

ALLSCRIPTS HEALTHCARE SOLUTIONS INC
Form DEF 14A
April 30, 2007
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SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)**

Filed by the Registrant

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Check the appropriate box:

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Allscripts Healthcare Solutions, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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(4) Date Filed:

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222 Merchandise Mart Plaza, Suite 2024

Chicago, IL 60654

Telephone: (866) 358-6869

Facsimile: (312) 506-1201

April 30, 2007

Fellow Stockholders:

You are cordially invited to attend the Allscripts Healthcare Solutions, Inc. Annual Meeting of Stockholders on Tuesday, June 19, 2007 at 10:00 a.m., Central Time. The meeting will be held at Allscripts principal offices located at 222 Merchandise Mart Plaza, Suite 2024, Chicago, Illinois 60654.

This Notice of Annual Meeting and this Proxy Statement describe the business to be transacted at the meeting and provides other information concerning Allscripts of which you should be aware when you vote your shares. Details of the business to be conducted at the Annual Meeting are given in the attached Notice of Annual Meeting and Proxy Statement. All stockholders are welcome to attend the Annual Meeting.

It is important that your shares are represented at the Annual Meeting whether or not you plan to attend. To ensure that you will be represented, we ask that you sign, date and return the enclosed proxy card or proxy voting instruction form as soon as possible in the enclosed return envelope. You may also cast your vote by telephone or over the Internet if these options are available on your proxy card. If such voting method is used, then you do not need to return your proxy card by mail. In any event, please vote as soon as possible.

On behalf of the Allscripts Board of Directors and our management team, I would like to express our appreciation for your interest in Allscripts.

Sincerely,

Glen E. Tullman

Chairman and Chief Executive Officer

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ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

222 Merchandise Mart Plaza, Suite 2024

Chicago, IL 60654

Notice of Annual Meeting of Stockholders

June 19, 2007

The Annual Meeting of Stockholders of Allscripts Healthcare Solutions, Inc. will be held at 10:00 a.m., Central Time, on Tuesday, June 19, 2007, at our corporate headquarters located at 222 Merchandise Mart Plaza, Suite 2024, Chicago, Illinois, for the following purposes:

1. to elect three directors to each serve a term of three years;
2. to approve an amendment to the Allscripts Healthcare Solutions, Inc. Amended and Restated 1993 Stock Incentive Plan to increase the number of shares we may issue under the plan by 1,500,000;
3. to ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for 2007; and
4. to transact any other business that properly comes before the meeting.

You are entitled to notice of and to vote at the Annual Meeting if you were a shareholder of record of Allscripts Healthcare Solutions, Inc. common stock at the close of business on Monday, April 23, 2007.

Your vote is important. We urge you to vote your shares promptly, even if you plan to attend the meeting. You may vote over the Internet, by telephone or by returning the enclosed proxy card. Specific instructions on how to vote can be found on the proxy card.

By Order of the Board of Directors,

Lee Shapiro

President and Secretary

April 30, 2007

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ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

Proxy Statement

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Annual Report on Form 10-K

We have enclosed with this proxy statement a copy of our Annual Report to Stockholders, which includes our Annual Report on Form 10-K for the year ended December 31, 2006, without exhibits. You may access the exhibits described in the Form 10-K through our website at www.allscripts.com or obtain a copy of the exhibits for a fee upon request. Please contact Lee Shapiro, Secretary, Allscripts Healthcare Solutions, Inc., 222 Merchandise Mart Plaza, Suite 2024, Chicago, Illinois 60654.

This proxy statement and form of proxy are first being sent to stockholders on or about May 4, 2007.

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QUESTIONS AND ANSWERS

What am I voting on?

We are soliciting your vote on the following:

1. the election of three directors to each serve a term of three years;
2. the approval of an amendment to the Allscripts Healthcare Solutions, Inc. Amended and Restated 1993 Stock Incentive Plan to increase the number of shares we may issue under the plan by 1,500,000; and
3. the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for 2007.

Who may vote?

Allscripts stockholders at the close of business on April 23, 2007, the record date, are entitled to vote. On that date, there were 55,356,264 shares of Allscripts common stock outstanding.

How many votes do I have?

Each share that you own of Allscripts common stock entitles you to one vote.

How do I vote?

All stockholders may vote by mail. You also may vote by telephone or over the Internet, if your proxy card makes these options available. To vote by mail, please sign, date and mail your proxy in the postage paid envelope provided. To vote by telephone or via the Internet, please follow the instructions on your proxy card. If you hold your shares through a bank or broker and they do not offer telephone or Internet voting or if these options are not available on your proxy card, please complete and return your proxy by mail. If you attend the Annual Meeting in person and would like to vote then, we will give you a ballot at the meeting. If your shares are held in the name of your broker, bank or other nominee, you need to bring an account statement or letter from the nominee indicating that you were the beneficial owner of the shares on April 23, 2007, the record date for voting.

How does discretionary voting authority apply?

If you sign, date and return your proxy card, your vote will be cast as you direct. If you do not indicate how you want to vote, you give authority to Glen E. Tullman, Chairman and Chief Executive Officer, and William J. Davis, Chief Financial Officer, to vote for the items discussed in these proxy materials and any other matter that is properly raised at the Annual Meeting. In such a case, your vote will be cast FOR the election of each director nominee, FOR the approval of the amendment to our Stock Incentive Plan, FOR the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for 2007 and FOR or AGAINST any other properly raised matters, at the discretion of Messrs. Tullman and Davis.

May I revoke my proxy?

You may revoke your proxy at any time before it is exercised in one of four ways:

1. Notify our Secretary in writing before the Annual Meeting that you are revoking your proxy.

2. Submit another proxy with a later date.
3. Vote by telephone or Internet after you have given your proxy(if your proxy card makes these options available).
4. Vote in person at the Annual Meeting.

What does it mean if I receive more than one proxy card?

Your shares are likely registered differently or are in more than one account. You should sign and return all proxy cards to guarantee that all of your shares are voted.

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What constitutes a quorum?

The presence, in person or by proxy, of the holders of one-third of the total number of shares of Allscripts common stock issued and outstanding as of the record date constitutes a quorum. You will be considered part of the quorum if you return a signed and dated proxy card, if you vote by telephone or over the Internet, or if you attend the Annual Meeting.

Abstentions and broker non-votes are counted as shares present at the Annual Meeting for purposes of determining whether a quorum exists. A broker non-vote occurs when a bank or broker submits a proxy that does not indicate a vote for a proposal because he or she does not have voting authority and has not received voting instructions from you. Please note that banks and brokers cannot vote on their clients' behalf on non-routine proposals, such as the approval of the amendment to the Stock Incentive Plan. Routine matters include the election of directors and the ratification of the appointment of Grant Thornton LLP as our independent registered accounting firm.

What vote is required to approve the proposals?

Election of Directors: A plurality of the votes cast will elect directors. This means that the three nominees who receive the highest number of votes will be elected. If you do not want to vote your shares for a particular nominee, you may indicate that in the space provided on the proxy card or withhold authority as prompted during telephone or Internet voting.

Approval of the Amendment to our Stock Incentive Plan: Approval of the amendment to our Stock Incentive Plan requires the affirmative vote of a majority of the shares present or represented by proxy and having the power to vote at the Annual Meeting. An abstention will have the effect of a vote against the approval of the amendment, but a broker non-vote will have no effect.

Ratification of the appointment of the Independent Registered Public Accounting Firm: Although we are not required to submit the appointment of our independent registered public accounting firm to a vote of stockholders, we believe that it is appropriate to ask that you ratify the appointment. Ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for 2007 requires the affirmative vote of a majority of the shares present or represented by proxy at the Annual Meeting. An abstention will have the effect of a vote against the ratification of the appointment of Grant Thornton LLP.

How do I submit a stockholder proposal?

The deadline has passed for submitting a proposal to be raised at the 2007 Annual Meeting of Stockholders. To submit a proposal to be included in our proxy statement for the 2008 Annual Meeting of Stockholders, you must submit a proposal no later than January 4, 2008. Your proposal must comply with the proxy rules of the Securities and Exchange Commission. You should send your proposal to our Secretary at our address on the cover of this proxy statement.

You also may submit a proposal that you do not want included in the proxy statement but that you want to raise at the 2008 Annual Meeting of Stockholders. We must receive your proposal in writing on or after January 20, 2008, but no later than February 19, 2008. To be properly brought before an annual meeting, our by-laws require that your proposal give: (1) a brief description of the business you want to bring before the meeting; (2) your name and address as they appear on our stock records; (3) the class and number of shares of Allscripts that you beneficially own; and (4) any interest you may have in the business you want to bring before the meeting. You should send your proposal to our Secretary at the address on the cover of this proxy statement.

Who pays to prepare, mail and solicit the proxies?

We will pay all of the costs of preparing, mailing and soliciting these proxies. We will ask brokers, banks, voting trustees and other nominees and fiduciaries to forward the proxy materials to the beneficial owners of our common stock and to obtain the authority to execute proxies. In addition to mailing proxy materials, our directors, officers and employees may solicit proxies in person, by telephone or otherwise. These individuals will not be specially compensated.

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Proposal 1

ELECTION OF DIRECTORS

Eight directors currently serve on our Board of Directors. The directors are divided into three classes. Each director serves for a term of three years, until a qualified successor director has been elected, or until he resigns or is removed by the Board. At this Annual Meeting, you will be asked to elect three directors. The remaining five directors will continue to serve on the Board as described below. The 2007 nominees are Messrs. Robert A. Compton, Michael J. Kluger, and John P. McConnell. All nominees currently serve on our Board of Directors.

Your shares will be voted in person at the Annual Meeting as you specify on the enclosed proxy card, by telephone or Internet voting. If you do not specify how you want your shares voted, we will vote them FOR the election of Messrs. Compton, Kluger, and McConnell. If unforeseen circumstances (such as death or disability) make it necessary for the Board of Directors to substitute another person for a nominee, your shares will be voted FOR that other person or, alternatively, the Board may elect to reduce the size of the Board of Directors. The Board does not anticipate that any nominee will be unable to serve. The nominees and continuing directors have provided the following information about themselves.

Nominees

Robert A. Compton, 51, was elected to our Board of Directors in August 2003. In 2005, Mr. Compton founded Vontoo Corporation, an on-demand, permission-based voice messaging company and currently serves as its Chief Executive Officer. Previously, he was Founder and Chief Executive Officer of NoInk Communications, a provider of handheld and web-based software solutions for pharmaceutical and medical device sales professionals, from 2002 until the company's sale in 2004. From 1999 to January 2000, Mr. Compton was President of the Neurologic Technologies Division of Medtronic, Inc., a medical technology company. From 1997 until 1999, Mr. Compton was President and Chief Operating Officer of Sofamor Danek Group, Inc., a medical device manufacturer, which was acquired by Medtronic, Inc. in January 1999. From 1988 until 1997, Mr. Compton served as general partner of CID Equity Partners, a venture capital firm. Mr. Compton currently serves as the Chairman of the Board on the board of directors of Exact Target.

Michael J. Kluger, 50, was elected to our Board of Directors in 1994. Since 1992, Mr. Kluger has served as a Managing Director of Liberty Capital Partners, Inc., a New York investment management firm and the general partner of Liberty Partners, L.P. Since November 2001, Mr. Kluger is a Managing Director of AIG Altaris Health Partners, L.P., a private equity healthcare firm, and from June 2001 to March 2005, Mr. Kluger served on the board of directors of ConnectiCare, Inc.

John P. McConnell, 56, was appointed to our Board of Directors on March 7, 2006, in connection with Allscripts' acquisition of A4 Health Systems, Inc. (A4), where he served as A4's Chief Executive Officer and Chairman from 1998 until the completion of the sale to Allscripts. From 1982 until 1998, Mr. McConnell served as the Chief Executive Officer and Chairman of Medic Computer Systems, a company co-founded by Mr. McConnell and sold to Misys Healthcare Systems in 1998. Since 1998, Mr. McConnell has been a manager of McConnell Venture Partners Fund, LLC, which provided venture funding to A4 prior to Mr. McConnell's appointment as Chief Executive Officer and Chairman. Mr. McConnell is currently a member of the board of directors of Blackbaud, Inc., Med3000, Inc. and the 2004 WakeMed Foundation in North Carolina.

Directors Continuing Until the 2008 Annual Meeting

M. Fazle Husain, 43, was elected to our Board of Directors in April 1998. Mr. Husain is a Managing Director of Morgan Stanley and Managing Member of Morgan Stanley Venture Partners III, L.L.C. and its affiliated entities, a late stage venture capital fund, investing primarily in companies in the medical technology and information technology sectors. Mr. Husain joined Morgan Stanley in 1987, and since 1991 has focused on investing in healthcare and software companies. He currently serves on the board of directors of several privately held medical and software companies and has served on the board of directors of Cross Country Healthcare, Inc.

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Glen E. Tullman, 47, joined Allscripts as Chief Executive Officer in August 1997 to lead our transition into the Healthcare Information Sector. In May 1999, Mr. Tullman became our Chairman of the Board. Prior to joining Allscripts from October 1994 to July 1997, Mr. Tullman was Chief Executive Officer of Enterprise Systems, Inc., a healthcare information services company providing resource management solutions to large integrated healthcare networks. From 1983 to 1994, Mr. Tullman served in a number of management roles, including President and Chief Operating Officer, of CCC Information Services, Inc., a provider of information systems to property and casualty insurers. Mr. Tullman currently serves on the board of directors of Extended Care Information Network, Inc. and the Juvenile Diabetes Research Foundation, Illinois Chapter.

Directors Continuing Until the 2009 Annual Meeting

Marcel L. Gus Gamache, 64, was elected to our Board of Directors in August 2003. From 1994 to 2005, Mr. Gamache was President and Chief Executive Officer of ConnectiCare, a Farmington, Connecticut-based managed care company serving more than 270,000 members in Connecticut and western Massachusetts. Prior to his work at ConnectiCare, Mr. Gamache was employed for 19 years at Blue Cross and Blue Shield of Massachusetts where he served as internal auditor, Controller and Senior Vice President for Information Services.

Bernard Goldstein, 76, was elected to our Board of Directors in 2001. From 1979 to 1996, Mr. Goldstein was a Managing Director of Broadview International, LLC, a financial services firm specializing in merger and acquisition transactions for communications, IT, and media companies. Thereafter, he served as a director of Broadview until 2002. He is a past President of the Information Technology Association of America, the industry trade association of the computer service industry, and past Chairman of the Information Technology Foundation. Mr. Goldstein was a director of Apple Computer Inc. until August 1997, and a director of Sungard Data Systems, Inc. until 2005.

Philip D. Green, 56, was elected to our Board of Directors in 1992. Mr. Green is President, Strategic Business Initiatives (SBI), of the University of Pittsburgh Medical Center (UPMC). Mr. Green also is Of Counsel in the Washington, D.C. office of Drinker Biddle & Reath LLP. Before joining UPMC in July 2006, Mr. Green was a partner with the law firm of Gardner Carton & Douglas, LLP since June 2004. From June 2000 until June 2004, Mr. Green was a partner with Akin, Gump, Strauss, Hauer & Feld, L.L.P. From 1989 until June 2000, Mr. Green was a partner with the law firm of Green, Stewart, Farber & Anderson, P.C., of which Mr. Green was a founding partner. From 1978 through 1989, Mr. Green was a partner in the Washington, D.C. based law firm of Schwalb, Donnenfeld, Bray & Silbert, P.C. Mr. Green serves on the board of directors of I-trax, Inc.

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MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

During 2006, our Board of Directors met nine times. In addition to meetings of the full Board, directors attended meetings of the Board committees. Allscripts has standing Audit, Compensation, and Nominating and Governance Committees. Robert A. Compton serves as the lead independent director and focuses on key governance issues, board self-evaluations and the Chief Executive Officer evaluation. In 2006, Mr. Compton, Mr. Green and Mr. Husain attended eight of the nine meetings, Mr. McConnell attended all five meetings that occurred subsequent to his election to the Board on March 7, 2006 and all other directors attended all nine meetings. All Board members attended at least 75% of their requisite committee meetings.

The Audit Committee is responsible for ensuring the integrity of the financial information reported by Allscripts. In accordance with its written charter, the Audit Committee is directly responsible for appointment, compensation, retention and oversight of the work of the independent auditor, approves the scope of annual audits performed by the independent auditor, and reviews the results of those audits. In addition, the Audit Committee oversees the accounting and financial reporting process of Allscripts and meets with management, the independent auditors and Allscripts internal staff to review audit results and opinions, as well as financial, accounting and internal control matters. Michael J. Kluger, Marcel L. Gus Gamache and Bernard Goldstein serve on the Audit Committee. Mr. Kluger serves as the Chairman of the Audit Committee. The Board of Directors has determined that each of the members of the Audit Committee is independent in accordance with the regulations of the Securities and Exchange Commission and the listing standards of the Nasdaq Global Select Market (Nasdaq). In addition, the Board of Directors has determined that each member of the Audit Committee has a working familiarity with basic finance and accounting practices, including the ability to read and understand financial statements. Finally, the Board of Directors has determined that Mr. Goldstein is an audit committee financial expert under the rules of the Securities and Exchange Commission. The Audit Committee has adopted a charter that specifies the composition and responsibilities of the committee. A copy of the Audit Committee Charter is posted on our website at www.allscripts.com and is available to stockholders upon written request made to our Secretary at the address shown on the front cover of this proxy statement. During 2006, the Audit Committee met six times.

The Compensation Committee determines executive officers' salaries, bonuses and other compensation and administers our Amended and Restated 1993 Stock Incentive Plan and our 2001 Non-statutory Stock Option Plan. Additionally, the Compensation Committee makes recommendations to the Board regarding the compensation of non-management directors. Philip D. Green, M. Fazle Husain and Michael J. Kluger serve on the Compensation Committee. Mr. Green serves as the Chairman of the Compensation Committee. The Board of Directors has determined that each of the members of the Compensation Committee is independent in accordance with the regulations of the Securities and Exchange Commission and the listing standards of Nasdaq. The Compensation Committee has adopted a charter that specifies the composition and responsibilities of the Committee, which is posted on our website at www.allscripts.com and is available to stockholders upon written request made to our Secretary at the address shown on the cover of this proxy statement. During 2006, the Compensation Committee met five times. For additional information regarding the Compensation Committee and the role of the Chief Executive Officer regarding individual compensation actions, see Executive Compensation Compensation Discussion and Analysis .

The Compensation Committee periodically reviews the compensation program for non-employee directors in comparison to the practices of a peer group. Based upon this review, the Compensation Committee may recommend to the Board of Directors adjustments to the compensation of non-employee directors to bring director compensation in line with competitive practices. As described under Director Compensation in this proxy statement, in 2006, non-employee director compensation included restricted stock grants. The pay objective for non-employee directors is to provide a competitive level and mix of pay that enhances the Company's ability to attract and retain highly qualified directors.

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The Nominating and Governance Committee assists the Board in identifying qualified individuals to become Board members and recommending to the Board the director nominees; develops and recommends to the Board corporate governance guidelines applicable to Allscripts; leads the Board in its annual review of the Board's performance; reviews and assesses succession planning; and makes recommendations to the Board with respect to the assignment of individual directors to various committees. The Committee has adopted a charter that specifies the composition and responsibilities of the Nominating and Governance Committee, which is posted on our website at www.allscripts.com and is available to stockholders upon written request made to our Secretary at the address shown on the cover of this proxy statement. Marcel L. Gus Gamache and Philip D. Green serve on the Nominating and Governance Committee. The Board of Directors has determined that each of the current members of the Nominating and Governance Committee is independent in accordance with the regulations of the Securities and Exchange Commission and the listing standards of Nasdaq. During 2006, the Nominating and Governance Committee met once.

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GOVERNANCE

Corporate Governance Guidelines

The Board of Directors has adopted a set of Corporate Governance Guidelines to assist the Board of Directors in the exercise of its responsibilities. The Corporate Governance Guidelines cover topics including, but not limited to, director qualification standards, Board and committee composition, director requirements regarding service, director compensation, director access to management and independent advisors, director orientation and continuing education, succession planning and the annual evaluations of the Chief Executive Officer and the Board and its committees. The Nominating and Governance Committee is responsible for overseeing and reviewing the Corporate Governance Guidelines and recommending to the Board any changes to the guidelines. The full text of the Corporate Governance Guidelines is available on our website at www.allscripts.com.

Code of Conduct

We have adopted a Code of Conduct that applies to all of our directors, officers and employees, including our Chief Executive Officer, Chief Financial Officer and senior financial and accounting officers. Our Code of Conduct requires that all of our directors, officers and employees avoid conflicts of interest, comply with all laws and other legal requirements, conduct business in an honest and ethical manner and otherwise act with integrity and in Allscripts' best interest. We maintain a current copy of our Code of Conduct, and will promptly post any amendments to or waivers of our Code of Conduct, on our website at www.allscripts.com. Stockholders may request a written copy of the Code of Conduct by writing to our Secretary at the address shown on the cover of this proxy statement.

In furtherance of our procedures to ensure compliance with the Sarbanes Oxley Act of 2002, each of our employees is required to complete an annual on-line, interactive education program concerning policies of our Code of Conduct.

Director Independence

Each of our directors other than Mr. Tullman and Mr. McConnell qualifies as independent in accordance with the listing requirements of Nasdaq. The Nasdaq definition of independence includes a series of objective tests, such as that the director is not an employee of the company and has not engaged in various types of business dealings with the company. As required by the Nasdaq rules, the Board has made a subjective determination as to each independent director that no relationships exist which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, the Board reviewed and discussed information provided by each director and by Allscripts with regard to each director's business and personal activities as they may relate to Allscripts and Allscripts' management. With respect to Mr. Compton, the Board considered that he serves as Chairman of the Board of an e-mail marketing solutions company to which Allscripts has paid less than \$60,000 during each of the last two years. In addition, with respect to Mr. Goldstein, Mr. Compton and Mr. Green, the Board considered that each of these directors has an investment of less than 0.1% of a privately-held company in which Mr. Tullman serves as a director and owns an interest of approximately 2.3%. The Board of Directors concluded that each of Mr. Compton, Mr. Gamache, Mr. Goldstein, Mr. Green, Mr. Husain and Mr. Kluger are independent within the meaning of independence under the listing standards of Nasdaq. Allscripts' Corporate Governance Guidelines require the independent members of the Board of Directors to meet at least twice per year in executive sessions without management.

Communications with Directors

Interested parties may communicate concerns to any of our non-management directors by writing to the director in care of our Secretary at the address shown on the cover of this proxy statement. In accordance with the policy adopted by our non-management directors, our Secretary will promptly relay to the addressee all

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communications that he determines require prompt attention by a non-management director and will regularly provide the non-management directors with a summary of all communications addressed to non-management directors.

Nominations for Directors

The Nominating and Governance Committee is responsible for the proposal of nominees for service as directors and will consider recommendations offered by stockholders in accordance with our by-laws. The Nominating and Governance Committee selects individuals as director nominees based on their business and professional accomplishments, integrity, demonstrated ability to make independent analytical inquiries, ability to understand our business and willingness to devote the necessary time to Board duties. In considering individuals for nomination, the Nominating and Governance Committee consults with the Chief Executive Officer. An existing director's qualifications in meeting these criteria are considered each time such director is re-nominated for Board membership. Assuming that appropriate biographical and background information is provided to the Nominating and Governance Committee, the Nominating and Governance Committee would apply the same process and standards to the evaluation of each potential director nominee, regardless of whether he or she is recommended by one or more stockholders or is identified by some other method.

The Nominating and Governance Committee may hire outside advisors to assist it in identifying and/or evaluating potential director nominees. The Nominating and Governance Committee did not utilize outside advisors in deciding to nominate the director candidates for the upcoming Annual Meeting of Stockholders. If you wish to recommend a nominee for director for the 2008 Annual Meeting of Stockholders, our Secretary must receive your written nomination on or after January 20, 2008, but no later than February 19, 2008. You should submit your proposal to the Secretary at our address on the cover of this proxy statement. Our by-laws require that you provide: (1) your name and address and the name and address of the nominee; (2) a statement that you are a record holder of Allscripts common stock entitled to vote at the meeting and that you plan to appear in person or by proxy at the meeting to make the nomination; (3) a description of all arrangements or understandings under which you are making the nominations; (4) any other information that the rules of the Securities and Exchange Commission require to be included in a proxy statement; and (5) the nominee's agreement to serve as a director, if elected.

Attendance at Annual Meeting

All members of our Board of Directors are invited to attend our annual meeting of stockholders. Their attendance, however, is not required. Last year, Mr. Tullman represented the Board at our meeting.

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Each non-employee director is paid \$1,500 for each Board of Directors meeting attended in person, and each director is reimbursed for travel expenses incurred when attending meetings. Under our Amended and Restated 1993 Stock Incentive Plan, directors who are not Allscripts employees are eligible to receive stock awards in the form of stock options, restricted stock, or restricted stock units at the discretion of the Board of Directors or the Compensation Committee. Mr. Tullman, who is our Chairman and Chief Executive Officer, does not receive any additional compensation for services as a director.

2006 Non-Employee Director Compensation Table

The table below summarizes compensation for non-employee directors during 2006.

	Fees Earned or Paid in Cash \$(1)	Stock Awards \$(2)(3)(4)	Total (\$)
Robert A. Compton	7,500	23,762	31,262
Marcel L. Gus Gamache	7,500	17,822	25,322
Bernard Goldstein	7,500	11,881	19,381
Philip D. Green	6,000	11,881	17,881
M. Fazle Husain	7,500	11,881	19,381
Michael J. Kluger	7,500	17,822	25,322
John P. McConnell	7,500		7,500

- (1) This column reports the amount of cash compensation earned in 2006. Each non-employee director receives a fee of \$1,500 for attendance at Board meetings. No fees are paid for telephonic meetings. We reimburse each non-employee director for expenses associated with attending Board and committee meetings and other Board-related activities.
- (2) The dollar value represents the amount Allscripts recognized for financial statement reporting purposes in 2006 in accordance with Statement of Financial Accounting Standards No. 123 (Revised), Share-Based Payment (FAS 123(R)) for restricted stock awards granted on January 17, 2006. The restricted stock awards vest 25% on each of the first four anniversary dates from the grant date. Such awards become fully vested in the event of a Change of Control of Allscripts, as defined in the Restricted Stock Award Agreements relating to such grants, and, as to each director, in the event such director is not re-elected to the Allscripts Board of Directors. Any dividends are subject to the same restrictions as the underlying shares. All shares of restricted stock issued to a director are included in such director's beneficial ownership of Allscripts common stock, as of April 23, 2007. See Note 10 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2006 for additional information regarding the application of FAS 123(R).
- (3) On January 17, 2006, the Compensation Committee approved the following restricted stock awards to non-employee directors:

	Grant Date of Stock Award	Shares of Restricted Stock(#)	Grant Date Fair Value(\$)
Robert A. Compton	1/17/2006	6,060	99,626
Marcel L. Gus Gamache	1/17/2006	4,545	74,720
Bernard Goldstein	1/17/2006	3,030	49,813
Philip D. Green	1/17/2006	3,030	49,813
M. Fazle Husain	1/17/2006	3,030	49,813
Michael J. Kluger	1/17/2006	4,545	74,720

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- (4) The table in footnote 3 shows the aggregate number of shares of restricted stock held by each non-employee director as of December 31, 2006. Mr. McConnell did not hold any shares of restricted stock. The aggregate number of options held by each non-employee director as of December 31, 2006 was as follows:

	Number of Options Outstanding as of December 31, 2006
Robert A. Compton	35,000
Marcel L. Gus Gamache	50,000
Bernard Goldstein	55,000
Philip D. Green	70,200
M. Fazle Husain	
Michael J. Kluger	90,000
John P. McConnell	

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EXECUTIVE OFFICERS

Following is certain information about the executive officers of Allscripts, based on information furnished by them.

Glen E. Tullman, 47, joined Allscripts as Chief Executive Officer in August 1997 to lead our transition into the Healthcare Information Technology Sector. In May 1999, Mr. Tullman became our Chairman of the Board. Prior to joining Allscripts from October 1994 to July 1997, Mr. Tullman was Chief Executive Officer of Enterprise Systems, Inc., a healthcare information services company providing resource management solutions to large integrated healthcare networks. From 1983 to 1994, Mr. Tullman served in a number of management roles including President and Chief Operating Officer of CCC Information Services, Inc., a provider of information systems to property and casualty insurers. Mr. Tullman currently serves on the board of directors of Extended Care Information Network, Inc. and the Juvenile Diabetes Research Foundation, Illinois Chapter.

William J. Davis, 39, became our Chief Financial Officer in October 2002, and is responsible for Allscripts' financial operations as well as our human resource and MIS operations. Mr. Davis was the Chief Financial Officer of Lante Corporation, an Internet consulting company, from 2000 until he joined Allscripts and was Controller of Lante Corporation from 1999 through 2000. From 1991 through 1999, Mr. Davis was a Senior Manager in the Technology Group of PriceWaterhouseCoopers LLP. Mr. Davis currently serves on the board of directors of Systems Xcellence, Inc.

Lee A. Shapiro, 51, became President of Allscripts in 2002 and has been with Allscripts since April 2000. Mr. Shapiro has directed our strategic initiatives, including our acquisition of A4 Health Systems, Inc., ChannelHealth Incorporated, Advanced Imaging Concepts, Inc. and RxCentric, as well as other strategic relationships, such as those with IDX Systems Corporation, Microsoft, Dell, Fujitsu and AmerisourceBergen. Prior to joining Allscripts, Mr. Shapiro was the Chief Operating Officer of Douglas Elliman-Beitler, a commercial office management and development company, where he directed all business activities throughout the United States. Previously, Mr. Shapiro was President of SES Properties, Inc., a closely held, fully integrated real estate company based in Carlsbad, California and also the largest retail developer in Las Vegas, Nevada during his tenure. Concurrently, Mr. Shapiro formed City Financial Bancorp and served as its Vice Chairman, responsible for acquisition of financial institutions, financing, regulatory issues, legal affairs, review and restructuring of operations and the ultimate sale of the company. Mr. Shapiro also practiced commercial law at Barack, Ferrazzano, Kirschbaum, Perlman & Nagelberg, a Chicago law firm.

Benjamin Bulkley, 43, joined the company as Chief Operating Officer effective April 24, 2007. Mr. Bulkley brings to the position more than 20 years of operational experience in a variety of senior leadership roles. Mr. Bulkley was most recently Senior Vice President of Global Commercial Operations for Invitrogen Corporation, a provider of essential life science technologies for disease research and drug discovery. Prior to joining Invitrogen Corporation in October 2003, Mr. Bulkley spent 16 years at General Electric Company (GE), most recently as Vice President of Global Services for GE's Medical Systems Information Technologies division. Mr. Bulkley has served on the Board of Directors of the California Healthcare Institute, The Analytical and Life Science Systems Association (ALSSA), and also San Diego's CONNECT.

Joseph E. Carey, 49, was our Chief Operating Officer from April 1999 through April 17, 2007, at which time he ceased to be an executive officer. Mr. Carey remains an employee of the Company and is assisting the current management team and Mr. Bulkley in the transition of his responsibilities. From September 1998 to April 1999, he served as President and Chief Operating Officer of Shopping@Home, Inc. Prior to that time, he was Senior Vice President and General Manager of the Resource Management Group of HBO & Company, a healthcare software firm. Mr. Carey joined HBOC in 1997 with HBOC's acquisition of Enterprise Systems, Inc., where he held the role of President from 1993 until the acquisition. Mr. Carey previously served as one of the founding board members for the Microsoft Healthcare Users' Group (MSHUG) and as a Foundation Member on the board of the College of Healthcare Information Management Executives (CHIME).

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David A. Bond, 50, was appointed President of our HealthMatics Unit in March 2006 and brings more than 27 years experience in the computer software industry. From 1998 to 2006, Mr. Bond served in various roles at A4 Health Systems, Inc., ("A4") a company acquired by Allscripts in March 2006, including Vice President of Sales and Marketing, Executive Vice President of A4's Ambulatory Division and, most recently, as President and Chief Operating Officer. From 1985 to 1998, Mr. Bond was employed by Medic Computer Systems, a healthcare information systems development company, and served in various leadership roles including Regional Sales Manager, Vice President of Marketing, Vice President of Business Development and Vice President of Customer Support. Mr. Bond began his career by serving as Vice President and co-founder of Specialized Data Systems, a provider of governmental accounting systems. Prior to Allscripts' acquisition of A4, Mr. Bond served on A4's Board of Directors and currently serves on the advisory board of East Carolina University College of Business.

Laurie A.S. McGraw, 43, is President of the Allscripts Touchworks unit. Ms. McGraw joined Allscripts in January 2001 as a result of Allscripts acquisition of ChannelHealth Incorporated from IDX Systems Corporation. She has spent the past sixteen years focused on clinical automation in various operational roles, responsible for implementations, development, and service groups within IDX and Allscripts. Ms. McGraw served on the 2004 Board of Examiners for the Baldrige National Quality Program.

Donato Tramuto, 50, is President of the Allscripts Physicians Interactive unit. Mr. Tramuto was the former CEO of i3 Global, the Pharmaceutical Business Unit of Ingenix, a UnitedHealth Group Company. Prior to joining UnitedHealth Group in 2004, Mr. Tramuto was one of the founders of Protocare, Inc. and served as the CEO and President of Protocare Sciences, the Pharmaceutical Data and Services Division of Protocare, Inc. In 2002, Mr. Tramuto spearheaded the sale of Protocare Sciences to Analytical Sciences.

John G. Cull, 46, was appointed President of our Medication Services unit in July 2003. From 1991 to 2003, Mr. Cull served in various roles at Allscripts including Controller, Senior Vice President of Finance, Secretary, Treasurer and, from 1995 to 1998, Chief Financial Officer. From 1986 to 1991, Mr. Cull served as Controller of Federated Foods, Inc., a food brokerage company. Prior to joining Federated Foods, Mr. Cull was employed by Arthur Andersen and Co.

T. Scott Leisher, 47, joined Allscripts in March 1998 and has served in a number of executive roles including leading sales and marketing as Executive Vice President, Sales and Marketing. Mr. Leisher currently is the President of the eRX unit and is leading the National Electronic Prescribing Safety Initiative (NEPSI) which is a program to provide electronic prescribing solutions to every physician in the country. Additionally, Mr. Leisher is an Executive Vice President responsible for the Enterprise Sales Team which focuses on the largest enterprise clients and strategic sales opportunities. Prior to joining Allscripts, Mr. Leisher was with CCC Information Services from 1986 to 1998 where he served in a number of management positions, completing his tenure there as Senior Vice President in their Insurance Division.

Table of Contents**OWNERSHIP OF ALLSCRIPTS COMMON STOCK**

The following table sets forth the number of shares of Allscripts common stock beneficially owned as of April 23, 2007 by:

our Chief Executive Officer, our Chief Financial Officer and the three other most highly compensated executive officers based on compensation earned during 2006 (such five individuals are referred to as Named Executive Officers or NEOs in this proxy statement);

each director;

all directors and executive officers as a group; and

each stockholder that we know to own beneficially more than 5% of Allscripts common stock based on information filed with the Securities and Exchange Commission.

Beneficial ownership is a technical term broadly defined by the Securities and Exchange Commission to mean more than ownership in the usual sense. In general, beneficial ownership includes any shares that the holder can vote or transfer and stock options and warrants that are exercisable currently or become exercisable within 60 days. These shares are considered to be outstanding for the purpose of calculating the percentage of outstanding Allscripts common stock owned by a particular stockholder, but are not considered to be outstanding for the purpose of calculating the percentage ownership of any other person. Percentage of ownership is based on 55,356,264 total shares of Allscripts common stock outstanding as of April 23, 2007. Except as otherwise noted, the stockholders named in this table have sole voting and dispositive power for all shares shown as beneficially owned by them.

	Shares of Common Stock Beneficially Owned(9)	Options and Warrants Exercisable Within 60 Days	Total	Percent of Class
Named Executive Officers and Directors (1)				
Glen E. Tullman	366,994	614,000	980,994	1.8
William J. Davis	17,513	203,000	220,513	*
Lee A. Shapiro	36,384	386,626	423,010	*
Joseph E. Carey	17,513	447,291	464,804	*
David A. Bond	66,718		66,718	*
Robert A. Compton	53,420	35,000	88,420	*
Marcel L. Gus Gamache	4,545	50,000	54,545	*
Bernard Goldstein	58,028	55,000	113,028	*
Philip D. Green	28,940	70,200	99,140	*
M. Fazle Husain	40,697		40,697	*
Michael J. Kluger	30,745	90,000	120,745	*
John P. McConnell (2)	460,601		460,601	*
All directors and executive officers as a group (15 persons) (3)	1,245,704	2,051,054	3,296,758	5.7
5% Stockholders				
Franklin Resources, Inc. (4)			6,226,833	11.2
Gilder, Gagnon, Howe & Co. LLC (5)			4,470,709	8.1

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Waddell & Reed Financial Inc. (6)	3,802,650	6.9
Lone Pine Capital, LLC (7)	3,735,584	6.7
CNH Partners LLC (8)	2,762,526	5.0

* Amount represents less than 1% of our common stock.

(1) Unless otherwise set forth in the following footnotes, the address of each beneficial owner is 222 Merchandise Mart Plaza, Suite 2024, Chicago, IL 60654.

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- (2) Of the 460,601 shares of Allscripts common stock being reported, 435,931 shares are held by Mr. McConnell directly, 17,622 shares are held by Mr. McConnell's spouse and 7,048 shares are held by Mr. McConnell's children.
- (3) The total beneficial ownership for the 15 directors and executive officers as a group does not include Mr. Carey's shares as he was not an executive officer as of April 23, 2007.
- (4) Based upon information contained in a Schedule 13G filed with the SEC on February 2, 2007, Franklin Resources, Inc. and related parties have sole voting with respect to 6,195,333 and dispositive power with respect to 6,226,833 shares as of December 31, 2006. The address for Franklin Resources, Inc. is One Franklin Parkway, San Mateo, CA 94403-1906.
- (5) Based upon information contained in a Schedule 13G filed with the SEC on February 14, 2007, Gilder, Gagnon, Howe & Co. LLC has sole voting power with respect to 40,733 shares and shared dispositive power with respect to 4,470,709 shares as of December 31, 2006. Its address is 1775 Broadway, 26th Floor, New York, New York 10019.
- (6) Based upon information contained in a Schedule 13G filed with the SEC on February 9, 2007, Waddell & Reed Financial Inc. and related entities have sole voting and dispositive power with respect to 3,802,650 shares as of December 31, 2006. The address for Waddell & Reed Financial Inc. is 6300 Lamar Avenue, Overland Park, KS 66202.
- (7) Based upon information contained in a Schedule 13G filed with the SEC on March 30, 2007, Lone Pine Capital, LLC and related entities have shared voting power with respect to 3,735,584 shares as of March 20, 2007. The address for Lone Pine Capital LLC is Two Greenwich Plaza, Greenwich, Connecticut 06830.
- (8) Based upon information contained in a Schedule 13G/A filed with the SEC on February 7, 2007, CNH Partners LLC has shared voting and dispositive power of debt securities that are convertible into 2,762,526 shares as of December 31, 2006. The address for CNH Partners LLC is Two Greenwich Plaza, Greenwich, Connecticut 06830.
- (9) Includes unvested shares of restricted stock that are subject to risk of forfeiture as follows: Mr. Tullman 25,453 shares; Mr. Shapiro 19,090 shares; Mr. Carey 15,909 shares; Mr. Davis 15,909 shares; Mr. Bond 15,625 shares; Mr. Compton 4,544 shares; Mr. Gamache 3,408 shares; Mr. Goldstein 2,272 shares; Mr. Green 2,272 shares; Mr. Husain 2,272 shares; and Mr. Kluger 3,408 shares; and all directors and executive officers as a group (15 persons) 128,633.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires executive officers, directors and 10% stockholders to file reports of ownership and changes of ownership of Allscripts' common stock with the Securities and Exchange Commission. Based on a review of copies of these reports and amendments provided to us and written representations from executive officers and directors, we believe that, during 2006 and during the subsequent period through the date of this proxy statement (except as previously disclosed in our proxy statement dated April 27, 2006), the following reports were not filed on a timely basis: Mr. Bond two Forms 4 relating to one transaction in each filing and Mr. Cull one report relating to one transaction.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

General

Philip D. Green, M. Fazle Husain and Michael J. Kluger are the members of the Compensation Committee. The Board of Directors has determined that each member of the Committee is independent as defined in Rule 4200(a)(15) of the Nasdaq Stock Market's listing standards. Pursuant to the Compensation Committee charter, the Compensation Committee has the sole authority to determine the compensation of the Company's Chief Executive Officer, to review and approve the compensation of the Company's other executive officers, and to review the compensation of the Company's