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

FORM 10-Q

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

For the quarterly period ended March 31, 2002

OR

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

Commission file Number: 000-32085

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

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

2401 Commerce Drive
Libertyville, Illinois 60048
(Address of Principal Executive Offices)

(847) 680-3515
(Registrant's telephone number, including area code)

Indicate by check (X) 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 _X_ NO___

As of April 30, 2002, there were 38,422,943 shares of the Registrant's $0.01 par value common stock outstanding.

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

FORM 10-Q

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Effective January 8, 2001, Allscripts, Inc. acquired Channelhealth Incorporated, and each became a wholly owned subsidiary of a new holding company, Allscripts Healthcare Solutions, Inc., which was originally incorporated in Delaware as Allscripts Holding, Inc. on July 11, 2000. As a result of the merger transaction, each outstanding share of Allscripts, Inc. common stock was converted into one share of Allscripts Healthcare Solutions, Inc. common stock. Allscripts, Inc. no longer files reports with the Securities and Exchange Commission, and its common stock is no longer listed on the Nasdaq National Market; however, Allscripts Healthcare Solutions, Inc. does file reports with the Securities and Exchange Commission, and its common stock is listed on the Nasdaq National Market under the symbol "MDRX". In this report, "we", "us", "our" and "Allscripts", when referring to events prior to January 8, 2001, refer to our wholly owned subsidiary and predecessor, Allscripts, Inc., and, when referring to subsequent time periods, refer to Allscripts Healthcare Solutions, Inc. and its wholly owned subsidiaries, including Allscripts, Inc. and Channelhealth Incorporated, unless the context indicates otherwise.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands, except share amounts)

	March 31, 2002	December 31, 2001
	(Unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	**$ 22,117**	$ 34,124

Marketable securities	**17,374**	6,352
Accounts receivable, net of allowances of $6,100 at March 31, 2002 and $6,203 at December 31, 2001	**15,784**	13,811
Other receivables	**2,006**	1,372
Inventories	**5,666**	6,225
Prepaid assets	**2,018**	2,573
Other current assets	**454**	389
Total current assets	**65,419**	64,846
Long-term marketable securities	**32,188**	37,814
Fixed assets, net	**7,167**	8,501
Intangible assets, net	**4,591**	4,783
Goodwill	**733**	733
Other assets	**809**	767
Total assets	**$ 110,907**	$ 117,444
LIABILITIES		
Current liabilities		
Accounts payable	**$ 5,151**	$ 5,626
Accrued expenses	**3,230**	3,113
Accrued compensation	**1,829**	2,873
Accrued restructuring and other charges	**2,125**	2,991
Deferred revenue	**3,776**	3,882
Total current liabilities	**16,111**	18,485
Other non-current liabilities	**264**	325
Total liabilities	**16,375**	18,810
STOCKHOLDERS' EQUITY		
Preferred stock: Undesignated, $0.01 par value, 1,000,000 shares authorized, no shares issued and outstanding at March 31, 2002 and December 31, 2001	**-**	-
Common stock:		
$0.01 par value, 150,000,000 shares authorized, 38,443,244 issued, 38,408,779 shares outstanding at March 31, 2002; 38,050,001 shares issued, 38,015,536 shares outstanding at December 31, 2001	**384**	381
Additional paid-in capital	**638,745**	636,755
Unearned compensation	**(322)**	(404)
Treasury stock at cost: 34,465 common shares at March 31, 2002 and December 31, 2001	**(68)**	(68)
Accumulated deficit	**(544,330)**	(538,306)
Accumulated other comprehensive income	**123**	276
Total stockholders' equity	**94,532**	98,634
Total liabilities and stockholders' equity	**$ 110,907**	$ 117,444

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

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

	Three Months Ended March 31,	
	2002	2001
	(Unaudited)	
Revenue:		
Prepackaged medications	**$12,479**	$12,563
Software and related services	**4,439**	3,322
Information services	**1,855**	714
Total revenue	**18,773**	16,599
Cost of revenue:		
Prepackaged medications	**10,228**	10,313
Software and related services	**3,904**	4,831
Information services	**819**	444
Total cost of revenue	**14,951**	15,588
Gross Profit	**3,822**	1,011
Selling, general and administrative expenses	**10,425**	14,907
Amortization of intangibles	**138**	17,788
Write-off of acquired in-process research and development	**-**	3,000
Loss from operations	**(6,741)**	(34,684)
Interest income	**746**	1,779
Interest expense	**(30)**	(130)
Other income, net	**1**	135
Loss before income taxes	**(6,024)**	(32,900)
Income tax benefit	**-**	2,099
Net loss	**$(6,024)**	$(30,801)
Per-share data - basic and diluted:		
Net loss	**$(0.16)**	$(0.83)

Weighted-average shares of common stock outstanding used in computing basic and diluted net loss per share	**38,072**	37,325

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

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

	Three Months Ended March 31,	
	2002	2001
	(Unaudited)	
Cash flows from operating activities:		
Net loss	**$ (6,024)**	$ (30,801)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	**1,550**	21,217
Write-off of acquired in-process research and development	**-**	3,000
Non-cash compensation expense	**82**	124
Realized gain on investments	**(1)**	(135)
Deferred taxes	**-**	(2,099)
Provision for doubtful accounts	**202**	72
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable	**(2,175)**	313
Other receivables	**(634)**	256
Inventories	**939**	(2,033)
Prepaid and other current assets	**542**	1,070
Accounts payable	**(475)**	147
Accrued compensation	**(1,044)**	(2,157)
Accrued expenses and deferred revenue	**2**	(609)
Accrued restructuring and other charges	**(866)**	-
Other non-current liabilities	**-**	4
Net cash used in operating activities	**(7,902)**	(11,631)
Cash flows from investing activities:		
Capital expenditures	**(290)**	(2,542)
Purchase of marketable securities	**(14,091)**	(27,603)
Maturities of marketable securities	**8,441**	20,339
Capitalized software development costs	**(106)**	-
Cash used for acquisitions, net of acquired cash	**-**	(5,076)
Net cash used in investing activities	**(6,046)**	(14,882)
Cash flows from financing activities:		
Payment of capital lease obligations	**(52)**	(45)
Proceeds from issuance of common stock	**1,992**	-

Proceeds from exercise of common stock options	**1**	9
Net cash provided (used) by financing activities	**1,941**	(36)
Net decrease in cash and cash equivalents	**(12,007)**	(26,549)
Cash and cash equivalents, beginning of period	**34,124**	76,513
Cash and cash equivalents, end of period	**$ 22,117**	$ 49,964
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	**$15**	$22
Supplemental disclosure of non-cash investing and financing activities:		
Issuance of common stock and options in acquisitions	**-**	226,000

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

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The quarterly financial information presented herein should be read in conjunction with Allscripts' audited consolidated financial statements and the accompanying notes included in our Annual Report on Form 10-K. The unaudited interim consolidated financial statements have been prepared on a basis consistent with those consolidated financial statements and reflect all adjustments (all of which are of a normal recurring nature) that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods. The consolidated financial statements include the accounts of Allscripts Healthcare Solutions, Inc. and its wholly owned subsidiaries (collectively referred to as "Allscripts"). All significant intercompany accounts and transactions have been eliminated in consolidation. The results for the interim periods are not necessarily indicative of the results to be expected for the year. Certain reclassifications have been made in the prior period financial statements to conform to the current period presentation.

2. Revenue Recognition

Allscripts' revenue is, in part, derived from the sale of medications for dispensing at the point of care. Allscripts offers the right of return on pharmaceutical products under various policies and estimates and maintains reserves for product returns based on historical experience following the guidelines of Statement of Financial Accounting Standards (SFAS) No. 48, "Revenue Recognition When Right of Return Exists." Revenue from the sale of medications, net of provisions for estimated returns, is recognized upon shipment of the pharmaceutical products when no performance obligations remain and collection of the receivable is probable.

Revenue is also generated from sales of software licenses and related consulting services as well as from subscriptions for software and hardware.

Revenue from software licensing arrangements requiring significant installation and configuration is accounted for under American Institute of Certified Public Accountants Statement of Position (SOP) 81-1 "Accounting for Performance of Construction-Type Contracts and Certain Production-Type Contracts." Revenue is recognized on an output basis as contract milestones are reached provided that the fee is fixed and determinable and collection of the resulting receivable is considered probable. Maintenance and support revenue from these agreements is recognized over the term of the support agreement based on the fair value of the maintenance revenue, which is generally based on contracted renewal rates. For agreements whose payment terms extend beyond twelve months, revenue is recognized as amounts become due and payable upon invoicing, not to exceed the amount of revenue supported by milestones reached.

As of March 31, 2002, there was $785,000 of revenue earned on contracts in excess of billings and $1,255,000 of billings in excess of revenue earned on contracts in progress. Billings on contracts where revenue has been earned in excess of billings are expected to occur according to the contract terms.

Revenue from software licensing arrangements not requiring significant installation and configuration is accounted for under SOP 97-2, "Software Revenue Recognition," as amended by SOP 98-9, "Modification of SOP 97-2, Software Revenue Recognition, With Respect to Certain Transactions." Revenue is recognized upon shipment of the software or as services are performed, provided persuasive evidence of an arrangement exists, fees are considered fixed and determinable, and collection of the resulting receivable is considered probable. The revenue to be 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. For agreements where payment terms extend beyond twelve months, revenue is recognized as the customer is billed over the term of the agreement to the extent of the percentage complete.

Revenue from stand-alone service contracts is recognized as services are performed.

Revenue from physician education products is recognized as physician participation occurs.

In November 2001, the Emerging Issues Task Force (EITF) reached a consensus codified as Topic D-103, "Income Statement Characterization of Reimbursements for 'Out-of-Pocket' Expenses Incurred." The consensus requires that reimbursements for out-of-pocket expenses be classified as revenue in the statement of operations. The consensus is effective for fiscal years beginning after December 15, 2001. Allscripts has adopted EITF Topic D-103 and reimbursements are now being recorded as revenue. Out-of-pocket expenses reimbursed by customers that were classified as revenue for the three months ended March 31, 2002 and 2001 were $91,000 and $0, respectively. This classification had the effect of reducing gross margin percentage by 0.1% for the three months ended March 31, 2002.

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3. Comprehensive Loss

Comprehensive loss includes all changes in stockholders' equity during a period except those resulting from investments by owners and distributions to owners. Comprehensive loss for the three months ended March 31, 2002 and 2001 consisted of the following (in thousands):

	Three Months Ended March 31,	
	2002	2001
Net loss	$(6,024)	$(30,801)
Other comprehensive income:		
Unrealized gain on marketable securities, net of taxes	(153)	99
Comprehensive loss	$(6,177)	$(30,702)

4. Restructuring and Other Charges

In July 2001, Allscripts announced and began implementation of a restructuring plan to realign its organization; prioritize its initiatives around high-growth areas of its business; focus on profitability; reduce operating expenses; improve efficiencies in light of recent acquisitions; and focus sales and service efforts on larger physician practices, academic medical centers, and integrated delivery networks. The restructuring plan included workforce and overhead reduction and the termination of certain unprofitable strategic agreements and customer relationships. As a result of the restructuring plan, Allscripts recorded restructuring and other charges of $4,370,000 and $4,266,000, respectively, in fiscal 2001, of which $6,435,000 was classified as operating expenses and $2,201,000 was classified as cost of revenue in the statement of operations.

Restructuring

Workforce reduction

The restructuring plan will result in the reduction of approximately 190 employees across all business functions, of which 183 were terminated as of March 31, 2002. The workforce reductions started in the third quarter of 2001 and were substantially completed by the end of the first quarter of 2002. As part of the restructuring charge, Allscripts recorded a workforce reduction charge in fiscal 2001 of $3,317,000 consisting primarily of severance and related benefits.

Termination of agreements

Allscripts recorded a charge of $1,053,000 in fiscal 2001 related to the termination of certain agreements and non-cancelable leases that were originally expected to increase product distribution and enhance product offerings. The charge includes estimated payments for the early termination of these agreements, which are expected to be terminated by June 30, 2002, except the lease agreements, which will expire through January 2006.

Other Charges

Termination of unprofitable customer contracts

Allscripts recorded a charge in fiscal 2001 of $4,266,000 related to the termination of unprofitable customer contracts. The termination of unprofitable customer contracts occurred in client sites where system utilization was low. The charge relates to the reduction of the carrying value of receivables to their expected realizable value and the costs for disposition of assets relating to these sites resulting from terminating the customer relationship.

A summary of the activity and balances of the restructuring and other charges reserve accounts is outlined as follows (in thousands):

	Balance at December 31, 2001	Write-offs	Cash Payments	Balance at March 31, 2002
Restructuring				
Workforce reduction	$1,693	$ -	$543	$1,150
Termination of agreements	658	-	323	335
Subtotal	2,351	-	866	1,485
Other charges				
Termination of unprofitable customer contracts and strategic agreements	640	-	-	640
Total	$2,991	$ -	$866	$2,125

5. Net Loss Per Share

Allscripts accounts for net loss per share in accordance with SFAS No. 128, "Earnings per Share," which requires the presentation of basic and diluted earnings per share. Basic loss per share is computed by dividing the net loss by the weighted average shares of outstanding common stock (including additional shares that may be issued pursuant to business combinations). For purposes of calculating diluted loss per share, the denominator includes both the weighted average shares of common stock outstanding (including shares to be issued pursuant to business combinations) and dilutive common stock equivalents.

In accordance with SFAS No. 128, basic and diluted net loss per share have been computed using the weighted average number of shares of common stock outstanding during the period. Allscripts has excluded the impact of all outstanding warrants and options to purchase shares of common stock because all such securities are antidilutive for all periods presented. Antidilutive potential common stock securities excluded from the diluted loss per share computation consisted of 8,397,940 and 6,689,453 options and 3,333 and 18,450 warrants at March 31, 2002 and 2001, respectively.

6. Sale of Common Stock

On March 21, 2002, Allscripts sold a strategic partner 378,501 shares of Allscripts common stock at an average fair market value for the 15 days preceding the transaction date for a purchase price of $1,992,000, net of related expenses of $8,000.

7. Business Segments

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

Allscripts currently organizes its business around groups of similar products and operates in three segments: prepackaged medications; software and related services; and information services. The prepackaged medications segment derives its revenues from the repackaging, sale, and distribution of medications. The software and related services segment derives its revenues from the sale and installation of software that provides point-of-care decision support solutions. The information services segment derives its revenues from the sale of interactive physician education sessions. All corporate operating expenses are allocated to each operating segment, using a reasonable basis for each expense. Allscripts does not allocate interest income, interest expense, other income or income tax benefit to its operating segments.

Allscripts does not report its assets by segment or allocate its assets to its segments. Allscripts allocates depreciation and amortization to each segment, but does not allocate the related assets.

	For the Three Months Ended March 31, (in thousands)	
	2002	2001
Revenue		
Prepackaged medications	$12,479	$12,563
Software and related services	4,439	3,322
Information services	1,855	714
Total revenue	$18,773	$16,599
Depreciation and amortization		
Prepackaged medications	$ 368	$ 1,468
Software and related services	1,099	19,100
Information services	83	649
Total depreciation and amortization	$1,550	$21,217
Profit (loss) from operations		
Prepackaged medications	$ 494	$ 55
Software and related services	(7,252)	(33,517)
Information services	17	(1,222)
Loss from operations	(6,741)	(34,684)
Net interest and other income	717	1,784
Loss before income taxes	$(6,024)	$(32,900)

7. Goodwill Amortization

As of January 1, 2002, Allscripts has adopted SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 eliminates the requirement to amortize goodwill. The phase-in test for impairment required within the first six months of the adoption of SFAS No. 142 has not been performed yet. Management plans to perform this test on or before June 30, 2002 and does not expect there to be any impairment that would have a material impact. If any impairment was found, the impairment charge would be required to be recorded as of the adoption date. The following table is a reconciliation of reported net loss and basic and diluted loss per share to adjusted net loss and basic and diluted loss per share reflecting the impact if SFAS No. 142 had been effective for the three months ended March 31, 2001 (in thousands, except per-share data):

	For the Three Months Ended March 31,	
	2002	2001
Reported net loss	$(6,024)	$(30,801)

Goodwill amortization	-	14,180
Adjusted net loss	$(6,024)	$(16,621)
Per-share data - basic and diluted		
Reported net loss	$(0.16)	$(0.83)
Goodwill amortization	-	0.38
Adjusted net loss	$(0.16)	$(0.45)

Amortization of intangible assets for the three months ended March 31, 2002 totaled $192,000. The following table reflects the carrying amounts and accumulated amortization for each type of intangible asset (in thousands):

	March 31, 2002			December 31, 2001		
	Carrying Amount	Accumulated Amortization	Intangible Assets, Net	Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Software	$ 149	$123	$ 26	$ 149	$ 61	$ 88
Strategic agreements	4,825	260	4,565	4,825	130	4,695
Total	$4,974	$383	$4,591	$4,974	$191	$4,783

Allscripts estimates that the amortization expense will be $427,000 for the remainder of 2002 and $520,000 per year for the next five fiscal years.

8. Contingencies

The pharmaceutical repackaging industry is subject to stringent federal and state regulations. Allscripts' repackaging operations are regulated by the Food and Drug Administration as if Allscripts were a manufacturer. Allscripts is also subject to regulation by the Drug Enforcement Administration in connection with the packaging and distribution of controlled substances.

Allscripts is a defendant in over 2,000 multi-defendant lawsuits brought by over 3,000 claimants involving the manufacture and sale of dexfenfluramine, fenfluramine and phentermine. The majority of these suits were filed in state courts in Texas beginning in August 1999. The plaintiffs in these cases claim injury as a result of ingesting a combination of these weight-loss drugs. In each of these suits, Allscripts is one of many defendants, including manufacturers and other distributors of these drugs. Allscripts does not believe it has any significant liability incident to the distribution or repackaging of these drugs, and it has tendered defense of these lawsuits to its insurance carrier for handling. In addition, Allscripts has been indemnified by the primary manufacturer of the drugs at issue in these cases. In addition, while Allscripts has not yet conducted a review of all of the Texas suits, since physician dispensing is generally prohibited in Texas and Allscripts has never distributed these drugs in Texas, Allscripts believes that it is unlikely that it is responsible for the distribution of the drugs at issue in many of these cases. The lawsuits are in various stages of litigation, and it is too early to determine what, if any, liability Allscripts will have with respect to the claims made in these lawsuits. If Allscripts' insurance coverage in the amount of $16,000,000 per occurrence and $17,000,000 per year in the aggregate and its indemnity from the drug manufacturer is inadequate to satisfy any resulting liability, Allscripts will have to defend these lawsuits and be responsible for the damages, if any, that Allscripts suffers as a result of these lawsuits. Allscripts does not believe that the outcome of these lawsuits will have a material adverse effect on its consolidated financial position, results of operations or cash flows.

In addition, Allscripts is from time to time subject to legal proceedings and claims that arise in the normal course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not have a material adverse effect on Allscripts' consolidated financial position, results of operations or cash flows.

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

Overview

We provide point-of-care medication management and physician decision support solutions that focus on addressing the needs of physicians, managed care payers and plans.

From our inception in 1986 through 1996, we focused almost exclusively on the sale of prepackaged medications to physicians, in particular those with a high percentage of fee-for-service patients. The advent of managed prescription benefit programs required providers to obtain reimbursement for medications dispensed from managed care organizations rather than directly from their patients. This new reimbursement methodology made it more difficult for our physician customers to dispense medications to their patient base.

In 1997, under the direction of our new executive management team, we focused our efforts on the information aspects of medication management, including the development of technology tools necessary for electronic prescribing, routing of prescription information and submission of medication claims for managed care reimbursement. In January 1998, we introduced the first version of our TouchWorks software that fully incorporated these features. At the same time, we redirected our sales and marketing efforts away from our traditional fee-for-service customer base to physicians who have a large percentage of managed care patients. We recognized that there is a larger market opportunity among physicians whose patients are covered by managed care plans because the portion of prescriptions covered by managed care plans is increasing relative to the portion of fee-for-service prescriptions. Further, we believe that our technology can give us a competitive advantage where more patients' prescriptions are covered by managed care plans because our products streamline the process by which physicians, managed care organizations and patients interact. In addition, we believe that the managed care market provides us with the opportunity to realize higher margins on our software products.

We believe that managed care prescription programs will continue to cover an increasing percentage of patients in the foreseeable future. This trend will have the effect of reducing the dispensing opportunities of our traditional dispensing customers because of their inability to submit claims electronically for reimbursement by managed care payers. This reduction in dispensing opportunities will reduce the revenue that we have historically recognized from these customers. Additionally, managed care programs impose reduced reimbursement rates for the medications dispensed to their plan participants, thus providing us with a dollar margin per prescription dispensed that is lower than we have historically experienced. Because TouchWorks enables physicians to submit claims electronically for reimbursement by managed care payers, a large portion of the medications dispensed by our TouchWorks customers is dispensed to managed care patients. Accordingly, we expect that the fastest growing portion of our business will provide margins with respect to the sale of prepackaged medications that are lower than we have historically experienced. In addition, we expect that seasonal variances in demand for our products and services will continue. Historically, all other factors aside, our sales of prepackaged medications have been highest in the fall and winter months.

In addition to medication management, there are other aspects of the physician's daily work flow that we believe can be effectively addressed through technology-focused solutions. We have enhanced and intend to continue to enhance our current offerings by integrating new products and services that address these needs. In furtherance of this strategy, in May 2000, we acquired MasterChart, Inc., a software developer providing dictation, integration and patient record technology, and Medifor, Inc., a provider of electronic patient education. In addition, on January 8, 2001, we acquired Channelhealth Incorporated, a software developer providing modular software for physicians to access medical information and manage clinical workflow.

In July 2001, we announced and began implementation of a restructuring plan to realign our organization; prioritize our initiatives around high-growth areas of our business; focus on profitability; reduce operating expenses; improve efficiencies in light of the aforementioned acquisitions; and focus sales and service efforts on larger physician practices, academic medical centers, and integrated delivery networks. The restructuring plan includes workforce and overhead reduction, and the termination of certain strategic agreements and unprofitable customer contracts. As a result of the restructuring plan, we recorded restructuring and other charges of $4,370,000 and $4,266,000, respectively, during the third quarter of 2001, of which $6,435,000 was classified as operating expenses and $2,201,000 was classified as cost of revenue. In addition, certain events and changes in circumstances caused us to conduct a review of the carrying value of our goodwill and purchased intangible assets. These events include the restructuring plan, the business climate, which has generated valuation declines of enterprises in our industry, and the failure of certain assets to generate the cash flows that were projected at the time of acquisition. As a result of this review, we recorded an asset impairment charge of $354,984,000 during 2001.

We currently operate in three business segments: prepackaged medications; software and related services; and information services. Software and related services include revenue from software licenses, computer hardware, and related services. Information services includes physician education and information products.

The following table illustrates the quarterly revenue trend for the three segments (unaudited in thousands):

	Quarter Ended				
	2002		2001		
	March 31,	Dec. 31,	Sept. 30,	June 30,	March 31,
Prepackaged medications	$12,479	$12,777	$11,613	$12,719	$12,563
Software and related services	4,439	4,455	3,937	5,379	3,322
Information services	1,855	1,459	904	1,075	714
Total revenue	$18,773	$18,691	$16,454	$19,173	$16,599

Three Months Ended March 31, 2002 Compared to Three Months Ended March 31, 2001

Prepackaged Medications

Prepackaged medication revenue decreased by 0.7% or $84,000 from $12,563,000 in the first quarter of 2001 to $12,479,000 in the first quarter of 2002. The decrease in prepackaged medication revenue reflects a decrease in the volume of prepackaged medications sold resulting from the termination of unprofitable customer arrangements, including outsourcing, offset by an increase in the average selling prices of medications sold, caused primarily by general price inflation.

Cost of revenue for prepackaged medications for the three months ended March 31, 2002 decreased by 0.8% or $85,000 from $10,313,000 in 2001 to $10,228,000 in 2002. The decrease in cost of revenue for prepackaged medications was primarily due to decreased revenue from prepackaged medications.

Operating expenses for prepackaged medications for the three months ended March 31, 2002 decreased by 20.0%, or $438,000 from $2,195,000 in 2001 to $1,757,000 in 2002. The decrease was primarily due to lower intangible amortization expense resulting from an intangible asset impairment charge taken during 2001, and the elimination of the requirement to amortize goodwill pursuant to Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets."

Software and Related Services

Software and related service revenue for the three months ended March 31, 2002 increased by 33.6% or $1,117,000 from $3,322,000 in 2001 to $4,439,000 in 2002. The increase reflects an increase in sales of our integrated content and clinical workflow products.

Cost of revenue for software and related services decreased by 19.2% or $927,000 from $4,831,000 in the first quarter of 2001 to $3,904,000 in the first quarter of 2002. The decrease was primarily due to decreased amortization expense of acquired software and lower depreciation expense due to the decision to exit unprofitable customer contracts, offset by increased cost of implementation, training, and support.

Operating expenses for software and related services for the three months ended March 31, 2002 decreased by 75.7%, or $24,221,000 from $32,008,000 in 2001 to $7,787,000 in 2002. The decrease was primarily due to lower intangible amortization expense resulting from an intangible asset impairment charge taken during 2001, and the elimination of the requirement to amortize goodwill pursuant to SFAS No. 142. In addition, operating expenses were lower resulting from workforce reductions that were aimed at improving efficiencies in light of acquisitions made during 2001 and 2000 and the decision to focus sales and service efforts on larger physician practices. During the three months ended March 31, 2001, we recorded a write-off of acquired in-process research and development of $3,000,000 related to an acquisition.

Information Services

Information services revenue increased by 159.8% or $1,141,000 from $714,000 in the first quarter of 2001 to $1,855,000 in 2002. The increase in information services revenue reflects an increase in the number of interactive physician education sessions completed as compared to the same period in 2001.

Cost of revenue for information services for the three months ended March 31, 2002 increased 84.5% or $375,000 from $444,000 in 2001 to $819,000 in 2002. The increase in cost of revenue for information services was due to increased costs related to a higher number of physician education sessions completed.

Operating expenses for information services for the three months ended March 31, 2002 decreased by 31.7%, or $473,000 from $1,492,000 in 2001 to $1,019,000 in 2002. The decrease was primarily due to lower intangible amortization expense as the related intangible asset balance was fully amortized during 2001.

Interest Income and Income Taxes

Interest income for the three months ended March 31, 2002 was $746,000 as compared to $1,779,000 for the prior year period. The decrease related to a lower average cash and marketable securities balance and a decrease in the average interest rates earned on our investments as compared to the prior year period.

We recorded a benefit for income taxes during the three months ended March 31, 2001 of $2,099,000 from the scheduled reversal of deferred tax liabilities related to the amortization of non-goodwill intangible assets. No other provision or tax benefit for income taxes was recorded in either period because we currently anticipate that annual income taxes payable will be minimal or zero, and we have provided a valuation allowance for our net deferred tax assets.

Liquidity and Capital Resources

At March 31, 2002, our principal sources of liquidity consisted of $22,117,000 of cash and cash equivalents and $49,562,000 of marketable securities. At March 31, 2002, we had net working capital of $49,308,000 and an accumulated deficit of $544,330,000.

Net cash used in operating activities was $7,902,000 for the three months ended March 31, 2002. Cash used in operating activities resulted primarily from a loss from operations of $6,024,000, partially offset by depreciation and amortization of $1,550,000. Accounts receivable increased by $2,175,000 in the three months ended March 31, 2002, primarily due to an increase as the quarter progressed in an average day's sales for prepackaged medications and the timing of billings in our software and related services and information services segments. Accrued compensation decreased by $1,044,000 primarily due to the payment of employee compensation obligations during the three months ended March 31, 2002. Inventories decreased by $939,000 during the three months ended March 31, 2002 due to the sale of advance purchases of certain medications where shortages were expected. Accrued restructuring and other charges decreased by $866,000 during the three months ended March 31, 2002 primarily due to cash payments made for employee severance arrangements.

Net cash used in investing activities was $6,046,000 for the three months ended March 31, 2002. Cash used in investing activities resulted primarily from net purchases of marketable securities of $5,650,000. In addition, capital expenditures were $290,000 for the three months ended March 31, 2002 as a result of capital outlays to support the future growth of our business. We also capitalized software development costs of $106,000 during the three months ended March 31, 2002. Currently, we have no material commitments for capital expenditures, although we anticipate ongoing capital expenditures in the ordinary course of business.

Net cash provided by financing activities was $1,941,000 for the three months ended March 31, 2002, primarily as a result of the net proceeds from the issuance of common stock to a strategic partner.

The following summarizes our contractual obligations at March 31, 2002, and the effect such obligations are expected to have on our liquidity and cash in future periods (in thousands).

	Total	Remainder of 2002	2003-2004	2005+
Contractual obligations:				
Non-cancelable capital leases	$ 387	$ 202	$ 185	$ -
Non-cancelable operating leases	2,636	770	1,635	231
Marketing programs	1,838	919	919	-
Total contractual cash obligations	$4,861	$1,891	$2,739	$231

We believe that our existing cash, cash equivalents and marketable securities will be sufficient to meet the anticipated cash needs of our current business for at least the next twelve months. However, any projections of future cash needs and cash flows are subject to substantial uncertainty. 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. There can be no assurance that financing will be available in the amounts or on terms acceptable to us, if at all.

Safe Harbor For Forward-Looking Statements

This report, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Notes to Consolidated Financial Statements," and statements we or our representatives make may contain forward-looking statements that involve risks and uncertainties. We develop forward-looking statements by combining currently available information with our beliefs and assumptions. These statements often contain words like believe, expect, anticipate, intend, contemplate, seek, plan, estimate or similar expressions. Forward-looking statements do not guarantee future performance. Recognize these statements for what they are and do not rely upon them as facts.

Forward-looking statements involve risks, uncertainties and assumptions, including, but not limited to, those discussed in this report. We make these statements under the protection afforded them by Section 21E of the Securities Exchange Act of 1934. Because we cannot predict all of the risks and uncertainties that may affect us, or control the ones we do predict, our actual results may be materially different from the results we express in our forward-looking statements. Unless otherwise required by applicable securities laws, we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

For a more complete discussion of the risks, uncertainties and assumptions that may affect us, see our Annual Report on Form 10-K for the fiscal year ended December 31, 2001.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of March 31, 2002, we did not own any derivative instruments but we were exposed to market risks, primarily changes in U.S. interest rates. As of March 31, 2002, we had cash, cash equivalents and marketable securities in financial instruments of $71,679,000. Maturities range from less than one month to approximately 18 years. 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 March 31, 2002, a decrease in interest rates of 1.0% would cause a corresponding decrease in our annual interest income of approximately $717,000.

PART II. OTHER INFORMATION

ITEM 2. Changes in Securities and Use of Proceeds

On January 5, 2002, Allscripts issued an aggregate of 4,404 shares of unregistered common stock upon the exercise of outstanding warrants for an aggregate purchase price of $264. Exemption from registration is claimed under Sections 3(a)(9) and 4(2) of the Securities Act.

On March 21, 2002, Allscripts sold 378,501 shares of unregistered common stock to a strategic partner for a purchase price of $2,000,000 in cash. Exemption from registration is claimed under Section 4(2) of the Securities Act, no public sale having been involved.

ITEM 6. Exhibits and Reports on Form 8-K

(A) Exhibits -- See Index to Exhibits.

(B) Reports on Form 8-K -- None.

SIGNATURES

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

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
(Registrant)

By: /s David B. Mullen
David B. Mullen
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

Date: May 15, 2002

INDEX TO EXHIBITS

Exhibit Number	Description	References
2.1	Agreement and Plan of Merger, dated as of March 13, 2000, among Allscripts, Inc., MC Acquisition Corp., MasterChart, Inc. and	Incorporated herein by reference from the Allscripts, Inc. Current Report on Form 8-K filed on May

	certain shareholders of MasterChart, Inc., together with a list of exhibits and schedules thereto. Such exhibits and schedules are not filed, but the Registrant undertakes to furnish a copy of any such exhibit or schedule to the Securities and Exchange Commission upon request.	24, 2000, as amended on July 24, 2000 and July 25, 2000
2.2	Amendment No. 1 to Agreement and Plan of Merger, dated as of May 9, 2000, by and among Allscripts Inc., MC Acquisition Corp., MasterChart, Inc. and certain shareholders of MasterChart, Inc.	Incorporated herein by reference from the Allscripts, Inc. Current Report on Form 8-K filed on May 24, 2000, as amended on July 24, 2000 and July 25, 2000
2.3	Agreement and Plan of Merger, dated as of April 12, 2000, among Allscripts, Inc., WebDoc Acquisition Corp., Medifor, Inc. and certain shareholders of Medifor, Inc., together with a list of exhibits and schedules thereto. Such exhibits and schedules are not filed, but the Registrant undertakes to furnish a copy of any such exhibit or schedule to the Securities and Exchange Commission upon request.	Incorporated herein by reference from the Allscripts, Inc. Current Report on Form 8-K filed on May 31, 2000, as amended on July 25, 2000
2.4	Agreement and Plan of Merger, dated as of July 13, 2000, by and among Allscripts Holding, Inc., Allscripts, Inc., Bursar Acquisition, Inc., Bursar Acquisition No. 2, Inc., IDX Systems Corporation, and Channelhealth Incorporated.	Incorporated herein by reference from the Allscripts, Inc. Current Report on Form 8-K filed on July 27, 2000
2.5	First Amendment to Agreement and Plan of Merger, entered into as of November 29, 2000, by and among Allscripts Holding, Inc., Allscripts, Inc., Bursar Acquisition, Inc., Bursar Acquisition No. 2, Inc., IDX Systems Corporation, and Channelhealth Incorporated.	Incorporated herein by reference from the Allscripts Healthcare Solutions, Inc. Registration Statement on Form S-4 as part of Amendment No. 1 filed on December 7, 2000 (SEC file no. 333-49568)
3.1	Amended and Restated Certificate of Incorporation of Allscripts Healthcare Solutions,Inc. (formerly named Allscripts Holding, Inc.).	Incorporated herein by reference from the Allscripts Healthcare Solutions, Inc. Registration Statement on Form S-4 as part of Amendment No. 1 filed on December 7, 2000 (SEC file no. 333-49568)
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Allscripts Healthcare Solutions, Inc. (formerly named Allscripts Holding, Inc.).	Incorporated herein by reference from the Allscripts Healthcare Solutions, Inc. Registration Statement on Form S-4 as part of Amendment No. 1 filed on December 7, 2000 (SEC file no. 333-49568)
3.3	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Allscripts Healthcare Solutions, Inc. (formerly named Allscripts Holding, Inc.).	Incorporated herein by reference from the Allscripts Healthcare Solutions, Inc. Registration Statement on Form S-4 as part of Amendment No. 1 filed on December 7, 2000 (SEC file no.333-49568)
3.4	Bylaws of Allscripts Healthcare Solutions, Inc.(formerly named Allscripts Holding, Inc.).	Incorporated herein by reference from the Allscripts Healthcare Solutions, Inc. Registration

		Statement on Form S-4 as part of Amendment No. 1 filed on December 7, 2000 (SEC file no. 333-49568)
10.1*	Pharmacy Services Prime Vendor Agreement For Allscripts Healthcare Solutions, Inc., dated as of February 1, 2002, between Allscripts Healthcare Solutions Inc. and Bergen Brunswig Drug Co.	

* Portions of this exhibit have been omitted pending the Commission's review of a request for confidential treatment.

Exhibit 10.1

Pharmacy Services

Prime Vendor Agreement

For

Allscripts Healthcare Solutions, Inc.

Submitted by:

Bergen Brunswig Drug Company

(d.b.a. AmerisourceBergen)

February 1, 2002

AmerisourceBergen
Pharmacy Services
Prime Vendor Agreement

I. PURPOSE

A. The purpose of this agreement (Agreement) is to establish the terms and conditions of our Prime Vendor services for Allscripts Healthcare Solutions, Inc. (Allscripts). This Agreement is offered for five (5) years (Term), beginning February 1, 2002 (Effective Date) and may be extended for an additional two (2) years upon mutual agreement no later than 90 days prior to term end of Allscripts and Bergen Brunswig Drug Company, doing business as AmerisourceBergen (ABC).

B. Allscripts is a licensed wholesale repackaging manufacturer that sells prescription (Rx) and other pharmaceutical products (Products) to physicians' offices and clinics. ABC will be the Primary Vendor of Allscripts' Facilities for Products. Products includes Rx and over-the-counter and other products and services purchased from ABC under this Agreement. Allscripts will pay, within terms, Product costs (and other amounts owed under this Agreement) pursuant to payment terms in this Agreement. "Primary Vendor" means Allscripts purchases from ABC no less than ninety-five percent (95%) of all Products it purchases from wholesale distributors, as verified by ABC, and meets minimum periodic purchase levels in this Agreement; provided, however, any Product that is not available from the primary ABC distribution center (currently Lombard) will not count against such requirement. Orders for Products will be electronically transmitted (other than Schedule II controlled substances) and will describe Products that ABC will provide to Allscripts, the quantity and designated delivery location. All payment plans (except pre-pay) must be by electronic funds transfer (EFT).

C. Allscripts' current Facility is located in Libertyville, Illinois. Upon mutual agreement, the parties may apply this Agreement, with such terms as the parties agree, to other facilities, including pharmacies or repackaging facilities, that Allscripts acquires, is affiliated with or operates during the Term in the United States.

II. COST DEFINITION

A. Cost means (i) the price on a manufacturer/supplier's current price list (WAC) on the date Product is shipped to Allscripts, or (ii) any applicable Allscripts/GPO (group purchasing organization or buying group) contract price authorized by a supplier and maintained in an ABC bid file. "Cost" is subject to ABC's receiving from all suppliers a two percent (2%) or greater cash discount and thirty (30) days or better terms. If ABC fails to receive such cash discount or terms from any one or more suppliers and provides Allscripts with documentation from the supplier(s) confirming that fact, then ABC may adjust the Cost to reflect the difference between such terms and actual terms allowed by the supplier(s). ABC will notify Allscripts in writing, ninety (90) days in advance, of any such adjustments and if such adjustment represents a material change, as determined by Allscripts, then Allscripts may terminate this agreement upon written notice. No other adjustments to Cost are made for cash discounts or purchase or performance rebates. "SuperNet" applies to Products sold at a special net cost quoted to Allscripts by ABC. SuperNet Products are not subject to Cost-plus prices or to additional discounts. SuperNet Products include Products deemed operationally difficult to manage (e.g., bulky and high-cube products).

B. For any contract pricing extended to Allscripts pursuant to the foregoing Cost definition, Allscripts must (i) provide a copy of new contracts, (ii) comply with manufacturer/supplier's terms, (iii) purchase all Products for its "own use" (as defined in judicial and legislative interpretations) or be otherwise authorized to purchase Products as a wholesale repackager; (iv) upon request, Allscripts will certify to ABC its compliance with any restrictions or other requirements of such manufacturer; (v) notify ABC in writing as soon as possible before it changes suppliers, and (vi) upon changing suppliers, assist ABC in disposing of any excess inventory acquired for Allscripts. When invoiced, Allscripts will promptly reimburse ABC for any unpaid chargebacks that are (i) denied by a GPO or manufacturer by reason other than default or failure to perform by ABC or (ii) not paid within 60 days by reason other than default or failure to perform by ABC; and, in either case, Allscripts will look solely to such GPO or manufacturer for redress, with reasonable assistance from ABC.

III. FEE FOR SERVICE

Allscripts will pay the following Price of Goods. For Products other than SuperNet Products, Allscripts' Price of Goods will be based upon ABC's "Cost" (as defined in Article II, Paragraph A). ABC will add to the billed amount any applicable sales, use, business and occupation or similar tax. Price of Goods does not reflect any administrative or other fees to a GPO. If Allscripts contracts with a GPO, it will pay any such fees to the applicable GPO. ABC currently does not pay the GPO chosen by Allscripts an administrative fee. Price of Goods will begin at the lowest tier ($1,500,000 and up) and will be adjusted quarterly based upon Allscripts' average per-Facility Net Purchase volume over the prior three (3) months. Net Purchases are total purchases less returns, credits, rebates, late payment fees and similar items.

A. Invoice Pricing (Available on RX, OTC, Controls, Injectables, and Contracted items)

Average Per-Facility Monthly Volume	Terms	Price of Goods
$1,500,000 - 3,499,999	Monthly	Cost - [ ]*%
$3,500,000 - 4,999,999	Monthly	Cost - [ ]*%
$5,000,000 - 5,999,999	Monthly	Cost - [ ]*%
$6,000,000 - 7,499,999	Monthly	Cost - [ ]*%
$7,500,000 & Above	Monthly	Cost - [ ]*%

SuperNet pricing will apply to GPP, SourceSelect, generic and repackaged branded Rx, drop shipments, supplies (bottles & vials), home healthcare (DME), private label, food, nutritionals, gift items, school and office supplies, fragrance, cosmetics, slow-moving items, bulk/case goods, etc.

B. Monthly Purchases Rebate

A monthly rebate, paid on the 15th of the month following the month in which it was earned, of [ ]*% on Net Purchases of all non-SuperNet and non-GPP priced Products will be paid to Allscripts. On the 10th day of each month, ABC will provide Allscripts with a detailed report of the previous month's gross purchases and any deductions, including, but not limited to, products purchased under the GPP or SuperNet purchase programs. Pending discounts and rebates, if any, are noted on invoices.

*** Confidential portions omitted and filed separately with the Commission.**

IV. TERMS

A. Payment Options

Monthly Pay. Allscripts will make all payments by EFT so they are received for deposit to ABC's account by the due date pursuant to ABC's standard EFT payment terms. Payment is due within [ ]* days of the invoice date, with Allscripts paying twice weekly (Tuesday and Friday, or the prior business day if either day is a holiday). No later than Tuesday, Allscripts will pay invoices that were due from the previous Sunday to that Tuesday. No later than Friday, Allscripts will pay invoices that were due from the previous Wednesday through invoices due the following Saturday. Payments that are made as required by this paragraph will not be subject to a late payment fee.

B. Qualification Requirements

The prices quoted herein are based on the following qualifications:

(1) Allscripts' Facility is located within the contiguous United States.

(2) Allscripts' pricing is reflective of high volume repackaging distribution, approximately Three Million Dollars ($3,000,000.00) per month and increasing at a rate of 5.00% annually.

(3) Allscripts' Facilities will participate in ABC's preferred generic formularies and programs (SourceSelect, GPP(r) or any successor program) described in Addendum A purchasing pursuant to terms as amended from time to time by ABC. Total generic pharmaceutical Net Purchases each month will be at least 4.00% of total Rx purchases from all Facilities. ABC represents and warrants that overall pricing under its preferred generic program will be competitive as to both price and quality. Allscripts, if able to do so, will evaluate and participate in the generic program automatic substitution, at which time Allscripts will authorize ABC to, be its sole agent to develop and implement a generic pharmaceutical product list for the Term, including product selection, the way substitutions are made and all agreements with generic suppliers.

Allscripts acknowledges that Price of Goods and service pricing available under this Agreement are based upon Allscripts' meeting such purchase level requirements in the pricing table and the generic Net Purchases requirement. If Allscripts fails to do so, in addition to any other remedies, ABC may reasonably adjust Price of Goods and service pricing to reflect the lower than expected volume of purchases; provided, however, such adjustment will result in a Price of Goods or service pricing that is comparable to terms and conditions offered by ABC to other customers with similar purchase volume. ABC will notify Allscripts in writing, ninety (90) days in advance, of any such adjustment to Price of Goods and service pricing and if such adjustment represents a material change, as determined by Allscripts, then Allscripts may terminate this agreement upon written notice.

*** Confidential portions omitted and filed separately with the Commission.**

C. Distribution Center Stocking

The primary servicing distribution center (DC, currently Lombard) will stock a 6-week supply of Allscripts required inventory. Allscripts will give ABC its 6-week required inventory list at the beginning of each calendar quarter (or more often if requested by ABC). Such requirements will be based on Allscripts' prior 12 months of purchase data and its anticipated future purchases. ABC will make reasonable commercial efforts to comply with such forecasts at the primary DC within 10 business days of its receiving notification from Allscripts. This would include all slow moving items. The primary servicing DC (currently Lombard) will be supported by one or more secondary servicing DCs (currently the Mishawaka DC for Allscripts same day deliveries and the Williamston DC for next day deliveries); provided, however, ABC may, from time to time and upon ninety (90) days' prior written notice to Allscripts, make changes in the location and designation of the primary and secondary servicing DCs.

D. Ordering and Delivery

Products will be delivered with an invoice to Allscripts Facility up to 10 times per week (twice daily, Monday through Friday, except holidays). Orders transmitted to the primary DC (Lombard) by the normal cut-off time (currently 8:00 PM Central) Sunday through Thursday will be delivered the next delivery day by 6:30 AM. Alternate source orders from Williamston transmitted by the normal cut-off time (currently 4:30 PM Central) will be delivered with the Lombard order the next delivery day by 6:30 AM. Tertiary distribution centers (to be determined) will be utilized by the Key Account Liaison for any unfilled orders to be transmitted for next day delivery whenever commercially reasonable. Afternoon deliveries transmitted by the normal cut-off time (currently 2:00 PM Central) will be delivered the same day by 6:00 PM Central. Same day deliveries will be serviced out of Lombard primarily and Mishawaka as an alternate source. Same day orders not filled by Lombard or Mishawaka will be sourced to Williamston for 6:30 AM next day delivery. Any order or shipment whether from Lombard, Williamston, or Mishawaka, will have imposed penalties of $[ ]* per hour where delivery exceeds the above delivery times by 30 minutes. Late Delivery charge will not be assessed on any incidents where cause was due to Force Majeure (as defined in Article VIII, Paragraph K) or are otherwise reasonable. ABC will notify Allscripts of impending late deliveries whenever feasible. ABC will use commercially reasonable efforts to meet a requested delivery time for emergency orders, which may be subject to an additional charge. If ABC cannot do so, Allscripts may fill emergency orders on such occasions using another provider notwithstanding minimum purchase commitments in this Agreement. ABC will notify Allscripts in writing, ninety (90) days in advance, of any change to cut-off times/delivery times and if such change that is not mutually agreed upon represents a material negative change, as determined by Allscripts, then Allscripts may terminate this agreement upon written notice and such termination will not trigger any repayment obligation under Article V, Paragraph B, or early termination fee under Article VIII, Paragraph P.

E. Picking

A minimum of 1-year expiration dating will be picked for Allscripts' next day orders. For next day orders, if less than 1-year expiration is available, ABC will contact Allscripts by 9:00 AM the morning following the transmitted order and notify Allscripts of the expiration dating that is available. Allscripts will have sole discretion to decide if it wants the short-dated Product. For same day orders, a 6-month minimum expiration is required. ABC will provide full cases when Allscripts orders in quantities which allow fulfillment using full cases.

*** Confidential portions omitted and filed separately with the Commission.**

F. PDMA Compliance

Products provided by ABC will comply with applicable federal and state laws, including the Prescription Drug Marketing Act of 1987, as modified by the Prescription Drug Amendments of 1992 and the FDA Modernization Act of 1997 (PDMA). To the extent either party is required by law to provide a drug pedigree for Products, ABC will undertake to provide Allscripts with such information on terms mutually agreeable to the parties.

G. Service Level Penalty

For pharmaceutical Products, ABC will reimburse Allscripts a [ ]* basis points ([ ]*%) penalty on Net Purchases from a Facility if, on any consecutive months' Net Purchases, the monthly fill rate for Allscripts' Facilities is not [ ]*% or higher from the primary servicing DC (currently Lombard). Fill rate is based upon the total number of lines ordered and the total number of lines shipped (total lines ordered minus total lines not filled [adjusted as follows], divided by total lines ordered). The fill rate will be adjusted to reflect unavailable Product (e.g., manufacturer/supplier backorders, manufacturer allocations, manufacturer discontinued products, etc.), items without a previous request for stocking or where Allscripts' usage exceeds its estimates by more than 120%, partial ships (50% or more), repeat orders of non-stocked Products within seventy-two (72) hours, and Force Majeure events as defined in Article VIII, Paragraph K. ABC's computerized reports will be used to determine the actual level achieved. Allscripts will provide its best usage estimates on Products at least thirty (30) days prior to its first order of a new Product so that ABC can maintain its service level commitment. Failing to achieve a [ ]*% fill rate in any two (2) consecutive months or any three (3) months in a six (6) month period will constitute a default by ABC and cause for termination by Allscripts.

H. Program Package

(1) The following services are offered at no additional monthly charge above the Fee for Service in Article III:

- 2 Order Entry and Data Management System Software (iBergen Catalog and Order Entry (COE), iECHO or similar software, as appropriate)+

- 2 U1traPhase/Telxon handheld electronic Order Entry Terminal+

- Product Price Stickers

- Bar Code Shelf Labels & Updates

- DEA Scheduled Pharmaceuticals Purchased Report

- Interlinx(Reporting

- 2 System Hardware (Pentium-class personal computer terminal, 20GB hard drive, 64MB memory, 56K modem, printer and 15-inch monitor). Any such hardware may be used solely with ABC's ordering and reporting software.

+Used to create and submit purchase orders to ABC

(2) ABC retains title to all ordering and reporting hardware and software and, pursuant to Article VIII, Paragraph O, Allscripts must return them upon expiration or termination of this Agreement.

(3) Allscripts will maintain accounts for both the primary and secondary DCs (Lombard and Williamston Distribution Centers). All pricing and contract information will reside on two systems.

*** Confidential portions omitted and filed separately with the Commission.**

I. Flu Vaccine Distribution

ABC will use commercially reasonable and best efforts to provide an annual flu allocation for Allscripts of up to [ ]* vials and up to [ ]* boxes of syringes at ABC's announced SuperNet pricing. Allscripts will have sole discretion to decide its yearly purchase quantity of vials and syringes and, to the extent ABC is able to provide such quantity, Allscripts will purchase such Products within ten (10) days of their availability.

V. ALLOWANCE PROVISIONS

A. Additional Purchase Discount

ABC will provide to Allscripts an additional purchase discount ("Allowance"), up to an amount of $[ ]* in the first year of this Agreement and up to $[ ]* for each subsequent year of the initial five-year Term as follows. ABC will pay to Allscripts an Allowance of thirty percent ([ ]*%) off the initial $[ ]* in Net Purchase volume from Allscripts after February 1, 2002 (for a maximum of $[ ]*). Each subsequent year during the initial Term, ABC will pay Allscripts an Allowance of thirty percent ([ ]*%) off the initial $[ ]* in Net Purchase volume from Allscripts after February 1st (for a maximum of $[ ]*). Each such Allowance will be paid to Allscripts on the 15th of the month following the month in which it was earned.

B. Repayment Events

The Allowance will be subject to pro-rata reimbursement to ABC as follows if: (1) Allscripts terminates the Agreement prior to the expiration of the Term for any reason other than a default by ABC; or (2) ABC terminates the Agreement prior to the expiration of the Term as a result of a default by Allscripts. Such reimbursement will be the full amount of each Allowance paid to Allscripts for purchases during the calendar year during which termination occurs, less one-twelfth (1/12th) of such amount for each full month of the calendar year prior to the event giving rise to termination. By way of example and for purposes of illustration, should the Agreement be terminated on May 5th of the following years (with Allscripts earning its maximum Allowance and such Allowance having been paid on March 15th), ABC will be entitled to reimbursement of $[ ]* in 2002 ($[ ]* less $[ ]* [$[ ]* x 4 full calendar months, January to April]); or $[ ]* in 2003 to 2006 ($[ ]* less [4 months x $[ ]*]).

C. Recordkeeping and Reporting

In connection with the Allowance, Allscripts will comply with all laws, including (if applicable) reporting or reflecting discounts, rebates and other price reductions pursuant to 42 USC Sec. 1320a-7b(b)(3)(A) on cost reports or claims submitted to federal or state healthcare programs, retaining invoices and related pricing documentation and making them available on request to healthcare program representatives, and will indemnify ABC and its employees and agents against any claims for failure to do so.

VI. CONTRACT MANAGEMENT

A. ABC agrees to service all manufacturers' and GPO contracts negotiated by Allscripts. Merchandise will be supplied at Allscripts' negotiated bid price minus ABC's applicable Price of Goods Markdown as described in the Price of Goods section (Article III, Paragraph A).

*** Confidential portions omitted and filed separately with the Commission.**

B. Contract implementation or changes shall be input into Allscripts contract file by ABC contract department within three (3) business days from receipt of manufacturer/supplier contract load information (including confirmation by the manufacturer of Allscripts' eligibility) and accuracy confirmation from Allscripts.

C. ABC will provide Allscripts with a key point of contact for day-to-day contract management issues. Contracts will be given to one contact for loading and will be accessible by all ABC distribution centers.

VII. REPRESENTATION

A. Account Specialist

ABC has consistently provided professionally trained representatives to service the needs of the individual healthcare client. Allscripts will be serviced by an assigned Account Specialist on a schedule agreed upon by Allscripts' management and ABC. In addition to performing periodic business reviews, as part of ABC's strategic account management approach to Allscript's business, a variety of ABC resources, including distribution, information technology, marketing and the Pharmacy Healthcare Solutions Services (PHS) group, will be allocated to identify, assess, evaluate and develop mutually beneficial business partnering opportunities and opportunities to reduce costs, improve efficiencies and maximize profitability for both companies and their respective customers. To the extent Allscripts elects to engage ABC to provide more comprehensive consulting services, through PHS or otherwise, such services will be provided pursuant to a written agreement for fair market value. ABC will explore with Allscripts the U.S. Public Health Service (US-PHS) repackaging program in Addendum B and other partnership opportunities in Addendum D.

B. Key Account Liaison

An additional dedicated Key Accounts Liaison Associate will be provided by the servicing ABC Distribution Center to facilitate the specific contract and procurement needs of Allscripts.

VIII. TERMS AND CONDITIONS

A. Application

This Agreement applies to all Products and services received by Allscripts from ABC and will remain in effect as long as purchases are made or any obligation is owed to ABC by Allscripts. ABC reserves the right to make reasonable changes from time to time to its returned goods, credit and similar policies, provided that ABC will notify Allscripts in writing, ninety (90) days in advance, of any such change and if such change represents a material change, as determined by Allscripts, then Allscripts may terminate this agreement upon written notice.

B. Other Terms

Subject to such policies and to terms in any ABC invoice or any master agreement between ABC and Allscripts, this Agreement and the attached Addendums A-D supersede all prior related representations and may not be modified except in writing by the parties' officers. Acknowledgment or confirmation of an order or invoice, even if signed, will be only an accommodation and neither modify nor override this Agreement.

C. Payment & Late Charges

Payments must be received in ABC's account during normal business hours by the date due. Cash cannot be accepted by drivers or other ABC employees. Price of Goods reflects a prompt payment discount. If payment is not received by the due date, ABC will invoice Allscripts for such unearned discount (the difference between any previously invoiced Price of Goods and Cost [WAC] effective as of the due date). If payment is delinquent, ABC may offset delinquent amounts against rebates and Allowances (with a credit to the delinquent amount) and will assess a per-day late payment fee of the lower of 0.05% (18%/360) or the maximum rate permitted by law on the outstanding balance until paid, beginning on the first (1st) business day after such due date. Payment terms are an extension of credit based upon an evaluation of Allscripts' financial condition upon commencement of this Agreement as reflected in written information from Allscripts. Allscripts will abide by ABC's standard credit terms as amended from time to time by ABC. If ABC has not received payment when due after giving notice by 10:00 a.m. and giving Allscripts until 2:00 p.m. the same day for ABC to receive payment, it may suspend its performance until Allscripts has made the delinquent payment or require cash on delivery until Allscripts has made the delinquent payment or require other adequate assurance or documents (as defined in the Uniform Commercial Code) if it reasonably believes Allscripts' ability to make payments is impaired, its financial condition has materially deteriorated or other grounds warrant such action. ABC may also require Allscripts to pay part or all of any past due amount as a condition to continued service. Allscripts' obligation to pay for Products will be absolute, unconditional and not subject to any unrelated reduction, set-off, counterclaim or delay, provided that the invoice for such Products is accurate. Any accounts payable adjustments claimed by Allscripts shall be supported by accompanying detail documenting the basis for any such requested adjustments. Such rights are in addition to ABC's other remedies and will not relieve Allscripts of its obligation to make prompt payment in accordance with this Agreement.

D. Notice of Changes & Claims

Each party will promptly notify the other of any change in ownership, name or business form (e.g., sole proprietorship, partnership or corporation), or any intent to sell, close, move or change its operations under this Agreement. Each party will promptly notify the other of any claim, action or proceeding which would in the event of an unfavorable outcome have a material adverse effect on its financial condition or business operations.

E. Financial Information

Allscripts will, upon request, provide ABC with current, accurate and relevant financial statements as may be reasonably requested and hereby authorizes ABC to obtain credit reports and conduct other investigations ABC deems necessary to assess, in ABC's opinion, Allscripts' creditworthiness and its ability to perform its obligations.

F. Waiver

Any waiver, failure to enforce or delay in enforcing any right will not prevent its enforcement on another occasion, nor diminish or preclude any other right. No waiver by ABC will be enforceable unless in writing.

G. Acceptance & Return of Goods

Allscripts will adhere to the Return Of Goods Policy in Addendum C.

H. Annual Inventory Adjustment

ABC will allow Allscripts Facilities an annual inventory adjustment in which Allscripts will receive full credit (its acquisition cost) for all saleable returns pursuant to ABC's standard Return Of Goods Policy.

I. Billing Statements

Billing disputes must be brought to the attention of ABC's accounts receivable department within twelve (12) months after receipt of the invoice containing the disputed amount or Allscripts will be deemed to have accepted its accuracy and waived any right to later dispute the amount.

J. Risk of Loss

All Products are F.O.B. Allscripts' location. Title passes upon delivery to Allscripts. Allscripts will maintain sufficient insurance to cover all unpaid inventory in its possession.

K. Force Majeure

Neither party is responsible for its reasonable failure to perform due to any cause beyond its reasonable control, including force majeure, labor disputes, fire, acts of God, unavailability or shortage of Products from suppliers, accommodating a governmental request, or complying with any law, order or regulation, but not to include delays caused by a party's negligence or lack of diligence; provided, however, that the Party claiming such force majeure shall promptly give notice to the other Party of the event and shall use its commercially reasonable and diligent efforts to resume full performance of its obligations under this Agreement as soon as commercially possible. If, despite such efforts, full performance cannot be resumed in a reasonable period of time, either party may terminate this Agreement upon written notice.

L. No Warranties

Allscripts acknowledges ABC is not the manufacturer of any Products and ABC's liability is limited solely to replacing defective Products or, at its option, issuing a credit for the purchase price (acquisition cost). Express warranties are limited to those from the manufacturer and Allscripts' sole remedy under any such warranty will be against the manufacturer. ABC DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, FOR THE PRODUCTS INCLUDING THOSE OF MERCHANTABILITY, NON-INFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE. No oral or written information provided by ABC, its employees or other representatives will create any such warranty. IN NO EVENT WILL ABC BE LIABLE FOR LOST PROFITS OR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH PRODUCTS, HARDWARE, SOFTWARE, INCLUDING ORDERING SOFTWARE, OR SERVICES.

M. Security Interest & Financing Statements

Allscripts hereby grants to ABC a purchase money security interest in any Products not fully paid for which remain in Allscripts' inventory. Allscripts grants to ABC a special power of attorney coupled with an interest to sign and file financing statements on its behalf to perfect ABC's security interest in the Products as described above and to actions reasonably necessary to protect or enforce its security interest.

N. Confidential Information

The parties agree not to disclose any non-public, confidential and/or proprietary information of the other party and to use it only for purposes of this Agreement. Such confidential information includes this Agreement, pricing for Product, services and related data and ABC's service levels. Such information may not be used to negotiate more favorable agreements with third parties, including manufacturers. Notwithstanding the foregoing, after seeking confidential treatment thereof, ABC and Allscripts may disclose confidential information in connection with any SEC filing or with any financing or securitization or security law requirements to the extent any third party is subject to customary confidentiality agreements.

O. Termination

Within five days of expiration or earlier termination of this Agreement for any reason, Allscripts will (i) pay ABC any amount owed and (ii) return to ABC all hardware, software and other equipment, including ordering devices and totes, or pay to ABC the replacement cost of such items that are not returned.

P. Early Termination Fee

In addition to any reimbursement of an Allowance under Article V, Paragraph B, if this Agreement is terminated prior to its expiration by Allscripts for any reason other than default by ABC or by ABC for default by Allscripts, Allscripts will pay to ABC an early termination fee equal to [ ]* Dollars ($[ ]*) less [ ]* Dollars ($[ ]*) for each full calendar month after the Effective Date.

Q. Default

Except as otherwise expressly stated herein, this Agreement may be terminated by either party providing written notice of termination to the other party upon a default of the other party under this Agreement. If Allscripts terminates this Agreement pursuant to default by ABC, such termination will not trigger any repayment obligation under Article V, Paragraph B, or early termination fee under Article VIII, Paragraph P. For purposes of this provision, a default shall be deemed to have occurred upon the happening of any of the following:

(1) A party's Bankruptcy#;

(2) A party's failure to pay any amount that is due to the other party under this Agreement, and such failure continues for five (5) days after such party receives notice of such breach from the non-breaching party; or

(3) A party's failure to perform any of its material obligations under this Agreement, and such failure continues for thirty (30) days after such party receives notice of such breach from the non-breaching party.

*** Confidential portions omitted and filed separately with the Commission.**

Bankruptcy means (i) filing an application for or consenting to appointment of a trustee, receiver or custodian of its assets; (ii) having an order for relief entered in Bankruptcy Code proceedings; (iii) making a general assignment for the benefit of creditors; (iv) having a trustee, receiver, or custodian of its assets appointed unless proceedings and the person appointed are dismissed within 30 days; (v) insolvency within the meaning of Uniform Commercial Code Section 1-201 or failing generally to pay its debts as they become due within the meaning of Bankruptcy Code Section 303(h)(1), as amended; or (vi) certification in writing of its inability to pay its debts as they become due, which certification either party may require periodically.

R. Miscellaneous

Each party will comply with all applicable laws. If the applicable laws change or either party has a reasonable good faith basis to believe this Agreement fails to comply with any such law, this Agreement will be modified so as to fully comply. Internal Pennsylvania law governs this Agreement. In the event of default that requires litigation or other formal adversarial proceedings on the part of the prevailing party, the non-prevailing party will pay all costs and expenses, including reasonable attorneys' fees and costs incurred by the other. Notices will be sent certified or by fax to the address or fax number below each party's signature (or to another address upon notice by a party of a change in its contact information). Neither party may assign this Agreement without the other's prior written consent, which consent will not be unreasonably withheld of delayed; provided, however, ABC may assign this agreement to any corporate affiliate in connection with any corporate reorganization. Allscripts hereby consents to ABC's assigning part or all of its obligations to any affiliate and to assigning or granting a security interest in this Agreement in connection with any financing or securitization by ABC or any affiliate. Each part of this Agreement will be deemed severable. Captions are not part of this Agreement. A provision will survive if its context shows the parties intended it to survive.

THE TERMS OF THIS AGREEMENT HAVE BEEN APPROVED AND ACCEPTED.

/s/ Glen Tullman	/s/ Don Clarfield
Signature	Signature
Glen Tullman/CEO	Don Clarfield, Executive Vice President
Print Name/Title	Print Name/Title
1/24/02	1/28/02
Date	Date
Allscripts Healthcare Solutions, Inc. 2401 Commerce Drive Libertyville, IL 60048-4464	Bergen Brunswig Drug Company 4000 Metropolitan Drive Orange, CA 92868 Attn: Health Systems With a copy to: AmerisourceBergen Corporation 1300 Morris Drive, Suite 100 Chesterbrook, PA 19087 Attn: General Counsel Fax: (610) 727-3612

Addendum A

GENERIC PURCHASE PROGRAM

ABC's preferred generic (SourceSelect, GPP(or any successor program) program is a committed volume single source awarded generic program that guarantees a virtual 100% compliance to the selected product contract. This contract is awarded to the manufacturers for a two-year period and contains the following commitments of our customers and manufacturer partners.

-Single product award for each "parent number"

-Right of first refusal for the manufacturer

-Two year award

The manufacturers' requirements are as follows:

-Price protection for the first year of a product's introduction for the previous 14 days of purchases on that product

-Product launches are billed for the first 60 days of purchases at the price on the 60th day

-Service level guarantee that provides the dollar difference between the GPP, manufacturer-shorted product and the product that was purchased in its place

-A minimum of 30-days' advance notice of price increases

Addendum B

US-PHS REPACKAGING PROGRAM

With the approval of the U.S. Public Health Service Office of Pharmacy Affairs (OPA), ABC will commit to develop and test the US-PHS Repackage Program with Allscripts acting as a subdistributor for ABC under the US-PHS Prime Vendor Program pursuant to terms of ABC's standard 340B subdistributor agreement, and, depending upon the test results, implement the program, subject to the parties reaching mutual agreement on terms. This program will be the first of its kind to repackage product and provide US-PHS pricing for US-PHS Covered Entities participating in the US-PHS Prime Vendor Program. ABC will use exclusively Allscripts as its third party repackager for 340B pharmaceuticals packaged in unit of use for physicians office use for the term of this Agreement. Pricing for 340B products will be as provided in this Agreement.

The US-PHS Prime Vendor Program is proprietary to ABC.

The US-PHS Repackaging Program is contingent upon ABC being awarded Prime Vendor status.

ABC can commence the US-PHS Repackage Program pilot/testing process as soon as it is determined to be commercially feasible by Allscripts, ABC and the OPA, with a target date of March 1, 2002.

Addendum C

BERGEN RETURN OF GOODS POLICY

All returns to Bergen Brunswig Drug Company ("Bergen") must be transmitted via Electronic Order Entry, and will be processed in strict accordance with the Prescription Drug Marketing Act of 1987, as modified by the Prescription Drug Amendments of 1992, and the FDA Modernization Act of 1997, as well as all pertinent federal and state laws.

1. Full credit (customer acquisition cost) will be given on the following, if returned within 30 days of purchase: (a) Filling errors (including, but not limited to, filling an order with product which is non-saleable when received by customer); (b) Ordering errors; (c) Shipping errors; and, (d) Billing errors.

2. Full credit (customer acquisition cost) will be given on the following, if reported and returned within 48 hours (2 business days) of purchase: (a) Shortages; (b) Claims; and, (c) Concealed shipping damage readily seen during the receiving process. Full credit (customer acquisition cost) will be given for concealed damage that is not readily seen at receiving if reported within 30 days.

3. Repackaged Branded Pharmaceuticals:

Full credit (customer acquisition cost) will be given for repackaged branded pharmaceuticals, if returned within thirty (30) days of date of invoice.

a. Saleable items returned more than thirty (30) days after the date of invoice will be credited at customer acquisition cost less a ten percent (10%) handling fee.

b. Full, unopened containers of out-of-date items may be returned to the servicing division. Credit will be issued based on customer acquisition cost less a thirty percent (30%) handling fee. Products may be returned up to six (6) months past the expiration date.

c. Bergen is prohibited from having open bottles of prescription products in its drug divisions. Therefore, open and partial bottles of products MUST be returned to Bergen's third party processor, Universal Solutions ("Universal"), and may be returned up to six (6) months past the expiration date. The customer must call 1-800-777-6565, ask for the Customer Service Department, and request assistance with the "Bergen Repack Returns Program". Universal will then send a return kit to the customer. Upon receiving the kit, the customer must follow the instructions and return the product to Universal. Upon receipt, Universal will verify and count the returns. Universal will then notify the servicing division of the credit due to the customer. Credit will be issued based on current policy for non-saleable merchandise, which is customer acquisition cost of the partial quantity less a thirty percent (30%) handling fee.

4. Full credit (customer acquisition cost) will be given on Promotional Program Merchandise (Pot'O'Gold, GNP Plus/Media, Super Saver), New Product Placement merchandise, and Auto Ship Program merchandise, if returned within 180 days of purchase.

5. Full credit (customer acquisition cost) will be given on merchandise sold with invoice dating, if returned within 60 days of the due date recorded on the invoice.

6. All other merchandise returned will be subject to the following handling charges:

a. Saleable over-stock (inventory reduction) merchandise will be credited at customer acquisition cost or wholesale acquisition cost, whichever is lower, less a 10% handling fee.

b. Non-saleable merchandise (e.g., merchandise that has been damaged or has less than nine months dating) accepted for return in accordance with the manufacturer's policy will be credited at customer acquisition cost less a 30% handling fee or, if less, the product's salvage value as determined by the manufacturer's return policy.

7. Credits are posted to statements daily.

a. Damage/shipping/ordering errors and all other saleable items will be processed and posted two weeks after receipt of the merchandise.

b. All non-saleable products (expired, outdated, shop worn, etc.) will be processed and posted four weeks after receipt of the merchandise.

8. Items requiring special handling:

a. Schedule II Items: As a policy, Bergen does not accept Class II controlled substances for return. In the event of a damage/shipping/ordering error, full credit will be given.

b. Refrigerated Items: Saleable items requiring refrigeration should be kept under proper storage conditions. The product must be returned as received and under the same strict packaging and shipping requirements (e.g., sufficient ice packs, packed in an insulated cooler, etc.).

c. Frozen Items: As a policy, Bergen does not accept frozen items for return. If a damage/shipping/ordering error occurs, Customer Service will make special arrangements for pickup and appropriate credit will be given.

d. Recalls: All returns resulting from recalls will be processed pursuant to manufacturer recall instructions on a case-by-case basis. Bergen will work with the manufacturer on recalls and will extend to customer credit on Products that Bergen receives from the manufacturer. These recalled items must be returned to Bergen within two-hundred seventy (270) days of the recall notification (or any shorter period required by the manufacturer).

9. Items that may not be returned:

a. Non-saleable products from manufacturers whose policy DOES NOT allow the wholesaler to handle such returns. Bergen will assist you in contacting these manufacturers to help effect the return.

b. Products with dating past the allowable amount of time given by the manufacturer for return.

c. Products having broken seals and/or partial contents. Bergen, however, will assist you in contacting the manufacturer to help effect the return.

d. Saleable or non-saleable products, such as "cents off", bonus pack or trial size, that were sold on a no return basis.

e. Products considered hazardous or toxic "waste", or are otherwise not returnable, under Federal, state, or local law at the proposed time of return.

f. Products that are non-returnable in accordance with the return goods policy of the applicable manufacturer.

g. Non-saleable controlled substances (Class III-V), unless non-saleable when received by customer.

h. Returns shipped from the following are not, or may not be, covered by this policy: General Merchandise Division; Healthcare Congress and Manufacturers Exposition Purchases; Promotions Unlimited Circular Merchandise; Fragrance Plus; and, Special Drop Ship Purchases.

NOTE: Credit for merchandise returned after the thirty (30) day return period will be based on the lower of the customer acquisition cost or the wholesale value at the time of purchase, less a 10% restocking fee for saleable product or a 30% restocking fee for non-saleable product. "Wholesale value" is either wholesale acquisition cost or contract cost if a contract sale was involved.

NOTE: All merchandise returns will be governed by Bergen's "Return of Goods Policy", which policy may be changed from time to time in Bergen's sole discretion and which change(s) will be effective ten (10) days after notice is received by customer.

For the first three (3) months of this Agreement, customer may return to Bergen for full credit any product customer originally purchased from its former wholesale distributor, provided that Bergen carries such Product and any such return complies with the requirements of PDMA. Full credit, with respect to such Products, means the amount that customer would have paid for such Product under this Agreement had it bought the Product from Bergen on the day of the return.

Addendum D

PARTNERSHIP PROGRAM

ABC commits to explore partnership opportunities with Allscripts in the following areas and if the parties agree to pursue any of these opportunities it will be on terms mutually agreeable to the parties:

- [ ]*
- [ ]*
- [ ]*
- Inventory Management
- [ ]*
- [ ]*
- Group Purchase Organization Opportunities
- Internet Strategy
- Supply Channel Management
- Customer Sales & Marketing
- New/Expanded Market Opportunities
- [ ]*

ABC is not limited to the list above. As ABC develops other capabilities and/or strategic alliances, ABC will work to create new mutually beneficial synergies between the two organizations.

*** Confidential portions omitted and filed separately with the Commission.**