greater than we expect as of the date of this report. We will, from time to time, consider the acquisition of, or investment in, complementary businesses, products, services and technologies, which might impact our liquidity requirements or cause us to issue additional equity or debt securities.

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

As of November 30, 2009, we had $124,774 of available borrowings under our $150,000 Credit Facility. There can be no assurance that we will be able to draw on the full available balance of our Credit Facility if the financial institution that has extended credit commitments to us becomes unwilling or unable to fund such borrowings.

During July 2009, Allscripts exercised its call option on the remaining $19,704 of Debentures for redemption. As a result of the call exercised by Allscripts, the Holders of the Debentures had the right to convert the Debentures into common stock prior to payment redemption. During July and August 2009, Holders of all of the outstanding Debentures exercised their right to convert the Debentures into an aggregate of 2,451 shares of Allscripts common stock.

Contractual Obligations, Commitments and Off Balance Sheet Arrangements

Allscripts has various contractual obligations, which are recorded as liabilities in our consolidated financial statements. Other items, such as operating lease contract obligations are not recognized as liabilities in Allscripts’ consolidated financial statements but are required to be disclosed.

In connection with the Chicago corporate facilities lease agreement, Allscripts has provided to the lessor an unconditional irrevocable letter of credit in favor of the lessor in the amount of $500 as security for the full and prompt performance by Allscripts under the lease agreement. The letter of credit may be drawn upon by the lessor and retained, used or applied by lessor for the purpose of curing any monetary default or defaults of Allscripts under the lease. The letter of credit provides for an expiration date of one year from the commencement date of the lease, and will automatically extend for additional successive one-year periods through the term of the lease. As of November 30, 2009, no amounts had been drawn on the letter of credit. We have other letters of credit as security for full and prompt performance under various contractual arrangements.

Recent Accounting Pronouncements

In September 2009, the FASB ratified authoritative guidance on revenue recognition. Under the new guidance for arrangements that include software elements, tangible products that have software components that are essential to the functionality of the tangible product will no longer be within the scope of the software revenue recognition guidance, and software-enabled products will now be subject to other relevant revenue recognition guidance. Additionally, the

FASB issued authoritative guidance on revenue arrangements with multiple deliverables that are outside the scope of the software revenue recognition guidance. Under the new guidance, when vendor specific objective evidence or third party evidence for deliverables in an arrangement cannot be determined, a best estimate of the selling price is required to separate deliverables and allocate arrangement consideration using the relative selling price method. The new guidance includes new disclosure requirements on how the application of the relative selling price method affects the timing and amount of revenue recognition. This guidance is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010 and shall be applied on a prospective basis. Earlier application is permitted as of the beginning of an entity's fiscal year. The Company is assessing the potential impact of this new guidance on its consolidated financial position and results of operations.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

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

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

- the volume and timing of systems sales and installations, the length of sales cycles and the installation process and the possibility that products will not achieve or sustain market acceptance;
- the timing, cost and success or failure of new product and service introductions, development and product upgrade releases;
- competitive pressures including product offerings, pricing and promotional activities;
- our ability to establish and maintain strategic relationships;
- undetected errors or similar problems in our software products;
- the implementation and speed of acceptance of the electronic record provisions of the American Recovery and Reinvestment Act of 2009;
- compliance with existing laws, regulations and industry initiatives and future changes in laws or regulations in the healthcare industry, including possible regulation of the Company’s software by the U.S. Food and Drug Administration;
- the possibility of product-related liabilities;
- our ability to attract and retain qualified personnel;
- maintaining our intellectual property rights and litigation involving intellectual property rights;
- risks related to third-party suppliers and our ability to obtain, use or successfully integrate third-party licensed technology;
- the outcome of any legal proceeding that has been or may be instituted against Allscripts, Misys or MHS and others, including the securities class action lawsuit;
- risks that the Transactions disrupt current plans and operations and potential difficulties in employee retention as a result of the Transactions;
- the ability to successfully integrate MHS into Allscripts;
- the ability to recognize the benefits of the merger of MHS and a subsidiary of Allscripts;
- legislative, regulatory and economic developments; and
- those factors discussed in “Risk Factors” in Allscripts’ periodic filings with the SEC.

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

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk (Dollars in thousands)

As of November 30, 2009, we did not own any derivative financial instruments, but we were exposed to market risks, primarily changes in U.S. and LIBOR interest rates. Allscripts is exposed to the risk that our earnings and cash flows could be adversely impacted by fluctuations in interest rates due to the cash borrowed under our bank Credit Facility. Based upon our balance of $23,995 of debt against our Credit Facility as of November 30, 2009, an increase in interest rates of 1.0% would cause a corresponding increase in our annual interest expense of approximately $240.

As of November 30, 2009, we had cash, cash equivalents and marketable securities in financial instruments of $90,572. Declines in interest rates over time will reduce our interest income from our investments. Based upon our balance of cash, cash equivalents and marketable securities as of November 30, 2009, a decrease in interest rates of 1.0% would cause a corresponding decrease in our annual interest income of approximately $906.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

As of November 30, 2009, our management, including our Chief Executive Officer and Chief Financial Officer, have reviewed and evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b). Based on their review and evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective.

Changes in Internal Control

There has been no change in our internal control over financial reporting during our second quarter of fiscal year 2010 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

As previously disclosed, on August 4, 2009, a lawsuit was filed in the United States District Court for the Northern District of Illinois against the Company, Glen Tullman and William Davis by the Plumbers and Pipefitters Local Union No. 630 Pension-Annuity Trust Fund on behalf of a purported class consisting of stockholders who purchased Allscripts common stock between May 8, 2007 and February 13, 2008. On October 13, 2009, David Robb was appointed lead plaintiff , and on November 25, 2009, an amended complaint was filed. On January 11, 2010, the Company filed a motion to dismiss the lawsuit.

In addition to commitments and obligations in the ordinary course of business, we are subject to various claims, other pending and potential legal actions for damages and other matters arising in the normal conduct of our business. Two matters in particular are described below, which relate to intellectual property claims asserted against the Company. The Company believes that the two matters described below are not material and that the Company has strong defensive positions in both matters. Neither claim relates to the core of the Company’s applications. However, the outcomes of patent and copyright lawsuits are often uncertain and such lawsuits are typically expensive to litigate. Recent mediations in respect of the matters described below did not result in a resolution of the disputes, and these cases will likely go to trial.

First, the Company is a defendant, together with multiple other defendants in the healthcare technology industry, in a patent action brought by Document Generation Corporation (“Document Generation”) on December 11, 2008, in the United States District Court for the Eastern District of Texas. This action is based upon a U.S. patent that allegedly covers various aspects of the creation of patient medical records and related reports. Because this case is in a preliminary stage of litigation and the outcome depends on questions of law or fact that are disputed or unclear, its impact on the Company’s results of operations cannot be predicted with confidence at this time. The action seeks damages for infringement, including treble damages. Plaintiff also seeks injunctive relief, attorneys’ fees and costs. The Company intends to contest this matter vigorously. The Company is also a defendant, together with multiple other defendants in the healthcare technology industry, in a separate patent infringement action brought by Document Generation on December 5, 2007, in the United States District Court for the Southern District of Illinois, which has been stayed pending re-examination of the subject patent by the United States Patent and Trademark Office.

Second, on September 8, 2008, Pegasus Imaging Corporation (“Pegasus”) filed a lawsuit against the Company and Allscripts, LLC, in the United States District Court for the Middle District of Florida. Pegasus’ claims against the Company include breach of license agreement, copyright infringement, misappropriation of trade secrets, unfair trade practices and unfair competition based on the Company’s allegedly unauthorized use of a software development toolkit related to barcode recognition. On December 4, 2009, the Company filed a motion to dismiss the case, which is currently pending. As noted above, the Company believes it has a strong defensive position in this matter.

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

None.

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Item 4. Submission of Matters to a Vote of Security Holders

On October 8, 2009, at the 2009 annual meeting of stockholders, Allscripts' stockholders (1) elected Kelly Barlow, Sir Dominic Cadbury, Cory Eaves, Marcel L. "Gus" Gamache, Philip Green, John King, Michael Kluger, Michael Lawrie and Glen Tullman as directors of Allscripts to hold office until the 2010 annual meeting of stockholders (subject to the election and qualification of their successors or their earlier death, resignation or removal); (2) approved the Allscripts-Misys Healthcare Solutions, Inc. Incentive Plan, which had been previously approved by the Company's Board of Directors, subject to stockholder approval; (3) approved an amendment to the Allscripts Healthcare Solutions, Inc. Amended and Restated 1993 Stock Incentive Plan (the "1993 Plan") to increase the number of shares available for issuance under the 1993 Plan by 7,140,209 shares, to 21,593,489; (4) approved an amendment to Section 9 of the 1993 Plan, including the performance criteria set forth; and (5) ratified the appointment of PricewaterhouseCoopers LLP as Allscripts' independent registered public accounting firm for the fiscal year ending May 31, 2010. The votes were as follows:

		Votes for	Votes Against	Withheld/Abstain	Broker Non-vote
(1)	Election of directors:				
	Kelly Barlow	114,268,341		26,390,326	—
	Sir Dominic Cadbury	114,232,297		26,426,370	—
	Cory Eaves	114,262,973		26,395,695	—
	Marcel L. "Gus" Gamache	130,737,959		9,920,708	—
	Philip Green	116,804,067		23,854,601	—
	John King	110,437,437		30,221,230	—
	Michael Kluger	118,539,607		22,119,060	—
	Michael Lawrie	103,383,649		37,275,018	—
	Glen Tullman	116,776,690		23,881,977	—
(2)	Approval of the Allscripts-Misys Healthcare Solutions, Inc. Incentive Plan	110,327575	16,594,359	56,695	13,680,039
(3)	Amendment to the Allscripts Healthcare Solutions, Inc. 1993 Stock Incentive Plan to increase the number of shares available for grant thereunder	114,630,498	12,286,655	61,475	13,680,040
(4)	Amendment to Section 9 of the Allscripts Healthcare Solutions, Inc. 1993 Stock Incentive Plan, including the performance criteria set forth therein	109,869,828	17,041,962	66,838	13,680,040
(5)	Ratification of the appointment of PricewaterhouseCoopers LLP	140,424,861	129,485	104,320	—

Item 6. Exhibits

(a) Exhibits

See Index to Exhibits.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on January 11, 2010.

ALLSCRIPTS-MISYS HEALTHCARE SOLUTIONS, INC.

By: /s/ WILLIAM J. DAVIS

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

Date: January 11, 2010

INDEX TO EXHIBITS

Exhibit 10.1	Employment Agreement dated October 10, 2008 by and between Allscripts-Misys Healthcare Solutions, Inc. and R.L. (Vern) Davenport
Exhibit 10.2	First Amendment to the Second Amended and Restated Credit Agreement dated November 20, 2009
Exhibit 10.3	Extension, dated October 9, 2009, to Shared Services Agreement
Exhibit 31.1	Rule 13a - 14(a) Certification of Chief Executive Officer (filed herewith)
Exhibit 31.2	Rule 13a - 14(a) Certification of Chief Financial Officer (filed herewith)
Exhibit 32.1	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer (filed herewith)

Exhibit 10.1

ALLSCRIPTS-MISYS HEALTHCARE SOLUTIONS, INC.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "**Agreement**") is made as of the 10th day of October, 2008, by and between Allscripts-Misys Healthcare Solutions, Inc., a corporation organized and existing under the laws of the State of Delaware (" **Company**") and R.L. (Vern) Davenport ("**Executive**").

RECITALS

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

WHEREAS, as of the Effective Time, Company desires to employ Executive as its President, Professional Solutions Group, subject to the terms and conditions of this Agreement; and

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

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

AGREEMENT

1. Employment.

Company hereby agrees to employ Executive, and Executive hereby accepts employment, as President, Professional Solutions Group of Company, pursuant to the terms of this Agreement. Executive shall have the duties and responsibilities and perform such administrative and managerial services of that position as are set forth in the bylaws of Company (the " **Bylaws**") or as shall be delegated or assigned to Executive by the Chief Executive Officer of Company from time to time. Executive shall carry out his responsibilities hereunder on a full-time basis for and on behalf of Company; provided that Executive shall be entitled to devote time to outside boards of directors, personal investments, civic and charitable activities, and personal education and development, so long as such activities do not interfere with or conflict with Executive's duties hereunder. Notwithstanding the foregoing, Executive agrees that, during the term of this Agreement, Executive shall not act as an officer of any entity other than Company without the prior written consent of Company.

2. Effective Date and Term.

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

3. Compensation and Benefits.

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

3.1 Base Salary. During the Employment Period, Company shall pay to Executive an annual base salary at a rate of $450,000 per annum, subject to all appropriate federal and state withholding taxes, which base salary shall be payable in accordance with Company's normal payroll practices and procedures. Executive's base salary shall be reviewed annually prior to the beginning of each fiscal year of Company during the Employment Period by the Chief Executive Officer of Company, for recommendation to the Board of Directors of Company (the " **Board**"), or a committee of the Board, and may be increased in the sole discretion of the Board, or such committee of the Board, based on such recommendation and Executive's performance during the preceding Fiscal Year. For purposes of this Agreement, the term "**Fiscal Year**" shall mean the fiscal year of Company. Executive's base salary, as such base salary may be increased annually hereunder, is hereinafter referred to as the " **Base Salary**."

3.2 Performance Bonus.

3.2.1 Executive shall be eligible to receive cash bonuses in accordance with this Section 3.2 (each a " **Performance Bonus**"). Payment of any Performance Bonus will be subject to the sole discretion of the Board or a committee of the Board in consultation with the Chief Executive Officer, and the amount of any such Performance Bonus will be determined by, and based upon criteria selected by, the Board or such committee in consultation with the Chief Executive Officer. Based upon the foregoing exercise of discretion, Executive's target Performance Bonus shall be 75% of his salary (the "Target Performance Bonus"), but may, based on performance, exceed such amount. Performances Bonuses shall be paid according the terms of the bonus plan or program in which Executive participates from time to time.

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

3.3.1 Vacation. Executive shall be entitled to twenty-five (25) business days per Fiscal Year of paid vacation, such vacation time not to be cumulative (i.e., vacation time not taken in any Fiscal Year shall not be carried forward and used in any subsequent Fiscal Year).

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

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

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

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

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

3.5 Stock Awards. Executive shall be eligible to participate in any applicable stock bonus, stock option, or similar plan implemented by Company and generally available to its senior executive employees. Company intends to recommend to the Compensation Committee of the Board that Executive be granted one or more awards under a Company stock incentive plan, with an aggregate grant-date value of $1,225,000, which award(s) shall vest over a four-year period from grant-date, in accordance with Company's customary vesting schedule. Up to

$200,000 of such grant may be made under an equity plan or program of Misys plc (" **Parent**") in accordance with the terms and provisions of such equity plan or program. Executive acknowledges and agrees that the portion of such grant(s) relating to Company (as opposed to Parent) common stock (the "**Company Stock Award**") shall be conditioned upon the establishment of a new Company stock incentive plan or an amendment that increases the number of shares of Company common stock available for award under an existing Company stock incentive plan, and that such establishment or amendment must be approved by the shareholders of Company and Parent, in each case in accordance with the law, rules and regulations applicable to such approvals. If, on the day prior to the first anniversary of the grant date(s) of the Company Stock Award, the Company Stock Award has been granted and Executive has remained continuously employed since the Effective Date, but the shareholder approval conditions described in the previous sentence have not been satisfied, the Company Stock Award (and any rights or obligations arising therefrom, or from this Section 3.5) shall be canceled as of such day without payment or other consideration therefor except Company shall pay Executive, on the tenth day after such anniversary, a cash lump sum equal to one-quarter of the number of shares of Company common stock underlying the Company Stock Award multiplied by the closing price per share of Company's common stock on the business day next following such anniversary.

3.6 Consummation and Retention Bonus. On or before the tenth day following execution this Agreement by Company and Executive, Company shall pay Executive a cash lump sum payment equal to $225,000 (the " **Retention Payment**").

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

4. **<u>Termination of the Services Prior To the Expiration Date</u>.**

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

4.1 <u>Termination upon Death or Disability of Executive</u>.

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

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

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

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

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

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

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

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

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

4.4 Termination by Executive for Constructive Discharge.

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

(i) a failure of Company to meet its obligations in any material respect under this Agreement, including, without limitation, (x) any reduction in the Base Salary or (y) any failure to pay the Base Salary (other than, in the case of clause (y), the inadvertent failure to pay a de minimis amount of the Base Salary, which payment is immediately made by Company upon notice from Executive);

(ii) a material diminution in or other substantial adverse alteration in the nature or scope of Executive's responsibilities with Company from those in effect immediately following the Effective Time (it being understood that Company will have appointed an Executive Chairman as of the Effective Time who will serve as an officer of Company and take an active role in the management and operation of Company); or

(iii) Executive has been asked to relocate his principal place of business to a location that is more than fifty (50) miles from Company's offices located at 8529 Six Forks Rd., Raleigh, North Carolina.

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

(i) the date of acquisition by any person or group other than Parent or any affiliate of Parent or any subsidiary of the Company (or any employee benefit plans (or related trust) of the Company or any of its subsidiaries or Parent) acquires beneficial ownership of securities possessing more than thirty percent (30%) of the total combined voting power of the Company's then outstanding voting securities which generally entitle the holder thereof to vote for the election of directors ("**Voting Power**"), provided, however, that no Change of Control shall be deemed to have occurred solely by reason of any such acquisition by a corporation with respect to which, after such acquisition, more than sixty percent (60%) of the then outstanding shares of common stock of such corporation and the Voting Power of such corporation are then beneficially owned, directly or indirectly, by the persons who were the beneficial owners of the stock and Voting Power of Company immediately before such acquisition, in substantially the same proportions as their ownership immediately before such acquisition; or

(ii) the date the individuals who constitute the Board as of immediately following the Effective Time (the "**Incumbent Board**") cease for any reason other than their deaths to constitute at least a majority of the Board; provided that any individual who becomes a director after the Effective Time whose election or nomination for election by Company's stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered, for purposes of this Section, as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of Company (as such terms are used in Rule 14a-11 under the 1934 Act); or

(iii) Company effects (a) a merger or consolidation of Company with one or more corporations or entities, as a result of which the holders of the outstanding Voting Stock of Company immediately prior to such merger, reorganization or consolidation hold less than 50% of the Voting Power of the surviving or resulting corporation or entity immediately after such merger or consolidation; (b) a liquidation or dissolution of Company; or (c) a sale or other disposition of all or substantially all of the assets of Company other than to an entity of which Company owns at least 50% of the Voting Power;

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

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

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

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

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

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

(ii) continuation of Executive's then current enrollment (including family enrollment, if applicable) in all health and/or dental insurance benefits set forth in Section 3.2.2 for a period of twelve (12) months following the Termination Date, with Executive's contribution to such plans as if Executive were employed by Company, such contributions to be paid by Executive in the same period (e.g., monthly, bi-weekly, etc.) as all other employees of Company; provided, however that Company may terminate such coverage if payment from Executive is not made within ten (10) days of the date on which Executive receives written notice from Company that such payment is due; and provided, further, that such benefits may be discontinued earlier to the extent that Executive becomes entitled to comparable benefits from a subsequent employer; and

(iii) provided such termination is after the first anniversary of the Effective Date, upon the Termination Date (or, for awards subject to the satisfaction of a performance condition, subject to the satisfaction of such performance condition and upon the satisfaction of such performance condition, and based on the level of performance achieved) a pro-rata portion of any unvested stock option, restricted stock, restricted stock unit or other equity award granted to Executive pursuant to Section 3.5 equal shall vest, which pro-rata portion shall be equal to (a) the number of shares of such award that would vest on the normal vesting date of such award, multiplied by (b) a fraction, the numerator of which is the number of days elapsed since the last regular vesting date of such award (or the grant date, if no portion of such award has yet vested), and the denominator of which is the number of days between the last regular vesting date (or grant date, as the case may be) and the normal vesting date.

4.5.2 **Severance Upon Termination following a Change of Control.** If Executive terminates Executive's employment and the Employment Period pursuant to Section 4.4 or Company terminates Executive's employment pursuant to Section 4.3 within the period beginning on the date of a Change of Control and ending on the second anniversary of the Change of Control, then Executive shall, subject to Section 4.7, be entitled to receive the benefits described in Sections 4.5.l(ii) (but not the payments described in Section 4.5.l(i)) and a lump sum amount of cash equal to (x) the sum of (A) Executive's Base Salary plus (B) Executive's Target Performance Bonus minus **(y)** the Additional Change of Control Payment, if previously paid to Executive (or, if clause (x) minus clause (y) would produce a negative number, then the payment pursuant to this Section 4.5.2 shall be zero). Subject to Sections 10.14, the lump sum to which Executive is entitled hereunder shall be paid on the sixtieth (60th) day following the Termination Date.

4.5.3 **Termination With Cause by Company or Without Constructive Discharge by Executive.** If Company terminates Executive's employment and the Employment Period with Cause, or if Executive terminates Executive's employment and the

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

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

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

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

5. Noncompetition and Confidentiality.

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

Act of 1934, as amended (the **"1934 Act"**). **"Direct Competitor"** shall mean any person or entity engaged in or about to become engaged in research or development, production, distribution, marketing, providing or selling of a Competing Product or Service. For purposes of this Agreement, the term **"Competing Products or Services"** means products, processes, or services of any person or organization other than Company, in existence or under development, which are substantially the same, may be substituted for, or applied to substantially the same end use as the products, processes, or services of Company with which Executive works during the Employment Period or about which Executive acquires Confidential Information in course of his employment hereunder, including, without limitation, (i) ambulatory point of care decision support software for physicians, (ii) ambulatory electronic medical record or practice management software, (iii) homecare, home health or hospice support software, and (iv) ambulatory electronic processing of healthcare transactions.

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

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

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

6. Certain Additional Payments by Company .

Company agrees that:

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

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

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

6.3 Executive shall notify Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by Company of a Gross-Up Payment. Such notification shall be given as soon as practicable but no later than fifteen (1 5) business days after Executive is informed in writing of such claim and shall apprise Company of the nature of such claim and the date on which such claim is requested to be paid. Executive shall not pay such claim prior to the expiration of the thirty (30) day period following the date on which Executive gives such notice to Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If Company notifies Executive in writing prior to the expiration of such period that it desires to contest such claim, Executive shall:

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

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

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

6.3.4 Permit Company to participate in any proceedings relating to such claim; provided, however, that Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs an expenses. Without limiting the foregoing provisions of this Section 6.3, Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner; and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as Company shall determine; provided further, however, that if Company directs Executive to pay such claim and sue for a refund, Company shall advance the amount of such payment to Executive on an interest-free basis and shall indemnify and hold Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

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

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

7. <u>No Set-Off or Mitigation</u>.

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

8. **<u>Payment of Certain Expenses</u>.**

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

9. **<u>Indemnification</u>.**

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

10. **<u>Miscellaneous</u>.**

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

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

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

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

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

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

To Company:	Allscripts-Misys Healthcare Solutions, Inc. 222 Merchandise Mart Plaza Suite 2024 Chicago, IL 60654 Attention: Company Secretary or General Counsel
To Executive:	At the address of fax number most recently contained in Company's records

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

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

10.8 Entire Agreement; Amendments. Except as otherwise provided herein, this Agreement contains the entire understanding between the parties, and there are no other agreements or understandings between the parties with respect to Executive's employment by Company and his obligations thereto. Executive acknowledges that he is not relying upon any representations or warranties concerning his employment by Company except as expressly set forth herein. No amendment or modification to the Agreement shall be valid except by a subsequent written instrument executed by the parties hereto. In the event that the transactions contemplated by the Merger Agreement shall be abandoned or otherwise terminated, this Agreement shall cease to be of force or effect.

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

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

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

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

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

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

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

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

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

Agreement, reference to Executive's "termination of employment" (and corollary terms) with Company shall be construed to refer to Executive's "separation from service" (as determined under Treas. Reg. Section 1.409A-1(h), as uniformly applied by Company) with Company.

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

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

[Signature page follows]

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

R.L. (Vern) Davenport

ALLSCRIPTS-MISYS HEALTHCARE SOLUTIONS, INC.

By:

Title: Pres./COO

Exhibit 10.2

FIRST AMENDMENT TO
SECOND AMENDED AND RESTATED CREDIT AGREEMENT

This FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") dated as of November 20, 2009, is made by and among ALLSCRIPTS-MISYS HEALTHCARE SOLUTIONS, INC. (F/K/A ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.), a Delaware corporation (the "Company"); ALLSCRIPTSMISYS, LLC, a North Carolina limited liability company (F/K/A MISYS HEALTHCARE SYSTEMS, LLC), the LENDERS party hereto, and JPMORGAN CHASE BANK, N.A. (" JPMC"), as Administrative Agent for the Lenders.

WHEREAS, the Company, AllscriptsMisys, LLC, a North Carolina limited liability company f/k/a Misys Healthcare Systems, Inc., Allscripts, LLC, a Delaware limited liability company, A4 Health Systems, Inc., a North Carolina corporation, A4 Realty, LLC, a North Carolina limited liability company, and Extended Care Information Network, Inc., a Delaware corporation, and JPMC and Fifth Third Bank, as Lenders, and JPMC as Administrative Agent, are party to that certain Second Amended and Restated Credit Agreement dated as of February 10, 2009 (the " Credit Agreement");

WHEREAS, AllscriptsMisys, LLC, a North Carolina limited liability company (together with the Company, the " Borrowers") is the successor by merger to each of Allscripts, LLC, a Delaware limited liability company, A4 Health Systems, Inc., a North Carolina corporation, A4 Realty, LLC, a North Carolina limited liability company, and Extended Care Information Network, Inc., a Delaware corporation;

WHEREAS, the Borrowers have requested that the Lenders and the Administrative Agent amend the Credit Agreement to increase the aggregate Revolving Commitments of the Lenders thereunder from $125,000,000 to $150,000,000, and in connection therewith to add U.S. Bank, National Association as an additional Lender thereunder;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and of the loans, extensions of credit and commitments herein referred to, the parties hereto agree as follows:

ARTICLE I
Definitions

SECTION 1.1. Use of Defined Terms. Unless otherwise defined herein or the context otherwise requires, terms for which meanings are provided in the Credit Agreement shall have such meanings when used in this Amendment.

ARTICLE II
Amendments

SECTION 2.1. New Lender. The term "Lenders" as used in the Credit Agreement shall mean and include the Lenders currently party to the Credit Agreement and, from and after the Effective Date, U.S. Bank, National Association (the "New Lender"), with Commitments as set forth on Schedule 1 hereto. The New Lender agrees to be bound by the terms and conditions set forth in the Credit Agreement as if it were an original signatory thereto. From and after the Effective Date, the New Lender shall have the rights of a Lender under the Credit Agreement as if it were an original signatory thereto, including all rights with respect to applicable fees accrued on and after the Effective Date.

SECTION 2.2. Increase in Commitments. Pursuant to Section 2.20 of the Credit Agreement, the Company has requested that from and after the Effective Date the aggregate Revolving Commitments of the Lenders be increased to $150,000,000, with such amount being allocated to the Lenders (including the New Lender) as set forth on Schedule 1 hereto. Accordingly, the Revolving Commitments of the Lenders set forth on Schedule 1 hereto are hereby amended in their entirety and as so amended shall be as set forth on such Schedule 1. If any Revolving Loans are outstanding under the Credit Agreement as of the Effective Date, each of the Borrowers irrevocably authorizes and directs the Lenders (including the New Lender) to make (nonratably if necessary, but otherwise subject to the terms of the Credit Agreement) Revolving Loans in an amount sufficient to (and each of the Borrowers hereby irrevocably authorizes and directs the Lenders to apply such Revolving Loans to) pay and discharge the Revolving Loans of the Lenders (nonratably if necessary, but otherwise subject to the terms of the Credit Agreement) such that the percentage of each Lender's outstanding Revolving Loans immediately after the effectiveness of this Amendment is equal to the percentage of each Lender's Revolving Commitment immediately after the effectiveness of this Amendment. Such purchases and sales shall be arranged through the Administrative Agent and each Lender (including the New Lender) hereby agrees to execute such further instruments and documents, if any, as the Administrative Agent may reasonably request in connection therewith. Notwithstanding anything to the contrary herein, each of JPMorgan Chase Bank, N.A. and Fifth Third Bank agree to waive any claim for loss, cost or expenses under Section 2.14 of the Credit Agreement arising solely by reason of such reallocation of Revolving Loans on the Effective Date.

SECTION 2.3. Schedule 1. Schedule 1 to the Credit Agreement is hereby deleted and replaced in its entirety by Schedule 1 attached hereto.

ARTICLE III
Representations and Warranties

SECTION 3.1. Representations and Warranties. In order to induce the Lenders (including the New Lender) and the Administrative Agent to enter into this Amendment, the Borrowers hereby represent and warrant to the Lenders (including the New Lender) and the Administrative Agent as of the date hereof and as of the Effective Date, as follows:

(a) Credit Agreement Representations. The representations and warranties of the Company and the Borrowers set forth in the Credit Agreement are true and correct as of the date of this Agreement and as of the Effective Date, except to the extent such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date.

(b) Mergers and Name Change. Allscripts, LLC, a Delaware limited liability company, A4 Health Systems, Inc., a North Carolina corporation, A4 Realty, LLC, a North Carolina limited liability company, and Extended Care Information Network, Inc., a Delaware corporation, have been duly and validly merged with and into Misys Healthcare Systems, LLC, a North Carolina limited liability company, in accordance in all respects with the laws of the State of Delaware and the State of North Carolina, and Misys Healthcare Systems, LLC, a North Carolina limited liability company, has changed its name to AllscriptsMisys, LLC.

(c) Due Authorization, Non-Contravention, etc. The execution, delivery and performance by the Borrowers of this Amendment are within each such party's powers, have been duly authorized by all necessary corporate action, and do not: (i) contravene the constituent documents of any Borrower; (ii) violate any applicable law or regulation or any order of any Governmental Authority, the violation of which would reasonably be expected to have a Material Adverse Effect, (iii) violate or result in the default under any material indenture, agreement or other instrument binding upon the Borrowers or any other Loan Party or their assets, or give rise to a right thereunder to require any payment to be made by the Borrowers or any other Loan Party, or (iv) result in the creation or imposition of any Lien on any asset of the Borrowers or any other Loan Party, except for Liens created under the Loan Documents, Permitted Encumbrances and Liens permitted under Section 6.02 of the Credit Agreement.

(d) Government Approval, Regulation, etc. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is required for the due execution, delivery or performance by any Borrower of this Amendment, except as have been obtained or made and are in full force and effect or the failure to obtain would not reasonably be expected to have a Material Adverse Effect.

(e) Validity, etc. This Amendment constitutes the legal, valid and binding obligation of each Borrower enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(f) No Default. No Event of Default or Default has occurred and is continuing, or will result from the execution and delivery of this Amendment.

ARTICLE IV
Conditions Precedent

SECTION 4.1. Effectiveness. This Amendment shall become effective as of the opening of business on November 20, 2009 (the "Effective Date") subject to satisfaction of the following conditions:

(a) The Administrative Agent (or its counsel) shall have received from each party hereto counterparts of this Amendment duly executed on behalf of such party.

(b) The Administrative Agent (or its counsel) shall have received from the Borrowers an original of a replacement Revolving Note for each Lender (including the New Lender) in the form attached hereto as Exhibit A hereto reflecting such Lender's new Revolving Commitment hereunder, in each case duly executed on behalf of the Borrowers.

(c) The Administrative Agent shall have received written opinion letters (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of counsel for the Borrowers, in form and substance satisfactory to the Administrative Agent in all reasonable respects, similar as is relevant to the opinion letters delivered pursuant to Section 4.01(d) of the Credit Agreement.

(d) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel shall reasonably request relating to the organization, existence and good standing of each Borrower, the authorization of this Amendment and the replacement Revolving Notes hereunder, and any other legal matters relating to the Company, the Borrowers, or this Amendment or the replacement Revolving Notes hereunder, all in form and substance satisfactory in all reasonable respects to the Administrative Agent and its counsel.

(e) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by an appropriate officer or other responsible party acceptable to Administrative Agent on behalf of each of the Borrowers, confirming that (i) the representations and warranties of the Borrowers set forth in the Loan Documents are true and correct on and as of the Effective Date; and (ii) as of the Effective Date, no Event of Default or Default has occurred and is continuing.

(f) The Company shall have provided to the Administrative Agent evidence from the Secretary of State of Delaware and the Secretary of State of North Carolina that Allscripts, LLC, a Delaware limited liability company, A4 Health Systems, Inc., a North Carolina corporation, A4 Realty, LLC, a North Carolina limited liability company, and Extended Care Information Network, INC., a Delaware corporation, shall have merged with and into Misys Healthcare Systems, LLC, a North Carolina limited liability company, and that Misys Healthcare Systems, LLC, a North Carolina limited liability company, shall have changed its name to AllscriptsMisys, LLC.

(g) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses (including fees, charges and disbursements of counsel) required to be reimbursed or paid by Borrowers hereunder or under the Credit Agreement.

ARTICLE V
Miscellaneous Provisions

SECTION 5.1. Ratification of and References to the Credit Agreement . Except for the amendments expressly set forth above, the Credit Agreement and each other Loan Document is hereby ratified, approved and confirmed in each and every respect. Reference to this specific Amendment need not be made in the Credit Agreement, the Notes, or any other instrument or document executed in connection therewith, or in any certificate, letter or communication issued or made pursuant to or with respect to the Credit Agreement, any reference in any of such items to the Credit Agreement being sufficient to refer to the Credit Agreement as amended hereby.

SECTION 5.2. Headings. The various headings of this Amendment are for convenience of reference only, are not part of this Amendment and shall not affect the construction of, or be taken into consideration in interpreting, this Amendment.

SECTION 5.3. Execution in Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single agreement.

SECTION 5.4. No Other Amendments. Except for the amendments expressly set forth above, the text of the Credit Agreement and the other Loan Documents shall remain unchanged and in full force and effect, and the Lenders and the Administrative Agent expressly reserve the right to require strict compliance with the terms of the Credit Agreement and the other Loan Documents.

SECTION 5.5. Costs and Expenses. The Company agrees to pay on demand all reasonable out-of-pocket expenses of or incurred by the Administrative Agent and its Affiliates in connection with this Amendment, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent (whether or not the transactions contemplated hereby shall be consummated).

SECTION 5.6. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Illinois.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers in Chicago, Illinois as of the day and year first above written.

BORROWERS:

ALLSCRIPTS-MISYS HEALTHCARE SOLUTIONS, INC. (F/K/A ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.),
a Delaware corporation

By:
Name: William J Davis
Title: CFO

ALLSCRIPTSMISYS, LLC,
(F/K/A MISYS HEALTHCARE SYSTEMS, LLC, and successor by merger to ALLSCRIPTS, LLC, a Delaware limited liability company, A4 HEALTH SYSTEMS, INC., a North Carolina corporation, A4 REALTY, LLC, a North Carolina limited liability company, and EXTENDED CARE INFORMATION NETWORK, INC., a Delaware corporation),
a North Carolina limited liability company

By:
Name: William J Davis
Title: CFO

[Signature Page Continues]

JPMORGAN CHASE BANK, N.A., as Administrative Agent, Issuing Bank and Swingline Lender

By:
Name: Carl W Jordan
Title: Senior Vice President

LENDERS:

JPMORGAN CHASE BANK, N.A.

By:
Name: Carl W Jordan
Title: Senior Vice President

FIFTH THIRD BANK, an Ohio Banking Corporation

By:
Name: Nathaniel E. Sher
Title: Vice President

U.S. BANK, NATIONAL ASSOCIATION

By:
Name: Christopher T. Kordes
Title: Senior Vice President

Signature Page to First Amendment to Second Amended and Restated Credit Agreement (continued)

SCHEDULE 1 – REVOLVING COMMITMENT SCHEDULE

Lender	Revolving Commitment	Percentages
JPMorgan Chase Bank, N.A.	$ 60,000,000	40.0000000%
Fifth Third Bank	$ 40,000,000	26.6666667%
U.S. Bank, National Association	$ 50,000,000	33.3333333%
Total	$ 150,000,000	100.0000000%

EXHIBIT A

Form of Replacement Revolving Note

[attached]

REVOLVING LOAN NOTE

$,000,000.00 November 20, 2009

Chicago, Illinois

FOR VALUE RECEIVED, ALLSCRIPTS-MISYS HEALTHCARE SOLUTIONS, INC. (F/K/A ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.), a Delaware corporation (the "Company"), and ALLSCRIPTSMISYS, LLC, a North Carolina limited liability company (F/K/A MISYS HEALTHCARE SYSTEMS, LLC, and successor by merger to ALLSCRIPTS, LLC, a Delaware limited liability company, A4 HEALTH SYSTEMS, INC., a North Carolina corporation, A4 REALTY, LLC, a North Carolina limited liability company, and EXTENDED CARE INFORMATION NETWORK, INC., a Delaware corporation) (together with the Company and their respective successors, herein collectively called "Makers"), jointly and severally promise to pay to the order of ("Payee"), at the office of JPMorgan Chase Bank, N.A., as Administrative Agent, in Chicago, Illinois, in immediately available funds and in lawful money of the United States of America, the principal sum of Million and No/100 Dollars ($,000,000.00) (or the unpaid balance of all principal advanced against this note, if that amount is less), together with interest on the unpaid principal balance of this note from time to time outstanding at the rate or rates provided in that certain Second Amended and Restated Credit Agreement dated as of February 10, 2009, as amended by the First Amendment thereto dated as of November 20, 2009, among Makers, certain Lenders (including the Payee) and JPMorgan Chase Bank, N.A., as Administrative Agent (such Second Amended and Restated Credit Agreement, as amended by such First Amendment, and as subsequently amended, supplemented, restated or replaced from time to time, the "Credit Agreement"). Any term defined in the Credit Agreement which is used in this note and which is not otherwise defined in this note shall have the meaning ascribed to it in the Credit Agreement.

1. Credit Agreement; Advances. This note has been issued pursuant to the terms of the Credit Agreement, and is one of the Revolving Notes referred to in the Credit Agreement. Advances against this note by Payee or other holder hereof shall be governed by the terms and provisions of the Credit Agreement. Reference is hereby made to the Credit Agreement for all purposes. Payee is entitled to the benefits of the Credit Agreement. The unpaid principal balance of this note at any time shall be the total of all amounts lent or advanced against this note less the amount of all payments or permitted prepayments made on this note and by or for the account of Makers. All loans and advances and all payments and permitted prepayments made hereon may be endorsed by the holder of this note on a schedule which may be attached hereto (and thereby made a part hereof for all purposes) or otherwise recorded in the holder's records; provided, that any failure to make notation of (a) any advance shall not cancel, limit or otherwise affect Makers' obligations or any holder's rights with respect to that advance, or (b) any payment or permitted prepayment of principal shall not cancel, limit or otherwise affect Makers' entitlement to credit for that payment as of the date received by the holder.

2. Mandatory Payments of Principal and Interest.

(a) Accrued and unpaid interest on the unpaid principal balance of this note shall be due and payable as provided in the Credit Agreement.

(b) On the Maturity Date, the entire unpaid principal balance of this note and all accrued and unpaid interest on the unpaid principal balance of this note shall be finally due and payable.

(c) The Credit Agreement provides for required prepayments of the indebtedness evidenced hereby upon terms and conditions specified therein.

3. Default. The Credit Agreement provides for the acceleration of the maturity of this note and other rights and remedies upon the occurrence of certain events specified therein.

4. Waivers by Makers and Others. Except to the extent, if any, that notice of default is expressly required herein or in any of the other Loan Documents, each Maker and any and all co-makers, endorsers, guarantors and sureties severally waive notice (including, but not limited to, notice of intent to accelerate and notice of acceleration, notice of protest and notice of dishonor), presentment for payment, protest, diligence in collecting and the filing of suit for the purpose of fixing liability and consent that the time of payment hereof may be extended and re-extended from time to time without notice to any of them. Each such Person agrees that his, her or its liability on or with respect to this note shall not be affected by any release of or change in any guaranty at any time existing or by the partial or complete unenforceability of any guaranty or other surety obligation, in each case in whole or in part, with or without notice and before or after maturity.

5. Paragraph Headings. Paragraph headings appearing in this note are for convenient reference only and shall not be used to interpret or limit the meaning of any provision of this note.

6. Choice of Law. **THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE APPLICABLE LAWS OF THE STATE OF ILLINOIS AND THE UNITED STATES OF AMERICA FROM TIME TO TIME IN EFFECT**

7. Successors and Assigns. This note and all the covenants and agreements contained herein shall be binding upon, and shall inure to the benefit of, the respective legal representatives, heirs, successors and permitted assigns of Makers and Payee.

8. Records of Payments. The records of Payee shall be prima facie evidence of the amounts owing on this note (absent manifest error).

9. Severability. If any provision of this note is held to be illegal, invalid or unenforceable under present or future laws, the legality, validity and enforceability of the remaining provisions of this note shall not be affected thereby, and this note shall be liberally construed so as to carry out the intent of the parties to it.

10. Revolving Credit. Subject to the terms and provisions of the Credit Agreement, Makers may use all or any part of the credit provided to be evidenced by this note at any time before the Maturity Date. Makers may borrow, repay and reborrow hereunder, and except as set forth in the Credit Agreement there is no limitation on the number of advances made hereunder.

11. Joint and Several Obligations. Each of the Makers shall be jointly and severally liable hereunder regardless of which of the Makers actually receives the proceeds of any indebtedness evidenced hereby, or the manner in which the Makers, the Administrative Agent or any of the Lenders account therefor in their respective books and records. Each Maker's obligations and liabilities with respect to the indebtedness evidenced hereby, and each Maker's obligations and liabilities arising as a result of the joint and several liability of the Makers hereunder, shall be primary and distinct obligations of such Maker. The joint and several liability of each Maker hereunder shall be impaired or released by (i) any failure of the Payee, the Administrative Agent, any Issuing Bank or any other Lender, or any successors or assigns thereof, to assert any claim or demand or to exercise or enforce any right, power or remedy against any other Maker, any other Loan Party, any other Person, any collateral security or otherwise; (ii) any extension or renewal for any period (whether or not longer than the original period) or exchange of any of the indebtedness evidenced hereby or the release or compromise of any obligation of any nature of any Person with respect thereto; (iii) any surrender, release or exchange of all or any part of any collateral now or hereafter securing payment, performance and/or observance of any of the indebtedness evidenced hereby or the compromise or extension or renewal for any period (whether or not longer than the original period) of any obligations of any nature of any Person with respect to any such property; (iv) any action or inaction on the part of the Payee, the Administrative Agent, any Issuing Bank or any other Lender, or any other event or condition with respect to any other Maker, including any such action or inaction or other event or condition, which might otherwise constitute a defense available to, or a discharge of, such other Maker, or a guarantor or surety of or for any or all of the indebtedness evidenced hereby; and (v) any other act, matter or thing (other than payment or performance of the indebtedness evidenced hereby) which would or might, in the absence of this provision, operate to release, discharge or otherwise prejudicially affect the obligations of such or any other Maker.

12. Replacement Revolving Note. This note together with certain other notes issued by the Makers to the other Lenders as of the date hereof constitute a renewal and restatement of, and replacement and substitution for, certain Revolving Notes in the aggregate principal amount of $125,000,000 dated as of February 10, 2009 previously issued by the Makers under the terms of the Credit Agreement (the "Prior Notes"). The indebtedness evidenced by the Prior Notes is continuing indebtedness evidenced by this note and the other notes issued by the Makers to the other Lenders as of the date hereof, and nothing herein or therein shall be deemed to constitute a payment, settlement or novation of the prior indebtedness, or to release or otherwise adversely affect the rights of the Administrative Agent, the Payee or any other Lender with respect to any Maker or any other Loan Party.

[SIGNATURE PAGE TO FOLLOW]

ALLSCRIPTS-MISYS HEALTHCARE SOLUTIONS, INC. (F/K/A ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.),
a Delaware corporation

By: ____
Name: ____
Title: ____

ALLSCRIPTSMISYS, LLC,
(F/K/A MISYS HEALTHCARE SYSTEMS, LLC, and successor by merger to ALLSCRIPTS, LLC, a Delaware limited liability company, A4 HEALTH SYSTEMS, INC., a North Carolina corporation, A4 REALTY, LLC, a North Carolina limited liability company, and EXTENDED CARE INFORMATION NETWORK, INC., a Delaware corporation),
a North Carolina limited liability company

By: ____
Name: ____
Title: ____

Signature Page to Revolving Loan Note

Exhibit 10.3

9 October 2009

Misys plc
One Kingdom Street
Paddington
London
W2 6BL

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F +44 20 3320 1771

www.misys.com

experience, solutions, results

Brian Vandenberg Esq

General Counsel
Allscripts-Misys Healthcare Solutions Inc
222 Merchandise Mart Plaza
Suite 2024
Chicago, IL 60654
United States of America

Dear Brian

Shared Services Agreement dated March 1, 2009 and effective October 10, 2008, between Misys plc ("Misys") and Allscripts-Misys Healthcare Solutions Inc ("Allscripts") (the "Agreement")

Further to our discussions and in the light of the fact that negotiations between Misys and Allscripts for the renewal of the Agreement on revised terms are continuing and making good progress, we hereby agree to extend the Agreement in full force and effect for a period of 30 days from October 10, 2009.

It is the intention of the parties that the revised terms of the Agreement shall be backdated so as to give effect to such revised provisions from October 10, 2009.

I should be grateful if you would countersign this letter to confirm your agreement on behalf of Allscripts.

Kind regards

Tom Kilroy
EVP, General Counsel & Company Secretary
For Misys plc

....

Brian D Vandenberg
Senior Vice President & General Counsel
For Allscripts-Misys Healthcare Solutions Inc

Exhibit 31.1

Certification

I, Glen E. Tullman, certify that:

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

Date: January 11, 2010

/s/ Glen E. Tullman
Chairman and Chief Executive Officer

Exhibit 31.2

Certification

I, William J. Davis, certify that:

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

Date: January 11, 2010

/s/ William J. Davis
Chief Financial Officer

Exhibit 32.1

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

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

Re: Allscripts-Misys Healthcare Solutions, Inc.

Ladies and Gentlemen:

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

(i) this Quarterly Report on Form 10-Q for the quarter ended November 30, 2009, which this statement accompanies, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(ii) the information contained in this quarterly report on Form 10-Q for the quarter ended November 30, 2009, fairly presents, in all material respects, the financial condition and results of operations of Allscripts-Misys Healthcare Solutions, Inc.

Dated as of this 11th day of January, 2010.

/s/ GLEN E. TULLMAN	/s/ WILLIAM J. DAVIS
Glen E. Tullman	**William J. Davis**
Chief Executive Officer	**Chief Financial Officer**

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