Connect with us

Together we have the power to transform healthcare



CONNECTING HEALTHCARE

Imagine a computer without the Internet. An ATM card that works only at *your* bank. A cell phone that talks with phones on the same network, but no others. Sound improbable? That's the reality in healthcare. Most providers are disconnected from the other stakeholders and operate with only partial information. It's not only inconvenient and inefficient, it's dangerous. That's why, when it comes to connecting physicians with hospitals, pharmacies, payers and the most important stakeholder of all − patients − Allscripts is indispensable. With just-right, just-in-time information™ at every point of care, we're connecting the parts and, in the process, transforming the whole.



SMALL PRACTICE



MID-SIZED PRACTICE





IN THE HOSPITAL





EMERGENCY DEPARTMENT



POST-ACUTE CARE

TO OUR SHAREHOLDERS

Today, over 40,000 physicians and tens of thousands additional health professionals depend on Allscripts to make healthcare better every day. And we do.



Glen E. Tullman Chief Executive Officer Allscripts

Our nation's healthcare system is in deep trouble. According to the non-profit Institute of Medicine, there is a chasm between healthcare as we experience it today and as it *could* be. Preventable medical errors result in the deaths of at least 100,000 Americans each year. And with each passing year we spend more and get less. By 2017, analysts at the Centers for Medicare and Medicaid Services project that U.S. healthcare spending will reach \$4.3 trillion – nearly double today's spend.

Needless to say, something must change... and soon. The rising cost of healthcare threatens our ability to compete in the world market and is the fastest growing and largest expense item for many businesses today. We must improve quality. We can do better.

A key part of the answer is providing physicians with software and technology that allows them to run their businesses more safely and efficiently and to electronically connect to all of the key stakeholders in healthcare...including hospitals, pharmacies, payers, labs, and – most important – patients. Rand Corporation estimates that widespread adoption of interconnected Electronic Health

Records and other health information technologies will save \$162 billion a year by improving care management, reducing preventable medical errors, lowering death rates from chronic disease, and improving workforce productivity.

Already, more than 40,000 physicians and 700 hospitals have implemented solutions from Allscripts to improve quality, lower costs, and connect to the broader community of care. They report both higher quality and better financial results from using our Electronic Health Records. To quote Michael Busch, Chief Strategy Officer at Butler Health System in Butler, Pa., an Allscripts Electronic Health Record client, "We are confident that by utilizing Allscripts we will truly transform the quality of care to our community while creating a more energized, positive and engaged medical staff."

Another Electronic Health Record client, Joel R. Sauer, Chief Executive Officer of the Heart Center in Fort Wayne, Ind. puts it this way: "We're trying to lead a little healthcare revolution right here in Indiana and Allscripts is the right partner to help. It's a great situation when you can provide better patient care with a tool that lets you do better financially, too."

It's clear that the information and connectivity provided by Allscripts is transforming the practices that use it and, practice by practice, transforming healthcare delivery in this country. But there is much more work to be done and plenty more opportunity for Allscripts products. Nearly three-quarters of the nation's 500,000 practicing physicians have yet to implement an Electronic Health

Record – a \$5 billion market opportunity that Allscripts is well positioned to capture, with the Electronic Health Record rated No. 1 by KLAS, the "Consumer Reports" of healthcare. And the opportunities continue to expand as our solutions get even better.

Which brings us to 2007. Financially, our results demonstrated the strength of our markets and the excellent performance of the company. Earnings for the year were up 59% over 2006, revenues were up 24%, and sales increased by approximately 20%. In metric after metric we outperformed our competitors. And we continued to expand our footprint by adding more healthcare "name brands," from leading hospitals like Carolinas Medical Center, and New York City Health and Hospitals System...to world renowned academic medical centers like Columbia University Medical Center and UMass Memorial Health System...to leading academic faculty groups like LSU Healthcare Network and Albany Medical Center...and prestigious multi-specialty groups such as Lahey Clinic in Boston, Mass., ProHealth Physicians in Hartford, Conn., and Mankato Clinic in Mankato, Minn. We also continued to add leaders in specialty care including New Mexico Orthopedics in Albuquerque, NM., Urology Associates of North Texas in Dallas, Texas, Reno (Nev.) Heart Physicians and Amarillo (Texas) Diagnostic Clinic... and primary care practices, who happen to deliver half of the healthcare in this country, including Common Ground Clinic in New Orleans, La., Family Practice Associates in Wilmington, Del., Tallahassee Primary Care in Tallahassee, Fla., and Southern Indiana Community Healthcare in Paoli, Ind.

While we are proud of our performance during 2007, we set aggressive goals and achieved most - but not all - of our expectations. We refreshed the Allscripts Professional Electronic Health Record, (geared toward groups of 25 physicians and fewer), and we introduced the latest version of our No. 1-rated Electronic Health Record for larger multi-specialty groups and academic medical centers. Its release after some \$25 million invested was a milestone for the company, with more physician and client input than ever before, more functionality, more flexibility and a complete redesign that involved over two million lines of new code. As promised, v11 provides more functionality, connectivity and innovative features than any other enterprise Electronic

Health Record. Given the complexity of this new release, we encountered delays that had an impact on our deployment timeline and bottom line.

Despite the delays, we've worked with our clients and have made excellent progress. By early 2008, nearly 40 clients were live on v11 – specialty clinics, primary care and multi-specialty groups, Integrated Delivery Networks and academic medical centers. Many more are either in the early stages of deployment or planning to upgrade. Our clients see the promise of the product and have confidence in our commitment to it. And they consistently tell us they are excited that Allscripts continues to lead and to innovate.

Also in 2007, with the help of some key partners like Dell, Microsoft, Google and Fujitsu, we launched the National ePrescribing Patient Safety Initiative™ (NEPSI™), making electronic prescribing free to thousands of physicians across the U.S., and contributing to our ranking as the No. 1 ePrescribing provider in both volume of scripts and total number of users. And, true to our mission to inform, connect and transform healthcare, at year-end we announced our acquisition of Extended Care Information Network, solidifying our position as the leading provider of hospital care management and discharge planning software. With the acquisition, Allscripts connects another key component of the healthcare delivery system – the exchange of patient information between hospital case managers, physicians outside the hospital, and the growing number of post-acute care facilities nationwide.

Finally, I would be remiss if I didn't mention our latest and boldest move yet, our proposed merger with Misys Healthcare. The transaction would significantly enhance the position of Allscripts in the overall healthcare information technology sector and create an industry leader with a combined client base of approximately 150,000 U.S. physicians and over 700 hospitals. The combined company would be uniquely positioned to help physicians provide better patient care, manage their business more effectively, and

connect with their patients and other key healthcare stakeholders. While it's an ambitious undertaking, the merger reflects my view that healthcare can only move forward and realize its promise with bold steps and measured risk taking.

Years ago we painted a vision of an interconnected healthcare system that delivers quality care, cost effectively. Today, virtually everyone is talking about electronic healthcare. The message is clear: We need to provide physicians critical information in real time at the point of care, and connect them with hospitals and other key stakeholders in the healthcare system. Allscripts has and will continue to lead the way, delivering software, technology, connectivity and information that help to solve this country's most critical problem. As our clients say, Allscripts is an indispensable part of the way they practice medicine today. With so much at stake, we take our responsibility very seriously, and we live up to it every day.

Thank you for your continued support.

Glen E. Tullman
Chief Executive Officer

Glu Tullun

Allscripts

Transformation is real and happening now. Just ask our clients.

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Kevin Cunningham, M. D. Medical Director, The Iowa Clinic



CONNECTED TO SOLUTIONS

Solutions that inform, connect and transform all settings

Eighty percent of all healthcare spending begins with physicians. That's why physicians are key to transforming healthcare, and our primary focus at Allscripts. We provide *solutions* – not just software – that speed the movement of critical information from physicians to practice managers to hospitals and back to physicians again, connecting all points in between.

For physician practices: Electronic Health Records, Practice Management, ePrescribing, Document Imaging, Medication Services, Online Physician Education

For hospitals: Emergency Department Information Systems and Care Management/ Discharge Planning

It's all part of the Allscripts vision. One company with a suite of solutions that all talk to each other and to other healthcare stakeholders, building one *interconnected* healthcare system that empowers physicians to deliver quality care cost effectively.



CONNECTED TO EFFICIENCY

Not just a product...a partnership that pays you back

Clinicians may be the heart of healthcare, but lasting change comes from transforming *organizations*, not individuals. Allscripts helps physician practices and hospitals become more efficient and effective by automating and streamlining everyday tasks. Reducing length of stay by managing patients more closely. Replacing expensive chart rooms with income-generating services. Electronically discharging patients to the appropriate setting within minutes. In thousands of organizations across the nation, return on investment is no longer a dream. For Allscripts clients, it's the norm.

"At the beginning of the project, we were told that six months down the road we wouldn't be able to figure out how we managed before Allscripts was implemented. And it's true – we don't know how we ever lived without it."

Deborah Gard, R.N. Nurse Manager, North Mississippi Medical Center





"'Powerful' is the best way to describe Allscripts. I can instantly pull a report of all adults over 25 that haven't had their cholesterol checked and set a reminder that they receive the test during their next visit. That allows us to qualify for pay for performance and pay for quality programs for delivering better care. That's the future of healthcare and we're excited to be a part of it."

Jeff Viscomi, M.D. Principle Physician, Docere Physicians

CONNECTED TO INNOVATION

Beyond paperless...delivering on the promise of I.T.

When healthcare providers are fully automated and connected, they focus less on paying bills, more on delivering quality care. Thanks to our R&D investment of more than \$100 million over the last few years, Allscripts helps keep patients healthier by equipping providers with the latest clinical information: Alerts that provide notice when a patient qualifies for clinical research trials offering the latest therapies... Evidence-based templates that support preventative care and chronic disease management...Plug-and-play connectivity between the EHR and more than 100 medical devices...Automated Care Plans for patients to take home...And connections to Personal Health Records like those from Medem, Microsoft, and Google.

It's the same spirit of innovation that produced the National ePrescribing Patient Safety Initiative, the landmark initiative that improves patient safety by providing high-quality free ePrescribing. And the innovation continues...In the coming year, we'll deliver another first with patient kiosks in the waiting room, fully integrated with our EHR and PM, the first real change in the PM in years

True to the promise of information technology, Allscripts is connecting the dots, enabling the delivery of better health, not just healthcare.



CONNECTED TO THE COMMUNITY

We're making a difference in the lives of millions

Can 25 people really pull a million-pound plane? Can 250 people cure a disease by walking? Can 1,150 people change healthcare? At Allscripts, we believe empowered individuals can do almost anything.

Our performance in 2007 set new financial records, and moving into 2008 we remain the leader across all segments in which we compete. Part of why we win is our focus on making a difference in everything we do. Executing with passion and great care. Giving and giving back. That's Allscripts. People who give are the most willing to lend a helping hand to clients, to the company, and to the community. We support our employees' efforts to give back with paid days off to participate in community education, charity and nonprofit events. Our impact has been significant.

Besides helping to improve the health of all Americans, we're also "giving back" to the environment. By removing paper from medicine, one page at a time, Allscripts saves nearly 180,000 trees each year. And in 2007 we began offering our clients a computer recycling service that keeps millions of pounds of hazardous waste from entering landfills.

That's the nature of connecting with Allscripts. When clients connect with us, they connect with a vast community of care. Working together, our passion transforms healthcare for everyone.

"We've been impressed by the Allscripts vision of connecting and transforming healthcare. To help our 1,350 providers deliver the quality and demonstrated positive outcomes for which Novant Health is renowned, we've placed our confidence in Allscripts."

A.J. Patefield, M.D.

Executive Vice President, Novant Health

SELECTED FINANCIAL DATA

The selected consolidated financial data shown below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included in our Form 10-K for the year ended December 31, 2007. The consolidated statements of operations data for the three years ended December 31, 2007, 2006 and 2005 and the consolidated balance sheet data at December 31, 2007 and 2006 are derived from the consolidated financial statements audited by Grant Thornton LLP. The consolidated statements of operations data for the years ended December 31, 2004 and 2003 and the balance sheet data at December 31, 2005, 2004 and 2003 are derived from audited financial statements that are not included in our annual report on Form 10-K. The historical results are not necessarily indicative of results to be expected for any future period.

	Year Ended December 31,								
	2007 ⁽¹⁾	2006(2)	2005	2004	2003(3)				
	(In thousands, except per-share data)								
6 111 181 1 10 11 10 11	(Unaudited)								
Consolidated Statements of Operations Data: Revenue	\$281,908	\$227,969	\$120,564	\$100,770	\$85,841				
Cost of revenue	141,495	112,031	65,689	58,122	55,169				
Gross profit	140,413	115,938	54,875	42,648	30,672				
Operating expenses: Selling, general and administrative expenses	101,666	85,798	43,908	37,653	36,058				
Amortization of intangibles	10,636	10,272	1,744	1,752	951				
· ·			,						
Income (loss) from operations	28,111	19,868	9,223	3,243	(6,337)				
Interest and other income, net	3,961	3,163	4,003	1,582	1,358				
Interest expense Gain on sale of equity investment	(3,715) 2,392	(3,712)	(3,516)	(1,717)	_				
. ,									
Income (loss) before income taxes	30,749	19,319	9,710	3,108	(4,979)				
Income tax expense	10,186	7,424							
Net income (loss)	\$20,563	\$11,895	\$9,710	\$3,108	(\$4,979)				
Net income (loss) per share—basic	\$0.37	\$0.23	\$0.24	\$0.08	(\$0.13)				
Net income (loss) per share—diluted	\$0.35	\$0.22	\$0.23	\$0.07	(\$0.13)				
Weighted-average shares used in computing									
basic net income (loss) per share	55,712	51,058	40,045	38,979	38,621				
Weighted-average shares used in computing									
diluted net income (loss) per share	64,671	53,367	43,068	41,592	38,621				
	0.707.	00,007	107000	,0,2	00/021				
Other Operating Data: Software and related services revenue	\$222,673	\$173,503	\$65,166	\$44,121	\$28,366				
Prepackaged medication revenue	\$222,073 43,959	43,688	45,609	44,733	\$28,300 46,172				
Information services revenue	15,276	10,778	9,789	11,916	11,303				
Total revenue	\$281,908	\$227,969	\$120,564	\$100,770	\$85,841				
Consolidated Balance Sheet Data:									
Cash, cash equivalents and marketable securities	\$63,003	\$83,038	\$146,063	\$128,239	\$51,309				
Working capital	75,067	82,250	113,317	34,914	17,392				
Goodwill and intangible assets, net	347,955	266,311	22,911	24,546	26,359				
Total assets	578,143	477,610	220,964	194,177	110,392				
Long-term debt	135,162	85,441	82,500	82,500					
Total stockholders' equity	340,640	316,250	98,419	78,693	83,390				

⁽¹⁾ On December 31, 2007, Allscripts completed its acquisition of Extended Care Information Network, Inc. ("ECIN"), whereby Allscripts acquired ECIN for aggregate consideration of approximately \$93,495 in cash.

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share amounts)

(In thousands, except per share amounts)	Decem 2007	ber 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$43,785	\$42,461
Marketable securities	5,759	
Accounts receivable, net of allowances of \$4,190 and \$4,234 in 2007 and 2006, respectively	81,351	14,553 55,579
Deferred taxes, net	16,650	,
Inventories		27,437
	4,178	3,247
Prepaid expenses and other current assets	17,401	10,620
Total current assets	169,124	153,897
Long-term marketable securities	13,459	26,024
Fixed assets, net	18,238	14,094
Software development costs, net	24,115	12,285
Intangible assets, net	107,503	78,050
Goodwill	240,452	188,261
Other assets	5,252	4,999
Total assets	\$578,143	\$477,610
Liabilities and Stockholders' Equity Current liabilities:	* 15.011	* • • • • • • • • • • • • • • • • • • •
Accounts payable	\$15,911	\$9,294
Accrued expenses	17,266	17,861
Accrued acquisition obligation	8,946	
Accrued compensation	5,441	8,685
Deferred revenue	45,940	35,549
Current portion of long-term debt	279	258
Other current liabilities	274	
Total current liabilities	94,057	71,647
Long-term debt	135,162	85,441
Deferred taxes, net	6,179	3,915
Other liabilities	2,105	357
Total liabilities	237,503	161,360
Preferred stock: Undesignated, \$0.01 par value, 1,000 shares authorized, no shares issued and outstanding at December 31, 2007 and 2006	_	_
Common stock: \$0.01 par value, 151,500 shares authorized; 56,918 issued and outstanding		
at December 31, 2007; 54,358 issued and outstanding at December 31, 2006	569	543
Less treasury stock: \$0.01 par value, no shares outstanding at December 31, 2007 and 2006		
Additional paid-in capital	853,402	849,628
Accumulated deficit	(513,242)	(533,805)
Accumulated other comprehensive loss	(89)	(116)
Total stockholders' equity	340,640	316,250
Total liabilities and stockholders' equity	\$578,143	\$477,610

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⁽²⁾ On March 2, 2006, Allscripts completed its acquisition of A4 Health Systems, Inc. ("A4"), whereby Allscripts acquired all of the outstanding equity interests of A4 for aggregate consideration of \$227,730 in cash and 3,500 shares of Allscripts common stock.

⁽³⁾ On August 1, 2003, Allscripts acquired 100% of the outstanding common stock of AIC. On August 8, 2003, Allscripts acquired certain assets and assumed certain liabilities of RxCentric.

	Prefer Shares	red Stock Amount	Commo Shares	n Stock Amount	Additional Paid-In Capital	Unearned Compensation	Treasur Shares	y Stock Amount	Accumulated Deficit	Accummulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2004		\$—	40,114	401	645,541	\$—	(1,399)	(11,250)	(555,410)	(589)	78,693
Issuance of 2,158 shares of common stock under option agreements			2,158	22	9,460	_					9,482
Unearned compensation expense related to restricted stock issuance	_	_	30		461	(374)	_	_	_	_	87
Stock-based compensation expense related to tostock option acceleration	_		_	_	518		_	_	_	_	518
Net income	_	_	_	_	_	_	_		9,710	_	9,710
Unrealized loss on marketable securities, net of tax				<u> </u>		_	_			(71)	(71)
Balance at December 31, 2005		\$—	42,302	\$423	\$655,980	(374)	(1,399)	(11,250)	(545,700)	(660)	98,419
Issuance of 2,815 shares of common stock under option agreements	_	_	2,815	28	14,349	_	_	_	_	_	14,377
Issuance of 10 shares of common stock under restricted stock agreements	_	_	10	_		_	_	_	_	_	_
Retirement of 30 share certificates of restricted stock	_	_	(30)	_	_	_	_	_	_	_	_
Issuance of 3,500 shares for A4 purchase	_		3,500	35	68,740	_	_	_	_	_	68,775
Unearned compensation expense related to restricted stock issuance	_	_		_	(374)	374	_	_	_	_	_
Stock-based compensation expense related to stock options and											
restricted stock issuance	_	_	_	_	2,328	_	_	_	_	_	2,328
Issuance of 15 shares of common stock under the Employee Stock											
Purchase Plan	_	_	15	_	315	_	_	_	_	_	315
Issuance of 6,996 shares of common stock under the February 2006											
Allscripts share offering	_	_	6,996	70	130,240	_	1,399	11,250	_	_	141,560
Costs incurred related to the February 2006 Allscripts shares offering	_	_	_	_	(885)	_	_	_	_	_	(885)
Repurchase of 1,250 shares of common stock from General Electric (IDX)	_	_	(1,250)	(13)	(21,065)	_	_	_	_	_	(21,078)
Net income	_	_	_	_	_	_	_	_	11,895	_	11,895
Unrealized loss on marketable securities, net of tax										544	544
Balance at December 31, 2006		\$—	54,358	\$543	\$849,628	\$—			(\$533,805)	(\$116)	\$316,250
Issuance of 1,915 shares of common stock under option agreements Issuance of 731 shares of common stock under restricted stock	_	_	1,915	19	9,262	_	_	_	_	_	9,281
award agreements	_	_	731	7	(7)	_	_	_	_	_	_
Repurchase of common stock under restricted stock award agreements	_	_	(124)	_	(716)	_	_	_	_	_	(716)
Stock-based compensation expense related to stock options and restricted											
stock issuance	_	_	_	_	3,808	_	_	_	_	_	3,808
Issuance of 38 shares of common stock under the Employee Stock											
Purchase Plan	_	_	38	_	881	_	_	_	_	_	881
A4 Health Systems, Inc. purchase accounting adjustment	_	_	_	_	(9,454)	_	_	_	_	_	(9,454)
Net income	_	_	_	_	_	_	_	_	20,563	_	20,563
Unrealized loss on marketable securities, net of tax										27	27
Balance at December 31, 2007		\$—	56,918	\$569	\$853,402	\$—	\$—		(\$513,242)	(\$89)	\$340,640

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

Cash flows from operating activities: 2007 2006 2005 Net income \$20,563 \$11,895 \$9,710 Adjustments to reconcile net income to net cash provided by operating activities: 21,468 16,455 6,528 Stock-based compensation expense 3,808 2,328 604 Witte-off of capitalized software — 290 — Realized (gain) loss on investments 7,7 145 551 Provision for doubtful accounts 2,604 3,180 553 Deferred taxes 9,317 6,465 — Gain on sale of equity investment (2,932) — — Casin on sale of equity investment (25,179) (16,510) (8,277) Inventories (931) 1,291 198 Pepaid expenses and other assets (5,553) (3,385) (1,708) Accounts receivable (9,72) (1,781) (1,981) Pepaid expenses and other assets (5,553) (3,383) (1,708) Accounts providespenses (2,962) (809) 3,686 <th></th> <th colspan="5">Year Ended December 31,</th>		Year Ended December 31,				
Net income Net						
Adjustments to reconcile net income to net cash provided by operating activities: Depreciation and amortization \$21,468 16,455 6,528 \$150c. Chassed compensation expense \$3,808 2,328 604 \$200 \$1,800	Cash flows from operating activities:					
Depreciation and amortization 21,468 16,455 6,528	Net income	\$20,563	\$11,895	\$9,710		
Stock-based compensation expense 3,808 2,328 604 Write-off of capitalized software — 290	Adjustments to reconcile net income to net cash provided by operating activities:					
Write-off of capitalized software — 290 — Realized (gain) loss on investments 77 145 51 Provision for doubtful accounts 9,004 3,180 553 Deferred taxes 9,317 6,465 — Gain on sale of equity investment (2,392) — — Changes in operating assets and liabilities:	Depreciation and amortization	21,468	16,455	6,528		
Realized (gain) loss on investments 77 145 51 Provision for doubtful accounts 2,604 3,180 553 Deferred taxes 9,317 6,465 — Gain on sale of equity investment (2,392) — — Changes in operating assets and liabilities: — — — Inventories (931) 1,291 198 Prepaid expenses and other assets (5,553) (3,385) (1,702) Accounts payable 5,732 (1,778) 2,649 Accrued expenses (2,962) (809) 3,686 Accrued compensation (4,259) 6,383 (348) Deferred revenue 8,381 1,403 2,699 Other current liabilities (157) 80 156 Net cash provided by operating activities 30,517 27,413 16,507 Cash flows from investing activities 30,517 27,413 16,507 Cash flows from investing activities (7,745) (5,674) (1,958) Net cash provided by operating activities	Stock-based compensation expense	3,808	2,328	604		
Provision for doubtful accounts 2,604 3,180 553 Deferred taxes 9,317 6,465 — Gain on sale of equity investment (2,392) — — Changes in operating assets and liabilities: — — — Accounts receivable (931) 1,291 198 Prepaid expenses and other assets (5,553) (3,385) (1,702) Accounts payable 5,732 (1,798) 2,649 Accrued expenses (2,962) (809) 3,686 Accrued compensation (4,259) 6,383 (348) Deferred revenue 8,381 1,403 2,699 Other current liabilities (157) 80 156 Net cash provided by operating activities (7,745) (5,674) (1,958) Capital expenditures (7,745) (5,674) (1,958) Capital expenditures (7,745) (5,674) (1,958) Capital expenditures (13,918) (9,106) (3,186) Purchase of marketable securities (20,480)	Write-off of capitalized software	_	290	_		
Deferred taxes 9,317 6,465 — Gain on sale of equity investment (2,392) — — Changes in operating assets and liabilities: (25,179) (16,510) (8,277) Inventories (931) 1,291 198 Prepaid expenses and other assets (5,553) (3,385) (1,702) Accounts payable 5,732 (1,798) 2,649 Accured expenses (2,962) (809) 3,686 Accured compensation (4,259) 6,383 (348) Deferred revenue 8,381 1,403 2,699 Other current liabilities (157) 80 156 Net cash provided by operating activities 30,517 27,413 16,507 Cash flows from investing activities: (157) 80 156 Net cash provided by operating activities: (7,745) (5,674) (1,958) Capital expenditures (7,745) (5,674) (1,958) Action of surface of marketable securities (13,918) (9,106) (3,186) Pur	Realized (gain) loss on investments	77	145	51		
Gain on sale of equity investment (2,392) — — Changes in operating assets and liabilities: (25,179) (16,510) (8,277) Accounts receivable (931) 1,291 198 Prepaid expenses and other assets (5,553) (3,385) (1,709) Accounts payable 5,732 (1,798) 2,649 Accrued expenses (2,962) (809) 3,686 Accrued compensation (4,259) 6,383 (348) Deferred revenue 8,381 1,403 2,699 Other current liabilities (157) 80 156 Net cash provided by operating activities (157) 80 156 Capital expenditures (7,745) (5,674) (1,958) Purchase of marketable securities	Provision for doubtful accounts	2,604	3,180	553		
Changes in operating assets and liabilities: (25,179) (16,510) (8,277) Accounts receivable (931) 1,291 198 Prepaid expenses and other assets (5,553) (3,385) (1,702) Accounts payable 5,732 (1,798) 2,649 Accrued expenses (2,962) (809) 3,686 Accrued compensation (4,259) 6,383 (348) Deferred revenue 8,381 1,403 2,699 Other current liabilities (157) 80 156 Net cash provided by operating activities 30,517 27,413 16,507 Cash flows from investing activities: (7,745) (5,674) (1,958) Capital expenditures (7,745) (5,674) (1,958) Capitalized software and website development costs (13,918) (9,106) (3,186) Purchase of marketable securities (20,480) (29,053) (25,907) (25,907) (25,907) (25,907) (31,86) Purchase of marketable securities (1,782) (2,408) (29,053) (Deferred taxes	9,317	6,465	_		
Accounts receivable Inventories (25,179) (16,510) (8,277) Inventories (931) 1,291 198 Prepaid expenses and other assets (5,553) (3,385) (1,702) Accounts payable 5,732 (1,798) 2,649 Accrued expenses (2,962) (809) 3,686 Accrued compensation (4,259) 6,383 (348) Deferred revenue 8,381 1,403 2,699 Other current liabilities (157) 80 156 Net cash provided by operating activities: (157) 80 156 Capital expenditures (7,745) (5,674) (1,958) Capital expenditures (7,745) (5,674) (1,958) Capitalized software and website development costs (13,918) (9,106) (3,186) Purchase of marketable securities (20,480) (29,053) (25,907) Maturities of marketable securities (20,480) (29,053) (25,907) Investment in promissory note receivable and minority interest 2,592 — — <td>Gain on sale of equity investment</td> <td>(2,392)</td> <td>_</td> <td>_</td>	Gain on sale of equity investment	(2,392)	_	_		
Accounts receivable Inventories (25,179) (16,510) (8,277) Inventories (931) 1,291 198 Prepaid expenses and other assets (5,553) (3,385) (1,702) Accounts payable 5,732 (1,798) 2,649 Accrued expenses (2,962) (809) 3,686 Accrued compensation (4,259) 6,383 (348) Deferred revenue 8,381 1,403 2,699 Other current liabilities (157) 80 156 Net cash provided by operating activities 30,517 27,413 16,507 Cash flows from investing activities: (157) 80 156 Capital expenditures (7,745) (5,674) (1,958) Capitalized software and website development costs (13,918) (9,106) (3,186) Purchase of marketable securities (20,480) (29,053) (25,907) Maturities of marketable securities (20,480) (29,053) (25,907) Investment in promissory note receivable and minority interest 2,592 —	Changes in operating assets and liabilities:					
Prepaid expenses and other assets (5,553) (3,385) (1,702) Accounts payable 5,732 (1,778) 2,649 Accrued expenses (2,962) (809) 3,686 Accrued compensation (4,259) 6,383 (348) Deferred revenue 8,381 1,403 2,699 Other current liabilities (157) 80 156 Net cash provided by operating activities 30,517 27,413 16,507 Cash flows from investing activities: (157) 80 156 Net cash provided by operating activities (7,745) (5,674) (1,958) Capital expenditures (20,480) (29,053) (25,907) Maturities of marketable securities (20,480) (29,053) (25,907) Maturities of marketable securities (20,480) (29,053) (25,907)		(25,179)	(16,510)	(8,277)		
Accounts payable 5,732 (1,798) 2,649 Accrued expenses (2,962) (809) 3,686 Accrued compensation (4,259) 6,383 (348) Deferred revenue 8,381 1,403 2,699 Other current liabilities (157) 80 156 Net cash provided by operating activities: (157) 80 156 Cash flows from investing activities: (7,745) (5,674) (1,958) Capital expenditures (7,745) (5,674) (1,958) Capitalized software and website development costs (13,918) (9,106) (3,186) Purchase of marketable securities (20,480) (29,053) (25,907) Maturities of marketable securities (20,480) (29,053) (25,907) Maturities of marketable securities - (500) (1,050) Sale of equity investment in promissory note receivable and minority interest - (500) (1,050) Sale of equity investment. 2,592 - - (500) (1,050) Sale of equity investm	Inventories	(931)	1,291	198		
Accrued expenses (2,962) (809) 3,686 Accrued compensation (4,259) 6,383 (348) Deferred revenue 8,381 1,403 2,699 Other current liabilities (157) 80 156 Net cash provided by operating activities 30,517 27,413 16,507 Cash flows from investing activities (7,745) (5,674) (1,958) Capital expenditures (7,745) (5,674) (1,958) Capitalized software and website development costs (13,918) (9,106) (3,186) Purchase of marketable securities (20,480) (29,053) (25,907) Maturities of marketable securities 41,782 74,026 51,872 Investment in promissory note receivable and minority interest 2,592 — — Sale of equity investment. 2,592 — — Net payments for purchase of Extended Care Information Network, Inc. (79,540) — — Net payments for other acquisitions (11,740) — (1,763) Net cash provided by (used in) investing ac	Prepaid expenses and other assets	(5,553)	(3,385)	(1,702)		
Accrued compensation (4,259) 6,383 (348) Deferred revenue 8,381 1,403 2,699 Other current liabilities (157) 80 156 Net cash provided by operating activities 30,517 27,413 16,507 Cash flows from investing activities: (7,745) (5,674) (1,958) Capital expenditures (13,918) (9,106) (3,186) Purchase of marketable securities (13,918) (9,106) (3,186) Purchase of marketable securities (20,480) (29,053) (25,907) Maturities of marketable securities 41,782 74,026 51,872 Investment in promissory note receivable and minority interest — (500) (1,050) Sale of equity investment. 2,592 — — Net payments for purchase of Extended Care Information Network, Inc. (79,540) — — Net payments for other acquisitions (89,314) (180,131) 18,008 Cash flows from financing activities: (89,314) (180,131) 18,008 Cash flows from fi	Accounts payable	5,732	(1,798)	2,649		
Deferred revenue 8,381 1,403 2,699 Other current liabilities (157) 80 156 Net cash provided by operating activities 30,517 27,413 16,507 Cash flows from investing activities: (7,745) (5,674) (1,958) Capital expenditures (13,918) (9,106) (3,186) Purchase of marketable securities (20,480) (29,053) (25,907) Maturities of marketable securities 41,782 74,026 51,872 Investment in promissory note receivable and minority interest — (500) (1,050) Sale of equity investment. 2,592 — — Net payments for purchase of Extended Care Information Network, Inc. (79,540) — — Net payments for purchase of A4 Health Sytems, Inc. (265) (209,824) — Payments for other acquisitions (89,314) (180,131) 18,008 Cash flows from financing activities: — (17,763) Payments for other acquisitions — (15) (64) Powents of capital lease obligations <td>Accrued expenses</td> <td>(2,962)</td> <td>(809)</td> <td>3,686</td>	Accrued expenses	(2,962)	(809)	3,686		
Other current liabilities (157) 80 156 Net cash provided by operating activities 30,517 27,413 16,507 Cash flows from investing activities: (7,745) (5,674) (1,958) Capital expenditures (7,745) (5,674) (1,958) Capitalized software and website development costs (13,918) (9,106) (3,186) Purchase of marketable securities (20,480) (29,053) (25,907) Maturities of marketable securities 41,782 74,026 51,872 Investment in promissory note receivable and minority interest — (500) (1,050) Sale of equity investment. 2,592 — — Net payments for purchase of Extended Care Information Network, Inc. (79,540) — — Net payments for purchase of A4 Health Sytems, Inc. (265) (209,824) — Payments for other acquisitions (11,740) — (1,763) Net cash provided by (used in) investing activities (89,314) (180,131) 18,008 Cash flows from financing activities (89,314) (180,131) <td>Accrued compensation</td> <td>(4,259)</td> <td>6,383</td> <td>(348)</td>	Accrued compensation	(4,259)	6,383	(348)		
Net cash provided by operating activities 30,517 27,413 16,507 Cash flows from investing activities: (7,745) (5,674) (1,958) Capital expenditures (7,745) (5,674) (1,958) Capital expenditures (13,918) (9,106) (3,186) Purchase of marketable securities (20,480) (29,053) (25,907) Maturities of marketable securities 41,782 74,026 51,872 Investment in promissory note receivable and minority interest — (500) (1,050) Sale of equity investment. 2,592 — — Net payments for purchase of Extended Care Information Network, Inc. (79,540) — — Net payments for purchase of A4 Health Sytems, Inc. (265) (209,824) — Payments for other acquisitions (11,740) — (1,763) Net cash provided by (used in) investing activities (89,314) (180,131) 18,008 Cash flows from financing activities: (89,314) (180,131) 18,008 Cash flows from financing activities 9,280 14,377	Deferred revenue	8,381	1,403	2,699		
Cash flows from investing activities: (7,745) (5,674) (1,958) Capital expenditures (7,745) (5,674) (1,958) Capitalized software and website development costs (13,918) (9,106) (3,186) Purchase of marketable securities (20,480) (29,053) (25,907) Maturities of marketable securities 41,782 74,026 51,872 Investment in promissory note receivable and minority interest — (500) (1,050) Sale of equity investment. 2,592 — — Net payments for purchase of Extended Care Information Network, Inc. (79,540) — — Net payments for purchase of Extended Care Information Network, Inc. (79,540) — — Net payments for other acquisitions (11,740) — (1,763) Net cash provided by (used in) investing activities (89,314) (180,131) 18,008 Cash flows from financing activities: — (15) (64) Proceeds from exercise of common stock options 9,280 14,377 9,482 Net proceeds from employee stock purchase plan, net	Other current liabilities	(157)	80	156		
Capital expenditures (7,745) (5,674) (1,958) Capitalized software and website development costs (13,918) (9,106) (3,186) Purchase of marketable securities (20,480) (29,053) (25,907) Maturities of marketable securities 41,782 74,026 51,872 Investment in promissory note receivable and minority interest — (500) (1,050) Sale of equity investment. 2,592 — — Net payments for purchase of Extended Care Information Network, Inc. (79,540) — — Net payments for purchase of A4 Health Sytems, Inc. (265) (209,824) — Payments for other acquisitions (11,740) — (1,763) Net cash provided by (used in) investing activities (89,314) (180,131) 18,008 Cash flows from financing activities: — (15) (64) Proceeds from exercise of common stock options 9,280 14,377 9,482 Net proceeds received in issuance of common stock — (21,078) — Repurchase of common stock from a related party —	· · · · · · · · · · · · · · · · · · ·	30,517	27,413	16,507		
Capitalized software and website development costs (13,918) (9,106) (3,186) Purchase of marketable securities (20,480) (29,053) (25,907) Maturities of marketable securities 41,782 74,026 51,872 Investment in promissory note receivable and minority interest — (500) (1,050) Sale of equity investment. 2,592 — — Net payments for purchase of Extended Care Information Network, Inc. (79,540) — — Net payments for purchase of A4 Health Sytems, Inc. (265) (209,824) — Payments for other acquisitions (11,740) — (1,763) Net cash provided by (used in) investing activities (89,314) (180,131) 18,008 Cash flows from financing activities: — (15) (64) Proceeds from exercise of common stock options 9,280 14,377 9,482 Net proceeds received in issuance of common stock — 140,675 — Repurchase of common stock from a related party — (21,078) — Proceeds from employee stock purchase plan, net <	ů .	(7.745)	(5.674)	(1.958)		
Purchase of marketable securities (20,480) (29,053) (25,907) Maturities of marketable securities 41,782 74,026 51,872 Investment in promissory note receivable and minority interest — (500) (1,050) Sale of equity investment. 2,592 — — Net payments for purchase of Extended Care Information Network, Inc. (79,540) — — Net payments for purchase of A4 Health Sytems, Inc. (265) (209,824) — Payments for other acquisitions (11,740) — (1,763) Net cash provided by (used in) investing activities (89,314) (180,131) 18,008 Cash flows from financing activities: — (15) (64) Proceeds from exercise of common stock options — (15) (64) Proceeds from exercise of common stock options 9,280 14,377 9,482 Net proceeds received in issuance of common stock — 140,675 — Repurchase of common stock from a related party — (21,078) — Proceeds from employee stock purchase plan, net 889 315 — Net proceeds from revolving Credit Facility 49,952 <td>·</td> <td></td> <td></td> <td></td>	·					
Maturities of marketable securities Investment in promissory note receivable and minority interest Investment in promissory note (265) (200,824) Investment in promissory note receivable and minority interest Investment in promissory note (265) (209,824) Investment in promissory note in proposed i	·			. , ,		
Investment in promissory note receivable and minority interest Sale of equity investment. Net payments for purchase of Extended Care Information Network, Inc. Net payments for purchase of A4 Health Sytems, Inc. Payments for other acquisitions Net cash provided by (used in) investing activities Cash flows from financing activities: Payments of capital lease obligations Net proceeds from exercise of common stock options Net proceeds received in issuance of common stock Repurchase of common stock from a related party Proceeds from employee stock purchase plan, net Net proceeds from revolving Credit Facility Net cash provided by financing activities Only 10,750 (79,540) (79,540) (89,314) (180,131) 18,008 (89,314) (180,131) 18,008 (15) (64) Proceeds from exercise of common stock options 9,280 14,377 9,482 Net proceeds received in issuance of common stock — 140,675 — Repurchase of common stock from a related party Proceeds from employee stock purchase plan, net 889 315 — Net proceeds from revolving Credit Facility 49,952 — Net cash provided by financing activities						
Sale of equity investment. Net payments for purchase of Extended Care Information Network, Inc. Net payments for purchase of A4 Health Sytems, Inc. Payments for other acquisitions Net cash provided by (used in) investing activities Cash flows from financing activities: Payments of capital lease obligations Proceeds from exercise of common stock options Net proceeds received in issuance of common stock Repurchase of common stock from a related party Proceeds from employee stock purchase plan, net Net proceeds from revolving Credit Facility Net cash provided by financing activities October 134,274 Py,418	Investment in promissory note receivable and minority interest	_	,			
Net payments for purchase of Extended Care Information Network, Inc. Net payments for purchase of A4 Health Sytems, Inc. Payments for other acquisitions Net cash provided by (used in) investing activities Cash flows from financing activities: Payments of capital lease obligations Proceeds from exercise of common stock options Net proceeds received in issuance of common stock Repurchase of common stock from a related party Proceeds from employee stock purchase plan, net Net proceeds from revolving Credit Facility Net cash provided by financing activities O(79,540) (209,824) (11,740) (180,131) 18,008 (89,314) (180,131) 18,008 (64) Proceeds from exercise of common stock options 9,280 14,377 9,482 Net proceeds received in issuance of common stock — 140,675 — (21,078) — Proceeds from employee stock purchase plan, net 889 315 — Net proceeds from revolving Credit Facility 49,952 — — Net cash provided by financing activities		2,592	_			
Net payments for purchase of A4 Health Sytems, Inc. Payments for other acquisitions Net cash provided by (used in) investing activities Cash flows from financing activities: Payments of capital lease obligations Proceeds from exercise of common stock options Net proceeds received in issuance of common stock Repurchase of common stock from a related party Proceeds from employee stock purchase plan, net Net proceeds from revolving Credit Facility Net cash provided by financing activities (205) (209,824) — (1,763) 18,008 (89,314) (180,131) 18,008 (64) Proceeds from exercise of common stock options 9,280 14,377 9,482 140,675 — (21,078) — (21,078) — (21,078) — (21,078) Proceeds from employee stock purchase plan, net Net proceeds from revolving Credit Facility Net cash provided by financing activities	· ·		_	_		
Payments for other acquisitions (11,740) — (1,763) Net cash provided by (used in) investing activities (89,314) (180,131) 18,008 Cash flows from financing activities: Payments of capital lease obligations — (15) (64) Proceeds from exercise of common stock options Net proceeds received in issuance of common stock — 140,675 — Repurchase of common stock from a related party — (21,078) — Proceeds from employee stock purchase plan, net 889 315 — Net proceeds from revolving Credit Facility 49,952 — — Net cash provided by financing activities 60,121 134,274 9,418		(265)	(209,824)	_		
Cash flows from financing activities: Payments of capital lease obligations Proceeds from exercise of common stock options Net proceeds received in issuance of common stock Repurchase of common stock from a related party Proceeds from employee stock purchase plan, net Net proceeds from revolving Credit Facility Net cash provided by financing activities (15) (64) 9,280 14,377 9,482 — (21,078) — (21,078) — 889 315 — 49,952 — — Net cash provided by financing activities				(1,763)		
Payments of capital lease obligations — (15) (64) Proceeds from exercise of common stock options 9,280 14,377 9,482 Net proceeds received in issuance of common stock — 140,675 — Repurchase of common stock from a related party — (21,078) — Proceeds from employee stock purchase plan, net 889 315 — Net proceeds from revolving Credit Facility 49,952 — — Net cash provided by financing activities 60,121 134,274 9,418	, , , , ,	(89,314)	(180,131)	18,008		
Proceeds from exercise of common stock options Net proceeds received in issuance of common stock Repurchase of common stock from a related party Proceeds from employee stock purchase plan, net Net proceeds from revolving Credit Facility Net cash provided by financing activities 9,280 14,377 9,482	9	_	(15)	(64)		
Net proceeds received in issuance of common stock Repurchase of common stock from a related party Proceeds from employee stock purchase plan, net Net proceeds from revolving Credit Facility Net cash provided by financing activities	,	9.280	, ,	` ,		
Repurchase of common stock from a related party Proceeds from employee stock purchase plan, net Net proceeds from revolving Credit Facility Net cash provided by financing activities	·					
Proceeds from employee stock purchase plan, net Net proceeds from revolving Credit Facility Net cash provided by financing activities 889 315 — 49,952 — — 889 315 — 60,121 134,274 9,418	•	_		_		
Net proceeds from revolving Credit Facility 49,952 — — Net cash provided by financing activities 60,121 134,274 9,418	· · ·	889	. , ,	_		
	1 / 1 /					
Net increase (decrease) in cash and cash equivalents 1,324 (18,444) 43,933	Net cash provided by financing activities	60,121	134,274	9,418		
	Net increase (decrease) in cash and cash equivalents	1,324	(18,444)	43,933		
Cash and cash equivalents, beginning of year 42,461 60,905 16,972	Cash and cash equivalents, beginning of year	42,461	60,905	16,972		
Cash and cash equivalents, end of year \$43,785 \$42,461 \$60,905	Cash and cash equivalents, end of year	\$43,785	\$42,461	\$60,905		

BOARD OF DIRECTORS
As of 3-31-08

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Bernard Goldstein Co-Founder

Broadview Associates and Private Investor

Philip D. Green
President, Strategic Business Initiatives
University of Pittsburgh
Medical Center

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222 Merchandise Mart #2024 Chicago, IL 60654 800.654.0889

FINANCIAL REPORTS

Financial reports, including Form 10-K, Form 10-Q and the Annual Report, can be accessed online at www.sec.gov.

You may also obtain financial documents by writing: Allscripts Investor Relations 222 Merchandise Mart #2024 Chicago, IL 60654

COMMON STOCK

Allscripts stock trades on the Nasdaq under the symbol MDRX.

TRANSFER AGENT

For questions concerning common stock certificates, change of address, transfer of ownership or other stock matters, please contact: LaSalle Bank NA 135 South LaSalle Street Suite 1960 Chicago, IL 60603 800.246.5761

DESIGN

Paragraphs Design, Chicago

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