

WEBMD HEALTH CORP.

FORM 10-K/A (Amended Annual Report)

Filed 04/30/09 for the Period Ending 12/31/08

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| Address | 669 RIVER DR., CENTER 2 ELMWOOD PARK, NJ 07407 |
| Telephone | 201-703-3400 |
| CIK | 0001326583 |
| Symbol | WBMD |
| SIC Code | 7389 - Business Services, Not Elsewhere Classified |
| Industry | Computer Services |
| Sector | Technology |
| Fiscal Year | 12/31 |

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

Form 10-K/A
Amendment No. 1 to

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2008

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the transition period from to

Commission file number: 0-51547

WebMD Health Corp.

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)
111 Eighth Avenue
New York, New York
(Address of principal executive office)

20-2783228
(I.R.S. employer identification no.)
10011
(Zip code)

Registrant's telephone number including area code: (212) 624-3700
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Each Exchange on Which Registered

Class A Common Stock, par value \$0.01 per share

The Nasdaq Stock Market LLC (Global Select Market)

Securities registered pursuant to Section 12(g) of the Act: Not Applicable

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference into Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

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

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

As of June 30, 2008, the aggregate market value of the registrant's Class A Common Stock held by non-affiliates of the registrant was approximately \$239,409,000 (based on the closing price of the Class A Common Stock of \$27.90 per share on that date, as reported on the Nasdaq Global Select Market and, for purposes of this computation only, the assumption that all of the registrant's directors and executive officers are affiliates).

As of February 20, 2009, there were 10,148,205 shares of Class A Common Stock outstanding (including unvested shares of restricted Class A Common Stock) and 48,100,000 shares of Class B Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Directors and Executive Officers

The charts below list our directors and executive officers and are followed by biographic information about them and a description of certain corporate governance matters.

Directors

| <u>Name</u> | <u>Age</u> | <u>Positions</u> |
|-------------------------------------|------------|--|
| Mark J. Adler, M.D.(3)(4) | 52 | Director; Chairman of the Compensation Committee |
| Neil F. Dimick(1)(2)(4)(5) | 59 | Director; Chairman of the Nominating Committee; Chairman of the Governance & Compliance Committee |
| Wayne T. Gattinella(1) | 57 | Director; Chief Executive Officer and President |
| Jerome C. Keller | 66 | Director |
| James V. Manning(1)(2)(4) | 62 | Director; Chairman of the Audit Committee |
| Abdool Rahim Moossa, M.D.(3)(5)(6) | 69 | Director |
| Stanley S. Trotman, Jr.(2)(3)(5)(6) | 65 | Director; Chairman of the Related Parties Committee |
| Martin J. Wygod(1) | 69 | Chairman of the Board |

- (1) Member of the Executive Committee
- (2) Member of the Audit Committee
- (3) Member of the Compensation Committee
- (4) Member of the Governance & Compliance Committee
- (5) Member of the Nominating Committee
- (6) Member of the Related Parties Committee

For a description of each of the standing committees of the Board of Directors and other corporate governance matters, see “— Corporate Governance” below. Dr. Adler and Messrs. Dimick, Manning and Wygod are also members of the Board of Directors of HLTH which, through its ownership of our Class B Common Stock, owned, as of April 15, 2009, approximately 83.4% of our total outstanding common stock and approximately 95.9% of the combined voting power of our outstanding common stock.

Executive Officers

| <u>Name</u> | <u>Age</u> | <u>Positions</u> |
|---------------------|------------|---|
| Wayne T. Gattinella | 57 | Chief Executive Officer and President |
| Anthony Vuolo | 51 | Chief Operating Officer |
| Mark D. Funston | 49 | Executive Vice President and Chief Financial Officer |
| Nan-Kirsten Forte | 46 | Executive Vice President — Consumer Services |
| Craig Froude | 42 | Executive Vice President — WebMD Health Services |
| William Pence | 46 | Executive Vice President and Chief Technology Officer |
| Douglas W. Wamsley | 50 | Executive Vice President, General Counsel and Secretary |
| Martin J. Wygod | 69 | Chairman of the Board |
| Steven Zatz, M.D. | 52 | Executive Vice President — Professional Services |

Mark J. Adler, M.D., has been a member of our Board of Directors since September 2005 and a member of HLTH’s Board of Directors since September 2000. Dr. Adler is an oncologist and has, for more than five years, been CEO and Medical Director of the San Diego Cancer Center and a director of the San Diego Cancer Research Institute. Until April 2006, he had also been, for more than five years, the Chief Executive

Officer of the Internal Medicine and Oncology Group of Medical Group of North County, which is based in San Diego, California, and he continues to be a member of that Medical Group.

Neil F. Dimick has been a member of our Board of Directors since September 2005 and a member of HLTH's Board of Directors since December 2002. Mr. Dimick served as Executive Vice President and Chief Financial Officer of AmerisourceBergen Corporation, a wholesale distributor of pharmaceuticals, from 2001 to 2002 and as Senior Executive Vice President and Chief Financial Officer and as a director of Bergen Brunswig Corporation, a wholesale distributor of pharmaceuticals, for more than five years prior to its merger in 2001 with AmeriSource Health Corporation to form AmerisourceBergen. He also serves as a member of the Boards of Directors of the following companies: Alliance Imaging Inc., a provider of outsourced diagnostic imaging services to hospitals and other healthcare companies; Global Resources Professionals, an international professional services firm that provides outsourced services to companies on a project basis; Mylan Laboratories, Inc., a pharmaceutical manufacturer; and Thoratec Corporation, a developer of products to treat cardiovascular disease.

Nan-Kirsten Forte has, since July 2005, served as Executive Vice President, Consumer Services of our company, overseeing marketing and brand management for our consumer websites. Additionally, she is Editor in Chief of *WebMD the Magazine*. For more than five years prior to that, Ms. Forte served as an Executive Vice President of WebMD, Inc., a subsidiary that HLTH contributed to our company in connection with our initial public offering, where she focused on the consumer portals. From 1997 until its merger with HLTH in November 1999, Ms. Forte was President, Programming and Product Development of Medcast, Greenberg News Networks. Prior to Medcast, she served as President of Health of iVillage, where she launched iVillage's first health channel.

Craig Froude has served, since July 2005, as Executive Vice President — WebMD Health Services of our company and as General Manager of WebMD Health Services, which conducts our private portals business. From October 2002 until July 2005, Mr. Froude served as a Senior Vice President of HLTH and as General Manager of WebMD Health Services, prior to HLTH's contribution of that business to our company in connection with our initial public offering. From December 1996 until its acquisition by HLTH in October 2002, Mr. Froude served as Chairman and Chief Executive Officer of WellMed, Inc., a predecessor to WebMD Health Services.

Mark D. Funston has served as Executive Vice President and Chief Financial Officer of our company since August 2007 and of HLTH since November 2006. Prior to joining HLTH, Mr. Funston was Interim Chief Financial Officer of Digital Harbor, Inc., a privately held software company, from November 2005. Prior to that, Mr. Funston served as Chief Financial Officer of Group 1 Software, Inc., a publicly traded software company, from 1996 until its acquisition by Pitney Bowes in 2004. From 1989 to 1996, Mr. Funston was Chief Financial Officer of COMSAT RSI, Inc. (formerly Radiation Systems, Inc.), a publicly traded telecommunications manufacturing company acquired by COMSAT Corporation in 1994.

Wayne T. Gattinella has served, since 2005, as Chief Executive Officer and President of WebMD and as a member of WebMD's board of directors. Prior to that, he served as President of HLTH's WebMD segment from the time he joined HLTH in 2001. From 2000 to 2001, Mr. Gattinella was Executive Vice President and Chief Marketing Officer for People PC, an Internet services provider. Mr. Gattinella had previously held senior management positions with Merck-Medco (now Medco Health Solutions) and MCI Telecommunications. Mr. Gattinella currently serves on Drexel University's LeBow College of Business Advisory Board.

Jerome C. Keller has been a member of our Board of Directors since September 2005. From 1997 until he retired in October 2005, Mr. Keller served as Senior Vice President, Sales and Marketing at Martek Biosciences Corporation, a company that develops and sells microalgae products, and he has served, since October 2005, as a member of its Board of Directors. He served as Vice President of Sales for Merck & Co. Inc., a pharmaceutical company, from 1986 to 1993.

James V. Manning has been a member of our Board of Directors since September 2005. He has been a member of HLTH's Board of Directors since September 2000 and, prior to that, was a member of a predecessor company's Board of Directors for more than five years.

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Abdool Rahim Moossa, M.D. has been a member of our Board of Directors since September 2005. He currently serves as the Distinguished Professor of Surgery and Emeritus Chairman, Associate Dean and Special Counsel to the Vice Chancellor for Health Sciences, Director of Tertiary and Quaternary Referral Services for the University of California, San Diego, or UCSD. Prior to that he served as Professor and Chairman, Department of Surgery, UCSD from 1983 to 2003. He also serves as a member of the Board of Directors of U.S. Medical Instruments, Inc., a technology-based medical device manufacturer, and the Foundation for Surgical Education.

William Pence joined WebMD as Executive Vice President and Chief Technology Officer in November 2007. Before joining our company, Dr. Pence had served as Chief Technology Officer and Senior Vice President at Napster since 2003. From 2000 to 2003, Dr. Pence was the Chief Technology Officer for Universal Music Group's online initiatives and for the *pressplay* joint venture with Sony. That joint venture later served as the basis for the relaunched Napster service. Previously Dr. Pence spent more than a decade at IBM, where he held various technology management positions in Research as well as in the Software Division, focused on guiding research and development and commercializing technology for IBM product divisions. Dr. Pence received a B.S. degree in Physics from the University of Virginia, and a Ph.D. in Electrical Engineering from Cornell University.

Stanley S. Trotman, Jr. has been a member of our Board of Directors since September 2005. Mr. Trotman retired in 2001 from UBS Financial Services, Inc. after it acquired, in 2000, PaineWebber Incorporated, an investment banking firm where he had been a Managing Director with the Health Care Group since 1995. He serves as a member of the Board of Directors of American Shared Hospital Services, a public company that provides radiosurgery services to medical centers for use in brain surgery. He also serves as a director of Ascend Health Care Corp., a privately-held company that provides services to acute psychiatric patients.

Anthony Vuolo became Chief Operating Officer of our company in July 2007. From May 2005 until August 2007, Mr. Vuolo served as Executive Vice President and Chief Financial Officer of our company. Mr. Vuolo served as Executive Vice President, Business Development of HLTH from May 2003 until July 2005. From September 2000 to May 2003, Mr. Vuolo was Executive Vice President and Chief Financial Officer of HLTH. Prior to that, Mr. Vuolo served in senior management positions at HLTH and its predecessors for more than five years.

Douglas W. Wamsley has, since July 2005, served as Executive Vice President, General Counsel and Secretary of our company. From September 2001 until July 2005, Mr. Wamsley served as Senior Vice President — Legal of HLTH, focusing on its WebMD segment. Prior to joining HLTH, Mr. Wamsley served as Executive Vice President and General Counsel of Medical Logistics, Inc. from February 2000 through July 2001.

Martin J. Wygod has, since May 2005, served as Chairman of the Board of our company. In addition, he has served as HLTH's Acting Chief Executive Officer since February 2008, as HLTH's Chairman of the Board since March 2001 and as a member of the Board of Directors of HLTH since September 2000. From October 2000 until May 2003, he also served as HLTH's Chief Executive Officer and, from September 2000 until October 2000, he also served as Co-CEO of HLTH. He is also engaged in the business of racing, boarding and breeding thoroughbred horses, and is President of River Edge Farm, Inc.

Steven Zatz, M.D. has, since July 2005, served as Executive Vice President, Professional Services of our company, overseeing the operations of our websites for healthcare professionals. From October 2000 to July 2005, Dr. Zatz has served as an Executive Vice President of WebMD, Inc., a subsidiary that HLTH contributed to our company in connection with our initial public offering, where he focused on the physician portals, and also served as an Executive Vice President of HLTH. Dr. Zatz was Senior Vice President, Medical Director of CareInsite, Inc. from June 1999 until its acquisition by HLTH in September 2000. Prior to joining CareInsite, Dr. Zatz was senior vice president of RR Donnelly Financial in charge of its healthcare business from October 1998 to May 1999. From August 1995 to May 1998, Dr. Zatz was President of Physicians' Online, an online portal for physicians.

No family relationship exists among any of our directors or executive officers. No arrangement or understanding exists between any director or executive officer of WebMD and any other person pursuant to

which any of them were selected as a director or executive officer; provided, however, that HLTH has the ability to cause the election or removal of our entire Board of Directors. See “Corporate Governance — Control by HLTH” below.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers and directors, and persons who beneficially own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership of these securities with the SEC. Officers, directors and greater than ten percent beneficial owners are required by applicable regulations to furnish us with copies of all Section 16(a) forms they file. Based solely upon a review of the forms furnished to us during or with respect to our most recent fiscal year, all of our directors and officers subject to the reporting requirements and each beneficial owner of more than ten percent of our Class A Common Stock satisfied all applicable filing requirements under Section 16(a).

Corporate Governance

Control by HLTH. HLTH, as a result of its ownership of approximately 95.9% of the total voting power of our outstanding common stock, has the ability to cause the election or removal of our entire Board of Directors, to determine matters submitted to a vote of our stockholders without the consent of our other stockholders, and to exercise a controlling influence over our business and affairs.

Board of Directors. Our Board of Directors has eight members. Two of the members are also members of management and executive officers of WebMD: Mr. Gattinella, our Chief Executive Officer; and Mr. Wygod, Chairman of the Board. Six of the members are non-employee directors: Drs. Adler and Moossa and Messrs. Dimick, Keller, Manning and Trotman. The Governance & Compliance Committee of our Board of Directors has determined that each of the non-employee directors is also an independent director under applicable SEC rules and Nasdaq Global Select Market listing standards. See “Director Independence” in Item 13 below. The non-employee directors meet regularly in private sessions with the Chairman of the Board and also meet regularly without any employee directors or other WebMD employees present. For information regarding the compensation of our non-employee directors, see “Non-Employee Director Compensation” below.

Our Board of Directors is divided into three classes, two of which currently have three directors and one of which currently has two directors. At each Annual Meeting, the term of one of the classes of directors expires and WebMD stockholders vote to elect nominees for the directorships in that class for a new three-year term. The terms of Dr. Adler and Messrs. Dimick and Manning will expire at our Annual Meeting in 2009; the terms of Messrs. Gattinella and Trotman and Dr. Moossa will expire at our Annual Meeting of Stockholders in 2010; and the terms of Messrs. Keller and Wygod will expire at our Annual Meeting in 2011.

Our Board of Directors met 11 times in 2008. During 2008, each of our directors attended 75% or more of the meetings held by our Board and the Board committees on which he served. In addition to meetings, our Board and its committees reviewed and acted upon matters by unanimous written consent. WebMD’s Board of Directors encourages its members to attend our Annual Meetings of Stockholders. Three of our directors attended our 2008 Annual Meeting. All but one of our directors attended our 2007 Annual Meeting.

Our Board of Directors currently has six standing committees: an Executive Committee, a Compensation Committee, an Audit Committee, a Governance & Compliance Committee, a Nominating Committee, and a Related Parties Committee. The Compensation Committee, the Audit Committee, the Governance & Compliance Committee, the Nominating Committee and the Related Parties Committee each has the authority to retain such outside advisors as it may determine to be appropriate.

Communications with Our Directors. Our Board of Directors encourages our security holders to communicate in writing to our directors. Security holders may send written communications to our Board of Directors or to specified individual directors by sending such communications care of the Corporate Secretary's Office, WebMD Health Corp., 111 Eighth Avenue, New York, New York 10011. Such communications will be reviewed by our Legal Department and, depending on the content, will be:

- forwarded to the addressees or distributed at the next scheduled Board meeting; or
- if they relate to financial or accounting matters, forwarded to the Audit Committee or discussed at the next scheduled Audit Committee meeting; or
- if they relate to the recommendation of the nomination of an individual, forwarded to the Nominating Committee or discussed at the next scheduled Nominating Committee meeting; or
- if they relate to the operations of WebMD, forwarded to the appropriate officers of WebMD, and the response or other handling reported to the Board at the next scheduled Board meeting.

Committees of the Board of Directors. This section describes the roles of the Committees of our Board in the corporate governance of our company. With respect to certain committees, including the Audit Committee, the Compensation Committee and the Nominating Committee, a portion of their responsibilities are specified by SEC rules and Nasdaq listing standards. These Committees work with their counterparts at HLTH where their responsibilities overlap or where they otherwise believe it is appropriate to do so. To assist in that coordination of responsibilities, the Chairpersons of our Audit Committee, Compensation Committee, Governance & Compliance Committee and Nominating Committee are the same persons who hold those positions on those committees of the HLTH Board.

Executive Committee. The Executive Committee, which did not meet during 2008, is currently comprised of Messrs. Dimick, Gattinella, Manning, and Wygod. The Executive Committee has the power to exercise, to the fullest extent permitted by law, the powers of the entire Board.

Audit Committee. The Audit Committee, which met nine times during 2008, is currently comprised of Messrs. Dimick, Manning and Trotman; Mr. Manning is its Chairman. Each of the members of the Audit Committee meets the standards of independence applicable to audit committee members under applicable SEC rules and Nasdaq Global Select Market listing standards and is financially literate, as required under applicable Nasdaq Global Select Market listing standards. In addition, the Board of Directors of WebMD has determined that Messrs. Dimick and Manning qualify as "audit committee financial experts," as that term is used in applicable SEC regulations implementing Section 407 of the Sarbanes-Oxley Act of 2002. The determination with respect to Mr. Dimick was based on his training and experience as a certified public accountant, including as a partner of a major accounting firm, and based on his service as a senior executive and chief financial officer of a public company. The determination with respect to Mr. Manning was based on his training and experience as a certified public accountant, including as a partner of a major accounting firm, and based on his service as a senior executive and chief financial officer of public companies. The Audit Committee is responsible for, among other things:

- retaining and overseeing the registered public accounting firm that serves as our independent auditor and evaluating their performance and independence;
- reviewing our annual audit plan with WebMD's management and registered public accounting firm;
- pre-approving any permitted non-audit services provided by our registered public accounting firm;
- approving the fees to be paid to our registered public accounting firm;
- reviewing the adequacy and effectiveness of our internal controls with WebMD's management, internal auditors and registered public accounting firm;
- reviewing and discussing the annual audited financial statements and the interim unaudited financial statements with WebMD's management and registered public accounting firm;
- approving our internal audit plan and reviewing reports of our internal auditors;

- determining whether to approve related party transactions (other than transactions with HLTH, approval of which has been delegated to the Related Parties Committee, as described below); and
- overseeing the administration of WebMD's Code of Business Conduct.

The Audit Committee operates under a written charter adopted by the Board of Directors, which sets forth the responsibilities and powers delegated by the Board to the Audit Committee. A copy of that Charter, as amended through July 26, 2007, was included as Annex A to the Proxy Statement for our 2007 Annual Meeting.

Compensation Committee. The Compensation Committee, which met seven times during 2008, is currently comprised of Dr. Adler, Dr. Moossa and Mr. Trotman; Dr. Adler is its Chairman. Each of these directors is a non-employee director within the meaning of the rules promulgated under Section 16 of the Securities Exchange Act, an outside director within the meaning of Section 162(m) of the Internal Revenue Code, and an independent director under applicable Nasdaq Global Select Market listing standards. The responsibilities delegated by the Board to the Compensation Committee include:

- oversight of our executive compensation program and our incentive and equity compensation plans;
- determination of compensation levels for and grants of incentive and equity-based awards to our executive officers and the terms of any employment agreements with them;
- determination of compensation levels for non-employee directors; and
- review of and making recommendations regarding other matters relating to our compensation practices.

The Compensation Committee operates under a written charter adopted by the Board of Directors, which sets forth the responsibilities and powers delegated by the Board to the Compensation Committee. A copy of that Charter, as amended through July 26, 2007, was included as Annex B to the Proxy Statement for our 2007 Annual Meeting. For additional information regarding our Compensation Committee and its oversight of executive compensation, see "Executive Compensation — Compensation Discussion and Analysis" in Item 11 below.

Nominating Committee. The Nominating Committee, which met once during 2008, is currently comprised of Dr. Moossa and Messrs. Dimick and Trotman; Mr. Dimick is its Chairman. Each of these directors is an independent director under applicable Nasdaq Global Select Market listing standards. The responsibilities delegated by the Board to the Nominating Committee include:

- identifying individuals qualified to become Board members;
- recommending to the Board the director nominees for each Annual Meeting of Stockholders; and
- recommending to the Board candidates for filling vacancies that may occur between Annual Meetings.

The Nominating Committee operates pursuant to a written charter adopted by the Board of Directors, which sets forth the responsibilities and powers delegated by the Board to the Nominating Committee. A copy of that Charter, as amended through July 26, 2007, was included as Annex C to the Proxy Statement for our 2007 Annual Meeting. The Nominating Committee has not adopted specific objective requirements for service on the WebMD Board. Instead, the Nominating Committee intends to consider various factors in determining whether to recommend to the Board potential new Board members, or the continued service of existing members, including:

- the amount and type of the potential nominee's managerial and policy-making experience in complex organizations and whether any such experience is particularly relevant to WebMD;
- any specialized skills or experience that the potential nominee has and whether such skills or experience are particularly relevant to WebMD;
- in the case of non-employee directors, whether the potential nominee has sufficient time to devote to service on the WebMD Board and the nature of any conflicts of interest or potential conflicts of interest arising from the nominee's existing relationships;

- in the case of non-employee directors, whether the nominee would be an independent director and would be considered a “financial expert” or to have “financial sophistication” under applicable SEC rules and the listing standards of The Nasdaq Global Select Market;
- in the case of potential new members, whether the nominee assists in achieving a mix of Board members that represents a diversity of background and experience, including with respect to age, gender, race, areas of expertise and skills; and
- in the case of existing members, the nominee’s contributions as a member of the Board during his or her prior service.

The Nominating Committee will consider candidates recommended by stockholders in the same manner as described above. Any such recommendation should be sent in writing to the Nominating Committee, care of Secretary, WebMD Health Corp., 111 Eighth Avenue, New York, NY 10011. To facilitate consideration by the Nominating Committee, the recommendation should be accompanied by a full statement of the qualifications of the recommended nominee, the consent of the recommended nominee to serve as a director of WebMD if nominated and to be identified in WebMD’s proxy materials and the consent of the recommending stockholder to be named in WebMD’s proxy materials. The recommendation and related materials will be provided to the Nominating Committee for consideration at its next regular meeting.

Governance & Compliance Committee. The Governance & Compliance Committee, which met three times during 2008, is currently comprised of Dr. Adler and Messrs. Dimick and Manning; Mr. Dimick is its Chairman. The responsibilities delegated by the Board to the Governance & Compliance Committee include:

- evaluating and making recommendations to the Board regarding matters relating to the governance of WebMD;
- assisting the Board in coordinating the activities of the Board’s other standing committees, including with respect to WebMD’s compliance programs and providing additional oversight of those compliance programs; and
- providing oversight of senior executive recruitment and management development.

As part of its responsibilities relating to corporate governance, the Governance & Compliance Committee will evaluate and make recommendations to the Board regarding any proposal for which a stockholder has provided required notice that such stockholder intends to make at an Annual Meeting of Stockholders, including recommendations regarding the Board’s response and regarding whether to include such proposal in WebMD’s proxy statement.

The Governance & Compliance Committee operates pursuant to a written charter adopted by the Board of Directors. A copy of that Charter, as amended through July 26, 2007, was included as Annex D to the Proxy Statement for our 2007 Annual Meeting. Pursuant to that Charter, the membership of the Governance & Compliance Committee consists of the Chairpersons of the Nominating, Audit and Compensation Committees and the Chairperson of the Nominating Committee serves as the Chairperson of the Governance & Compliance Committee, unless otherwise determined by the Governance & Compliance Committee.

Related Parties Committee. The Related Parties Committee, which met once during 2008, is currently comprised of Dr. Moossa and Messrs. Keller and Trotman; Mr. Trotman is its Chairman. Each of the members of the Related Parties Committee is an independent director and none of its members serves as a director of HLTH. The responsibilities delegated by the Board to the Related Parties Committee include:

- oversight of transactions between WebMD and HLTH; and
- oversight of other matters in which the interests of WebMD and HLTH conflict or may potentially conflict.

As described below under “— Other Committees — Special Committee,” the Board formed a special committee with authority and responsibilities relating to the HLTH Merger.

Other Committees. From time to time, our Board of Directors forms additional committees to make specific determinations or to provide oversight of specific matters or initiatives. For example:

- *Special Committee.* Messrs. Stanley S. Trotman, Jr. and Jerome C. Keller (two non-management members of the WebMD Board who do not serve on HLTH's Board of Directors) were members of a special committee formed in October 2007 to evaluate the HLTH Merger and negotiate with HLTH regarding its terms. Following the termination of the HLTH Merger in October 2008, the Special Committee was disbanded.
- *Strategic Planning Committee.* Dr. Adler and Messrs. Dimick, Keller, Manning Trotman and Wygod are members of a Strategic Planning Committee of the Board, which was formed in May 2008 and meets informally between regularly scheduled Board meetings regarding strategic planning and related matters.
- *Stock Repurchase Committee.* Messrs. Keller and Trotman are members of a committee of the Board, formed in December 2008, that is authorized to make determinations relating to repurchases of WebMD Class A Common Stock.

Code of Conduct

A copy of the joint HLTH and WebMD Code of Business Conduct, as amended, is filed as Exhibit 14.1 to this Annual Report. The Code of Business Conduct applies to all directors and employees of HLTH and its subsidiaries, including WebMD. Any waiver of applicable requirements in the Code of Business Conduct that is granted to any of our directors, to our principal executive officer, to any of our senior financial officers (including our principal financial officer, principal accounting officer or controller) or to any other person who is an executive officer of WebMD requires the approval of the Audit Committee and waivers will be disclosed on our corporate Web site, www.wbmd.com, in the "Investor Relations" section, or in a Current Report on Form 8-K.

Non-Employee Director Compensation

Introduction. This section of our Annual Report describes the compensation paid by WebMD during 2008 to the members of our Board of Directors who are not also WebMD or HLTH employees. We refer to these individuals as Non-Employee Directors. The Compensation Committee of the WebMD Board is authorized to determine the compensation of the Non-Employee Directors. As described below, WebMD paid three types of compensation to Non-Employee Directors in 2008 for their Board and Board Committee service:

- annual fees for service on the Board and its standing committees, paid in the form of shares of WebMD Class A Common Stock;
- grants of non-qualified options to purchase WebMD Class A Common Stock; and
- cash fees for service on the Strategic Planning Committee of the Board.

None of the Non-Employee Directors received any other compensation from WebMD during 2008 and none of them provided any services to WebMD during 2008, except their service as a director. WebMD does not offer any deferred compensation plans or retirement plans to its Non-Employee Directors.

2008 Director Compensation Table. This table provides information regarding the value of the compensation of the Non-Employee Directors for 2008, as calculated in accordance with applicable SEC regulations. This table should be read together with the additional information under the headings “— Annual Fees” and “— Option Grants” below.

| <i>(a)</i> Name | <i>(b)</i> Stock Awards \$(1) | <i>(c)</i> Option Awards \$(2)(3) | <i>(d)</i> Cash Fees for Strategic Planning Committee Service \$(4) | <i>(e)</i> Total (\$) |
|---------------------------|--|--|--|------------------------------------|
| Mark J. Adler, M.D.(5) | 57,089 | 168,184 | 3,750 | 229,023 |
| Neil F. Dimick(5) | 82,089 | 168,184 | 3,750 | 254,023 |
| Jerry C. Keller | 39,589 | 168,184 | 3,750 | 211,523 |
| James V. Manning(5) | 74,589 | 168,184 | 3,750 | 246,523 |
| A. R. Moossa, M.D. | 59,589 | 168,184 | — | 227,773 |
| Stanley S. Trotman, Jr. | 84,589 | 168,184 | 3,750 | 256,523 |

- (1) On September 28, 2008 (the anniversary of WebMD’s 2005 initial public offering), WebMD issued shares of WebMD Class A Common Stock to its Non-Employee Directors in payment for annual fees for service on the WebMD Board and its standing committees. These shares are not subject to vesting requirements or forfeiture. For each Non-Employee Director, the number of shares to be issued was determined by dividing the aggregate dollar amount of the fees payable to such Non-Employee Director (see “Annual Fees” below) by \$32.75 (the closing price of WebMD Class A Common Stock on the Nasdaq Global Select Market on September 26, 2008, the last trading day prior to the anniversary of our initial public offering on September 28, 2008, which fell on a Sunday), with cash paid in lieu of issuing fractional shares. Dr. Adler received 1,450 shares of WebMD Class A Common Stock; Mr. Dimick received 2,213 shares; Mr. Keller received 916 shares; Mr. Manning received 1,984 shares; Dr. Moossa received 1,526 shares; and Mr. Trotman received 2,290 shares. In addition, this column includes \$9,589 for each individual, which reflects the aggregate dollar amounts recognized by WebMD in 2008 for income statement reporting purposes under SFAS No. 123R (based on the methodology and assumptions referred to in Footnote 2 below), for grants of WebMD Restricted Stock made to these directors at the time of our initial public offering. That amount reflects our accounting expense for these WebMD Restricted Stock awards, not amounts realized by our Non-Employee Directors. The actual amounts, if any, ultimately realized by our Non-Employee Directors from WebMD Restricted Stock will depend on the price of our Class A Common Stock at the time the WebMD Restricted Stock vests.
- (2) The amounts reported in Column (c) above reflect the aggregate dollar amounts recognized by WebMD in 2008 for stock option awards for income statement reporting purposes under Statement of Financial Accounting Standards (“SFAS”) No. 123R, “Share-based Payments” (disregarding any estimate of forfeitures related to service-based vesting conditions). See Note 13 (Stock-Based Compensation Plans) to the Consolidated Financial Statements included in this Annual Report for an explanation of the methodology and assumptions used in determining the fair value of stock option awards granted. The amounts reported in Column (c) reflect our accounting expense for these stock option awards, not amounts realized by our Non-Employee Directors. The actual amounts, if any, ultimately realized by our Non-Employee Directors from WebMD stock options will depend on the price of our Class A Common Stock at the time they exercise vested stock options.
- (3) Under WebMD’s Amended and Restated 2005 Long-Term Incentive Plan (which we refer to as the 2005 Plan), each Non-Employee Director of WebMD automatically receives a non-qualified option to purchase 13,200 shares of WebMD Class A Common Stock on each January 1, with an exercise price equal to the closing price on the last trading date of the prior year. In addition, each Non-

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Employee Director of WebMD received, pursuant to a discretionary grant made on December 10, 2008, a non-qualified option to purchase 13,200 shares of WebMD Class A Common Stock. The grants made on January 1, 2008 each had an exercise price of \$41.07 per share and a total grant date fair value equal to \$183,939 and the grants made on December 10, 2008 each had an exercise price of \$23.61 and a total grant date fair value equal to \$133,440 (the fair value, in each case, being based on the methodology and assumptions referred to in Footnote 2 above) The vesting schedule for all such grants is 25% of the original amount granted on each of the first, second, third and fourth anniversaries of the date of grant. The following lists the total number of shares of WebMD Class A Common Stock subject to outstanding unexercised option awards held by each of our Non-Employee Directors as of December 31, 2008 and the weighted average exercise price of those options:

| <u>Name</u> | <u>Number of Shares Subject to Outstanding Options</u> | <u>Weighted Average Exercise Price</u> |
|-------------------------|--|--|
| Mark J. Adler, M.D. | 66,000 | \$ 30.25 |
| Neil F. Dimick | 66,000 | \$ 30.25 |
| Jerry C. Keller | 66,000 | \$ 30.25 |
| James V. Manning | 66,000 | \$ 30.25 |
| A.R. Moossa, M.D. | 66,000 | \$ 30.25 |
| Stanley S. Trotman, Jr. | 66,000 | \$ 30.25 |

See “— Option Grants” below for additional information. In addition, each of WebMD’s Non-Employee Directors held 1,100 shares of unvested WebMD Restricted Stock that were granted in September 2005 at the time of WebMD’s initial public offering.

- (4) The amounts in Column (d) reflect fees for service on the Strategic Planning Committee. See “Corporate Governance — Committees of the Board of Directors — Other Committees — Strategic Planning Committee” above.
- (5) These three Non-Employee Directors of WebMD are also non-employee directors of HLTH, for which they received compensation from HLTH. For information regarding the compensation they received from HLTH, see below under “Compensation for Service on HLTH Board.”

Annual Fees

Overview. For each of the Non-Employee Directors, the amount set forth in Column (b) of the 2008 Director Compensation Table represents the sum of the value of shares issued to pay the following amounts, each of which is described below:

- an annual retainer for service on the Board;
- annual fees for service on standing Committees of the Board; and
- annual fees, if any, for serving as Chairperson of standing Committees of the Board.

Non-Employee Directors do not receive per-meeting fees but are reimbursed for out-of-pocket expenses they incur in connection with attending Board and Board Committee meetings and our Annual Meeting of Stockholders.

Board Service. Each Non-Employee Director receives an annual retainer of \$30,000 for service on the WebMD Board, payable in WebMD Class A Common Stock.

Service on Standing Committees. We pay annual fees for service on some of the standing committees of our Board, as well as an additional fee to the Chairperson of each of those Committees, in the following amounts, payable in WebMD Class A Common Stock:

| <u>Type of Service</u> | <u>Annual Fee</u> |
|---|-------------------|
| Membership on Audit Committee (<i>Messrs. Dimick, Manning and Trotman</i>) | \$ 15,000 |
| Membership on Compensation Committee (<i>Dr. Adler, Dr. Moossa and Mr. Trotman</i>) or Nominating Committee (<i>Messrs. Dimick and Trotman and Dr. Moossa</i>) | \$ 5,000 |
| Membership on Governance & Compliance Committee (<i>Dr. Adler and Messrs. Dimick and Manning</i>) or Related Parties Committee (<i>Dr. Moossa and Messrs. Keller and Trotman</i>) | \$ 10,000 |
| Chairperson of Compensation Committee (<i>Dr. Adler</i>) or Nominating Committee (<i>Mr. Dimick</i>) | \$ 2,500 |
| Chairperson of Audit Committee (<i>Mr. Manning</i>), Governance & Compliance Committee (<i>Mr. Dimick</i>) or Related Parties Committee (<i>Mr. Trotman</i>) | \$ 10,000 |

The amounts of the fees payable to Non-Employee Directors for service on our Board and its standing Committees are determined by the Compensation Committee and may be changed by it from time to time. The Compensation Committee also has discretion to determine whether such compensation is paid in cash, in WebMD Class A Common Stock or some other form of compensation.

Service on Other Committees. Our Non-Employee Directors may also receive additional fees for service on committees established by the Board for specific purposes. Those fees will generally be paid in cash on a quarterly basis for the period that the committee exists and may be set by the Board, the Compensation Committee or the committee itself. The fees paid to Non-Employee Directors who are members of the Strategic Planning Committee of the Board for their service on that committee in 2008 are listed in column (d) of the 2008 Director Compensation Table above. Non-Employee Directors who serve on this committee will continue to receive compensation for that service. The current quarterly payment for such service is \$1,500, which was set by the Compensation Committee of the Board.

Option Grants

Annual Stock Option Grants. On January 1 of each year, each Non-Employee Director receives a non-qualified option to purchase 13,200 shares of WebMD Class A Common Stock pursuant to automatic annual grants of stock options under our 2005 Plan. The annual stock option awards are granted with a per-share exercise price equal to the fair market value of a share of WebMD Class A Common Stock on the grant date. For these purposes, and in accordance with the terms of the 2005 Plan and WebMD's equity award grant practices, the fair market value is equal to the closing price of a share of WebMD Class A Common Stock on the Nasdaq Global Select Market on the last trading day of the prior year. The vesting schedule for each automatic annual grant is as follows: 25% of the underlying shares on each of the first through fourth anniversaries of the date of grant (full vesting on the fourth anniversary of the date of the grant). Each of our Non-Employee Directors received automatic annual grants of options to purchase 13,200 shares of WebMD Class A Common Stock on January 1, 2009 (with an exercise price of \$23.59 per share) and January 1, 2008 (with an exercise price of \$41.07 per share). The options granted to Non-Employee Directors do not include any dividend or dividend equivalent rights. Each such option will expire, to the extent not previously exercised, ten years after the date of grant or earlier if their service as a director ends (generally three years from the date such service ends).

Under the 2005 Plan, outstanding unvested options held by Non-Employee Directors vest and become fully exercisable: (a) upon the Non-Employee Director's death or termination of service as a result of disability; and (b) upon a "Change in Control" of WebMD. Those options, and any others that had previously vested, will then continue to be exercisable or lapse in accordance with the other provisions of the 2005 Plan and the award agreement. For purposes of the 2005 Plan, a Change in Control generally includes (i) a change in the majority of the Board of Directors of WebMD without the consent of the incumbent directors, (ii) any person or entity becoming the beneficial owner of 50% or more of the voting shares of WebMD, (iii) consummation of a reorganization, merger or similar transaction as a result of which WebMD's stockholders prior to the consummation of the transaction no longer represent 50% of the voting power; and (iv) consummation of a sale of all or substantially all of WebMD's assets; provided that no public offering nor any split-off, spin-off, stock dividend or similar transaction as a result of which the voting securities of WebMD are distributed to HLTH's stockholders will constitute a Change in Control of WebMD.

Discretionary Grants. Our Non-Employee Directors may receive grants of stock options under the 2005 Plan at the discretion of the Compensation Committee of the Board. On December 10, 2008, each Non-Employee Director received a non-qualified option to purchase 13,200 shares of WebMD Class A Common Stock. The grants had an exercise price of \$23.61 per share and the same vesting schedule and other terms as described above with respect to the annual grants to Non-Employee Directors. There had been no prior discretionary grants of options to Non-Employee Directors since WebMD's initial public offering in September 2005.

Compensation for Service on HLTH Board. Dr. Adler and Messrs. Dimick and Manning serve as non-employee directors of HLTH and receive compensation from HLTH for their service. The Compensation Committee of the HLTH Board is authorized to determine the compensation of HLTH's non-employee directors. The WebMD directors serving on the HLTH Board received two types of compensation from HLTH

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for their Board and Board Committee service: (1) cash fees and (2) grants of options to purchase HLTH Common Stock. None of HLTH's non-employee directors received any other compensation from HLTH during 2008 and none of them provided any services to HLTH during 2008, except their service as a director. HLTH does not offer any deferred compensation plans or retirement plans to its non-employee directors.

The following table provides information regarding the value of the compensation from HLTH to the individuals listed for 2008, as calculated in accordance with applicable SEC regulations.

| <u>(a)</u> <u>Name</u> | <u>(b)</u> <u>Fees Earned or</u> <u>Paid in Cash</u> <u>(\$)(1)</u> | <u>(c)</u> <u>Option Awards</u> <u>(\$)(2)(3)</u> | <u>(d)</u> <u>Total</u> <u>(\$)</u> |
|---------------------------|--|---|---|
| Mark J. Adler, M.D. | 62,500 | 61,686 | 124,186 |
| Neil F. Dimick | 57,500 | 61,686 | 119,186 |
| James V. Manning | 80,000 | 61,686 | 141,686 |

- (1) The dollar amounts of the fees payable for HLTH Board service and for service on standing Committees of the HLTH Board are the same as those applicable to the WebMD Board and its standing Committees (expressed in dollars), as described above. The amounts in Column (b) also include, with respect to Dr. Adler and Mr. Manning, \$15,000 for their service in 2008 as members of a special committee of the HLTH Board to oversee matters relating to the investigations described in "Legal Proceedings — Department of Justice and SEC Investigations of HLTH" in Note 12 to the Consolidated Financial Statements included in this Annual Report.
- (2) The amounts reported in Column (c) above reflect the aggregate dollar amounts recognized by HLTH in 2008 for stock option awards for income statement reporting purposes under SFAS No. 123R, "Share-based Payments" (disregarding any estimate of forfeitures related to service-based vesting conditions). See Note 15 (Stock-Based Compensation Plans) to the Consolidated Financial Statements included in HLTH's Annual Report on Form 10-K for the year ended December 31, 2008 for an explanation of the methodology and assumptions used in determining the fair value of stock option awards granted. The amounts reported in Column (c) reflect HLTH's accounting expense for these stock option awards, not amounts realized by the individuals listed in the table. The actual amounts, if any, ultimately realized by these individuals from HLTH stock options will depend on the price of HLTH Common Stock at the time they exercise vested stock options.
- (3) Under HLTH's 2000 Long-Term Incentive Plan (which we refer to as the HLTH 2000 Plan), each Non-Employee Director of HLTH automatically receives, on each January 1, a non-qualified option to purchase 20,000 shares of HLTH Common Stock with an exercise price equal to the closing price on the last trading date of the prior year. In addition, each Non-Employee Director of HLTH received, pursuant to a discretionary grant made on December 10, 2008, a non-qualified option to purchase 20,000 shares of HLTH Common Stock. The grants made on January 1, 2008 each had an exercise price of \$13.40 per share and a total grant date fair value equal to \$78,398 and the grants made on December 10, 2008 each had an exercise price of \$9.46 per share and a total grant date fair value equal to \$56,872 (the fair value, in each case, being based on the methodology and assumptions referred to in Footnote 2 above). The vesting schedule for all such grants is as follows: ¹/₄ of the grant on the first anniversary of the date of grant and 1/48 of the grant on a monthly basis over the next three years (full vesting on the fourth anniversary of the date of grant). The following lists the total number of shares of HLTH Common Stock subject to outstanding unexercised option awards held by the listed individuals as of December 31, 2008 and the weighted average exercise price of those options:

| <u>Name</u> | <u>Number of Shares Subject</u> <u>to Outstanding Options</u> | <u>Weighted Average</u> <u>Exercise Price</u> |
|---------------------|--|--|
| Mark J. Adler, M.D. | 276,000 | \$ 10.35 |
| Neil F. Dimick | 97,916 | \$ 10.48 |
| James V. Manning | 288,000 | \$ 9.24 |

Item 11. *Executive Compensation*

Overview

This section of our Annual Report contains information regarding our compensation programs and policies and, in particular, their application to a specific group of individuals that we refer to as our Named Executive Officers. Under applicable SEC rules, our Named Executive Officers for this Annual Report consist of our Chief Executive Officer, our Chief Financial Officer and the three other executive officers of WebMD who received the most compensation for 2008. This section is organized as follows:

- ***2008 Report of the Compensation Committee.*** This section contains a report of the Compensation Committee of our Board of Directors regarding the “Compensation Discussion and Analysis” section described below. The material in the 2008 Report of the Compensation Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this Annual Report into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that WebMD specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.
- ***Compensation Committee Interlocks and Insider Participation.*** This section contains information regarding certain types of relationships involving our Compensation Committee members.
- ***Compensation Discussion and Analysis.*** This section contains a description of the specific types of compensation we pay, a discussion of our compensation policies, information regarding how those policies were applied to the compensation of our Named Executive Officers for 2008 and other information that we believe may be useful to investors regarding compensation of our Named Executive Officers and other employees.
- ***Executive Compensation Tables.*** This section provides information, in tabular formats specified in applicable SEC rules, regarding the amounts or value of various types of compensation paid to our Named Executive Officers and related information.
- ***Potential Payments and Other Benefits Upon Termination or Change in Control.*** This section provides information regarding amounts that could become payable to our Named Executive Officers following specified events.
- ***Employment Agreements with Named Executive Officers.*** This section contains summaries of the employment agreements between our Named Executive Officers and WebMD, HLTH or their subsidiaries. We refer to these summaries in various other places in this Executive Compensation section.

The parts of this Executive Compensation section described above are intended to be read together and each provides information not included in the others. In addition, for background information regarding the Compensation Committee of our Board of Directors and its responsibilities, please see Item 10 above under the heading “Committees of the Board of Directors — Compensation Committee,” which is hereby incorporated by reference into this Item 11.

2008 Report of the Compensation Committee

The Compensation Committee of our Board of Directors provides oversight of WebMD’s compensation programs and makes specific decisions regarding compensation of the Named Executive Officers and WebMD’s other executive officers. Set out below is the Compensation Discussion and Analysis section of this Annual Report. That section contains a discussion of WebMD’s executive compensation programs and policies and their application by the Compensation Committee in 2008 to the Named Executive Officers. The Compensation Committee has reviewed and discussed with management the disclosures contained in the Compensation Discussion and Analysis. Based upon this review and our discussions, the Compensation

Committee has recommended to our Board of Directors that the Compensation Discussion and Analysis section be included in this Annual Report on Form 10-K.

Mark J. Adler, M.D. (Chairperson)

A. R. Moossa, M.D.

Stanley S. Trotman, Jr.

Compensation Committee Interlocks and Insider Participation

Each of the Compensation Committee members whose name appears under the Compensation Committee Report was a Committee member for all of 2008. No current member of the Compensation Committee is a current or former executive officer or employee of WebMD or had any relationships in 2008 requiring disclosure by WebMD under the SEC's rules requiring disclosure of certain relationships and related-party transactions.

None of WebMD's executive officers served as a director or a member of a compensation committee (or other committee serving an equivalent function) of any other entity, the executive officers of which served as a director or member of the Compensation Committee of the WebMD Board or the Compensation Committee of the HLTH Board during 2008.

Compensation Discussion and Analysis

This section contains a description of the specific types of compensation we pay, a discussion of our compensation policies, information regarding how the compensation of our Named Executive Officers for 2008 was determined under those policies and other information that we believe may be useful to investors regarding compensation of our Named Executive Officers and other employees.

Overview of Types of Compensation Used by WebMD. The compensation of our Named Executive Officers consists primarily of the following:

- cash salary;
- an annual cash bonus, the amount of which was determined, for 2008, by the Compensation Committee in its discretion;
- grants of options to purchase shares of WebMD Class A Common Stock, subject to vesting based on continued employment, with an exercise price that is equal to the fair market value of WebMD Class A Common Stock on the grant date (and, in some cases, options to purchase shares of HLTH Common Stock, with an exercise price that is equal to the fair market value of HLTH Common Stock on the grant date); and
- grants of shares of WebMD Restricted Stock, subject to vesting based on continued employment (and, in some cases, grants of shares of HLTH Restricted Stock, subject to vesting based on continued employment).

In addition, the Compensation Committee may authorize payment of special bonuses to provide recognition for specific accomplishments or at the time of a promotion, if determined by the Compensation Committee to be appropriate and in amounts determined by the Compensation Committee in its discretion.

A discussion of each of the above types of compensation used in 2008 follows under the heading "— Use of Specific Types of Compensation in 2008." The compensation of our other executives generally consists of the same types, with the specific amounts determined by our Chief Executive Officer and other members of our senior management.

In determining the forms of compensation to be used by WebMD, the Compensation Committee considers various factors, including the effectiveness of the incentives provided, tax and accounting considerations, the compensation practices of other companies and the expectations of our employees and our investors. In addition, the Compensation Committee believes that it is important that compensation be

understood by the employees who receive it and by our company's investors. The Compensation Committee believes that our compensation programs, including the types of stock options and restricted stock that we use, are effective forms of compensation and well understood. We have not offered any deferred compensation plans to our executive officers or to our other employees. We have also not offered any retirement plans to our executive officers, other than the HLTH 401(k) Savings and Employee Stock Ownership Plan (which we refer to as the HLTH 401(k) Plan), which is generally available to our employees. Subject to the terms of the HLTH 401(k) Plan, HLTH matches, in cash, 25% of amounts contributed to that Plan by each Plan participant, up to 6% of eligible pay. The matching contribution made by HLTH is subject to vesting, based on continued employment, with 50% scheduled to vest on each of the first and second anniversaries of an employee's date of hire (with employees vesting immediately in any matching contribution made after the second anniversary). WebMD reimburses HLTH for payments it makes under the 401(k) plan with respect to WebMD employees. Messrs. Funston and Gattinella and Dr. Pence are the Named Executive Officers who chose to participate in the HLTH 401(k) Plan in 2008.

The compensation of Messrs. Funston and Wygod is paid by HLTH and determined by the Compensation Committee of HLTH's Board of Directors, other than any awards of WebMD Restricted Stock and options to purchase WebMD Class A Common Stock, which are determined by our Compensation Committee.

Discussion of Compensation Policies. The Compensation Committee's guiding philosophy is to establish a compensation program that is:

- *Competitive with the market in order to help attract, motivate and retain highly qualified managers and executives.* We seek to attract and retain talent by offering competitive base salaries, annual incentive opportunities, and the potential for long-term rewards through equity-based awards, such as stock options and restricted stock. We have, in the past, granted and may continue to grant equity-based awards to a large portion of our employees, not just our executives. Those awards have been primarily in the form of non-qualified options to purchase WebMD Class A Common Stock.
- *Performance-based to link executive pay to company performance over the short term and long term and to facilitate shareholder value creation.* It is WebMD's practice to provide compensation opportunities in addition to base salary that are linked to our company's performance and the individual's performance. Achievement of short-term goals is rewarded through annual cash bonuses, while achievement of long-term objectives is encouraged through nonqualified stock option grants and restricted stock awards that are subject to vesting over periods generally ranging from three to four years. Through annual and long-term incentives, a major portion of the total potential compensation of WebMD's executive officers (and other members of senior management) is placed at risk in order to motivate them to improve the performance of our businesses and to increase the value of our company.
- *Designed to foster a long-term commitment by management.* The Compensation Committee believes that there is great value to our company in having a team of long-tenured, seasoned executives and managers. Our compensation practices are designed to foster a long-term commitment to WebMD by our management team. The vesting schedules attributable to equity grants are typically 3 to 4 years.

The Compensation Committee has not retained outside consultants to assist it in implementing these policies or making specific decisions relating to executive compensation. The Compensation Committee does, from time to time, review general information regarding the compensation practices of other companies, including some that are likely to compete with WebMD for the services of our executives and employees and that information is a factor used by the Committee in its decisions and in its general oversight of compensation practices at WebMD. However, the Compensation Committee does not use that information to generate specific compensation amounts or targets and does not seek to create an objective standard for WebMD compensation based on what other companies have done. Instead, in each compensation decision, the Committee exercises its business judgment regarding the appropriateness of types and amounts of compensation in light of the value to WebMD of specific individuals. With respect to 2008 compensation, the Compensation Committee took into account recommendations made by the Chairman of the Board and the Chief Executive Officer of WebMD with respect to determinations of the types and amounts of compensation to be paid to the other executive officers and also discussed with the Chairman of the Board and the Chief

Executive Officer the types and amounts such individuals believed would be appropriate to pay each of them in light of the amounts being recommended for, and paid to, the other WebMD executive officers and amounts being paid to other WebMD executives.

WebMD's senior management generally applies a similar philosophy and similar policies to determine the compensation of officers and managers who are not executive officers and reports to the Compensation Committee regarding these matters.

The Compensation Committees of the WebMD and HLTH Boards coordinate their decision-making to the extent they believe appropriate, including by having Mark J. Adler, M.D. serve as Chairman of both Compensation Committees and by having many of the meetings of the Compensation Committees be joint meetings that include discussion of compensation at both WebMD and HLTH. That coordination began when WebMD first became a public company in 2005, at a time when the compensation of WebMD's executive officers had, historically, been determined by, or under the oversight of, the HLTH Compensation Committee and one goal of that coordination was to facilitate continuity in decision-making. The reasons for continued coordination of the decision-making of the two Compensation Committees has been to have the executive compensation philosophies and practices at HLTH and at WebMD (companies that share some of their executive officers) be generally consistent with each other, except to the extent the Compensation Committees choose to maintain or implement specific differences that they believe to be appropriate. Notwithstanding these efforts to coordinate the work of the two Compensation Committees, the HLTH Compensation Committee is responsible for making specific determinations regarding executive compensation paid by HLTH, and the WebMD Compensation Committee is responsible for making specific determinations regarding executive compensation paid by WebMD.

Use of Specific Types of Compensation in 2008

Base Salary. The Compensation Committee (or, in the case of Messrs. Funston and Wygod, the HLTH Compensation Committee) reviews the base salaries of our executive officers from time to time, but expects to make few changes in those salaries except upon a change in position. In 2008, no changes were made to the salaries of any of our Named Executive Officers. In general, it is the Compensation Committee's view that increases in the cash compensation of our executive officers should be performance-based and achieved through the bonus-setting process, rather than through an increase in base salary. However, the Compensation Committee considers various factors when it contemplates an adjustment to base salary, including: company performance, the executive's individual performance, scope of responsibility and changes in that scope (including as a result of promotions), tenure, prior experience and market practice. WebMD's senior management considers similar factors in determining whether to make adjustments to salaries of other employees, and such changes are made more frequently.

Bonuses Paid by WebMD to its Named Executive Officers. WebMD's executive officers have the opportunity to earn annual cash bonuses. However, WebMD's Named Executive Officers (and its other executive officers) do not participate in a formal annual bonus plan and the Compensation Committee did not set quantitative performance targets, in advance, for use in determining bonus amounts for executive officers for 2008. After the end of 2008, the Compensation Committee determined annual cash bonus amounts to be paid by WebMD to its executive officers based on its subjective assessment of the performance of WebMD in 2008, taking into consideration its views regarding the extent to which financial and operational goals discussed by management and the Board at various times during 2008 were achieved. The Compensation Committee believes that, for WebMD at this time, a flexible annual bonus process is a more appropriate one for motivating WebMD's executive officers than setting quantitative targets in advance because it allows the Compensation Committee to consider, in its bonus determinations:

- goals of any type set by the Board and communicated to senior management at any point in the year;
- the effects of acquisitions and dispositions of businesses made during the year; and
- the effects of unexpected events and changes in WebMD's businesses during the year.

The Compensation Committee may, at some point in the future, determine that it will use quantitative targets set in advance in determining executive officer bonuses. In addition, in some years, bonus awards for some of our executive officers (particularly newly-hired executive officers) may be dictated by the terms of the executive’s employment agreement, providing for payment of a specified bonus amount or an amount within a specific range with respect to a specific employment period. No such requirements applied with respect to our Named Executive Officers for 2008.

While the Compensation Committee does not set quantitative performance targets in advance, it does set individual target bonus opportunities, as a percentage of base salary, for each Named Executive Officer. In some cases, these percentages are reflected in the employment agreement for the Named Executive Officer approved by the Compensation Committee. The higher the target percentage of an individual’s salary that the annual bonus opportunity represents, the greater the percentage of total annual cash compensation that is not guaranteed for that individual. Generally, the target percentage (and therefore the percentage of annual compensation that is not guaranteed) increases with the level and scope of responsibility of the executive, as does salary. The target annual bonus opportunities, for 2008, for the three Named Executive Officers whose salary and bonuses are paid by WebMD are set forth in the following table:

| <u>Named Executive Officer</u> | <u>Title</u> | <u>Annual Salary</u> | <u>Target Annual Bonus Opportunity</u> | <u>Target Annual Bonus Amount as a Percent of Salary</u> |
|--------------------------------|---|----------------------|--|--|
| Wayne T. Gattinella | Chief Executive Officer and President | \$560,000 | \$560,000 | 100% |
| Anthony Vuolo | Chief Operating Officer | \$450,000 | \$450,000 | 100% |
| William Pence | Executive Vice President & Chief Technology Officer | \$375,000 | \$131,300 | 35% |

However, the Compensation Committee retained discretion in 2008 regarding the actual annual bonus amounts to be paid these Named Executive Officers, which could be less than, equal to or more than the target bonus opportunity. The following table lists, for these Named Executive Officers, the sum of the annual cash bonuses and the SBP Awards (described further below), and the percentage this sum represented of the target annual bonus opportunity:

| <u>Named Executive Officer</u> | <u>Title</u> | <u>Sum of 2008 Annual Bonus and SBP Award</u> | | <u>Sum of 2007 Annual Bonus and SBP Award</u> | |
|--------------------------------|---|---|--------------------|---|--------------------|
| | | <u>Amount</u> | <u>% of Target</u> | <u>Amount</u> | <u>% of Target</u> |
| Wayne T. Gattinella | Chief Executive Officer and President | \$270,000 | 48% | \$270,000 | 48% |
| Anthony Vuolo | Chief Operating Officer | \$250,000 | 56% | \$250,000 | 56% |
| William Pence | Executive Vice President & Chief Technology Officer | \$110,000 | 84% | \$ 75,000 | n/a |

For 2007, there were two separate bonus amounts for each of Messrs Gattinella and Vuolo: a cash bonus paid in March 2008 (\$135,000 for Mr. Gattinella and \$125,000 for Mr. Vuolo) and an award under the Supplemental Bonus Program (SBP) described below (\$135,000 for Mr. Gattinella and \$125,000 for Mr. Vuolo). Dr. Pence did not receive an SBP Award in March 2008 since he joined WebMD near the end of 2007 and the amount of his 2007 bonuses was set in his employment agreement. For 2008, there were two separate bonus amounts for each of Messrs Gattinella and Vuolo and Dr. Pence: a cash bonus paid in March 2009 (\$135,000 for Mr. Gattinella, \$125,000 for Mr. Vuolo and \$55,000 for Dr. Pence) and an award under the SBP (\$135,000 for Mr. Gattinella, \$125,000 for Mr. Vuolo and \$55,000 for Dr. Pence).

For 2008, the Compensation Committee primarily considered WebMD’s financial and operational performance in setting annual bonuses for its executive officers, including the three Named Executive Officers whose bonuses were paid by WebMD. However, the Compensation Committee did not attempt to tie the amounts of the 2008 annual bonuses for these executive officers to any specific measures and, instead, based its bonus determinations on its subjective view of our company’s results and management’s accomplishments.

Because WebMD’s financial performance in 2008 did not fully achieve expectations, including publicly disclosed guidance issued by management, but did reflect significant year-over-year growth in a difficult economic environment, the Compensation Committee set bonus amounts near 50% of target for Messrs. Gattinella and Vuolo, with each of their bonuses being equal to the amount for the prior year. Dr. Pence received a higher percentage of his target bonus because the Compensation Committee wished to recognize his meeting operational goals relating to improvements to WebMD’s technology platform.

Supplemental Bonus Plan (SBP). The WebMD Compensation Committee approved the contribution, in March 2008, to a trust (which we refer to Supplemental Bonus Trust) of Supplemental Bonus Plan (SBP) Awards for Messrs. Gattinella and Vuolo and certain other WebMD officers and employees. The amounts of the SBP Awards were determined by the WebMD Compensation Committee in its discretion, and included a \$135,000 contribution for Mr. Gattinella and a \$125,000 contribution for Mr. Vuolo. In March 2009, the Supplemental Bonus Trust distributed the March 2008 SBP Awards, together with actual net interest earned on the respective amounts, to SBP participants and, at that time, Mr. Gattinella received \$136,869 and Mr. Vuolo received \$126,730. In order to receive the applicable payment from the Supplemental Bonus Trust, each SBP participant was required to be employed by WebMD on March 1, 2009 (subject to limited exceptions for death, disability, or certain terminations of employment in connection with a sale of a subsidiary, the closing of a business location or certain other position eliminations). In February 2009, the Compensation Committee of the WebMD Board approved the contribution, in March 2009, to the Supplemental Bonus Trust of SBP Awards, including: a \$135,000 contribution for Mr. Gattinella; a \$125,000 contribution for Mr. Vuolo; and a \$55,000 contribution for Dr. Pence. The Supplemental Bonus Trust will distribute the March 2009 SBP Awards, together with actual net interest earned on the respective amounts, to SBP participants as promptly as practicable following March 1, 2010 (but in no event later than 2 1/2 months following such date); provided, however, that in order to receive such payment, the SBP participants must continue to be employed by WebMD on March 1, 2010 (subject to the limited exceptions described above). Any contributions to the Supplemental Bonus Trust that are forfeited for failure to meet the employment condition by an SBP participant are shared by the remaining SBP participants, except that SBP participants who are executive officers of WebMD are not eligible to receive any portion of such forfeitures. No contributions were made, in either 2008 or 2009, to the Supplemental Bonus Trust by WebMD with respect to either Mr. Funston or Mr. Wygod.

Bonuses Paid by HLTH to WebMD Named Executive Officers. The salary and bonuses of two of WebMD’s Named Executive Officers, Messrs. Wygod and Funston, were paid by HLTH in 2008 and 2007. In addition, HLTH paid a bonus to Mr. Vuolo in recognition of services he provided to HLTH in 2008 outside of his responsibilities at WebMD. Mr. Vuolo also received bonuses from WebMD, as described above.

The HLTH Compensation Committee takes a similar approach to cash bonuses as the WebMD Compensation Committee, including the belief that, for HLTH at this time, a flexible annual bonus process is a more appropriate one for motivating its executive officers than setting quantitative targets in advance. The HLTH Compensation Committee does set individual target bonus opportunities for its executive officers and the table below sets forth those targets for Messrs. Wygod and Funston:

| <u>Named Executive Officer</u> | <u>Title</u> | <u>Annual Salary</u> | <u>Target Annual Bonus Opportunity</u> | <u>Target Annual Bonus Amount as a Percent of Salary</u> |
|--------------------------------|---|----------------------|--|--|
| Martin J. Wygod | Chairman of the Board and Acting CEO of HLTH and Chairman of the Board of WebMD | \$975,000 | \$975,000 | 100% |
| Mark D. Funston | Executive Vice President and Chief Financial Officer of HLTH and of WebMD | \$375,000 | \$187,000 | 50% |

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The following table lists, for Messrs. Wygod and Funston, the annual cash bonuses paid to them by HLTH with respect to 2008 and 2007, and the percentage these represented of their target bonus opportunities, along with the amount of the bonus paid by HLTH to Mr. Vuolo with respect to 2008:

| Named Executive Officer | Title | 2008 Annual Bonus | | 2007 Annual Bonus | |
|----------------------------|---|-------------------|-------------|-------------------|-------------|
| | | Amount | % of Target | Amount | % of Target |
| Martin J. Wygod | Chairman of the Board and Acting CEO of HLTH and Chairman of the Board of WebMD | \$1,500,000 | 154% | \$520,000 | 53% |
| Mark D. Funston | Executive Vice President and Chief Financial Officer of HLTH and of WebMD | \$ 130,000 | 70% | \$100,000 | 53% |
| Anthony Vuolo | Chief Operating Officer of WebMD | \$ 250,000 | n/a | n/a | n/a |

In determining 2008 annual bonuses to be paid by HLTH to its executive officers, the HLTH Compensation Committee did not attempt to tie the amounts of the bonuses to any specific financial or operational measures and, instead, based its bonus determinations on its subjective view of HLTH's financial and operational performance and of HLTH management's performance in connection with key strategic transactions during 2008, including:

- HLTH's sales of its ViPS business for approximately \$223 million (net of expenses and a working capital adjustment) and its 48% ownership interest in Emdeon Business Services for approximately \$575 million (net of expenses);
- The ongoing sale process with respect to HLTH's Porex business;
- the terminated merger between HLTH and WebMD (see "Transactions with HLTH — Termination Agreement" below in Item 13 and Note 5 to the Consolidated Financial Statements included in this Annual Report); and
- a cash tender offer completed by HLTH in late November 2008, pursuant to which HLTH repurchased 83,699,922 shares of its Common Stock at a price of \$8.80 per share (which represented approximately 45% of the outstanding shares of HLTH Common Stock immediately prior to the tender offer).

The HLTH Compensation Committee believed it was appropriate to reward HLTH's executive officers, as well as Mr. Vuolo, for their efforts, on an individualized basis, in connection with those transactions. In particular, the amount of Mr. Wygod's bonus reflected his overall involvement in those transactions, including in analysis of alternatives, structuring, negotiations, interfacing with outside advisors, supervision of internal staff, and the making of recommendations to the HLTH Board. In addition, the amount of Mr. Wygod's bonus reflected recognition of the additional responsibilities he assumed, without any change in salary, as Acting CEO of HLTH beginning in February 2008 when Kevin M. Cameron, HLTH's Chief Executive Officer, went on medical leave.

Equity Compensation. We use two types of long-term incentives: non-qualified stock options and restricted stock. Stock options are granted with an exercise price that is equal to the fair market value of WebMD Class A Common Stock on the grant date. Thus, participants in our equity plans (including the Named Executive Officers) will only realize value on their stock options if the price of WebMD Class A Common Stock increases after the grant date. The Compensation Committee believes that equity compensation, subject to vesting periods of three to four years, encourages employees to focus on the long-term performance of our company. The amount that employees receive from equity awards increases when the price of Class A WebMD Common Stock increases, which rewards employees for increasing shareholder value. The vesting schedules applicable to these equity awards are intended to further promote retention of employees during the vesting period.

The Compensation Committee does not make equity grants to our executive officers on an annual or other pre-determined basis. In determining whether and when to make equity grants, the Compensation Committee considers the history of prior grants made to individual executive officers, their vesting status and the amounts that have been or may be realized by those individuals from those grants. In addition, the Compensation Committee considers factors similar to those it considers in its decisions relating to cash compensation, as described above, including factors relating to individual and company performance. Finally, the Compensation Committee typically makes larger grants to the executive officers it believes have the greatest potential to affect the value of our company and improve results for stockholders. Similar considerations apply to grants made to other officers and employees. The HLTH Compensation Committee takes a similar approach with respect to equity grants to HLTH's executive officers and a similar approach is taken with respect to grants made to other HLTH officers and employees.

In December 2008, the WebMD Compensation Committee approved the making of a broad-based equity grant to most of WebMD's employees, following an increase in the number of shares available for grant under the 2005 Plan approved at our 2008 Annual Meeting of Stockholders. Similarly, in December 2008, the HLTH Compensation Committee approved the making of a broad-based equity grant to HLTH's Corporate employees. The respective Compensation Committees also specifically determined the size and terms of the grants to be made to executive officers. The specific grants for our Named Executive Officers are listed in “— Executive Compensation Tables — Grants of Plan-Based Awards in 2008” below. WebMD had not made any grants to any of its executive officers since the grants made at the time of our initial public offering in September 2005, other than the grant to Dr. Pence at the time he joined WebMD in late 2007. Accordingly, most of our current executive officers held equity awards that were substantially vested (with one 25% vesting in September 2009 remaining), which reduced the employee retention incentive provided by those awards. The vesting schedule for the December 2008 WebMD equity grants is 25% on March 31 of each of 2010 through 2013. This vesting schedule, which differs from the standard vesting scheduled used by WebMD (25% on the first four anniversaries of grant), was designed so that the initial vesting would be six months after the last vesting of the grants made in connection with our initial public offering. HLTH had not made any grants to its executive officers since the fourth quarter of 2006 (with no grant being made to Mr. Gattinella at that time). In making grants of HLTH equity in December 2008, the HLTH Compensation Committee took into consideration the fact that the option grants made in 2006 were out-of-the-money in December 2008, with an exercise price of \$11.86 (or, in the case of Mr. Funston, of \$11.60). The grants made in December 2008 had an exercise price of \$9.46 (the closing price on December 10, 2008, the date of grant), other than the grant to Mr. Wygod, which had an exercise price of \$8.49 (the closing price on December 1, 2008, the date of grant). Similarly, in making grants of WebMD equity to Dr. Pence in December 2008, the WebMD Compensation Committee took into consideration the fact that the option grants made to Dr. Pence when he joined WebMD in November 2007 were out-of-the-money, with an exercise price of \$45.23. The grants made by WebMD in December 2008 had an exercise price of \$23.61.

Application of Compensation Policies to Individual Named Executive Officers. Differences in compensation among our Named Executive Officers result from a number of factors and may vary from year to year. The primary factors that may create differences in compensation are disparities in: (a) the level of responsibility of the individual Named Executive Officers, including for those also compensated by HLTH, their responsibilities at HLTH, (b) individual performance of the Named Executive Officers, and (c) our need to motivate and retain specific individuals at specific points in time. In general, larger equity grants are made to our most senior executive officers because they have the greatest potential to affect the value of our company and to improve results for stockholders. Similarly, a greater portion of their total cash compensation is likely to come from their annual bonus. Similar considerations apply with respect to compensation from HLTH.

In 2008, no changes were made to the salaries of our Named Executive Officers. Accordingly, the application of compensation policies to individual Named Executive Officers in 2008 related primarily to: (a) their bonuses, as described under “— Bonuses Paid by WebMD to its Named Executive Officers” and “— Bonuses Paid by HLTH to WebMD Named Executive Officers” above for discussion of the determinations of the specific bonus amounts for the Named Executive Officers; and (b) grants of equity made to them. With

respect to the December 2008 equity grants, differences in the size of the grants related mostly to the nature and scope of the individual Named Executive Officer's level of responsibility within our company and, with respect to Messrs. Wygod and Funston, their level of responsibility within HLTH. In the case of Mr. Wygod, the grant to him of HLTH Restricted Stock and options to purchase HLTH Common Stock was made in connection with an amendment to his employment agreement that, among other things, extended its term to the end of 2012. See "— Employment Agreements with Named Executive Officers — Martin J. Wygod" below. Messrs. Wygod and Funston each received equity grants from both HLTH and WebMD in December 2008 because of their responsibilities and positions at both companies, with Mr. Wygod serving as Chairman of the Board and Acting Chief Executive Officer of HLTH and Mr. Funston as HLTH's Chief Financial Officer. For Mr. Funston, this was his first grant of options to purchase WebMD Class A Common Stock. Mr. Vuolo received a grant of options to purchase HLTH Common Stock in addition to his grant from WebMD because, as contemplated by his employment agreement, he provides services to HLTH outside of his responsibilities at WebMD. Messrs. Gattinella and Dr. Pence received grants only from WebMD in December 2008. The WebMD equity grants were determined by the WebMD Compensation Committee, with such approval occurring in a joint meeting with the HLTH Compensation Committee and each Compensation Committee took into consideration, in approving the December 2008 grants, the grants being approved by the other Compensation Committee.

Benefits and Perquisites. Our executive officers are generally eligible to participate in HLTH's benefit plans on the same basis as our other employees (including matching contributions to the HLTH 401(k) Plan and company-paid group term life insurance). HLTH, for the past several years, has maintained a sliding scale for the cost of employee premiums for its health plan, under which employees with higher salaries pay a higher amount. The limited perquisites (or "perks") received by our Named Executive Officers in 2008 are described in the footnotes to the Summary Compensation Table. In addition, our executive officers (as part of a larger group of employees generally having a salary of \$180,000 or more) receive company-paid supplemental disability insurance, the cost of which is listed in those footnotes.

Compensation Following Termination of Employment or a Change in Control

Overview. WebMD does not offer any deferred compensation plans to our executive officers or other employees and does not offer any retirement plans to our executive officers, other than a 401(k) plan generally available to our other employees. Accordingly, the payment and benefit levels for WebMD's Named Executive Officers applicable upon a termination or a change in control result from provisions in the employment agreements between WebMD or HLTH and the individual Named Executive Officers. However, unlike annual or special bonuses or the amounts of equity grants (which the Compensation Committee generally determines in its discretion at the time of payment or grant), the terms of employment agreements are the result of negotiations between WebMD or HLTH and those individuals, which generally occur at the time the individual joins WebMD or HLTH or in connection with a promotion to a more senior position with WebMD or HLTH (subject to the approval of the applicable Compensation Committee in the case of executive officer employment agreements). The Compensation Committees of WebMD and HLTH have, in the past, usually been willing to include similar provisions relating to potential terminations and changes in control in connection with the renewal of or extensions to an employment agreement with an existing executive officer as those in the existing employment agreement with that executive officer. The employment agreements with our Named Executive Officers are described under the heading "Employment Agreements with Named Executive Officers" below and summaries of the types of provisions relating to post-termination compensation included in those agreement are included in this section under the headings "— Employment Agreement Provisions Regarding Termination Benefits" and "— Employment Agreement Provisions Regarding Change in Control Benefits" below.

In determining whether to approve executive officer employment agreements (or amendments of or extensions to those agreements), the Compensation Committees of WebMD and HLTH consider our need for the services of the specific individual and the alternatives available to us, as well as potential alternative employment opportunities available to the individual from other companies. In considering whether to approve employment agreement terms that may result in potential payments and other benefits for executives that could become payable following a termination or change in control, the Compensation Committee considers

both the costs that could potentially be incurred by our company, as well as the potential benefits to our company, including benefits to our company from post-termination confidentiality, non-solicit and non-compete obligations imposed on the executive and provisions relating to post-termination services required of certain Named Executive Officers. In the case of potential payments and other benefits that could potentially become payable following a change in control, the Compensation Committee considers whether those provisions would provide appropriate benefit to an acquiror, in light of the cost the acquiror would incur, as well as benefits to our company during the period an acquisition is pending.

Employment Agreement Provisions Regarding Termination Benefits. The employment agreements with our Named Executive Officers provide for some or all of the following to be paid if the Named Executive Officer is terminated without cause or resigns for good reason (the definitions of which are typically set forth in the applicable employment agreement), dies or ceases to be employed as a result of disability:

- continuation of cash compensation (including salary and, in some cases, an amount based on past bonuses) for a period following termination;
- continuation of vesting and/or exercisability of some or all options or restricted stock; and
- continued participation in certain of our health and welfare insurance plans or payment of COBRA premiums.

The amount and nature of these benefits vary by individual, with the most senior of the Named Executive Officers typically receiving more of these benefits and receiving them for a longer period. These benefits also vary depending on the reason for the termination. See “Employment Agreements with Named Executive Officers” below for a description of the specific provisions that apply to each of our Named Executive Officers and “Potential Payments and Other Benefits Upon Termination of Employment or Change in Control” below for a sample calculation, based on applicable SEC rules, of the amounts that would have been payable if termination for specified reasons had occurred as of December 31, 2008. No such post-termination benefits apply if a Named Executive Officer is terminated for cause. The Compensation Committee believes that the protections provided to executive officers by the types of employment agreement provisions described above are appropriate for the attraction and retention of qualified and talented executives and consistent with good corporate governance.

Employment Agreement Provisions Regarding Change in Control Benefits. The Compensation Committees of the WebMD Board and the HLTH Board believe that executives should generally not be entitled to severance benefits upon the occurrence of a change in control, but that it is appropriate to provide for such benefits if a change in control is followed by a termination of employment or other appropriate triggering event. See “— Employment Agreement Provisions Regarding Termination Benefits” above. However, as more fully described below under “Employment Agreements with the Named Executive Officers” and “Potential Payments and Other Benefits Upon Termination of Employment or Change in Control” below, the Compensation Committee has approved the following exceptions:

- In the case of Mr. Gattinella, his employment agreement provides that, so long as he remains employed for one year following a change in control of WebMD, his options to purchase WebMD Class A Common Stock granted on December 10, 2008 would continue to vest until the second anniversary of the change in control, even if he resigns from the employ of WebMD prior to such vesting date. In addition, that portion of the restricted stock grant made on December 10, 2008 that would have vested through the second anniversary of the change in control would become vested on the date of his resignation.
- With respect to Mr. Vuolo, his employment agreement includes terms providing that he would be able to resign following a change in control, (a) after the completion of a six month transition period with the successor, and receive the same benefits that he would be entitled to upon a termination without cause following the change in control (as set forth in the tables below and the description of his employment agreement that follows) or (b) in the case of the December 2008 equity grants from HLTH and WebMD, after the completion of a one year transition period, in which event (i) the options granted in December 2008 would continue to vest until the second anniversary of the change in control and

(ii) that portion of the WHC Restricted Stock granted in December 2008 that would have vested through the second anniversary of the change in control would become vested on the date of his resignation.

- Mr. Wygod's employment agreement includes terms providing that if there is a change in control of HLTH, all of his outstanding options and other equity compensation (including WebMD equity) would become immediately vested and, if his employment terminates for any reason other than cause, the options would remain exercisable for the remainder of the originally scheduled term. If there is a change in control of WebMD only, WebMD equity granted to him will accelerate on that date. The employment agreement also contains provisions providing that he may resign after a change in control of HLTH only and receive severance payments, but it requires Mr. Wygod to provide consulting services during any period in which he is receiving severance (but at no more than 20% of the level of services that he devoted during the three years prior to the date of termination).

In the negotiations with those Named Executive Officers regarding their employment agreements, the WebMD Compensation Committee or the HLTH Compensation Committee (which was authorized to make compensation determinations with respect to WebMD executive officers prior to WebMD's initial public offering and is authorized to make compensation determinations with respect to HLTH's executive officers) recognized that, for those individuals, a change in control is likely to result in a fundamental change in the nature of their responsibilities. Accordingly, under their employment agreements, the applicable Compensation Committee approved the specific Named Executive Officers having, following a change in control, the rights described above. The Compensation Committees believed that the rights provided were likely to be viewed as appropriate by a potential acquiror in the case of those specific individuals. In addition, the Compensation Committees sought to balance the rights given to the Named Executive Officers with certain requirements to provide transitional or consulting services (as described below) in types and amounts likely to be viewed as reasonable by a potential acquiror.

If the benefits payable to Mr. Vuolo in connection with a change in control would be subject to the excise tax imposed under Section 280G of the Internal Revenue Code of 1986 ("Section 280G"), WebMD has agreed to make an additional payment to him so that the net amount of such payment (after taxes) that he receives is sufficient to pay the excise tax due. HLTH has agreed to make such additional payments to Mr. Wygod.

Application in 2008. During 2008, all employment agreements with the Named Executive Officers were amended in a manner intended to bring such agreements into compliance with Section 409A of the Internal Revenue Code. In addition, the amendment to Mr. Wygod's employment agreement in December 2008 included certain changes to HLTH's obligations in the event of certain terminations of employment, including: (i) setting the severance period at three years (the prior agreement provided for a severance period equal to the remainder of the term or, if longer, two years); and (ii) including bonus as a component of the 3 year severance payment calculation (based on the average of the bonuses received over the prior three years) in recognition of the fact that bonuses have been a significant portion of the compensation paid to Mr. Wygod. See "— Employment Agreements with Named Executive Officers — Martin J. Wygod" below for additional description of the December 2008 amendment. The remaining provisions related to post-termination compensation (including the Section 280G gross-up provision described above) in that employment agreement were carried forward from the existing employment agreement with Mr. Wygod. The HLTH Compensation Committee believed that it was appropriate to maintain those provisions in the employment agreement in connection with extending the term of the agreement and that the rights provided to Mr. Wygod under those provisions, taken together with the changes made to the employment agreement, were reasonable in order to retain the services of Mr. Wygod and in light of the other provisions of the employment agreement.

Deductibility of Compensation. Section 162(m) of the Internal Revenue Code generally limits the ability of a publicly held corporation to deduct compensation in excess of \$1 million per year paid to certain executive officers. It is the policy of the Compensation Committee to structure, where practicable, compensation paid to its executive officers so that it will be deductible under Section 162(m) of the Code. Accordingly, WebMD's equity plans under which awards are made to officers and directors are generally designed to ensure that compensation attributable to stock options granted will be tax deductible by WebMD.

However, cash bonuses for WebMD's executive officers and grants of restricted stock do not qualify as performance-based within the meaning of Section 162(m) and, therefore, are subject to its limits on deductibility. In determining that the compensation of WebMD's executive officers for 2008 was appropriate under the circumstances and in the best interests of WebMD and its stockholders, the Compensation Committee considered the amount of net operating loss carryforwards available to WebMD to offset income for Federal income tax purposes. See Note 15 to the Consolidated Financial Statements included in this Annual Report.

Executive Compensation Tables

This section provides information, in tabular formats specified in applicable SEC rules, regarding the amounts of compensation paid to our Named Executive Officers and related information. The tables included are:

- Summary Compensation Table, which presents information regarding our Named Executive Officer's total compensation and the types and value of its components; and
- three tables providing additional information regarding our equity compensation, entitled: Grants of Plan-Based Awards in 2008; Outstanding Equity Awards at End of 2008; and Option Exercises and Stock Vested in 2008.

As permitted by the SEC rules relating to these tables, our tables reflect only the types of compensation that HLTH and WebMD paid to our Named Executive Officers. For example, since our only retirement plan is a 401(k) plan, we do not include tables applicable to other types of retirement plans. For a general description of the types of compensation paid by WebMD and HLTH, see "Compensation Discussion and Analysis — Overview of Types of Compensation."

Summary Compensation Table

Table. The following table presents information regarding the amount of the total compensation of our Named Executive Officers for services rendered during the years covered, as well as the amount of the specific components of that compensation. The compensation reported in the table reflects all compensation to the Named Executive Officers from our company and any of our subsidiaries as well as from HLTH and any of its other subsidiaries. In certain places in the tables, we have indicated by use of the letters “W” and “H” whether equity compensation relates to securities of WebMD or HLTH.

| (a) Name and Principal Position | (b) Year | (c) Salary (\$) | (d) Bonus \$(1) | (e) Stock Awards \$(2) | (f) Option Awards \$(2) | (g) All Other Compensation (\$) | (h) Total (\$) |
|---|-------------|-----------------------|-----------------------|-------------------------------------|-------------------------------------|--|----------------------|
| Wayne T. Gattinella Chief Executive Officer and President | 2008 | 560,000 | 135,000 | 138,791W | 326,598W | 9,758(3) | 1,170,147 |
| | 2007 | 560,000 | 135,000 | 7,457H 229,931W | 84,850H 538,230W | 9,214(3) | 1,564,682 |
| | 2006 | 560,000 | 340,000 | 237,388 46,977H 439,809W | 623,080 229,800H 960,853W | 8,313(3) | 2,585,752 |
| Anthony Vuolo Chief Operating Officer | 2008 | 450,000 | 375,000(4) | 111,349W | 7,191H 261,819W | 17,704(5) | 1,223,063 |
| | 2007 | 450,000 | 125,000 | 7,457H 183,944W | 84,850H 430,584W | 16,610(5) | 1,298,445 |
| | 2006 | 450,000 | 700,000(6) | 191,401 46,977H 351,847W | 515,434 229,800H 768,682W | 16,079(5) | 2,563,385 |
| Mark D. Funston Executive VP and Chief Financial Officer | 2008 | 375,000 | 130,000 | 176,625H | 190,360H 8,103W | 7,930(7) | 888,018 |
| | 2007 | 375,000 | 100,000 | 173,881H | 182,503H | 169,948(7) | 1,001,332 |
| | 2006(8) | 46,875 | 35,000 | 22,867H | 24,000H | 526(7) | 129,268 |
| William Pence Executive VP and Chief Technology Officer | 2008 | 375,000 | 55,000 | 287,210W | 660,723W | 4,360(9) | 1,382,293 |
| Martin J. Wygod Chairman of the Board | 2008 | 975,000 | 1,500,000 | 1,669,304H 138,791W | 1,843,880H 326,598W | 10,847(10) | 6,464,420 |
| | 2007 | 975,000 | 520,000 | 1,808,095 1,623,018H 229,931W | 2,170,478 1,813,757H 538,230W | 10,847(10) | 5,710,783 |
| | 2006 | 975,000 | 3,530,000(11) | 1,852,949 629,691H 439,809W | 2,351,987 709,598H 960,853W | 10,847(10) | 7,255,798 |
| | | | | 1,069,500 | 1,670,451 | | |

(1) See “— Background Information Regarding the Summary Compensation Table — Supplemental Bonus Plan (SBP)” below for a description of contributions made to a Supplemental Bonus Trust on behalf of Mr. Gattinella and Vuolo and Dr. Pence, but not reflected in this table since such contributions are subject to forfeiture during the periods covered by this table.

(2) The amounts reported in Columns (e) and (f) above reflect the aggregate dollar amounts recognized by WebMD or HLTH for stock awards and option awards for income statement reporting purposes under SFAS No. 123R (disregarding any estimate of forfeitures related to service-based vesting conditions). See Note 13 (Stock-Based Compensation) to the Consolidated Financial Statements included in this Annual Report and Note 15 (Stock-Based Compensation) to the Consolidated Financial Statements included in HLTH’s Annual Report on Form 10-K for the year ended December 31, 2008 for an explanation of the methodology and

assumptions used in determining the fair value of stock and stock option awards granted. The amounts reported in Columns (e) and (f) reflect our accounting expense for these equity awards, not amounts realized by our Named Executive Officers. The actual amounts, if any, ultimately realized by our Named Executive Officers from equity compensation will depend on the price of our Class A Common Stock (or the price of HLTH's Common Stock in the case of HLTH equity awards) at the time they exercise vested stock options or at the time of vesting of restricted stock. Holders of shares of WebMD Restricted Stock and HLTH Restricted Stock have voting power and the right to receive dividends, if any, that are declared on those shares, but their ability to sell those shares is subject to vesting requirements based on continued employment.

- (3) For 2008, consists of: (a) \$3,450 in company matching contributions under the HLTH 401(k) Plan; (b) \$3,986 for company-paid supplemental disability insurance; and (c) \$2,322 for company-paid group term life insurance. For 2007, consists of: (a) \$2,906 in company matching contributions under the HLTH 401(k) Plan; (b) \$3,986 for company-paid supplemental disability insurance; and (c) \$2,322 for company-paid group term life insurance. For 2006, consists of: (a) \$3,085 in company matching contributions under the HLTH 401(k) Plan; (b) \$3,986 for company-paid supplemental disability insurance; and (c) \$1,242 for company-paid group term life insurance.
- (4) Includes an annual bonus for 2008 of \$125,000 paid by WebMD and a bonus of \$250,000 paid by HLTH for services he provided to HLTH during 2008 outside his responsibilities as an officer of WebMD, including services in connection with HLTH's divestitures and tender offer during 2008.
- (5) For 2008, consists of: (a) \$4,462 for company-paid supplemental disability insurance; (b) \$1,242 for company-paid group term life insurance; and (c) an automobile allowance of \$12,000. For 2007, consists of: (a) \$3,368 for company-paid supplemental disability insurance; (b) \$1,242 for company-paid group term life insurance; and (c) an automobile allowance of \$12,000. For 2006, consists of: (a) \$3,269 for company-paid supplemental disability insurance; (b) \$810 for company-paid group term life insurance; and (c) an automobile allowance of \$12,000.
- (6) Includes an annual bonus for 2006 of \$250,000 paid by WebMD and special bonus of \$450,000 paid by HLTH for services during 2006 to HLTH outside his responsibilities as an officer of WebMD, including in connection with HLTH's sales, in 2006, of Emdeon Practice Services and of a 52% interest in Emdeon Business Services.
- (7) For 2008, consists of: (a) \$3,450 in company matching contributions under the HLTH 401(k) Plan; (b) \$3,570 for company-paid supplemental disability insurance; (c) a \$100 gift card (an incentive for employees who completed a WebMD Health Manager online questionnaire); and (d) \$810 for company-paid group term life insurance. For 2007, consists of: (a) \$3,338 in company matching contributions under the HLTH 401(k) Plan; (b) \$3,570 for company-paid supplemental disability insurance; (c) \$810 for company-paid group term life insurance; and (d) \$88,545 for reimbursement of relocation costs plus \$73,685 for reimbursement of amounts required to pay income taxes resulting from the payment for such relocation costs. For 2006, consists of: (a) \$433 in company matching contributions under the HLTH 401(k) Plan; and (b) \$93 for company-paid group term life insurance.
- (8) The information for 2006 reflects compensation beginning in mid-November 2006, when Mr. Funston joined HLTH.
- (9) Consists of: (a) \$3,450 in company matching contributions under the HLTH 401(k) Plan; (b) a \$100 gift card (an incentive for employees who completed a WebMD Health Manager online questionnaire); and (c) \$810 for company-paid group term life insurance.
- (10) For each of 2008, 2007 and 2006, consists of: (a) \$3,989 for company-paid supplemental disability insurance; and (b) \$6,858 for company-paid group term life insurance.
- (11) Includes 2006 annual bonus of \$780,000 paid by HLTH and a special bonus of \$2,750,000 paid by HLTH in recognition of the completion of the sales of Emdeon Practice Services and of a 52% interest in Emdeon Business Services in 2006 and the related repositioning of HLTH.

Background Information Regarding the Summary Compensation Table

General. The Summary Compensation Table above quantifies the amount or value of the different forms of compensation earned by or awarded to our Named Executive Officers and provides a dollar amount for total compensation for each year covered. All amounts reported in the Summary Compensation Table for Messrs. Wygod and Funston reflect compensation from HLTH, except for amounts reflecting grants of WebMD Restricted Stock and options to purchase WebMD Class A Common Stock. The amounts reported in the Summary Compensation Table for our other Named Executive Officers reflect compensation from WebMD, except (a) amounts reflecting grants by HLTH of HLTH Restricted Stock and options to purchase HLTH Common Stock and (b) bonuses paid by HLTH to Mr. Vuolo for services provided to HLTH.

Employment Agreements. Descriptions of the material terms of each Named Executive Officer's employment agreement and related information is provided under "Employment Agreements with Named Executive Officers" below. The agreements provide the general framework and some of the specific terms for the compensation of the Named Executive Officers. Approval of the Compensation Committee is required prior to WebMD entering into employment agreements with its executive officers or amendments to those

agreements. However, many of the decisions relating to compensation for a specific year made by the Compensation Committee (or, in the case of Messrs. Funston and Wygod, by the HLTH Compensation Committee) are implemented without changes to the general terms of employment set forth in those agreements. For a discussion of the salary, bonus and equity compensation of our Named Executive Officers for 2008 and the decisions made by the Compensation Committee relating to 2008 compensation, see “Compensation Discussion and Analysis” above. In addition, the Named Executive Officers received the other benefits listed in Column (g) of the Summary Compensation Table and described in the related footnotes to the table.

Supplemental Bonus Plan (SBP). As more fully described in “— Compensation Discussion and Analysis — Use of Specific Types of Compensation in 2008 — Supplemental Bonus Program (SBP)” above, the Compensation Committee of the WebMD Board approved the contribution, in March 2008, to the Supplemental Bonus Trust of SBP Awards for Messrs. Gattinella and Vuolo and certain other WebMD officers and employees, including: a \$135,000 contribution for Mr. Gattinella and a \$125,000 contribution for Mr. Vuolo. In March 2009, the Supplemental Bonus Trust distributed the March 2008 SBP Awards, together with actual net interest earned on the respective amounts, to SBP participants and, at that time: Mr. Gattinella received \$136,869; and Mr. Vuolo received \$126,730. In order to receive the applicable payment from the Supplemental Bonus Trust, each SBP participant was required to be employed by WebMD on March 1, 2009 (subject to limited exceptions for death, disability, or certain terminations of employment in connection with a sale of a subsidiary, the closing of a business location or certain other position eliminations). Accordingly, the amounts paid by the Supplemental Bonus Trust to Messrs. Gattinella and Vuolo in March 2009 are not reflected in the 2008 Summary Compensation Table above, but would be reflected in next year’s Summary Compensation Table if the individual is a Named Executive Officer for 2009. In February 2009, the Compensation Committee of the WebMD Board approved the contribution, in March 2009, to the Supplemental Bonus Trust of SBP Awards, including: a \$135,000 contribution for Mr. Gattinella; a \$125,000 contribution for Mr. Vuolo; and a \$55,000 contribution for Dr. Pence. The Supplemental Bonus Trust will distribute the March 2009 SBP Awards, together with actual net interest earned on the respective amounts, to SBP participants as promptly as practicable following March 1, 2010 (but in no event later than 2 ¹/₂ months following such date); provided, however, that in order to receive such payment, each SBP participant must continue to be employed by WebMD on March 1, 2010 (subject to the limited exceptions described above). No contributions were made, in either 2008 or 2009, to the Supplemental Bonus Trust by WebMD with respect to either Mr. Funston or Mr. Wygod.

Grants of Plan-Based Awards in 2008

Table. The following table presents information regarding the equity incentive awards granted by WebMD and by HLTH to our Named Executive Officers during 2008. Awards of WebMD equity are indicated with “(W)” in columns (d) and (e) and awards of HLTH equity are indicated with “(H)” in those columns. The material terms of each grant are described under “— Additional Information Regarding WebMD Awards” and “— Additional Information Regarding HLTH Awards” below.

| (a) Name | (b) Approval Date | (c) Grant Date | (d) All Stock Awards: Number of Shares of Stock (#) | (e) All Option Awards: Number of Securities Underlying Options (#) | (f) Exercise or Base Price of Option Awards (\$/Sh) | (g) Grant Date Fair Value of Stock and Option Awards (\$) |
|---------------------|-------------------------|----------------------|---|---|---|---|
| Wayne T. Gattinella | 12/10/08 | 12/10/08 | 60,000(W) | 240,000(W) | 23.61 | 3,842,784 |
| Anthony Vuolo | 12/10/08 | 12/10/08 | — | 180,000(H) | 9.46 | 500,310 |
| | 12/10/08 | 12/10/08 | 49,000(W) | 196,000(W) | 23.61 | 3,138,274 |
| Mark D. Funston | 12/10/08 | 12/10/08 | 12,500(H) | 180,000(H) | 9.46 | 630,098 |
| | 12/10/08 | 12/10/08 | — | 60,000(W) | 23.61 | 606,546 |
| William Pence | 12/10/08 | 12/10/08 | 12,500(W) | 150,000(W) | 23.61 | 1,811,490 |
| Martin J. Wygod | 12/01/08 | 12/01/08 | 240,000(H) | 480,000(H) | 8.49 | 3,262,560 |
| | 12/10/08 | 12/10/08 | 60,000(W) | 240,000(W) | 23.61 | 3,842,784 |

Additional Information Regarding WebMD Awards. Each option to purchase WebMD Class A Common Stock granted to our Named Executive Officers was granted pursuant to the 2005 Plan and was part of a broad-based grant to most of WebMD’s employees made on December 10, 2008, following an increase in the number of shares available for grant under the 2005 Plan approved at our 2008 Annual Meeting of Stockholders. All such grants were made with a per-share exercise price equal to the fair market value of a share of WebMD Class A Common Stock on the grant date. For these purposes, and in accordance with the terms of the 2005 Plan and WebMD’s option grant practices, the fair market value is equal to the closing price of a share of WebMD Class A Common Stock on the Nasdaq Global Select Market on the grant date. The vesting schedule for each such stock option granted to our Named Executive Officers in 2008 is as follows: 25% on March 31 of each of 2010 through 2013. This vesting schedule, which differs from the standard vesting scheduled used by WebMD (25% on the first four anniversaries of grant), was designed so that the initial vesting would be six months after the last vesting of the grants made in connection with our initial public offering. Once vested, each such stock option will generally remain exercisable until its normal expiration date. Each such stock option granted to our Named Executive Officers in 2008 has a term of 10 years. For information regarding the effect on the vesting and exercisability of these stock options of the death, disability or termination of employment of a Named Executive Officer or a change of control of WebMD or HLTH, see “Potential Payments and Other Benefits Upon Termination of Employment or a Change in Control” and “Employment Agreements with Named Executive Officers” below. If a Named Executive Officer’s employment is terminated for cause, outstanding stock options (whether vested or unvested) would immediately terminate.

Each award of WebMD Restricted Stock to our Named Executive Officers in 2008 represents an award of WebMD Class A Common Stock that is subject to certain restrictions, including restrictions on transferability, and was made under, and is subject to the terms of, the 2005 Plan. The restrictions lapse in accordance with the terms of the award agreement. Holders of shares of WebMD Restricted Stock have voting power and the right to receive dividends, if any, that are declared on those shares. The vesting schedule for these grants of WebMD Restricted Stock is 25% on March 31 of each of 2010 through 2013, the same as the options granted by WebMD on that date (the reason for which is discussed above). For information regarding the effect on vesting of WebMD Restricted Stock of the death, disability or termination of employment of a Named Executive Officer or a change of control of WebMD, see “Potential Payments and Other Benefits Upon

Termination of Employment or a Change in Control” below. If a Named Executive Officer’s employment is terminated for cause, unvested shares of WebMD Restricted Stock are forfeited.

The 2005 Plan is administered by the Compensation Committee of the WebMD Board. The WebMD Compensation Committee has authority to interpret the plan provisions and make all required determinations under the 2005 Plan. This authority includes making required proportionate adjustments to outstanding awards upon the occurrence of certain corporate events such as reorganizations, mergers and stock splits, and making provision to ensure that any tax withholding obligations incurred in respect of awards are satisfied. Awards granted under the 2005 Plan are generally transferable only to a beneficiary of a Plan participant upon his or her death or to certain family members or family trusts. However, the WebMD Compensation Committee may establish procedures for the transfer of awards to other persons or entities, provided that such transfers comply with applicable laws.

For information regarding shares available for grant under the 2005 Plan, as of the end of 2008, see “Equity Compensation Plan Information” in Item 12 below.

Additional Information Regarding HLTH Awards. Each option to purchase HLTH Common Stock granted to our Named Executive Officers during 2008 was granted pursuant to the HLTH 2000 Plan. All such grants were made with a per-share exercise price equal to the fair market value of a share of HLTH Common Stock on the grant date. For these purposes, and in accordance with the terms of the HLTH 2000 Plan and HLTH’s option grant practices, the fair market value is equal to the closing price of a share of Common Stock of HLTH on the Nasdaq Global Select Market on the grant date. Each HLTH stock option granted to our Named Executive Officers in 2008 is subject to a four (4) year vesting schedule (with 25% vesting on each of the first four anniversaries of the grant date). Once vested, each such stock option will generally remain exercisable until its normal expiration date. Each of the HLTH stock options granted to our Named Executive Officers in 2008 has a term of 10 years. For information regarding the effect on the vesting and exercisability of these stock options of the death, disability or termination of employment of a Named Executive Officer or a change of control of HLTH, see “Potential Payments and Other Benefits Upon Termination of Employment or a Change in Control” and “Employment Agreements with Named Executive Officers” below. If a Named Executive Officer’s employment is terminated for cause, outstanding stock options (whether vested or unvested) would immediately terminate.

Each award of HLTH Restricted Stock to our Named Executive Officers in 2008 represents an award of HLTH Common Stock that is subject to certain restrictions, including restrictions on transferability, and was made under, and is subject to the terms of, the HLTH 2000 Plan. The restrictions lapse in accordance with the terms of the award agreement. Holders of shares of HLTH Restricted Stock have voting power and the right to receive dividends, if any, that are declared on those shares. All the grants of HLTH Restricted Stock made in 2008 to the Named Executive Officers are subject to a three year vesting schedule, with one-third vesting on each of the first three anniversaries of the date of grant, other than the grant made to Mr. Wygod on December 1, 2008, which is subject to a four year vesting schedule, with one-quarter vesting on each of the first four anniversaries of the date of grant. For information regarding the effect on vesting of HLTH Restricted Stock of the death, disability or termination of employment of a Named Executive Officer or a change of control of HLTH, see “Potential Payments and Other Benefits Upon Termination of Employment or a Change in Control” below. If a Named Executive Officer’s employment is terminated for cause, unvested shares of HLTH Restricted Stock are forfeited.

The HLTH 2000 Plan is administered by the Compensation Committee of the HLTH Board. The HLTH Compensation Committee has authority to interpret the plan provisions and make all required determinations under the HLTH 2000 Plan. This authority includes making required proportionate adjustments to outstanding awards upon the occurrence of certain corporate events such as reorganizations, mergers and stock splits, and making provision to ensure that any tax withholding obligations incurred in respect of awards are satisfied. Awards granted under the HLTH 2000 Plan are generally transferable only to a beneficiary of a Plan participant upon his or her death or to certain family members or family trusts. However, the HLTH Compensation Committee may establish procedures for the transfer of awards to other persons or entities, provided that such transfers comply with applicable laws.

Outstanding Equity Awards at End of 2008

The following table presents information regarding the outstanding equity awards held by each Named Executive Officer as of December 31, 2008, including the vesting dates for the portions of these awards that had not vested as of that date. Awards of WebMD equity are indicated with “(W)” at the beginning of column (b) in the table and awards of HLTH equity are indicated with “(H)” at the beginning of that column.

| (a) Name | (b) Underlying Unexercised Options (#) Exercisable | (c) Option Awards(1) | | | | (d) Stock Awards(2) | | | |
|---------------------|--|--|--------------------------------|-----------------------|----------------------------|--|----------------------------|--|-----------|
| | | (e) Number of Securities Underlying Unexercised Options (#) Unexercisable | (f) Option Exercise Price (\$) | (g) Option Grant Date | (h) Option Expiration Date | (i) Number of Shares of Stock That Have Not Vested (#) | (j) Stock Award Grant Date | (k) Market Value of Shares of Stock That Have Not Vested (\$)(3) | |
| Wayne T. Gattinella | (W) | — | 240,000(7) | 23.61 | 12/10/08 | 12/10/18 | 60,000(7) | 12/10/08 | 1,415,400 |
| | (W) | 165,000 | 55,000(4) | 17.50 | 9/28/05 | 9/28/15 | 13,750(4) | 9/28/05 | 324,363 |
| | (H) | 250,000 | — | 8.59 | 3/17/04 | 3/17/14 | — | — | — |
| | (H) | 204,881 | — | 4.81 | 8/20/01 | 8/20/11 | — | — | — |
| Anthony Vuolo | (W) | — | 196,000(7) | 23.61 | 12/10/08 | 12/10/18 | 49,000(7) | 12/10/08 | 1,155,910 |
| | (H) | — | 180,000(4) | 9.46 | 12/10/08 | 12/10/18 | — | — | — |
| | (W) | 132,000 | 44,000(4) | 17.50 | 9/28/05 | 9/28/15 | 11,000(4) | 9/28/05 | 259,490 |
| | (H) | 250,000 | — | 8.59 | 3/17/04 | 3/17/14 | — | — | — |
| | (H) | 200,000 | — | 12.75 | 8/21/00 | 8/21/10 | — | — | — |
| | (H) | 625,000 | — | 11.55 | 6/05/00 | 6/05/10 | — | — | — |
| | (H) | 97,500 | — | 34.23 | 10/04/99 | 10/04/09 | — | — | — |
| | (H) | 187,500 | — | 18.20 | 10/04/99 | 10/04/09 | — | — | — |
| Mark D. Funston | (H) | — | 180,000(4) | 9.46 | 12/10/08 | 12/10/18 | 12,500(6) | 12/10/08 | 130,750 |
| | (W) | — | 60,000(7) | 23.61 | 12/10/08 | 12/10/18 | — | — | — |
| | (H) | 90,000 | 90,000(4) | 11.60 | 11/13/06 | 11/13/16 | 30,000(4) | 11/13/06 | 313,800 |
| William Pence | (W) | — | 150,000(7) | 23.61 | 12/10/08 | 12/10/18 | 12,500(7) | 12/10/08 | 294,875 |
| | (W) | 37,500 | 112,500(4) | 45.23 | 11/1/07 | 11/1/17 | 18,750(4) | 11/1/07 | 442,313 |
| Martin J. Wygod | (W) | — | 240,000(7) | 23.61 | 12/10/08 | 12/10/18 | 60,000(7) | 12/10/08 | 1,415,400 |
| | (H) | — | 480,000(4) | 8.49 | 12/01/08 | 12/01/18 | 240,000(4) | 12/01/08 | 2,510,400 |
| | (H) | 540,000 | 360,000(5) | 11.86 | 10/23/06 | 10/23/16 | 120,000(5) | 10/23/06 | 1,255,200 |
| | (H) | 175,000 | 300,000(4) | 8.77 | 1/27/06 | 1/27/16 | 50,000(6) | 1/27/06 | 523,000 |
| | (W) | 165,000 | 55,000(4) | 17.50 | 9/28/05 | 9/28/15 | 13,750(4) | 9/28/05 | 324,363 |
| | (H) | 3,000,000 | — | 12.75 | 8/21/00 | 8/21/10 | — | — | — |
| | (H) | 585,000 | — | 13.85 | 6/15/99 | 6/15/09 | — | — | — |
| | (H) | 25,000 | — | 22.90 | 7/01/98 | 7/01/13 | — | — | — |
| | (H) | 25,000 | — | 15.50 | 7/01/97 | 7/01/12 | — | — | — |
| | (H) | 25,000 | — | 14.80 | 7/01/96 | 7/01/11 | — | — | — |
| | (H) | 25,000 | — | 10.00 | 7/03/95 | 7/03/10 | — | — | — |

(1) Each stock option grant reported in the table above was granted under, and is subject to, our 2005 Plan, the HLTH 2000 Plan, the HLTH 1996 Stock Plan or another plan or agreement that contains substantially the same terms. The option expiration date shown in Column (f) above is the normal expiration date, and the last date that the options may be exercised. For each Named Executive Officer, the unexercisable options shown in Column (c) above are also unvested. Unvested options are generally forfeited if the Named Executive Officer’s employment terminates, except to the extent otherwise provided in an employment agreement. For information regarding the effect on vesting of options of the death, disability or termination of employment of a Named Executive Officer or a change in control of HLTH or WebMD, see “Potential Payments and Other Benefits Upon Termination of Employment or a Change in Control” below. The exercisable options shown in Column (b) above, and any unexercisable options shown in Column (c) above that subsequently become exercisable, will generally expire earlier than the normal expiration date if the Named Executive Officer’s employment terminates, except as otherwise specifically provided in the Named Executive Officer’s employment agreement. For a description of the material terms of the Named Executive Officer’s employment agreements, see “Employment Agreements with Named Executive Officers” below.

(2) Unvested shares of restricted stock are generally forfeited if the Named Executive Officer’s employment terminates, except to the extent otherwise provided in an employment agreement. The stock awards held by our Named Executive Officers are subject to accelerated or continued vesting in connection with a change in control of WebMD or HLTH, as the case may be, and upon certain terminations of employment, as described below in more detail under “Employment Agreements with Named Executive Officers” and

“Potential Payments and Other Benefits Upon Termination of Employment or a Change in Control.” Except as otherwise indicated in those sections, unvested stock awards will generally be forfeited if a Named Executive Officer’s employment terminates.

- (3) The market or payout value of stock awards reported in Column (i) is computed by multiplying the number of shares of stock reported in Column (g) by (A) \$10.46, the closing market price of HLTH Common Stock on December 31, 2008 (the last trading day of 2008), for HLTH Restricted Stock, or (B) \$23.59, the closing market price of WebMD Class A Common Stock on that date, for WebMD Restricted Stock.
- (4) Vesting schedule is: 25% of the original amount granted on each of first, second, third and fourth anniversaries of the date of the grant.
- (5) Vesting schedule is: 27% of the original amount granted on first anniversary of the date of the grant, 33% on second anniversary and 40% on third anniversary.
- (6) Vesting schedule is: 1/3 of the original amount granted on each of first, second and third anniversaries of the date of the grant.
- (7) Vesting schedule is: 25% of the original amount granted on March 31 of each of 2010, 2011, 2012 and 2013.

Option Exercises and Stock Vested in 2008

No options to purchase WebMD Class A Common Stock were exercised during 2008 by our Named Executive Officers. The following table presents information regarding the exercise of options to purchase HLTH Common Stock by our Named Executive Officers during 2008, and regarding the vesting during 2008 of WebMD Restricted Stock and HLTH Restricted Stock previously granted to our Named Executive Officers. Amounts with respect to WebMD equity are noted with a “W” and amounts with respect to HLTH equity are noted with an “H.”

| (a) Name | (b) Option Awards | | (d) Stock Awards | | (e) |
|---------------------|--|-------------------------------|---|------------------------------|-----------|
| | Number of Shares Acquired on Exercise | Value Realized on Exercise | Number of Shares Acquired on Vesting | Value Realized on Vesting | |
| | (#) | (\$)(1) | (#) | (\$)(2) | |
| Wayne T. Gattinella | 35,000H | 125,526H | 13,750W | 450,313W | |
| Anthony Vuolo | 160,000H | 1,340,389H | 11,000W | 360,250W | |
| Mark D. Funston | — | — | 15,000H | 127,950H | |
| William Pence | — | — | 6,250W | 144,438W | |
| Martin J. Wygod | — | — | 149,000H | 1,379,760H | |
| | | | 13,750W | 450,313W | |
| | | | | | 1,830,073 |

- (1) The dollar amounts shown in Column (c) above for option awards are determined by multiplying (i) the number of shares of HLTH Common Stock to which the exercise of the option related, by (ii) the difference between (1) the per-share closing price of HLTH Common Stock on the date of exercise (or, for any shares sold on the date of exercise, the actual sale price received) and (2) the exercise price of the options.
- (2) The dollar amounts shown in Column (e) above for stock awards are determined by multiplying the number of shares that vested by the per-share closing price of WebMD Class A Common Stock or HLTH Common Stock on the vesting date.

Potential Payments and Other Benefits Upon Termination of Employment or a Change in Control

Background and Assumptions. In this section, we provide tables containing estimates of amounts that may become payable to our Named Executive Officers under their employment agreements as a result of a termination of employment under specific circumstances, as well as estimates regarding the value of other benefits they may become entitled to receive as a result of such termination. For a general discussion of matters relating to compensation that may become payable by WebMD or HLTH after termination of employment or a change in control, see “Compensation Discussion and Analysis — Compensation Following Termination of Employment or a Change in Control” above and for a detailed description of the applicable provisions of the employment agreements of our Named Executive Officers, see “Employment Agreements with Named Executive Officers” below. Under those agreements, the amount and types of payment and other benefits vary depending on whether the termination is as a result of death or disability, is with or without cause, is a resignation for good reason and/or is in connection with a change in control. As prescribed by applicable SEC rules, in estimating the amount of any potential payments to Named Executive Officers under

their employment agreements and the value of other benefits they may become entitled to receive, we have assumed that the applicable triggering event (i.e., termination of employment or change in control) occurred on December 31, 2008, that the price per share of HLTH Common Stock is \$10.46 (the closing price per share on December 31, 2008, the last trading day in 2008), and that the price per share of WebMD Class A Common Stock is \$23.59 (the closing price per share on December 31, 2008). We have also treated the right to continue to vest in options as being accelerated to December 31, 2008 for purposes of this disclosure only.

If the benefits payable to Mr. Vuolo in connection with a change in control would be subject to the excise tax imposed under Section 280G of the Internal Revenue Code of 1986 (“Section 280G”), WebMD has agreed to make an additional payment to him so that the net amount of such payment (after taxes) that he receives is sufficient to pay the excise tax due. HLTH has agreed to make such additional payments to Mr. Wygod. In the tables below, we have calculated the Section 280G excise tax on the basis of IRS regulations and Rev. Proc. 2003-68 and have assumed that the Named Executive Officer’s outstanding equity awards would be accelerated and terminated in exchange for a cash payment upon the change in control. The value of this acceleration (and thus the amount of the additional payment) would be slightly higher if the accelerated awards were assumed by the acquiring company rather than terminated upon the transaction. For purposes other than calculating the Section 280G excise tax, we have calculated the value of any option or stock award that may be accelerated in connection with a change in control to be the amount the holder can realize from such award as of December 31, 2008: for options, that is the market price of the shares that would be received upon exercise, less the applicable exercise price; and for restricted stock, that is the market value of the shares that would vest. We have also assumed that they have no accrued and unused vacation at December 31, 2008.

Tables. The tables below set forth estimates (rounded to the nearest \$1,000), based on the assumptions described above and in the footnotes to the tables, of the potential payments and the potential value of other benefits applicable to each Named Executive Officer upon the occurrence of specified termination or change in control triggering events. The terms used in the tables have the meanings given to them in each Named Executive Officer’s employment agreement and described below under “Employment Agreements with Named Executive Officers.” In addition, the amounts set forth in each table reflect the following:

- In the column entitled “Permanent Disability or Death,” the amounts reflect both provisions in those employment agreements and the fact that WebMD’s and HLTH’s equity plans generally provide for acceleration of vesting of awards in the event of a termination of employment as a result of death or disability.
- Under their employment agreements, Messrs. Vuolo and Wygod are eligible to continue to participate in our health and welfare plans (or comparable plans) for a specified period and Messrs. Funston and Gattinella and Dr. Pence are eligible to receive payment for their COBRA premiums for a specified period. In the row entitled “Health and Welfare Benefits Continuation,” the amounts are based upon the current average cost to our company of these benefits per employee and are net of amounts that the executives would continue to be responsible for. We have not made any reduction in the amounts in this row to reflect the fact that the obligation to continue benefits ceases in the event the executive becomes eligible for comparable coverage with a subsequent employer.

Wayne T. Gattinella, Chief Executive Officer and President

| Executive Benefits and Payments | Voluntary Termination for “Good Reason” | Voluntary Termination in Connection with a “Change in Control”(1) | Other Voluntary Termination | Permanent Disability or Death | Involuntary Termination for “Cause” | Involuntary Termination without “Cause” | Termination of Employment without “Cause” or for “Good Reason” Following a “Change in Control” |
|--|--|--|------------------------------------|--------------------------------------|--|--|---|
| <i>Cash Severance(2)</i> | 830,000 | -0- | -0- | 135,000(3) | -0- | 830,000 | 830,000 |
| <i>Stock Options</i> | 335,000 | 335,000 | -0- | 335,000 | -0- | 335,000 | 335,000 |
| <i>Restricted Stock</i> | -0- | 708,000 | -0- | 1,740,000 | -0- | -0- | 708,000 |
| <i>Health and Welfare Benefits</i> | | | | | | | |
| <i>Continuation</i> | 18,000 | -0- | -0- | -0- | -0- | 18,000 | 18,000 |
| <i>280G Tax Gross-Up</i> | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| <i>Other</i> | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| TOTAL | 1,183,000 | 1,043,000 | -0- | 2,210,000 | -0- | 1,183,000 | 1,891,000 |

- (1) In the event of a Change in Control of WebMD, the unvested portion of the options granted to Mr. Gattinella at the time of WebMD’s initial public offering would continue to vest until the next vesting date following the Change in Control, so long as he remains employed for 6 months following the Change in Control. In addition, in the event of a Change in Control of either WebMD or HLTH, the December 2008 option and restricted stock awards will continue to vest through the second anniversary of the Change in Control so long as he remains employed for one year following the Change in Control. However, for purposes of calculating the amounts included in the column entitled “Voluntary Termination in Connection with Change in Control” we treat such resignation as occurring on December 31, 2008 and assume that the requirement for the applicable transition period has been met.
- (2) Represents one year of salary and an annual bonus for 2008. We have assumed, solely for purposes of this table, that the amount of the annual bonus used for calculating the amounts in this line of the table, is \$270,000, the amount of Mr. Gattinella’s actual cash bonus for 2007 (the year prior to the year of the assumed termination) together with the amount contributed on his behalf to the Supplemental Bonus Trust (for additional information, see “— Summary Compensation Table — Supplemental Bonus Plan (SBP)” above).
- (3) Represents the amount contributed in March 2008 on Mr. Gattinella’s behalf to the Supplemental Bonus Trust, which would be paid to him in the event of a termination of his employment, as of December 31, 2008, as a result of disability.

Anthony Vuolo, Chief Operating Officer

| Executive Benefits and Payments | Voluntary Termination for “Good Reason” | Voluntary Termination in Connection with a “Change in Control”(1) | Other Voluntary Termination | Permanent Disability or Death(2) | Involuntary Termination for “Cause” | Involuntary Termination without “Cause” | Termination of Employment without “Cause” or for “Good Reason” Following a “Change in Control” |
|--|--|--|------------------------------------|---|--|--|---|
| <i>Cash Severance(3)</i> | 1,300,000 | 1,300,000 | -0- | 1,425,000 | -0- | 1,300,000 | 1,300,000 |
| <i>Stock Options</i> | 268,000 | 358,000 | -0- | 448,000 | -0- | 268,000 | 358,000 |
| <i>Restricted Stock</i> | -0- | 578,000 | -0- | 1,415,000 | -0- | -0- | 578,000 |
| <i>Health and Welfare</i> | | | | | | | |
| <i>Benefits Continuation</i> | 68,000 | 68,000 | -0- | 68,000 | -0- | 68,000 | 68,000 |
| <i>280G Tax Gross-Up(4)</i> | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| <i>Other</i> | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| TOTAL | 1,636,000 | 2,304,000 | -0- | 3,356,000 | -0- | 1,636,000 | 2,304,000 |

- (1) Mr. Vuolo may resign from his employment after 6 months following a Change in Control of WebMD or HLTH (subject to certain exceptions) and receive the same benefits as if he was terminated without Cause or for Good Reason following a Change in Control (other than with respect to the option and restricted stock awards granted to him in December 2008). He may not unilaterally resign without Good Reason prior to such date and receive these benefits. The December 2008 option and restricted stock awards will continue to vest through the second anniversary of the Change in Control so long as he remains employed for one year following the Change in Control. However, for purposes of calculating the amounts included in the column entitled “Voluntary Termination in

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Connection with Change in Control” we treat such resignation as occurring on December 31, 2008 and assume that the requirement for the applicable transition period has been met.

- (2) Includes the \$125,000 contributed in March 2008 on Mr. Vuolo’s behalf to the Supplemental Bonus Trust, which would be paid to him in the event of a termination of his employment, as of December 31, 2008, as a result of disability (for additional information, see “— Summary Compensation Table — Supplemental Bonus Plan (SBP)” above).
- (3) The amounts in this row, other than the columns that are zero, consist of 18 months of salary and annual bonuses, plus an annual bonus for 2008. We have assumed, solely for purposes of this table, that the amount of the annual bonus used for calculating the amounts in this line of the table, is \$250,000, the amount of Mr. Vuolo’s actual cash bonus for 2007 (the year prior to the year of the assumed termination) together with the amount contributed on his behalf to the Supplemental Bonus Trust.
- (4) For purposes of preparing this table, we have assumed that the bonus for the year of termination is reasonable compensation for services performed. In addition, we have assumed, solely for purposes of preparing this table, that 50% of the salary continuation portion of the severance constitutes “reasonable compensation” for the restrictive covenants to which the executive is bound following the termination of employment. Accordingly, we have not treated that portion of the salary continuation as a parachute payment for purposes of Section 280G. Such assumption may change at the time of an actual change in control.

Mark D. Funston, Executive VP and Chief Financial Officer

| Executive Benefits and Payments | Voluntary Termination for “Good Reason” | Voluntary Termination in Connection with a “Change in Control” | Other Voluntary Termination | Permanent Disability or Death | Involuntary Termination for “Cause” | Involuntary Termination without “Cause” | Termination of Employment without “Cause” Following a “Change in Control”(2) |
|---------------------------------|---|--|-----------------------------|-------------------------------|-------------------------------------|---|--|
| Cash Severance(1) | -0- | -0- | -0- | 750,000 | -0- | 750,000 | 750,000 |
| Stock Options | -0- | -0- | -0- | 180,000 | -0- | -0- | -0- |
| Restricted Stock | -0- | -0- | -0- | 445,000 | -0- | 314,000 | 314,000 |
| Health and Welfare Benefits | | | | | | | |
| Continuation | -0- | -0- | -0- | 21,000 | -0- | 21,000 | 21,000 |
| 280G Tax Gross-Up | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| Other | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| TOTAL | -0- | -0- | -0- | 1,396,000 | -0- | 1,085,000 | 1,085,000 |

(1) \$750,000 represents two years of salary.

(2) “Change in Control” refers, for purposes of this column, to a “Change in Control” of HLTH. Mr. Funston is not entitled to any additional payments or benefits in the event of a change in control of WebMD.

William Pence, Executive Vice President — Chief Technology Officer

| Executive Benefits and Payments | Voluntary Termination for “Good Reason” | Voluntary Termination in Connection with a “Change in Control” | Other Voluntary Termination | Permanent Disability or Death | Involuntary Termination for “Cause” | Involuntary Termination without “Cause” | Termination of Employment without “Cause” or for “Good Reason” Following a “Change in Control” |
|---------------------------------|---|--|-----------------------------|-------------------------------|-------------------------------------|---|--|
| Cash Severance (1) | 485,000 | -0- | -0- | -0- | -0- | 485,000 | 485,000 |
| Stock Options | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| Restricted Stock | -0- | -0- | -0- | 737,000 | -0- | -0- | 147,000 |
| Health and Welfare Benefits | | | | | | | |
| Continuation(2) | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| 280G Tax Gross-Up | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| Other | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| TOTAL | 485,000 | -0- | -0- | 737,000 | -0- | 485,000 | 632,000 |

(1) \$485,000 represents one year of salary (\$375,000) and an annual bonus for 2008 of \$110,000. We have assumed, solely for purposes of preparing this table, that the amount of the annual bonus used for calculating the amounts in this line of the table is the sum of the

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actual amount of Mr. Pence's bonus for 2008 and the actual amount contributed to the Supplemental Bonus Trust for Mr. Pence for 2008. We did not use the year prior to the year of termination because Mr. Pence was not an employee for all of 2007 and received a contractually agreed upon bonus of \$75,000 for the part-year period, as approved by the Compensation Committee prior to his employment.

- (2) Although Dr. Pence would be entitled to COBRA premiums to be paid by us if his employment were terminated by us without Cause or by him for Good Reason, he has not enrolled in our health insurance plan.

Martin J. Wygod, Chairman of the Board

| Executive Benefits and Payments(1) | Voluntary Termination for "Good Reason" | Voluntary Termination in Connection with a "Change in Control" | Other Voluntary Termination | Permanent Disability or Death | Involuntary Termination for "Cause" | Involuntary Termination without "Cause" | Termination of Employment without "Cause" or for "Good Reason" Following a "Change in Control" |
|---|--|---|------------------------------------|--------------------------------------|--|--|---|
| <i>Cash Severance(2)</i> | 5,258,000 | 5,258,000 | -0- | 5,258,000 | -0- | 5,258,000 | 5,258,000 |
| <i>Stock Options</i> | 1,788,000 | 1,788,000 | -0- | 1,788,000 | -0- | 1,788,000 | 1,788,000 |
| <i>Restricted Stock</i> | 6,028,000 | 6,028,000 | -0- | 6,028,000 | -0- | 6,028,000 | 6,028,000 |
| <i>Health and Welfare</i> | | | | | | | |
| <i>Benefits Continuation</i> | 38,000 | 38,000 | -0- | 38,000 | -0- | 38,000 | 38,000 |
| <i>280G Tax Gross-Up(3)</i> | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| <i>Other</i> | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| TOTAL | 13,112,000 | 13,112,000 | -0- | 13,112,000 | -0- | 13,112,000 | 13,112,000 |

- (1) If there is a Change in Control of WebMD only (and not HLTH) or if Mr. Wygod resigns as a result of a material reduction in his title or responsibilities by WebMD, WebMD has no obligation with respect to cash severance or benefits. Our only obligation relates to vesting and exercisability of grants of WebMD equity we have made to him. If either of such events occurred on December 31, 2008, he would have received an aggregate value of \$1,740,000 representing WebMD accelerated restricted stock and \$335,000 representing WebMD accelerated options.
- (2) Represents salary and bonus for three years as well as a bonus for the year of termination (the bonus is determined by averaging bonus amounts for the prior three years). Mr. Wygod is required to provide certain consulting services during the period he is receiving severance payments, but at no more than 20% of the level he provided in the three year period prior to the date of termination.
- (3) We have assumed, solely for purposes of preparing this table, that the salary continuation portion of the severance and the bonus for the year of termination are the only portion of the benefits that constitutes "reasonable compensation" for the consulting services required of Mr. Wygod, the restrictive covenants to which the executive is bound following the termination of employment and the services rendered for 2008. Accordingly, we have not treated the salary continuation portion and such bonus as a parachute payment for purposes of Section 280G. Such assumption may change at the time of an actual change in control.

Employment Agreements with Named Executive Officers

The following are summaries of the employment agreements with our Named Executive Officers. The agreements provide the general framework and some of the specific terms for the compensation of the Named Executive Officers. Approval of the Compensation Committee is required prior to WebMD entering into employment agreements with its executive officers. However, many of the decisions relating to the compensation of our Named Executive Officers for a specific year made by the Compensation Committee (or, in the case of Messrs. Funston and Wygod, by the HLTH Compensation Committee) are implemented without changes to the general terms of employment set forth in those agreements. With respect to 2008, those decisions and their implementation are discussed earlier in this "Executive Compensation" section.

Wayne T. Gattinella

We are party to an employment agreement, dated as of April 28, 2005 and amended on December 10, 2008, with Wayne Gattinella, who serves as our CEO and President. The following is a description of Mr. Gattinella's employment agreement, as amended:

- Mr. Gattinella currently receives an annual base salary of \$560,000 and is eligible to earn a bonus of up to 100% of his base salary, the actual amount to be determined by the Compensation Committee of our Board in its discretion. For 2008, Mr. Gattinella received an annual bonus of \$135,000, determined by the Compensation Committee in its discretion. In addition, the Compensation Committee approved an SBP Award of \$135,000 with respect to Mr. Gattinella. See "Compensation Discussion and Analysis — Use of Specific Types of Compensation in 2008 — Bonuses Paid by WebMD to its Named Executive Officers" and "— Supplemental Bonus Program (SBP)" above. For information regarding Mr. Gattinella's equity compensation, see the "Executive Compensation Tables" above.
- In the event of the termination of Mr. Gattinella's employment, prior to April 30, 2009, by WebMD without "Cause" or by Mr. Gattinella for "Good Reason" (as those terms are described below), he would be entitled to continue to receive his base salary for one year from the date of termination, to receive any unpaid bonus for the year preceding the year in which the termination occurs, and to receive healthcare coverage until the earlier of one year following his termination and the date upon which he receives comparable coverage under another plan. Amounts with respect to Mr. Gattinella's SBP Award are payable in accordance with the terms of the Supplemental Bonus Program Trust (see "Compensation Discussion and Analysis — Use of Specific Types of Compensation in 2008 — Annual Cash Bonuses" and "— Supplemental Bonus Program (SBP)" above). In the event that a termination of Mr. Gattinella's employment by WebMD without Cause or by Mr. Gattinella for Good Reason occurs before the fourth anniversary of the grant of the options to purchase WebMD Class A Common Stock made in connection with our initial public offering, 25% of such options would continue to vest on the next vesting date following the date of termination.
- The December 2008 amendment described the material terms of the December 2008 equity awards made to Mr. Gattinella. Specifically, Mr. Gattinella may resign one year after the occurrence of a Change in Control of WebMD (as defined in the 2005 Plan) or of HLTH (as defined in the 2000 Plan) and (i) he would continue to vest in the option granted on December 10, 2008 through the second anniversary of the Change in Control and (ii) that portion of the restricted stock award made on the same date that would have vested over the two year period following the Change in Control will become vested on the date of resignation. The grant made at the time of our initial public offering had a similar provision (with a 6 month transition requirement), but given that the last vesting of such grant is September 28, 2009, such provision has no further effect.
- For purposes of the employment agreement: (a) "Cause" includes (i) continued willful failure to perform duties after 30 days' written notice, (ii) willful misconduct or violence or threat of violence that would harm WebMD, (iii) a breach of a material WebMD policy or a material breach of the employment agreement or the Trade Secret and Proprietary Information Agreement (as described below), that remains unremedied after 30 days' written notice, or (iv) conviction of a felony in respect of a dishonest or fraudulent act or other crime of moral turpitude; and (b) "Good Reason" means Mr. Gattinella's resignation within one year of any of the following conditions or events remaining in effect after applicable notice periods: (i) a material reduction in base salary, (ii) a material reduction in authority, or (iii) any material breach of the employment agreement by WebMD.
- The December 2008 amendment also made changes to the agreement that were intended to bring its terms into compliance with Section 409A by, among other things, clarifying the timing of certain payments.
- The employment agreement and the Trade Secret and Proprietary Information Agreement described below are governed by the laws of the State of New York.

Mr. Gattinella is also a party to a related Trade Secret and Proprietary Information Agreement that contains confidentiality obligations that survive indefinitely. The agreement also includes non-solicitation provisions that prohibit Mr. Gattinella from hiring WebMD's employees or soliciting any of WebMD's clients or customers that he had a relationship with during the time he was employed by WebMD, and non-competition provisions that prohibit Mr. Gattinella from being involved in a business that competes with WebMD's business or that competes with any other business engaged in by any affiliates of WebMD if he is directly involved in such business. The non-solicitation and non-competition obligations end on the first anniversary of the date his employment has ceased. The post-employment payments and benefits due to Mr. Gattinella are subject to his continued compliance with these covenants.

Anthony Vuolo

Anthony Vuolo, who serves as our Chief Operating Officer, was a party to an employment agreement with HLTH. Mr. Vuolo's employment agreement was amended and restated, effective as of the date of our initial public offering, and assumed by us. The agreement was further amended as of December 10, 2008 and February 19, 2009. The December 2008 amendment made changes to the agreement that were intended to bring its terms into compliance with Section 409A by, among other things, clarifying the timing of certain payments. The February 2009 amendment made certain modifications to the December 10, 2008 option to purchase HLTH Common Stock granted to Mr. Vuolo relating to the impact of certain terminations of employment (as described below). The following is a description of the agreement, as amended:

- The employment agreement provides that Mr. Vuolo will receive an annual base salary of \$450,000 and is eligible to earn a bonus of up to 100% of his base salary, the actual amount to be determined by the Compensation Committee of our Board in its discretion. For 2008, Mr. Vuolo received an annual bonus of \$125,000 from WebMD, determined by the Compensation Committee of our Board in its discretion. In addition, the Compensation Committee approved an SBP Award of \$125,000 with respect to Mr. Vuolo. See "Compensation Discussion and Analysis — Use of Specific Types of Compensation in 2008 — Bonuses Paid by WebMD to its Named Executive Officers" and "— Supplemental Bonus Program (SBP)" above. The Compensation Committee of the HLTH Board also approved a bonus of \$250,000 paid by HLTH to Mr. Vuolo in recognition for services he provided to HLTH during 2008 outside his responsibilities as an officer of WebMD, including services in connection with HLTH's divestitures and tender offer during 2008. The employment agreement specifically contemplated that Mr. Vuolo would, from time to time, provide services to HLTH unrelated to his WebMD responsibilities. For information regarding Mr. Vuolo's equity compensation, see the "Executive Compensation Tables" above.
- In the event of the termination of Mr. Vuolo's employment due to his death or disability, by us without Cause (as described below), or by Mr. Vuolo for Good Reason (as described below), or as a result of our failure to renew his employment agreement, he would be entitled to:
 - (a) continuation of his base salary for a period of eighteen months following the date of termination;
 - (b) any unpaid bonus for the year preceding the year in which the termination of employment occurs, as well as payment for bonuses for the eighteen-month period following the date of termination calculated using the bonus paid for the year prior to the year of termination (and, for this purpose only, the amount of his SBP Award for such year, if any); and
 - (c) continued participation in our welfare benefit plans for thirty-six months (or if earlier, until he is eligible for comparable benefits); provided that, pursuant to the December 2008 amendment, he will no longer be entitled to participate in our disability plans and will instead be entitled to a payment equal to the greater of \$10,000 and 200% of the cost of his coverage for up to three years.

Amounts with respect to Mr. Vuolo's SBP Award are payable only in accordance with the terms of the Supplemental Bonus Trust (see "Compensation Discussion and Analysis — Use of Specific Types of Compensation in 2008 — Annual Cash Bonuses" and "— Supplemental Bonus Program (SBP)" above). In addition, all vested options to purchase HLTH Common Stock granted to Mr. Vuolo (other than the

options granted on March 17, 2004 and on December 10, 2008) would remain exercisable as if he remained in HLTH's employ through the original expiration date specified in each applicable stock option agreement. Further, the options to purchase WebMD Class A Common Stock granted in connection with our initial public offering would continue to vest through the next vesting date following the date of termination. Mr. Vuolo's receipt of these severance benefits is subject to his continued compliance with the applicable restrictive covenants described below.

- For purposes of the employment agreement: (a) "Cause" includes (i) a material breach of his employment agreement that remains unremedied after 30 days' written notice, or (ii) conviction of a felony; and (b) "Good Reason" includes (i) a material reduction in his title or responsibilities, (ii) the requirement to report to anyone other than our CEO, (iii) a reduction in his base salary or material fringe benefits, (iv) a material breach by us of his employment agreement, (v) relocation of his place of work outside Manhattan, New York, unless it is within 25 miles of his current residence, or (vi) the date that is six months following a Change in Control (as described below) of WebMD or HLTH (so long as we are a subsidiary of HLTH at the time of a Change in Control of HLTH and that Mr. Vuolo remains employed by our successor or HLTH's successor, or is terminated without Cause or resigns for Good Reason, during such six-month period).
- For purposes of the employment agreement, a "Change in Control" would occur when: (i) any person, entity, or group acquires at least 50% of the voting power of WebMD or HLTH, (ii) there is a sale of all or substantially all of our or HLTH's assets in a transaction where then current stockholders do not receive a majority of the voting power or equity interest in the acquiring entity or its controlling affiliates or (iii) a complete liquidation or dissolution of us or HLTH occurs.
- The December 2008 amendment described the material terms of the December 2008 WebMD equity awards made to Mr. Vuolo. Specifically, Mr. Vuolo may resign one year after the occurrence of a Change in Control of WebMD (as defined in the 2005 Plan) or of HLTH (as defined in the HLTH 2000 Plan) and (i) he would continue to vest in the option granted on December 10, 2008 through the second anniversary of the Change in Control and (ii) that portion of the restricted stock award made on the same date that would have vested over the two year period following the Change in Control will become vested on the date of resignation. The February 2009 amendment provided that the option granted to Mr. Vuolo by HLTH on December 10, 2008 will be treated in the same manner as the WebMD grants made on such date and described above. The grant made at the time of our initial public offering had a similar provision (with a 6 month transition requirement), but given that the last vesting of such grant is September 28, 2009, such provision has no further effect.
- The employment agreement provides that in the event of a transaction whereby we are no longer a subsidiary of HLTH and, as a result, Mr. Vuolo is no longer providing services to HLTH, then all options to purchase HLTH's stock granted to Mr. Vuolo will be treated as if his employment was terminated without Cause.
- The employment agreement contains confidentiality obligations that survive indefinitely and non-solicitation and non-competition obligations that end on the second anniversary of the date employment has ceased.
- The December 2008 amendment also made changes to the agreement that were intended to bring its terms into compliance with Section 409A by, among other things, clarifying the timing of certain payments.
- The employment agreement is governed by the laws of the State of New York.
- The employment agreement contains a tax gross-up provision relating to any excise tax that Mr. Vuolo incurs by reason of his receipt of any payment that constitutes an excess parachute payment as defined in Section 280G of the Internal Revenue Code. Any excess parachute and related gross-up payments made to Mr. Vuolo will not be deductible for federal income tax purposes.

Mark D. Funston

HLTH is party to an employment agreement with Mark Funston entered into in November 2006, at the time he was initially hired to be its Chief Financial Officer, and amended in December 2008. Since August 2007, Mr. Funston has also been serving as WebMD's Chief Financial Officer. The following is a description of Mr. Funston's employment agreement:

- The agreement provides for an employment period for five years from November 13, 2006.
- Under the agreement, Mr. Funston's annual base salary is \$375,000 and Mr. Funston is eligible to receive an annual bonus of up to 50% of his annual base salary, the actual amount to be determined by the Compensation Committee of the HLTH Board in its discretion. For 2008, Mr. Funston received a bonus of \$130,000. See "Compensation Discussion and Analysis — Use of Specific Types of Compensation in 2008 — Bonuses Paid by HLTH to WebMD Named Executive Officers" above. For information regarding Mr. Funston's equity compensation, see the "Executive Compensation Tables" above.
- In the event of the termination of Mr. Funston's employment by HLTH without "Cause" (as described below), he would be entitled to: (i) continuation of his base salary, as severance, for one year for each year of completed service with a minimum of one year and a maximum of three years (provided that if the termination occurs following a Change in Control (as defined in the HLTH 2000 Plan), the minimum severance pay period will be two years); (ii) payment of COBRA premiums as if he were an active employee with similar coverage for up to 18 months (or earlier, if he becomes eligible for comparable coverage); (iii) the restricted stock granted in November 2006, at the inception of his employment by HLTH, will vest and the restrictions thereon will lapse on the date of termination for that portion of the award that would have vested on the next two vesting dates (to the extent not previously vested); and (iv) the option granted by HLTH at the time of his employment will continue to vest and remain outstanding through the next two vesting dates (to the extent not previously vested). If his employment is terminated as a result of his becoming disabled or his death, he (or his estate) will be entitled to the payments and benefits as if his employment had been terminated by HLTH without cause. The purposes of the December 2008 amendment were to (i) bring the terms of the employment agreement into compliance with Section 409A by, among other things, clarifying the timing of certain payments and (ii) clarify that if Mr. Funston is solely serving as the Chief Financial Officer of WebMD and not of HLTH, the severance obligations will not be triggered. If, however, a transaction occurs that would result in the forfeiture of the HLTH equity granted to Mr. Funston in November 2006, the vesting of such equity will be treated, under the employment agreement, as if his employment was terminated without cause.
- If Mr. Funston's employment is terminated by HLTH for "Cause" or by him, he (a) would not be entitled to any further compensation or benefits and (b) would not be entitled to any additional rights or vesting with respect to the restricted stock or the stock options following the date of termination.
- For purposes of Mr. Funston's employment agreement, "Cause" generally includes: (i) his bad faith in connection with the performance of his duties or his willful failure to follow the lawful instructions of the Chief Executive Officer, the Board or the Audit Committee of HLTH, following written notice and a 20 day period of time to remedy such failure; (ii) his engaging in any willful misconduct that is, or is reasonably likely to be, injurious to HLTH (or any of its affiliates) or which could reasonably be expected to reflect negatively upon HLTH or otherwise impair or impede its operations; (iii) his material breach of a policy of HLTH, which breach is not remedied (if susceptible to remedy) following written notice and a 20 day period of time to remedy such breach; (iv) his material breach of the employment agreement, which breach is not remedied (if susceptible to remedy) following written notice and a 20 day period of time to remedy such breach; or (v) his commission of a felony in respect of a dishonest or fraudulent act or other crime of moral turpitude.

- The employment agreement contains confidentiality obligations that survive indefinitely and non-solicitation and non-competition obligations that end on the second anniversary of the date employment has ceased for any reason. The severance payments and other post-employment benefits due to Mr. Funston under the employment agreement are subject to Mr. Funston's continued compliance with these covenants.
- The employment agreement is governed by the laws of the State of New Jersey.

William Pence

We are party to an employment agreement with William Pence, dated October 1, 2007, entered into at the time he was hired as the Executive Vice President and Chief Technology Officer of WebMD, and amended in December 2008. The December 2008 amendment made changes to the agreement that were intended to bring its terms into compliance with Section 409A by, among other things, clarifying the timing of certain payments. The following is a description of Dr. Pence's employment agreement, as amended:

- Under his employment agreement, Dr. Pence's annual base salary is \$375,000 and he is eligible for an annual bonus, the target of which is 35% of his base salary, the actual amount to be determined by the Compensation Committee of our Board in its discretion. For 2008, Dr. Pence received an annual bonus of \$55,000, determined by the Compensation Committee of our Board in its discretion. In addition, the Compensation Committee approved an SBP Award of \$55,000 with respect to Dr. Pence. See "Compensation Discussion and Analysis — Use of Specific Types of Compensation in 2008 — Bonuses Paid by WebMD to its Named Executive Officers" and "— Supplemental Bonus Program (SBP)" above. For information regarding Dr. Pence's equity compensation, see the "Executive Compensation Tables" above.
- In the event of the termination of Dr. Pence's employment prior to November 1, 2011, by WebMD without "Cause" or by Dr. Pence for "Good Reason" (as those terms are described below), he would be entitled to continue to receive his base salary for one year from the date of termination, to receive any unpaid bonus for the year preceding the year in which the termination occurs, and to receive the employer portion of COBRA premiums until the earlier of one year following his termination and the date upon which he receives comparable coverage under another plan. Amounts with respect to Dr. Pence's SBP Award are payable in accordance with the terms of the Supplemental Bonus Program Trust (see "Compensation Discussion and Analysis — Use of Specific Types of Compensation in 2008 — Annual Cash Bonuses" and "— Supplemental Bonus Program (SBP)" above). In addition, in the event that a termination of Dr. Pence's employment by WebMD without Cause or by Dr. Pence for Good Reason occurs before the fourth anniversary of his hire date, 25% of his new hire option to purchase WebMD Class A Common Stock would continue to vest on the next vesting date following the date of termination.
- In the event of a "Change in Control" of WebMD (as such term is defined in the 2005 Plan) and his subsequent termination by WebMD without Cause or by him for Good Reason within 12 months following such Change in Control, the unvested portion of his new hire option to purchase WebMD Class A Common Stock would continue to vest through the second vesting date following such termination and 25% of the restricted shares of WebMD Class A Common Stock granted to him on November 1, 2007 would continue to vest as though he were an employee of WebMD through the next vesting date following the date of termination.
- For purposes of the employment agreement:
 - a "Change in Control" would occur when: (i) a person, entity or group acquires more than 50% of the voting power of WebMD, (ii) there is a reorganization, merger or consolidation or sale involving all or substantially all of WebMD's assets, or (iii) there is a complete liquidation or dissolution of WebMD.
 - "Cause" includes (i) continued willful failure to perform duties after 30 days' written notice, (ii) willful misconduct or violence or threat of violence that would harm WebMD, (iii) a breach of a

material WebMD policy, the employment agreement, or the Trade Secret and Proprietary Information Agreement (as described below), that remains unremedied after 30 days' written notice, or (iv) conviction of a felony in respect of a dishonest or fraudulent act or other crime of moral turpitude.

- “Good Reason” means Dr. Pence’s resignation of employment within 1 year of the occurrence of any of the following conditions or events: (i) a material reduction in base salary, (ii) a material reduction in authority, or (iii) any material breach of the employment agreement by WebMD; provided that Dr. Pence has provided written notice to WebMD within 90 days after the occurrence of such condition or event claimed to be Good Reason and WebMD has failed to remedy such condition or event within 30 days of receipt of such written notice.
- The employment agreement and the Trade Secret and Proprietary Information Agreement described below are governed by the laws of the State of New York.

Dr. Pence is also a party to a related Trade Secret and Proprietary Information Agreement that contains confidentiality obligations that survive indefinitely. The agreement also includes non-solicitation provisions that prohibit him from hiring WebMD’s employees or soliciting any of WebMD’s clients or customers with whom he had a relationship during the time he was employed by WebMD, and non-competition provisions that prohibit him from being involved in a business that competes with WebMD’s business or that competes with any other business engaged in by any affiliates of WebMD if he is directly involved in such business. The non-solicitation and non-competition obligations end on the first anniversary of the date his employment ceases. The post-employment payments and benefits due to Dr. Pence are subject to his continued compliance with these covenants.

Martin J. Wygod

On August 3, 2005, HLTH amended and restated the employment agreement, dated October 8, 2001, with Martin J. Wygod. The agreement was further amended on February 1, 2006 and December 1, 2008 (we refer to the latter as the 2008 Amendment). Under the amended agreement, Mr. Wygod serves as HLTH’s Chairman of the Board, and also serves as Chairman of the Board of WebMD. In these positions, Mr. Wygod focuses on the overall strategy, strategic relationships and transactions intended to create long-term value for stockholders. He is also currently serving as Acting Chief Executive Officer of HLTH. The purposes of the 2008 Amendment included: (i) bringing the terms of the employment agreement into compliance with Section 409A by, among other things, clarifying the timing of certain payments, (ii) setting the severance period at three years (it had previously been the remainder of the five year term or, if longer, two years); and (iii) including bonus compensation (but excluding special or supplemental bonuses) as a component of the severance payment calculation, in recognition of the fact that bonuses have been a significant portion of the compensation paid to Mr. Wygod by HLTH. The following is a description of Mr. Wygod’s amended employment agreement:

- The 2008 Amendment extended the employment period, under the employment agreement, through December 31, 2012, provided that a non-renewal by HLTH will be treated as a termination without “Cause” (as that term is described below) and have the consequences described below.
- Under the employment agreement, Mr. Wygod received an annual base salary of \$1.26 million, for his services as Chairman of the Board of HLTH, until the completion of WebMD’s initial public offering; when the initial public offering was completed in September 2005, Mr. Wygod’s base salary was reduced to \$975,000 per year. The amount of any bonus is in the discretion of the Compensation Committee of the Board of HLTH. For 2008, Mr. Wygod received an annual bonus of \$1,500,000 from HLTH. See “Compensation Discussion and Analysis — Use of Specific Types of Compensation in 2008 — Bonuses Paid by HLTH to WebMD Named Executive Officers” above. For information regarding Mr. Wygod’s equity compensation, see the “Executive Compensation Tables” above.
- In the event of the termination of Mr. Wygod’s employment by HLTH without “Cause” or by Mr. Wygod for “Good Reason” (as those terms are described below), Mr. Wygod would become a

consultant for HLTH and would be entitled to receive: (i) continuation of his salary, at the rate then in effect, and continuation of benefits until the third anniversary of the date of such termination; and (ii) for the year of such termination (and, if termination is after the end of a fiscal year for which bonuses have not yet been paid, for such fiscal year) and for each of the two years following such termination, an amount equal to the average of the annual bonuses received by Mr. Wygod for the three years prior to such termination (with any special or supplemental bonuses excluded for the purposes of such calculation). Mr. Wygod would not be required, during such three year period, to perform services at a level that is more than 20% of the level of services that he performed for us during the three year period preceding such termination of employment. In addition, all options, or other forms of equity compensation, granted to Mr. Wygod by us or any of our affiliates (which would include WebMD) that have not vested prior to the date of termination would become vested as of the date of termination and, assuming there has not been a Change in Control of HLTH or of WebMD, would continue to be exercisable for such three year period. In the event that Mr. Wygod's employment is terminated due to death or disability, he or his estate would receive the same benefits as described above.

- The employment agreement provides that in the event there is a Change in Control of HLTH, all outstanding options and other forms of equity compensation (including equity compensation granted by WebMD) would become immediately vested on the date of the Change in Control and, if following the Change in Control, Mr. Wygod's employment terminates for any reason other than Cause, they would continue to be exercisable until expiration of their original terms. A Change in Control of HLTH is also an event that constitutes Good Reason for purposes of a termination by Mr. Wygod. In the event there is a Change in Control of WebMD, any portion of Mr. Wygod's equity that relates to WebMD will fully vest and become exercisable on the date of such event, and if following such event, Mr. Wygod's engagement with WebMD is terminated for any reason other than Cause, such equity will remain outstanding until the expiration of its original term. In addition, in the event of a Change of Control of HLTH, amounts payable under the employment agreement would be required to be placed in a rabbi trust for the benefit of Mr. Wygod.
- For purposes of the employment agreement: (a) "Cause" includes a final court adjudication that Mr. Wygod (i) committed fraud or a felony directed against our company or an affiliate relating to his employment, or (ii) materially breached any of the material terms of the employment agreement; and (b) the definition of "Good Reason" includes the following conditions or events: (i) a material reduction in title or responsibility that remains in effect for 30 days after written notice, (ii) a final court adjudication that we materially breached any material provisions of the employment agreement, (iii) failure to serve on HLTH's Board or Executive Committee of HLTH's Board, or (iv) the occurrence of a Change in Control of HLTH.
- In the event Mr. Wygod terminates his engagement with WebMD for "Good Reason" (as described in the following sentence), any portion of equity that relates to WebMD will fully vest and become exercisable on the date his engagement terminates and will remain exercisable for the three year severance and consulting period. For the purposes of a termination of Mr. Wygod's engagement with WebMD by him, "Good Reason" means a material reduction in Mr. Wygod's title or responsibilities as Chairman of the Board of WebMD.
- In addition, in the event of a transaction between HLTH and WebMD that does not constitute a Change in Control but in which the two entities combine, Mr. Wygod will continue as a non-employee Chairman with no salary and (i) he will receive the cash severance benefits provided in the employment agreement and (ii) provisions contained in the employment agreement applicable to equity awards will remain in effect and will apply in the event that Mr. Wygod were to cease serving as Chairman of the Board.
- In the event that Mr. Wygod's employment with HLTH is terminated for any reason, but he remains Chairman of the Board of WebMD, WebMD will have no obligation to pay a salary to Mr. Wygod.
- The employment agreement contains confidentiality obligations that survive indefinitely and non-solicitation and non-competition obligations that continue until the second anniversary of the date his

employment has ceased. The post-employment payments and benefits due to Mr. Wygod under the employment agreement are subject to his continued compliance with these covenants.

- The employment agreement contains a tax gross-up provision relating to any excise tax that Mr. Wygod incurs by reason of his receipt of any payment that constitutes an excess parachute payment as defined in Section 280G of the Internal Revenue Code. Any excess parachute payments and related tax gross-up payments made to Mr. Wygod will not be deductible by HLTH for federal income tax purposes.

Director Compensation

For information regarding the compensation of our non-employee directors, please see Item 10 above under the heading “Non-Employee Director Compensation,” which is hereby incorporated by reference in this Item 11. Employees of HLTH or WebMD who serve on our Board of Directors do not receive additional compensation for Board service.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information with respect to the beneficial ownership of WebMD Class A Common Stock, as of April 15, 2009 (except where otherwise indicated), by each person or entity known by us to beneficially own more than 5% of our Class A Common Stock, by each of our directors, by each of our Named Executive Officers and by all of our directors and executive officers as a group. This table also provides information with respect to the beneficial ownership of WebMD Class B Common Stock (all of which is owned by HLTH) taken together with WebMD Class A Common Stock. Except as indicated in the footnotes to this table, and subject to applicable community property laws, the persons listed in the table below have sole voting and investment power with respect to all shares of our Common Stock shown as beneficially owned by them. Unless otherwise indicated, the address of each of the beneficial owners identified is c/o WebMD Health Corp., 111 Eighth Avenue, New York, NY 10011.

| Name and Address of Beneficial Owner | Class A Common Stock(1) | Percent of Class A Outstanding(2) | Class B Common Stock(3) | Total Shares | Percent of Total Class A and Class B Outstanding(2) |
|---|-------------------------|-----------------------------------|-------------------------|--------------|---|
| HLTH Corporation 669 River Drive, Center 2 Elmwood Park, NJ 07407 | 48,100,000(2) | 82.5% | 48,100,000 | 48,100,000 | 82.5% |
| Baron Capital Group, Inc.(4) 767 Fifth Avenue New York, NY 10153 | 1,244,887 | 12.2% | — | 1,244,887 | 2.1% |
| Mark J. Adler, M.D. | 43,553(5) | * | — | 43,553 | * |
| Neil F. Dimick | 49,050(6) | * | — | 49,050 | * |
| Mark D. Funston | — | * | — | — | * |
| Wayne T. Gattinella | 294,953(7) | 2.8% | — | 294,953 | * |
| Jerome C. Keller | 48,475(8) | * | — | 48,475 | * |
| James V. Manning | 87,739(9) | * | — | 87,739 | * |
| Abdool Rahim Moossa, M.D. | 44,493(10) | * | — | 44,493 | * |
| William Pence | 72,888(11) | * | — | 72,888 | * |
| Stanley S. Trotman, Jr. | 70,091(12) | * | — | 70,091 | * |
| Anthony Vuolo | 237,900(13) | 2.3% | — | 237,900 | * |
| Martin J. Wygod | 661,207(14) | 6.4% | — | 661,207 | 1.1% |
| All executive officers and directors as a group (15 persons) | 2,024,964 | 18.2% | — | 2,024,964 | 3.4% |

* Less than 1%.

- (1) Beneficial ownership is determined under the rules and regulations of the SEC, which provide that shares of Common Stock that a person has the right to acquire within 60 days are deemed to be outstanding and beneficially owned by that person for the purpose of computing the total number of shares beneficially owned by that person and the percentage ownership of that person. However, those shares are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. Accordingly, the amounts set forth in this column include shares of WebMD Class A Common Stock that such person has the right to acquire pursuant to options that are currently exercisable or that will be exercisable within 60 days of April 15, 2009 (which we refer to in this table as Option Shares). The amount of Option Shares, if any, held by each person is indicated in the footnotes below. In addition, the amounts set forth in this column include shares of WebMD Restricted Stock, which are subject to vesting requirements based on continued employment, in the respective amounts stated in the footnotes to this table. Holders of WebMD Restricted Stock have voting power, but not dispositive power, with respect to unvested shares of WebMD Restricted Stock. For information regarding the vesting schedules of the WebMD Restricted Stock, see “Executive Compensation — Summary Compensation Table” and “Compensation of Non-Employee Directors” above.
- (2) Shares of Class B Common Stock are convertible, at the option of the holder, on a one-for-one basis for Class A Common Stock. Accordingly, under the rules and regulations of the SEC, which provide that shares of common stock that a person has the right to acquire within 60 days are deemed to be outstanding and beneficially owned by that person for the purpose of computing the total number of shares beneficially owned by that person and the percentage ownership of that person, HLTH is the beneficial owner of 48,100,000 shares of Class A Common Stock, which would represent 82.5% of the outstanding Class A Common Stock on that

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basis. However, those shares are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person, each of which is based on the total number of shares of our outstanding Class A Common Stock which, as of April 15, 2009, was 10,220,295 (including unvested shares of WebMD Restricted Stock). The column entitled “Percent of Total Class A and Class B Outstanding” provides information on each listed holder’s percentage ownership of the total number of shares of our outstanding common stock which, as of April 15, 2009, was 58,320,295 (including all outstanding unvested shares of WebMD Restricted Stock).

- (3) Since each share of Class B Common Stock is entitled to five votes per share and each share of Class A Common Stock is entitled to one vote per share, HLTH controls, through its ownership of Class B Common Stock, approximately 95.9% of the combined voting power of the outstanding common stock of WebMD.
- (4) The information shown is as of February 28, 2009 and is based upon information disclosed by Baron Capital Group, Inc. (“BCG”), BAMCO, Inc., Baron Capital Management, Inc. (“BCM”), Baron Growth Fund (“BGF”) and Ronald Baron in a Schedule 13G filed with the SEC. Such persons reported that: BCG and Ronald Baron had shared power to dispose or direct the disposition of 1,244,887 shares of WebMD Class A Common Stock, with BAMCO having shared dispositive power with respect to 1,200,697 of those shares, BGF having shared dispositive power with respect to 928,953 of those shares and BCM having shared dispositive power with respect to 44,190 of those shares; and that BCG and Ronald Baron had shared power to vote or direct the voting of 1,115,833 shares of WebMD Class A Common Stock, with BAMCO having shared voting power with respect to 1,071,643 of those shares, BGF having shared voting power with respect to 928,953 of those shares and BCM having shared voting power with respect to 44,190 of those shares.
- (5) Represents 12,753 shares of Class A Common Stock and 29,700 Option Shares held by Dr. Adler and 1,100 unvested shares of WebMD Restricted Stock granted to Dr. Adler.
- (6) Represents 18,250 shares of Class A Common Stock and 29,700 Option Shares held by Mr. Dimick and 1,100 unvested shares of WebMD Restricted Stock granted to Mr. Dimick.
- (7) Represents 56,203 shares of Class A Common Stock and 165,000 Option Shares held by Mr. Gattinella and 73,750 unvested shares of WebMD Restricted Stock granted to Mr. Gattinella.
- (8) Represents 17,675 shares of Class A Common Stock and 29,700 Option Shares held by Mr. Keller and 1,100 unvested shares of WebMD Restricted Stock granted to Mr. Keller.
- (9) Represents 56,939 shares of Class A Common Stock and 29,700 Option Shares held by Mr. Manning and 1,100 unvested shares of WebMD Restricted Stock granted to Mr. Manning.
- (10) Represents 13,693 shares of Class A Common Stock and 29,700 Option Shares held by Dr. Moossa and 1,100 unvested shares of WebMD Restricted Stock granted to Dr. Moossa.
- (11) Represents 4,138 shares of Class A Common Stock and 37,500 Option Shares held by Dr. Pence and 31,250 unvested shares of WebMD Restricted Stock granted to Dr. Pence.
- (12) Represents 23,791 shares of Class A Common Stock and 29,700 Option Shares held by Mr. Trotman, 15,500 shares of Class A Common Stock held by the Stanley S. Trotman, Jr. Irrevocable Trust and 1,100 unvested shares of WebMD Restricted Stock granted to Mr. Trotman.
- (13) Represents 45,900 shares of Class A Common Stock and 132,000 Option Shares held by Mr. Vuolo and 60,000 unvested shares of WebMD Restricted Stock granted to Mr. Vuolo.
- (14) Represents 414,936 shares of Class A Common Stock and 165,000 Option Shares held by Mr. Wygod, 4,000 shares of Class A Common Stock held by The Emily Wygod Trust u/t/a/d 12-31-1987 (as to which shares, Mr. Wygod disclaims beneficial ownership), 3,521 shares of Class A Common Stock held by The Max Wygod Trust u/t/a/d 12-31-1987 (as to which shares, Mr. Wygod disclaims beneficial ownership), and 73,750 unvested shares of WebMD Restricted Stock granted to Mr. Wygod.

Equity Compensation Plan Information

The following table contains certain information, as of December 31, 2008, about our equity compensation plans.

| Plan category(1) | (a) Number of securities to be issued upon exercise of outstanding options, warrants and rights | (b) Weighted-average exercise price of outstanding options, warrants and rights | (c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) |
|---|--|--|---|
| Equity compensation plans approved by security holders | 10,216,186 | \$ 25.36 | 2,049,732 |
| Equity compensation plans not approved by security holders(2) | 68,050 | \$ 40.60 | — |
| Total | 10,284,236 | \$ 25.46 | 2,049,732 |

(1) This table does not include equity plans of HLTH providing for options to purchase shares of HLTH Common Stock and shares of HLTH Restricted Stock. For information regarding those equity compensation plans, see Note 13 to the Consolidated Financial Statements included in this Annual Report.

(2) The plan included in this category is the WebMD Health Corp. Long-Term Incentive Plan for Employees of Subimo, LLC, which did not require approval of our stockholders under applicable law and Nasdaq rules. We refer to that Plan as the Subimo Plan. A description of the Subimo Plan follows this table.

Description of Subimo Plan

The Subimo Plan authorized the granting of awards of non-qualified stock options to purchase shares of WebMD Class A Common Stock and shares of Restricted Class A Common Stock to employees of Subimo LLC in connection with our acquisition of that company. No further grants may be made under the Subimo Plan. The 305,075 options granted under the Subimo Plan have an exercise price equal to \$40.60, the market value on the date of grant, which was the closing date of the acquisition. The options to purchase WebMD Class A Common Stock granted under the Subimo Plan generally had the following vesting schedule: 25% on each of the first four anniversaries of the date of grant. However, a small number of members of Subimo's senior management received grants, under the Subimo Plan, of options to purchase WebMD Class A Common Stock and shares of WebMD Restricted Stock that have the following vesting schedule: 15% on the third anniversary of the date of grant; 25% on the fourth anniversary; and 60% on the fifth anniversary. The options issued under the Subimo Plan expire on the tenth anniversary of the date of grant. Upon termination of employment, unvested options generally are forfeited and vested options generally expire 90 days after termination (one year in the case of termination as a result of death or disability or immediately in the event of termination for "cause"). The Subimo Plan is administered by the Compensation Committee of our Board of Directors and all or a portion of such authority may be delegated to one or more officers of WebMD. The authority to make awards and to determine their terms and conditions in accordance with this Plan was delegated by the Compensation Committee to our Chief Executive Officer, subject to concurrence by our Chief Financial Officer.

Item 13. *Certain Relationships and Related Transactions*

Director Independence

Our Board of Directors has delegated to the Governance & Compliance Committee of the Board the authority to make determinations regarding the independence of members of the Board. The Governance & Compliance Committee has determined that Drs. Adler and Moossa, and Messrs. Dimick, Keller, Manning and Trotman (all six of our non-employee directors) are “independent” in accordance with the published listing requirements of the Nasdaq Global Select Market applicable generally to members of our Board and, with respect to the committees of our Board on which they serve, those applicable to the specific committees. Messrs. Gattinella and Wygod, as officers of our company, are not independent.

The Nasdaq independence definition includes a series of objective tests, including one that requires a three year period to have elapsed since employment by the listed company and other tests relating to specific types of transactions or business dealings between a director (or persons or entities related to the director) and the listed company. In addition, as further required by the Nasdaq Marketplace Rules, the Governance & Compliance Committee of our Board has made a subjective determination as to each non-employee director that no relationships exist which, in the opinion of the Governance & Compliance Committee, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In considering whether Mr. Manning qualified as “independent,” the Governance & Compliance Committee considered that (1) he had previously served as an executive officer of a predecessor of HLTH, more than ten years ago and (2) he and Mr. Wygod both serve as trustees of the WebMD Health Foundation, Inc., a charitable foundation. In considering whether Mr. Keller qualified as “independent,” the Governance & Compliance Committee considered the fact that he had previously served as an employee of HLTH for a short period, more than five years ago. Each member of the Governance & Compliance Committee abstained from voting with respect to his own independence.

Transactions with HLTH

This section describes the material provisions of agreements between HLTH (or one of its subsidiaries other than WebMD and its subsidiaries) and WebMD (or one of its subsidiaries). For additional information regarding certain of these agreements and charges from WebMD to HLTH and from HLTH to WebMD under certain of these agreements and certain predecessor arrangements, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Transactions with HLTH” in Item 7 of this Annual Report and Note 5 to the Consolidated Financial Statements included in this Annual Report.

Termination Agreement

On October 19, 2008, pursuant to the terms of a termination agreement (the “Termination Agreement”), HLTH and WebMD mutually agreed, in light of recent turmoil in financial markets, to terminate the Agreement and Plan of Merger, dated as of February 20, 2008, between HLTH and WebMD, as amended by Amendment No. 1, dated as of May 6, 2008, and Amendment No. 2, dated as of September 12, 2008 (the “Merger Agreement”). The termination was by mutual agreement of the companies and was unanimously approved by the Board of Directors of each of the companies and by a special committee of independent directors of WebMD. The Termination Agreement maintained HLTH’s obligation, under the terms of the Merger Agreement, to pay the expenses of WebMD incurred in connection with the merger. In connection with the termination of the Merger Agreement, HLTH and WebMD amended the Tax Sharing Agreement between them (see “— Tax Sharing Agreement” below) and HLTH assigned to WebMD a data license agreement with EBS (see “— Other Arrangements with HLTH” below).

Services Agreement

We have entered into a Services Agreement with HLTH pursuant to which we are charged for specified services provided to us by HLTH. Under the Services Agreement, HLTH receives an amount that reasonably approximates its cost of providing services to us. The services that HLTH provides to us include certain administrative services, including services relating to payroll, accounting, tax planning and compliance,

employee benefit plans, legal matters and information processing. In addition, we reimburse HLTH for an allocated portion of certain expenses that HLTH incurs for outside services and similar items, including insurance and audit fees, outside personnel, facilities costs, professional fees, software maintenance fees and telecommunications costs. HLTH has agreed to make the services available to us for a term of up to 5 years following our initial public offering. However, we are not required, under the Services Agreement, to continue to obtain services from HLTH. In the event we wish to receive those services from a third party or provide them internally, we have the option to terminate services, in whole or in part, at any time we choose to do so, generally by providing, with respect to the specified services or groups of services, 60 days' notice and, in some cases, paying a termination fee of not more than \$30,000 to cover costs of HLTH relating to the termination. HLTH has the option to terminate the services that it provides to us, in whole or in part, if it ceases to provide such services for itself, upon at least 180 days' written notice to us. We paid HLTH approximately \$3,410,000 under the Services Agreement in 2008 and approximately \$3,340,000 in 2007.

Registration Rights Agreement

We have entered into a Registration Rights Agreement with HLTH, which requires us to use our reasonable best efforts, upon HLTH's request, to register under the applicable federal and state securities laws any of the shares of our equity securities owned by HLTH for sale in accordance with HLTH's intended method of disposition, and to take such other actions as may be necessary to permit the sale in other jurisdictions, subject to specified limitations. HLTH has the right to include the shares of our equity securities it beneficially owns in other registrations of these equity securities we initiate. We are required to pay all expenses incurred in connection with each registration, excluding underwriters' discounts, if any. Subject to specified limitations, the registration rights are assignable by HLTH and its assignees. The Registration Rights Agreement contains customary indemnification and contribution provisions.

Tax Sharing Agreement

We are a party to a Tax Sharing Agreement with HLTH that governs the respective rights, responsibilities, and obligations of HLTH and us with respect to tax liabilities and benefits, tax attributes, tax contests and other matters regarding taxes and related tax returns. In general, the Tax Sharing Agreement does not require HLTH or us to reimburse the other party to the extent of any net tax savings realized by the consolidated group, as a result of the group's utilization of our or HLTH's attributes, including net operating losses, during the period of consolidation. However, under the Tax Sharing Agreement, HLTH was required to compensate us for any use of our net operating loss (NOL) carryforwards that resulted from certain extraordinary transactions that occurred prior to January 1, 2008. Specifically, the Tax Sharing Agreement provides that, with respect to such extraordinary transactions, if HLTH or any corporation that is controlled, directly or indirectly, by HLTH, other than WebMD or its subsidiaries, had income or gain from the sale of assets (including a subsidiary) outside the ordinary course of business, extinguishment of debt or other extraordinary transaction ("Extraordinary Gains") that occurred prior to January 1, 2008, HLTH was required to make a payment to WebMD and its subsidiaries (collectively, the "WebMD Subgroup") equal to 35% of the amount of the WebMD Subgroup's NOL carryforwards that were absorbed in the consolidated tax return as a result of the incurrence of such Extraordinary Gains. Under the Tax Sharing Agreement, HLTH reimbursed us approximately \$150 million with respect to the EPS Sale and the 2006 EBS Sale.

We have agreed in the Tax Sharing Agreement that we will not knowingly take or fail to take any action that could reasonably be expected to preclude HLTH's ability to undertake a split-off or spin-off on a tax-free basis. We also have agreed that, in the event that HLTH decides to undertake a split-off or spin-off of our capital stock to HLTH's shareholders, we will enter into a new Tax Sharing Agreement with HLTH that will set forth the parties' respective rights, responsibilities and obligations with respect to any such split-off or spin-off.

Beneficial ownership of at least 80% of the total voting power and value of our capital stock is required in order for HLTH to continue to include the WebMD Subgroup in its consolidated group for federal income tax purposes. It is the present intention of HLTH to continue to file a single consolidated federal income tax return with its eligible subsidiaries. Each member of the consolidated group for federal income tax purposes

will be jointly and severally liable for the federal income tax liability of each other member of the consolidated group. Accordingly, although the Tax Sharing Agreement allocates tax liabilities between WebMD and HLTH during the period in which WebMD is included in the consolidated group of HLTH, we could be liable for the federal income tax liability of any other member of the consolidated group in the event any such liability is incurred and not discharged by such other member. The Tax Sharing Agreement provides, however, that HLTH will indemnify WebMD to the extent that, as a result of being a member of the consolidated group of HLTH, WebMD becomes liable for the federal income tax liability of any other member of the consolidated group, other than the WebMD Subgroup. Correspondingly, the Tax Sharing Agreement requires us to indemnify HLTH and the other members of the consolidated group with respect to our federal income tax liability. Similar principles generally will apply for income tax purposes in some state, local and foreign jurisdictions.

Indemnity Agreement

We have entered into an Indemnity Agreement with HLTH, under which we and HLTH have agreed to indemnify each other with respect to some matters. We have agreed to indemnify HLTH against liabilities arising from or based on:

- the operations of our business;
- any material untrue statements or omissions in the prospectus included in the registration statement for WebMD's initial public offering (the "IPO Prospectus"), other than material untrue statements or omissions contained in or pertaining to information relating solely to HLTH; and
- guarantees or undertakings made by HLTH to third parties in respect of our liabilities or obligations or those of our subsidiaries.

HLTH has agreed to indemnify us against liabilities arising from or based on:

- the operations of HLTH's business;
- any material untrue statements or omissions in the IPO Prospectus, other than material untrue statements or omissions contained in or pertaining to information relating solely to us; and
- certain pre-existing legal proceedings.

The agreement contains provisions governing notice and indemnification procedures.

Intellectual Property License Agreement

The Intellectual Property License Agreement governs certain rights, responsibilities, and obligations of HLTH and us with respect to the name "WebMD" and related intellectual property that HLTH had used. Under the Intellectual Property License Agreement, HLTH transferred any right it may have to the name "WebMD" and the related intellectual property to our company prior to the completion of our initial public offering.

Private Portals License

HLTH licenses our private portal health and benefits management services for use by employees of HLTH. The fees payable by HLTH to us for this license were approximately \$80,000 for 2008 and approximately \$250,000 in 2007.

Other Arrangements with HLTH

On January 31, 2006, HLTH entered into agreements with WebMD in which both parties agreed to support each other's product development and marketing efforts regarding specified product lines. These agreements were amended, in connection with HLTH's sales of Emdeon Practice Services ("EPS") and of a 52% interest in Emdeon Business Services ("EBS"), to separate the provisions applicable to each of HLTH, EPS and EBS and to make certain modifications in the relationships between WebMD and each of those

parties. In addition, in connection with the VIPS Sale, the remaining provisions applicable to HLTH and ViPS were terminated. In an amended agreement with WebMD, EPS agreed to continue its strategic relationship with WebMD following the sale and agreed to integrate WebMD's personal health record with the clinical products of EPS, including the electronic medical record, to allow import of data from one to the other, subject to applicable law and privacy and security requirements. In an amended agreement with WebMD, EBS agreed to continue its strategic relationship with WebMD and to market WebMD's online decision-support platform and tools that support consumer directed health plans and health savings accounts to its payer customers for integration into their consumer directed health offerings. In addition, pursuant to a data license agreement, EBS agreed to license certain de-identified data to HLTH and its subsidiaries for use in the development and commercialization of certain applications that use clinical information, including consumer decision-support applications. As noted above under "— Termination Agreement," HLTH assigned the data license agreement to WebMD in connection with the termination of the merger agreement with WebMD.

HLTH has in the past entered into, and may from time to time in the future enter into, ordinary course business arrangements with WebMD or its subsidiaries that are not material to either company and may not be the subject of any ongoing contract. For example, from time to time, subsidiaries of HLTH have advertised some of their products and services on WebMD's physician portals.

Other Related Party Transactions

HLTH was reimbursed approximately \$297,000 and \$278,000 for 2008 and 2007, respectively, by Martin J. Wygod (HLTH's Chairman of the Board and Acting Chief Executive Officer and WebMD's Chairman of the Board) and a corporation that he controls, for personal use of certain of HLTH staff and office facilities and for the personal portion of certain travel expenses.

FMR Corp. reported beneficial ownership, as of December 31, 2008, of shares that represented approximately 9.9% of HLTH's outstanding Common Stock and approximately 5.2% of the outstanding WHC Class A Common Stock. Affiliates of FMR Corp. provide services to HLTH in connection with the HLTH 401(k) Savings and Employee Stock Ownership Plan and the Porex 401(k) Savings Plan. The aggregate amount charged to HLTH for these services was approximately \$74,000 for 2008 and approximately \$37,000 for 2007. In 2004, we entered into an agreement with Fidelity Human Resources Services Company LLC ("FHRS") (formerly known as Fidelity Employer Services Company LLC), an affiliate of FMR Corp., to integrate WebMD's private portals product into the services FHRS provides to its clients. FHRS provides human resources administration and benefit administration services to employers. WebMD recorded revenue of \$9,399,000 in 2008 and \$10,362,000 in 2007 related to the FHRS agreement, and \$2,070,000 and \$2,069,000, respectively, were included in accounts receivable, related to the FHRS agreement, as of December 31, 2008 and December 31, 2007. For additional information, see "Online Services — Our Private Portals: WebMD Health Services — Relationship with Fidelity Human Resources Services Company LLC" in Item 1 of this Annual Report and Note 7 to the Consolidated Financial Statements included in this Annual Report.

Audit Committee Review of Related Party Transactions

Under our company's Code of Business Conduct, directors and executive officers are required to disclose to our General Counsel or our Compliance Officer any transactions or relationships they are involved in that present or may present a conflict of interest with our company, including those that would be required to be disclosed as a related party transaction under applicable SEC rules. Under our Code of Business Conduct and the Audit Committee Charter, the Audit Committee has authority to determine whether to approve or ratify such transactions and relationships on behalf of our company, other than transactions between HLTH and WebMD which, as described below, are overseen by the Related Parties Committee of the Board. The Audit Committee considers whether to ratify or approve such transactions and relationships on a case-by-case basis, rather than pursuant to a general policy.

If not disclosed to the Audit Committee or if, after disclosure, not ratified or approved by the Audit Committee, a transaction or relationship presenting a conflict of interest or potential conflict of interest between a director or executive officer and our company may violate our Code of Business Conduct and other

company policies. When reviewing such a relationship or transaction, the Audit Committee will examine the terms of the transaction to determine how close they are to terms that would be likely to be found in a similar arms'-length transaction and, if not, whether they are otherwise reasonable and fair to WebMD. In addition, the Audit Committee will consider the nature of the related party's interest in the transaction and the significance of the transaction to the related party. If the transaction involves a non-employee director, the Audit Committee may also consider whether the transaction would compromise the director's independence. The Audit Committee may condition its ratification or approval of a transaction or relationship on imposition of specified limitations on the transaction or relationship or specific monitoring requirements on an ongoing basis.

In the case of transactions and relationships between WebMD and HLTH, our Board has delegated ongoing authority to ratify, approve and monitor them to the Related Parties Committee of the Board. See "Corporate Governance — Committees of the Board of Directors — Related Parties Committee" in Item 10 above. The Related Parties Committee of the WebMD Board consists solely of non-employee directors who are not also directors of HLTH. HLTH has a similar committee with authority to ratify, approve and monitor those transactions and relationships on its behalf, consisting solely of non-employee directors who are not also directors of WebMD.

Item 14. *Principal Accountant Fees and Services*

In addition to retaining Ernst & Young LLP to audit our consolidated financial statements for 2008 and 2007 and to review our quarterly financial statements during those years, we retained Ernst & Young to provide certain related services. The fees for Ernst & Young’s services to WebMD were:

| <u>Type of Fees</u> | <u>2008</u> | <u>2007</u> |
|---------------------|-------------------------|-------------------------|
| Audit Fees | \$800,000 | \$850,000 |
| Audit-Related Fees | — | — |
| Tax Fees | 18,034 | 9,990 |
| All Other Fees | — | — |
| Total Fees | <u><u>\$818,034</u></u> | <u><u>\$859,990</u></u> |

In the above table, in accordance with applicable SEC rules:

- “audit fees” included: (a) fees for professional services (i) for the audit of the consolidated financial statements for that fiscal year, and (ii) for review of the consolidated financial statements included in our Quarterly Reports on Form 10-Q filed during that fiscal year; (b) fees for the audit of internal control over financial reporting for that fiscal year; and (c) fees for services that are normally provided by the principal accountant in connection with statutory and regulatory filings or engagements for that year;
- “tax fees” for consisted of fees for assistance in the preparation of certain tax returns.

None of these services was provided pursuant to a waiver of the requirement that such services be pre-approved by the Audit Committee of our Board of Directors. The Audit Committee has determined that the provision by Ernst & Young of non-audit services to us in 2008 is compatible with Ernst & Young maintaining their independence.

The Audit Committee considers whether to pre-approve audit and permissible non-audit services and fees on a case-by-case basis, rather than pursuant to a general policy, with the exception of acquisition-related due diligence engagements, which have been pre-approved by the Audit Committee and are subject to monitoring by the Chairman of the Audit Committee. To ensure prompt handling of unexpected matters, the Audit Committee has delegated to its Chairman the authority to pre-approve audit and permissible non-audit services and fees and to amend or modify pre-approvals that have been granted by the entire Audit Committee. A report of any such actions taken by the Chairman is provided to the Audit Committee at the next Audit Committee meeting.

INDEX TO EXHIBITS

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 2.1* | Agreement and Plan of Merger, dated as of January 17, 2006, among the Registrant, ME Omaha, Inc., eMedicine.com, Inc., and Lilian Shackelford Murray, as Stockholders' Representative (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on January 20, 2006) |
| 2.2* | Agreement and Plan of Merger, dated as of April 13, 2006, among Summex Corporation, the Registrant, and FFGM, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on April 19, 2006) |
| 2.3* | Asset Purchase Agreement, dated as of July 19, 2006, among June Plum, Inc. (a wholly owned subsidiary of the Registrant), Medsite, Inc., Medsite Acquisition Corp., MedsiteCME, LLC and Medsite Pharmaceutical Services, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on July 25, 2006) |
| 2.4* | Unit Purchase Agreement, dated as of November 2, 2006, by and among the Registrant, Subimo, LLC and the Sellers referred to therein (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by the Registrant on November 8, 2006) (the "Subimo Purchase Agreement") |
| 2.5* | Agreement and Plan of Merger, dated as of February 20, 2008, between HLTH Corporation ("HLTH") and the Registrant (incorporated by reference to Exhibit 2.1 to Amendment No. 1, filed on February 25, 2008, to the Current Report on Form 8-K filed by the Registrant on February 21, 2008) |
| 2.6 | Termination Agreement, dated as of October 19, 2008, between HLTH and the Registrant (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by the Registrant on October 20, 2008) |
| 2.7 | Amendment, dated December 3, 2008, to the Subimo Purchase Agreement*** |
| 2.8* | Termination and Mutual Release Agreement, dated as of November 18, 2008, among the Registrant, Marketing Technology Solutions Inc., Jay Goldberg and Russell Planitzer*** |
| 3.1 | Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 99.1 to the Registration Statement on Form 8-A filed by the Registrant on September 29, 2005 (which we refer to as the "Form 8-A")) |
| 3.2 | Amended and Restated Bylaws of Registrant (incorporated by reference to the Current Report on Form 8-K filed by the Registrant on December 17, 2007) |
| 4.1 | Specimen Certificate evidencing shares of the Registrant's Class A Common Stock (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1 (No. 333-124832) (which we refer to as the "IPO Registration Statement")) |
| 4.2 | Form of Registration Rights Agreement between HLTH (then known as Emdeon Corporation) and the Registrant (incorporated by reference to Exhibit 4.2 to the IPO Registration Statement) |
| 10.1 | Amended and Restated Tax Sharing Agreement between the Registrant and HLTH (incorporated by reference to Exhibit 10.1 to HLTH's Current Report on Form 8-K filed on February 16, 2006) |
| 10.2 | Services Agreement between HLTH and the Registrant (incorporated by reference to Exhibit 10.2 to the IPO Registration Statement) |
| 10.3 | Indemnity Agreement between HLTH and the Registrant (incorporated by reference to Exhibit 10.3 to the IPO Registration Statement) |
| 10.4 | Intellectual Property License Agreement between HLTH and the Registrant (incorporated by reference to Exhibit 10.4 to the IPO Registration Statement) |
| 10.5 | Contribution, Assignment and Assumption Agreement, dated as of September 6, 2005, by and between HLTH and the Registrant (incorporated by reference to Exhibit 10.5 to the IPO Registration Statement) |
| 10.6 | Private Portal Services Agreement between HLTH and WebMD, Inc. (incorporated by reference to Exhibit 10.6 to the IPO Registration Statement) |

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| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 10.7 | Content License Agreement between HLTH and WebMD, Inc. (incorporated by reference to Exhibit 10.7 to the IPO Registration Statement) |
| 10.8 | Form of Database Agreement between HLTH and WebMD, Inc. (incorporated by reference to Exhibit 10.8 to the IPO Registration Statement) |
| 10.9 | Form of Indemnification Agreement to be entered into by the Registrant with its directors and officers (incorporated by reference to Exhibit 10.9 to the IPO Registration Statement) |
| 10.10** | Amended and Restated Employment Agreement, dated as of August 3, 2005, between HLTH and Martin J. Wygod (incorporated by reference to Exhibit 10.1 to HLTH's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 5, 2005) |
| 10.11** | Employment Agreement, dated as of April 28, 2005, between WebMD, Inc. and Wayne T. Gattinella (incorporated by reference to Exhibit 99.1 to HLTH's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 3, 2005) |
| 10.12** | Amended and Restated Employment Agreement, dated as of July 14, 2005, between WebMD Health Corp. and Anthony Vuolo (incorporated by reference to Exhibit 99.2 to HLTH's Current Report on Form 8-K, as amended, filed with the Securities and Exchange Commission on July 19, 2005) |
| 10.13** | Employment Agreement between WebMD Health Holdings, Inc. and Douglas W. Wamsley (incorporated by reference to Exhibit 10.15 to the IPO Registration Statement) |
| 10.14** | Employment Agreement between WebMD Health Holdings, Inc. and Nan-Kirsten Forte (incorporated by reference to Exhibit 10.16 to the IPO Registration Statement) |
| 10.15** | Employment Agreement between WebMD Health Holdings, Inc. and Steven Zatz, M.D. (incorporated by reference to Exhibit 10.17 to the IPO Registration Statement) |
| 10.16** | Employment Agreement between WebMD Health Holdings, Inc. and Craig Froude (incorporated by reference to Exhibit 10.18 to the IPO Registration Statement) |
| 10.17 | Letter, dated February 2, 2007, executed by HLTH Corporation and the Registrant (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on February 2, 2007) |
| 10.18** | Form of Amendment to HLTH Corporation's Equity Compensation Plans and Stock Option Agreements (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed by HLTH Corporation on November 9, 2006) |
| 10.19** | Amended and Restated Stock Option Agreement dated August 21, 2000 between HLTH (as successor to Medical Manager Corporation) and Martin J. Wygod (incorporated by reference to Exhibit 10.21 to HLTH's Annual Report on Form 10-K for the year ended December 31, 2000, as amended by Amendment No. 1 on Form 10-K/A) |
| 10.20** | Stock Option Agreement between HLTH and Wayne Gattinella dated August 20, 2001 (incorporated by reference to Exhibit 4.8 to HLTH's Registration Statement on Form S-8 (No. 333-888420) filed May 16, 2002) |
| 10.21** | Form of Amended and Restated Stock Option Agreement dated August 21, 2000, between HLTH (as successor to Medical Manager Corporation) and Anthony Vuolo (incorporated by reference to Exhibit 10.54 to HLTH's Annual Report on Form 10-K for the year ended December 31, 2001, as amended by Amendment No. 1 on Form 10-K/A) |
| 10.22** | Amended and Restated 1996 Stock Plan of HLTH (incorporated by reference to Exhibit 10.8 to HLTH's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006) |
| 10.23** | Amended and Restated 1998 Employee Stock Purchase Plan of HLTH (incorporated by reference to Exhibit 99.27 to HLTH's Registration Statement on Form S-8 (No. 333-47250) filed October 4, 2000) |
| 10.24** | Amended and Restated 2000 Long-Term Incentive Plan of HLTH (incorporated by reference to Annex E to the HLTH Corporation's Proxy Statement for its 2006 Annual Meeting filed on August 14, 2006) |

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| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 10.25** | Amended and Restated WebMD Health Corp. 2005 Long-Term Incentive Plan (incorporated by reference to Annex A to the Registrant's Proxy Statement for its 2008 Annual Meeting filed on November 5, 2008) |
| 10.26** | Amended and Restated 1989 Class A Non-Qualified Stock Option Plan of Syntec, Inc. (incorporated by reference to Exhibit 10.1 to Syntec, Inc.'s Registration Statement on Form S-1 (No. 333-28654) filed May 18, 1989) |
| 10.27** | Amended and Restated 1989 Class B Non-Qualified Stock Option Plan of Syntec, Inc. (incorporated by reference to Exhibit 10.2 to Syntec, Inc.'s Registration Statement on Form S-1 (No. 333-28654) filed May 18, 1989) |
| 10.28** | 1991 Director Stock Option Plan of Syntec, Inc. (incorporated by reference to Exhibit 4.2 to Syntec, Inc.'s Registration Statement on Form S-8 (No. 333-46640) filed March 24, 1992) |
| 10.29** | CareInsite, Inc. 1999 Officer Stock Option Plan (incorporated by reference to Exhibit 10.18 to Amendment No. 6 to CareInsite, Inc.'s Registration Statement on Form S-1 (No. 333-75071) filed June 11, 1999) |
| 10.30** | CareInsite, Inc. 1999 Employee Stock Option Plan (incorporated by reference to Exhibit 10.17 to Amendment No. 6 to CareInsite, Inc.'s Registration Statement on Form S-1 (No. 333-75071) filed June 11, 1999) |
| 10.31** | 2001 Employee Non-Qualified Stock Option Plan of HLTH, as amended (incorporated by reference to Exhibit 10.46 to HLTH's Form 10-K for the year ended December 31, 2001, as amended by Amendment No. 1 on Form 10-K/A) |
| 10.32** | Amended and Restated 1991 Special Non-Qualified Stock Option Plan of Syntec, Inc. (incorporated by reference to Exhibit 4.3 to Syntec, Inc.'s Registration Statement on Form S-8 (No. 333-36041) filed September 19, 1997) |
| 10.33** | Amendment to the Company Stock Option Plans of Medical Manager Corporation and CareInsite, Inc. (incorporated by reference to Exhibit 99.28 to HLTH's Registration Statement on Form S-8 (No. 333-47250) filed October 4, 2000) |
| 10.34 | Healtheon/WebMD Media Services Agreement, dated January 26, 2000, between HLTH, Eastrise Profits Limited and Fox Entertainment Group, Inc. (incorporated by reference to Exhibit 10.5 to HLTH's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000) |
| 10.35 | Amendment dated February 15, 2001 to Healtheon/WebMD Media Services Agreement, dated January 26, 2000, among HLTH, Eastrise Profits Limited and Fox Entertainment Group, Inc. (incorporated by reference to Exhibit 10.2 to HLTH's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001) |
| 10.36** | WebMD Health Corp. Long-Term Incentive Plan for Employees of Subimo, LLC (incorporated by reference to Exhibit 10.2 to HLTH's Annual Report on Form 10-K for the year ended December 31, 2006) |
| 10.37 | Agreement of Lease, dated as of June 30, 2004, between III Chelsea Commerce LP and WebMD, Inc. (incorporated by reference to Exhibit 10.45 to the IPO Registration Statement) |
| 10.38 | First Amendment to the Lease Agreement, dated as of December 21, 2004, between III Chelsea Commerce LP and WebMD, Inc. (incorporated by reference to Exhibit 10.46 to the IPO Registration Statement) |
| 10.39† | Services Agreement, dated as of February 12, 2004, between WebMD, Inc. and Fidelity Human Resources Services Company LLC (f/k/a Fidelity Employer Services Company LLC) (incorporated by reference to Exhibit 10.47 to the IPO Registration Statement) |
| 10.40** | Form of Restricted Stock Agreement between the Registrant and the Employees (incorporated by reference to Exhibit 10.48 to the IPO Registration Statement) |
| 10.41** | Form of Restricted Stock Agreement between the Registrant and the Non-Employee Directors (incorporated by reference to Exhibit 10.49 to the IPO Registration Statement) |
| 10.42** | Form of Non-Qualified Stock Option Agreement between the Registrant and Employees (incorporated by reference to Exhibit 10.50 to the IPO Registration Statement) |

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| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 10.43** | Form of Non-Qualified Stock Option Agreement between the Registrant and Non-Employee Directors (incorporated by reference to Exhibit 10.51 to the IPO Registration Statement) |
| 10.44* | Form of Restricted Stock Agreement between HLTH and Employees for Grants Under the HLTH's 2000 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.57 to HLTH's Annual Report on Form 10-K for the year ended December 31, 2005) |
| 10.45** | Form of Non-Qualified Stock Option Agreement between HLTH and Employees for Grants Under HLTH's 2000 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.58 to HLTH's Annual Report on Form 10-K for the year ended December 31, 2005) |
| 10.46** | Form of Non-Qualified Stock Option Agreement between HLTH and Employees for Grants Under HLTH's 1996 Stock Plan (incorporated by reference to Exhibit 10.59 to HLTH's Annual Report on Form 10-K for the year ended December 31, 2005) |
| 10.47** | Letter Agreement, dated as of February 1, 2006 between the Registrant and Martin J. Wygod (incorporated by reference to Exhibit 10.3 to HLTH's Current Report on Form 8-K filed on February 2, 2006) |
| 10.48** | WebMD, LLC Supplemental Bonus Program Trust Agreement (incorporated by reference to Exhibit 10.48 to Amendment No. 1, filed on April 29, 2008, to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007) |
| 10.49 | Loan Agreement, dated as of May 6, 2008, between Citigroup Global Markets Inc. SB and WebMD Health Corp. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008) |
| 10.50** | Amendment No. 2, dated as of December 1, 2008, between HLTH and Martin J. Wygod (incorporated by reference to Exhibit 10.1 to HLTH's Current Report on Form 8-K filed on December 5, 2008) |
| 10.51** | Seconded Amended and Restated Tax Sharing Agreement between the Registrant and HLTH*** |
| 10.52** | Letter Agreement, dated as of December 29, 2008, between HLTH and Martin J. Wygod (incorporated by reference to Exhibit 10.52 to HLTH's Annual Report on Form 10-K for the year ended December 31, 2008 (the "HLTH 2008 Form 10-K")) |
| 10.53** | Letter Amendment, dated as of December 10, 2008, between the Registrant and Wayne T. Gattinella*** |
| 10.54** | Letter Amendment, dated as of December 10, 2008, between HLTH and Mark D. Funston (incorporated by reference to Exhibit 10.54 to the HLTH 2008 Form 10-K) |
| 10.55** | Amendment, dated as of December 10, 2009 to Amended and Restated Employment Agreement between the Registrant and Anthony Vuolo*** |
| 10.56** | Letter Amendment, dated as of December 14, 2008, between the Registrant and Nan Forte*** |
| 10.57** | Letter Agreement, dated as of February 19, 2009, between HLTH and Anthony Vuolo*** |
| 10.58** | Amendment No. 1 to WebMD Supplemental Bonus Program Trust Agreement**** |
| 10.59** | Letter Agreement, dated as of October 1, 2007, between the Registrant and William Pence**** |
| 10.60** | Letter Amendment, dated as of December 10, 2008, between the Registrant and William Pence**** |
| 14.1 | Code of Business Conduct**** |
| 21 | Subsidiaries of the Registrant*** |
| 23.1 | Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm*** |
| 24.1 | Power of Attorney (see previously filed signature page of this Annual Report on Form 10-K)*** |
| 31.1 | Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of the Registrant***** |
| 31.2 | Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of the Registrant***** |
| 32.1 | Section 1350 Certification of Chief Executive Officer of the Registrant*** |
| 32.2 | Section 1350 Certification of Chief Financial Officer of the Registrant*** |
| 99.1 | Audit Committee Charter (incorporated by reference to Annex A to the Registrant's Proxy Statement for its 2007 Annual Meeting filed on August 14, 2007) |

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| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.2 | Compensation Committee Charter (incorporated by reference to Annex B to the Registrant's Proxy Statement for its 2007 Annual Meeting filed on August 14, 2007) |
| 99.3 | Nominating Committee Charter (incorporated by reference to Annex C to the Registrant's Proxy Statement for its 2007 Annual Meeting filed on August 14, 2007) |
| 99.4 | Governance & Compliance Committee Charter (incorporated by reference to Annex D to the Registrant's Proxy Statement for its 2007 Annual Meeting filed on August 14, 2007) |

* With respect to the agreements filed as Exhibits 2.1 through 2.5 and Exhibit 2.8, certain of the exhibits and the schedules to those agreements have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant will furnish copies of any of the exhibits and schedules to the Securities and Exchange Commission upon request.

** Agreement relates to executive compensation.

*** Previously filed with this Annual Report on Form 10-K (as originally filed on February 27, 2009).

**** Filed with this Amendment No. 1.

***** Filed with this Amendment No. 1 and the required copy was also previously filed with this Annual Report on Form 10-K (as originally filed on February 27, 2009)

† Portions of this exhibit were redacted pursuant to confidential treatment request filed with the Secretary of the Securities and Exchange Commission pursuant to Rule 406 under the Securities Act of 1933, as amended.

**AMENDMENT NO. 1
TO THE WEBMD, LLC SUPPLEMENTAL BONUS PROGRAM
TRUST AGREEMENT**

THIS AMENDMENT is made to be effective as of March 30, 2009:

WHEREAS, WebMD, LLC (the "Company"), a wholly-owned subsidiary of WebMD Health Corp., and Peter Anevski (the "Trustee") are parties to the WebMD, LLC Supplemental Bonus Program Trust Agreement (as Amended and Restated Effective as of March 15, 2008) (the "Trust Agreement");

WHEREAS, due to organizational changes, the Company is being changed from WebMD, LLC to WebMD Health Corp.;

WHEREAS, for the supplemental bonus program for 2008, Section 3.02(b) is being amended; and

WHEREAS, the Governing Committee has been delegated the right to amend the Trust Agreement on behalf of the Company from time to time.

NOW, THEREFORE, the Trust Agreement is hereby amended as follows:

1.

All references to "WebMD, LLC" shall be changed and deemed to refer to "WebMD Health Corp." (unless the applicable context clearly requires otherwise). Further, all references to "WebMD, LLC Supplemental Bonus Program Trust Agreement" shall be changed and deemed to refer to "WebMD Health Corp. Supplemental Bonus Program Trust Agreement".

2.

Section 3.02(b) of the Trust Agreement is hereby amended in its entirety to read as follows:

"(b) Upon a Participant's Termination of Employment prior to the Participant Bonus Determination Date, he or she shall forfeit all rights to any portion of his or her Bonus; provided however that if a Participant (i) dies or (ii) the Administrative Committee determines that a Participant's Termination of Employment is (A) a result of a Disability or (B) a result of the sale of the Subsidiary or Division by which he or she is employed, then such Participant shall be entitled to his or her Bonus, which shall be paid within 2-1/2 months following the date of his or her Termination of Employment. In

WebMD Health Corp.
111 Eighth Avenue
New York, NY 10001

October 1, 2007

William E. Pence
[Address]

Dear Mr. Pence:

This letter confirms the terms of your employment with WebMD Health Corp. (the “Company” or “WebMD Health”), a subsidiary of HLTH Corporation.

1. Position and Responsibilities. The first day of your employment with the Company shall be on or about October 22, 2007 (the actual start date, which is not expected to be later than November 5, 2007, shall be referred to as the “Employment Commencement Date”). You will serve in the position of Executive Vice President and Chief Technology Officer. You will report to the Chief Executive Officer, President or Chief Operating Officer of WebMD Health and will assume and discharge such responsibilities as are commensurate with such position as such person may direct. During your employment with the Company, you will devote your full business time to your duties and responsibilities and will perform them faithfully and diligently in accordance with the terms of this Agreement, subject to permitted absence in accordance with the Company’s vacation policy. In addition, you will comply with and be bound by the operating policies, procedures and practices of the Company including, without limitation, the Code of Conduct, in effect from time to time during your employment. You will report to the Company’s headquarters located in New York, NY. You acknowledge that you will be required to travel in connection with the performance of your duties but you will not be required to relocate outside the New York metropolitan area without your consent.

2. Compensation.

(a) In consideration of your services, you will be paid a base salary (“Base Salary”) at the annual rate of \$375,000, payable in accordance with the Company’s prevailing payroll practices.

(b) You will be eligible to receive an annual bonus, the target of which is 35% of Base Salary, so long as you are employed by the Company on the applicable payment date, except as set forth below. The determination as to the amount of such bonus shall be made by the WebMD Health Compensation Committee in its sole discretion. For calendar year 2007, you will be guaranteed an annual bonus payment of \$75,000, which shall be paid at such time as

executive officer bonuses are paid generally, so long as you remain in the employ of the Company on such payment date. Subject to Section 5 below, if your employment is terminated following the end of any fiscal year by the Company without Cause or by you for Good Reason (as defined below), then you will still be entitled to receive any bonus otherwise payable to you for such year, even if you are not employed on the bonus payment date and such bonus will be paid at the time that bonuses are paid to other executives of the Company.

3. Other Benefits. You will continue to be entitled to receive the standard employee benefits made available by the Company to its employees to the full extent of your eligibility. You will be entitled to vacation consistent with the Company's vacation policy, but in no event less than 4 weeks annually (pro-rated for 2007). During your employment, you will be permitted, to the extent eligible, to participate in any group medical, dental, life insurance and disability insurance plans, or similar benefit plan of the Company that is available to employees generally. Participation in any such plan will be consistent with your rate of compensation to the extent that compensation is a determinative factor with respect to coverage under any such plan. The Company will reimburse you for all reasonable expenses actually incurred or paid by you in the performance of your services on behalf of the Company, upon prior authorization and approval in accordance with the Company's expense reimbursement policy as from time to time in effect.

4. WebMD Health Equity .

(a) Options. On the Employment Commencement Date, Executive shall be granted a nonqualified option (the "Option") to purchase 150,000 shares of common stock of WebMD Health Corp. under the WebMD Health Corp. 2005 Long Term Incentive Plan, as amended, (the "Equity Plan"). The per share exercise price shall be the closing price of the common stock on the Employment Commencement Date and the Option shall vest, subject to Executive's continued employment on the applicable vesting dates (except as set forth in Section 5), in four equal annual installments of 25% on each of the first anniversary of the Employment Commencement Date, the second anniversary; the third anniversary and the fourth anniversary of the Employment Commencement Date. The Option will be granted pursuant to the terms of a stock option plan and a stock option agreement to be entered into between you and the Company, which agreement will be in substantially the same form provided by the Company to its employees generally.

(b) Restricted Stock. On the Employment Commencement Date, Executive shall be granted 25,000 shares of restricted stock of WebMD Health Corp. (the "Restricted Stock") under the Equity Plan. The Restricted Stock shall vest and the restrictions thereon lapse in the same percentage and at the same times as described above with respect to the Option, subject to Executive's continued employment on the applicable vesting dates (except as set forth in Section 5). The Restricted Stock will be subject to the terms of a stock plan and a restricted stock agreement to be entered into between you and the Company, which agreement will be in substantially the same form provided by the Company to its employees generally.

5. Termination of Employment. In the event of the termination of your employment by the Company without Cause or by you for Good Reason (as such terms are defined on Annex

A attached hereto) prior to the fourth anniversary of the Employment Commencement Date, you will be entitled to (i) continue to receive, as severance, the Base Salary in effect on the date hereof for a period of one year (the "Severance Period"), (ii) any bonus payable under the last sentence in Section 2(b) above, and (iii) if you timely elect to continue your health coverage through COBRA, the Company will pay that portion of the COBRA premium that it would pay if you were an active employee with the same type of coverage through the Severance Period or, if earlier, until you are eligible for comparable coverage with a subsequent employer, subject to your execution of a release satisfactory to the Company (but which will not require release of any Company payments due to you that are otherwise payable at the date of termination of this Agreement) and your continued compliance with the Trade Secret & Proprietary Information Agreement. In addition, in the event of the termination of your employment by the Company without Cause or by you for Good Reason prior to the fourth anniversary of the Employment Commencement Date, 25% of the Option will continue to vest and remain outstanding as if you remained in the employ of the Company through the vesting date following the date of termination; provided however, that in the event of the termination of your employment by the Company without Cause or by you for Good Reason within 12 months following a Change of Control of the Company (as defined in the Equity Plan), (i) the Option will continue to vest and remain outstanding as if you remained in the employ of the Company through the second vesting date following the date of termination and (ii) 25% of the Restricted Stock will continue to vest as if you remained in the employ of the Company through the next vesting date following the date of such a termination; and provided further that such continued vesting is subject to your execution of a release satisfactory to the Company and your continued compliance with the Trade Secret & Proprietary Information Agreement. In the event of termination of your employment for any other reason, you will receive compensation earned through the date of termination and your rights with respect to options and restricted stock will be as specified in the applicable option or restricted stock agreements.

6. Section 409A. Any payments required to be paid to you pursuant to this Agreement during the first six months following the termination of your employment, including without limitation the severance payments provided for in Section 5 above, shall be paid to you in a lump sum at the end of such six-month period in accordance with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), provided that such delay in payments will not apply to the extent that guidance issued under Section 409A allow payments to be made when otherwise due without subjecting you to additional taxes under Section 409A.

7. Restrictive Covenants. You agree that the effectiveness of this Agreement is contingent upon your execution of, and delivery to the Company of Trade Secret & Proprietary Information Agreement in the form attached hereto as Annex B.

8. Conflicting Employment. You agree that, during your employment with the Company, you will not engage in any other employment, occupation, consulting or other business activity directly related to the business in which the Company is now involved or becomes involved during your employment, nor will you engage in any other activities that conflict with your obligations to the Company. With the prior written approval of the Company, which will not be unreasonably withheld, you may serve on the Board of Directors of other

companies, and provided that such service does not affect the services to be provided under this Agreement.

9. At-Will Employment. You acknowledge that your employment with the Company is for an unspecified duration that constitutes at-will employment, and that either you or the Company can terminate this relationship at any time, with or without Cause and with or without notice (subject to the consequences set forth in this agreement).

10. Effective Date. This Agreement will become effective as of the Employment Commencement Date.

11. General Provisions.

- (a) You will be covered by the Company's director and officer insurance policy to the same extent as other similarly situated employees of the Company.
- (b) This letter agreement and the terms of your employment will be governed by the laws of New York, applicable to agreements made and to be performed entirely within such state and the courts sitting in New York, New York shall have exclusive jurisdiction for the purposes of adjudicating any disputes under this Agreement.
- (c) This letter agreement together with the equity plans and agreements referred to herein and the Trade Secret and Proprietary Agreement attached hereto sets forth the entire agreement and understanding between the Company and you relating to your employment and supersedes all prior verbal discussions between us and the Prior Agreements.
- (d) This agreement will be binding upon your heirs, executors, administrators and other legal representatives and will be for the benefit of the Company and its permitted successors and assigns
- (e) All payments pursuant to this letter will be subject to applicable withholding taxes.
- (f) This agreement may not be assigned by the Company without your prior written consent; provided however that this agreement may be assigned by the Company without your prior written consent to any successor to the business of the Company, by operation of law, merger or otherwise or to any affiliate of the Company.

Please acknowledge and confirm your acceptance of this letter by, signing and returning one copy of this letter agreement and the Trade Secret & Proprietary Information Agreement to Douglas W. Wamsley, Executive Vice President, General Counsel, WebMD Health Corp., 111 Eighth Avenue, New York, NY 10001.

WebMD Health Corp.

By: /s/ Douglas W. Wamsley
Douglas W. Wamsley
Executive Vice President, General Counsel

ACCEPTANCE:

I accept the revised terms of my employment with WebMD Health Corp. as set forth herein. I understand that this letter agreement does not constitute a contract of employment for any specified period of time, and that either party, with or without Cause and with or without notice, may terminate my employment relationship (subject to the consequences set forth above).

/s/ William E. Pence
William E. Pence

October 1, 2007
Date Signed

ANNEX A

“Cause” will mean any of the following:

(i) your willful failure to perform your duties following written notice from the Company detailing the specific acts and a thirty (30) day period of time to remedy such failure;

(ii) any willful misconduct, violence or threat of violence that is injurious to the Company in a material respect or any misconduct relating to your business affairs, at any time, which will demonstrably reflect negatively upon the Company or otherwise impair or impede its operations or reputation in any material respect;

(iii) your breach of a material Company policy, which breach is not remedied (if susceptible to remedy) following written notice by the Company detailing the specific breach and a thirty (30) day period of time to remedy such breach;

(iv) any material breach by you of this Agreement or the Trade Secret and Proprietary Information Agreement, which breach is not remedied (if susceptible to remedy) following written notice by the Company or its designee detailing the specific breach and a thirty (30) day period of time to remedy such breach;

(v) your conviction of a felony in respect of a dishonest or fraudulent act or other crime of moral turpitude.

“Good Reason” means any of the following conditions or events that remain in effect 30 days after written notice is provided by you to the Company detailing such condition or event (i) any reduction in your base salary, (ii) a material reduction in your authority with the Company and (iii) any material breach by the Company of this Agreement.

ANNEX B

TRADE SECRET AND PROPRIETARY INFORMATION AGREEMENT

In consideration of WebMD Health Corp. (hereinafter referred to as the "Company") entering into the Letter Agreement dated October 1, 2007, I hereby agree as follows:

1. Confidentiality.

(a) Trade Secret and Proprietary Information. I understand and acknowledge that, during the course of my employment arrangement with the Company and as a result of my having executed this Trade Secret and Proprietary Information Agreement, I will be granted access to valuable information relating to the Company's Business (as defined below) that provides the Company with a competitive advantage, which is not generally known by, nor easily learned or determined by, persons outside the Company (collectively "Trade Secret and Proprietary Information"). The term Trade Secret and Proprietary Information will include, but will not be limited to: (a) specifications, manuals, software in various stages of development; (b) customer and prospect lists, and details of agreements and communications with customers and prospects; (c) sales plans and projections, product pricing information, acquisition, expansion, marketing, financial and other business information and existing and future products and business plans of the Company; (d) sales proposals, demonstrations systems, sales material; (e) research and development; (f) computer programs, (g) sources of supply; (h) identity of specialized consultants and contractors and Trade Secret and Proprietary Information developed by them for the Company; (i) purchasing, operating and other cost data; (j) special customer needs, cost and pricing data; (k) patient information; including without limitation Protected Health Information as defined in 45 C.F.R. 164.501 and (l) employee information (including, but not limited to, personnel, payroll, compensation and benefit data and plans), including all such information recorded in manuals, memoranda, projections, reports, minutes, plans, drawings, sketches, designs, formula books, data, specifications, software programs and records, whether or not legended or otherwise identified by the Company as Trade Secret and Proprietary Information, as well as such information that is the subject of meetings and discussions and not recorded. Trade Secret and Proprietary Information will not include such information that I can demonstrate (i) is generally available to the public (other than as a result of a disclosure by me), (ii) was disclosed to me by a third party under no obligation to keep such information confidential or (iii) was known by me prior to, and not as a result of, my employment or anticipated employment with the Company or any of its Affiliates.

(b) Duty of Confidentiality. I agree at all times, both during and after my employment with the Company, to hold all of the Company's Trade Secret and Proprietary Information in a fiduciary capacity for the benefit of the Company and to safeguard all such Trade Secret and Proprietary Information. I also agree that I will not directly or indirectly disclose or use any such Trade Secret and Proprietary Information to any third person or entity outside the Company, except as may be necessary in the good faith performance of my duties for the Company. I further agree that, in addition to enforcing this restriction, the Company may have other rights and remedies under the common law or applicable statutory laws relating to the protection of trade secrets. Notwithstanding anything in this Agreement to the contrary, I

understand that I may disclose the Company's Trade Secret and Proprietary Information to the extent required by applicable laws or governmental regulations or judicial or regulatory process, provided that I give the Company prompt notice of any and all such requests for disclosure so that it has ample opportunity to take all necessary or desired action, to avoid disclosure.

(c) Unfair Competition. I acknowledge that the Company has a compelling business interest in preventing unfair competition stemming from the intentional or inadvertent use or disclosure of the Company's Trade Secret and Proprietary Information and Company Property.

(d) Intellectual Property and Inventions. I acknowledge that all developments, including, without limitation, the creation of new products, conferences, training/seminars, publications, programs, methods of organizing information, inventions, discoveries, concepts, ideas, improvements, patents, trademarks, trade names, copyrights, trade secrets, designs, works, reports, computer software, flow charts, diagrams, procedures, data, documentation, and writings and applications thereof relating to the past, present, or future business of the Company that I, alone or jointly with others, may have discovered, conceived, created, made, developed, reduced to practice, or acquired during my employment with the Company (collectively, "Developments") are works made for hire and will remain the sole and exclusive property of the Company, and I hereby assign to the Company all of my rights, titles, and interest in and to all such Developments, if any. I agree to disclose to the Company promptly and fully all future Developments and, at any time upon request and at the expense of the Company, to execute, acknowledge, and deliver to the Company all instruments that the Company will prepare, to give evidence, and to take any and all other actions that are necessary or desirable in the reasonable opinion of the Company to enable the Company to file and prosecute applications for, and to acquire, maintain, and enforce, all letters patent, trademark registrations, or copyrights covering the Developments in all countries in which the same are deemed necessary by the Company. All data, memoranda, notes, lists, drawings, records, files, investor and client/customer lists, supplier lists, and other documentation (and all copies thereof) made or compiled by me or made available to me concerning the Developments or otherwise concerning the past, present, or planned business of the Company are the property of the Company, and will be delivered to the Company immediately upon the termination of my employment with the Company.

(e) Competitive Business. For purposes of this Agreement "Competitive Business" will mean: (i) any enterprise engaged in developing, selling or providing a consumer or physician Internet healthcare portal or interactive online personal health management products; and (ii) any enterprise engaged in any other type of business in which the Company or one of its Affiliates is also engaged, or plans to be engaged, so long as I am directly involved in such business or planned business on behalf of the Company or one of its Affiliates.

2. Non-Solicitation of Employees, Customers. In order to protect the Company's Trade Secret and Proprietary Information;

(i) during my employment with the Company and for a period of one year after the termination of such employment for any reason (the "Restricted Period"), I will not, without the Company's express written permission, directly or indirectly solicit, induce, hire, engage, or attempt to hire or engage any employee or independent contractor of the Company, or in any other way interfere with the Company's employment or contractual relations with any of its

employees or independent contractors, nor will I solicit, induce, hire, engage or attempt to hire or engage any individual who was an employee of the Company at any time during the one year period immediately prior to the termination of my employment with the Company

(ii) during the Restricted Period, I will not, without the Company's express written permission, directly or indirectly contact, call upon or solicit, on behalf of a Competitive Business, any existing or prospective client, or customer of the Company who I serviced, or otherwise developed a relationship with, as a result of my employment with the Company, nor will I attempt to divert or take away from the Company the business of any such client or customer.

3. Restrictions on Competitive Employment . In order to protect the Company's Trade Secret and Proprietary Information, during the Restricted Period, I will not (as principal, agent, employee, consultant, director or otherwise), anywhere in the United States and Canada, directly or indirectly, without the prior written approval of the Company, engage in, or perform any services for, a Competitive Business. Notwithstanding the foregoing, I understand that I may have an interest consisting of publicly traded securities constituting less than 1 percent of any class of publicly traded securities in any public company engaged in a Competitive Business so long as I am not employed by and do not consult with, or become a director of or otherwise engage in any activities for, such company. The Restricted Period will be extended by the length of any period during which I am in breach of the terms of this paragraph.

4. Injunctive Remedies . I acknowledge and agree that the restrictions contained in this Agreement are reasonably necessary to protect the legitimate business interests of the Company, and that any violation of any of the restrictions will result in immediate and irreparable injury to the Company for which monetary damages will not be an adequate remedy. I further acknowledge and agree that if any such restriction is violated, the Company will be entitled to immediate relief enjoining such violation (including, without limitation, temporary and permanent injunctions, a decree for specific performance, and an equitable accounting of earnings, profits, and other benefits arising from such violation) in any court having jurisdiction over such claim, without the necessity of showing any actual damage or posting any bond or furnishing any other security, and that the specific enforcement of the provisions of this Agreement will not diminish my ability to earn a livelihood or create or impose upon me any undue hardship. I also agree that any request for such relief by the Company will be in addition to, and without prejudice to, any claim for monetary damages that the Company may elect to assert.

5. Severability Provision . I acknowledge and agree that the restrictions imposed upon me by the terms, conditions, and provisions of this Agreement are fair, reasonable, and reasonably required for the protection of the Company. In the event that any part of this Agreement is deemed invalid, illegal, or unenforceable, all other terms, conditions, and provisions of this Agreement will nevertheless remain in full force and effect. In the event that the provisions of any of Sections 1, 2, or 3 of this Agreement relating to the geographic area of restriction, the length of restriction or the scope of restriction will be deemed to exceed the maximum area, length or scope that a court of competent jurisdiction would deem enforceable, said area, length or scope will, for purposes of this Agreement, be deemed to be the maximum area, length of time or scope that such court would deem valid and enforceable, and that such

court has the authority under this Agreement to rewrite (or “blue-pencil”) the restriction(s) at-issue to achieve this intent.

6. Non-Waiver. Any waiver by the Company of my breach of any term, condition, or provision of this Agreement will not operate or be construed as a waiver of the Company’s rights upon any subsequent breach.

7. Waiver of Jury Trial. **TO THE MAXIMUM EXTENT PERMITTED BY LAW, I HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN CONNECTION WITH ANY LITIGATION ARISING OUT OF, UNDER, IN CONNECTION WITH, OR IN ANY WAY RELATED TO THIS AGREEMENT. THIS INCLUDES, WITHOUT LIMITATION, ANY LITIGATION CONCERNING ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN), OR ACTION OF THE COMPANY OR ME, OR ANY EXERCISE BY THE COMPANY OR ME OF OUR RESPECTIVE RIGHTS UNDER THIS AGREEMENT OR IN ANY WAY RELATING TO THIS AGREEMENT. I FURTHER ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT FOR THE COMPANY TO ISSUE AND ACCEPT THIS AGREEMENT.**

8. Continuation of Employment. This Agreement does not constitute a contract of employment or an implied promise to continue my employment or status with the Company; nor does this agreement affect my rights or the rights of the Company to terminate my employment status at any time with or without cause (subject to the consequences set forth in the Agreement to which this Annex is attached).

9. Governing Law. This Agreement will be construed in accordance with and governed for all purposes by the laws and public policy of the State of New York, without regard to principles of conflict of laws.

 /s/ William E. Pence
William E. Pence

 October 1, 2007
Date



111 Eighth Avenue
New York, NY 10011
212-624-3700

As of December 10, 2008

William E. Pence
c/o WebMD Health Corp.
111 Eighth Avenue
New York, NY 10011-5201

Dear Bill:

The purpose of this letter is to (i) amend the letter agreement between you and WebMD Health Corp. (the "Company") dated October 1, 2007 (the "Letter Agreement"; terms defined herein without definition have the meanings specified in the Letter Agreement) in a manner intended to bring the Letter Agreement into compliance with Section 409A of the Internal Revenue Code of 1986, as amended, and the final regulations issued thereunder and (ii) describe the grant of nonqualified options and restricted stock made to you on December 10, 2008. Accordingly, your execution of this letter indicates your agreement to the amendment of the Letter Agreement as set forth below:

1. The last sentence of Section 2(b) is hereby deleted.
2. Section 5 is amended in its entirety to read as follows:

"5. Termination of Employment. (a) In the event of the termination of your employment by the Company without Cause or by you for Good Reason (as such terms are defined on Annex A attached hereto) prior to the fourth anniversary of the Employment Commencement Date, subject to Section 5(b) below and your continued compliance with the Trade Secret & Proprietary Information Agreement, you will be entitled: (i) to continue to receive, as severance, the Base Salary in effect on the date hereof for a period of one year (the "Severance Period"), payable as set forth in Section 5(c) below, (ii) if such termination occurs after the end of a calendar year but before the payment of a bonus for such prior year, you shall be entitled to the bonus that you would have received for such year at the time that bonuses are paid to other executive officers of the Company, but in no event later than December 31 of the year in which your employment terminates and (iii) if you timely elect to continue your health coverage through COBRA, the Company will pay that portion of the COBRA

premium that it would pay if you were an active employee with the same type of coverage through the Severance Period or, if earlier, until you are eligible for comparable coverage with a subsequent employer, in each case. In addition, in the event of the termination of your employment by the Company without Cause or by you for Good Reason prior to the fourth anniversary of the Employment Commencement Date, 25% of the Option will continue to vest and remain outstanding as if you remained in the employ of the Company through the vesting date following the date of termination; provided however, that in the event of the termination of your employment by the Company without Cause or by you for Good Reason within twelve (12) months following a Change of Control of the Company (as defined in the Equity Plan), (i) the Option will continue to vest and remain outstanding as if you remained in the employ of the Company through the second vesting date following the date of termination and (ii) 25% of the Restricted Stock will continue to vest as if you remained in the employ of the Company through the next vesting date following the date of such a termination; and provided further that such continued vesting is subject to your execution of the release described below in Section 5(b) and your continued compliance with the Trade Secret & Proprietary Information Agreement. In the event of termination of your employment for any other reason, you will receive compensation earned through the date of termination and your rights with respect to options and restricted stock will be as specified in the applicable option or restricted stock agreements.

(b) In order to receive any of the benefits described in Section 5(a) under this Letter Agreement (the “Severance Benefits”), you must (i) execute and deliver to the Company a release of claims satisfactory to the Company (but which will not require release of any Company payments due to you that are otherwise payable at the date of termination of this Letter Agreement) within the time prescribed therein but in no event later than fifty (50) days of the date of your termination of employment and (ii) not revoke such release pursuant to any revocations rights afforded by law. The Company shall provide to you the form of release no later than three (3) days following your termination of employment. If you do not timely execute and deliver to the Company such release, or if you execute such release but revoke it, no Severance Benefits shall be paid.

(c) The Severance Benefits described in Section 5(a)(i) above shall be paid, minus applicable deductions, including deductions for tax withholding, in equal payments on the regular payroll dates during the one-year period following your termination of employment. Commencement of payments of the Severance Benefits described in Section 5(a)(i) shall begin on the first payroll date that occurs in the month that begins at least 60 days after the date of your termination of employment, but which may be accelerated by no more than 30 days (the “Starting Date”) provided that you have satisfied the requirements of Section 5(b) of this Letter Agreement. The first payment on the payment Starting Date shall include those payments that would have previously been paid if the payments of the Severance Benefits described in Section 5(a)(i) had begun on the first payroll

date following your termination of employment. This timing of the commencement of benefits is subject to Section 6 below.

(d) For purposes of this Letter Agreement, “termination of employment” shall mean a “separation of service” as defined in Section 409A of the Internal Revenue Code of 1986, as amended, (the “Code”) and Treasury Regulations Section 1.409A-1(h) without regard to the optional alternative definitions available thereunder.

(e) All Severance Benefits shall be completed by, and no further Severance Benefits shall be payable after, December 31 of the second taxable year following the year in which your termination of employment occurs.

(f) Your entitlement to the payments of the Severance Benefits described in Section 5(a)(i) shall be treated as the entitlement to a series of separate payments for purposes of Section 409A of the Code.”

3. Section 6 is hereby amended in its entirety to read as follows:

“6. Section 409A.

(a) Potential Six-Month Delay. Notwithstanding any other provisions of this Letter Agreement, any payment of the Severance Benefits under this Letter Agreement that the Company reasonably determines is subject to Section 409A(a)(2)(B)(i) of the Code shall not be paid or payment commenced until the later of (i) six (6) months after the date of your termination of employment (or, if earlier, your death) and (ii) the Starting Date. On the earliest date on which such payments can be commenced without violating the requirements of Section 409A(a)(2)(B)(i) of the Code, you shall be paid, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence.

(b) Savings Clause. It is intended that any amounts payable under this Letter Agreement shall either be exempt from or comply with Section 409A of the Code (including Treasury regulations and other published guidance related thereto) so as not to subject you to payment of any additional tax, penalty or interest imposed under Section 409A of the Code. The provisions of this Letter Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Section 409A of the Code yet preserve (to the nearest extent reasonably possible) the intended benefit payable to you. Notwithstanding the foregoing, the Company makes no representation or warranty and shall have no liability to you or to any other person if any of the provisions of this Letter Agreement are determined to constitute deferred compensation subject to Section 409A, but that do not satisfy an exemption from, or the conditions of, that section.”

4. The definition of Good Reason in Annex A of the Letter Agreement is amended in its entirety to read as follows:

“A termination of employment by you for “ Good Reason ” means your resignation of employment within one year of the occurrence (without your written consent) of any of the following conditions or events: (i) any material reduction in your base salary, (ii) a material reduction in your authority with the Company, (iii) any material breach by the Company of this Letter Agreement; provided, however, that none of the foregoing conditions or events shall constitute Good Reason unless (A) you shall have provided written notice to the Company within ninety (90) days after the occurrence of such condition or event describing the condition or event claimed to constitute Good Reason and (B) the Company shall have failed to remedy the condition or event within thirty (30) days of its receipt of such written notice.”

5. Equity Grants. The Compensation Committee of the Board of Directors of the Company approved the following equity grants to you on December 10, 2008 (“date of grant”):

(a) A nonqualified option (the “ 2008 Options ”) to purchase 150,000 shares of the Company’s common stock under the Company’s Amended and Restated 2005 Long Term Incentive Plan (the “ Plan ”). The per share exercise price is the closing price of the Company’s common stock on the date of grant and the 2008 Options shall vest subject to your continued employment on the applicable vesting dates (except as set forth in the following sentences) in equal annual installments of 25% commencing on March 31, 2010 (full vesting on March 31, 2013). In the event of a termination of your employment by the Company without Cause or by you for Good Reason, the 2008 Options will remain outstanding and continue to vest until the next vesting date and if such termination occurs within 12 months following a Change of Control of the Company (as defined in the Plan), the 2008 Options would remain outstanding through the next two vesting dates, subject to your execution of a release of claims in a form approved by the Company and continued compliance with the Trade Secret and Proprietary Information Agreement; provided, however, that in no event shall a transaction between HLTH Corporation (“ HLTH ”) and the Company constitute a Change of Control and provided further that a Change of Control of the Company shall not be deemed to have occurred if a split-off, spin-off or other transaction that results in the Company no longer being a subsidiary or affiliate of HLTH that occurs in connection with a Change of Control of HLTH. The 2008 Options will have a term of ten years, subject to earlier expiration in the event of termination of employment in accordance with the Plan. Subject to the terms of this Section, the 2008 Options shall be evidenced by the Company’s standard form of option agreement.

(b) 12,500 shares of Restricted Stock (the “ 2008 Restricted Shares ”) under the terms of the Plan. The 2008 Restricted Shares shall vest and the restrictions thereon lapse in the same manner as the 2008 Options subject to your continued employment on the applicable vesting date. The 2008 Restricted Shares shall be evidenced by the Company’s standard form of restricted stock agreement.



HLTH Corporation and WebMD Health Corp.

Code of Business Conduct

Revised April 2009

To All HLTH and WebMD Employees,

HLTH Corporation and WebMD Health Corp. have adopted this revised Code of Business Conduct as part of our continuing efforts to communicate to all of our employees how we define proper business conduct. The revisions we have made to our Code of Business Conduct (which we sometimes refer to as our Code of Conduct or simply as our Code) reflect the evolution of our businesses and our ongoing commitment to protect and enhance our reputation for integrity.

Please read our Code of Conduct carefully and refer to it often. It is your responsibility to understand what is expected of you. If there is something you are unclear about or if you are not sure what is required in a particular situation, don't guess at the answer. Ask for help from one of the many sources listed in the Code.

Protecting our ethical corporate culture is not only the right thing to do — it is also good business. Customers and business partners judge us by our conduct, as well as by our products and services. Stockholders and other investors want to be associated only with companies that meet high standards for honesty, integrity, and public responsibility. Each of you can contribute to maintaining the trust and confidence of our customers, business partners and investors by following both the letter and spirit of our Code of Conduct.

WAYNE T. GATTINELLA
Chief Executive Officer, WebMD Health Corp.

MARTIN J. WYGOD
*Chairman of the Boards of Directors of HLTH Corporation and WebMD Health Corp.
and Acting CEO of HLTH Corporation*

I. GENERAL STATEMENT OF POLICY

Our policy is to conduct business in an honest and ethical manner and in accordance with the laws that apply to us

The Companies¹ seek to be good corporate citizens and to achieve our business goals in a manner that enhances our reputation for integrity. In order to do that, all of our directors, officers and employees must act in an honest and ethical manner and in accordance with law. We have instituted this Code of Conduct as part of our efforts:

- to foster proper business conduct and ethical decision-making,
- to prevent unethical or unlawful behavior and to stop any such behavior as soon as reasonably possible after its discovery.

We expect you to follow this Code of Conduct and to report any violations you become aware of

Under this Code of Conduct, each of our directors, officers and employees, regardless of job, title or level of responsibility:

- is responsible for his or her own actions with respect to proper business conduct and behavior, and
- if he or she sees or becomes aware of unethical or unlawful activity, is obligated to report such activity immediately to the Compliance Officer for this Code of Conduct (described in Section III.C. below), to the appropriate General Counsel, to the Chief Financial Officer or to one of the senior officers in our Human Resources Department.

Your supervisor or your Human Resources manager can help you make the report. See also Section III.B.2 below for information about reporting violations anonymously through our Ethics and Compliance Hotline.

We also expect our contractors and consultants to be guided by these standards.² It is the responsibility of the employees retaining and supervising such persons to make sure that they are aware of this Code of Conduct and follow its principles in their work for the Companies.

Violations of this Code of Conduct will lead to disciplinary action

To ensure compliance with this Code of Conduct, the Companies will investigate and take such action as they determine necessary to protect their best interests. In those cases where violations have occurred, disciplinary action will be taken — ranging from reprimand to termination. Violators may also be subject to criminal prosecution or civil lawsuits. It is not an excuse that a person's questionable conduct was intended to "benefit" HLTH or WebMD or was done with good intentions.

Violations of our other policy statements may also be a violation of this Code of Conduct

We have other policy statements designed to assist the Companies and their employees in complying with applicable law and meeting appropriate standards of conduct, including:

- the Policy Regarding Insider Trading, Tipping and Other Wrongful Disclosures,
- the Communications Policy,
- the Electronic Communications Policy,

¹ References to the "Companies" (or "we," "our" or similar pronouns) in this Code of Conduct mean HLTH Corporation and all of its subsidiary companies (including WebMD Health Corp. and all of its subsidiary companies).

² References to the terms "employee" and "personnel," as used throughout this Code of Conduct, are generally intended to include — in addition to directors, officers and employees (full-time and part-time) of the Companies — contractors, consultants and similar persons providing services at the direction of the Companies. In some cases, implementation of the principles contained in this Code of Conduct may be different for third party service providers, depending on the scope and nature of the services provided. For example, certain "conflicts of interest" that would not be acceptable for an employee may be acceptable for a contractor, depending on the nature of the specific relationship. Please consult the Legal Department or the Compliance Officer for guidance.

- the HIPAA Privacy Policies, and
- the Employee Handbook.

Failure to comply with those policy statements will, in many cases, also be a violation of this Code of Conduct. In addition, our Finance Department, Legal Department, Human Resources Department and our operating units have adopted, and may in the future adopt, other written policies and procedures relating to the conduct of the business of the Companies, the documenting of transactions, record keeping and related matters. Employees must comply with those policies and procedures and failure to do so will generally also be a violation of this Code of Conduct.

USE GOOD JUDGMENT – DON'T IGNORE YOUR INSTINCTS

FOUR QUESTIONS TO ASK YOURSELF BEFORE ACTING:

- *Will my actions meet the letter of the law or rule but violate its spirit?*
- *Would my failing to act make the situation worse or allow a “wrong” to continue?*
- *How would my actions look if they were reported on the front page of the newspaper?*
- *Would we lose customers if my actions were known to them?*

FOUR WARNING SIGNS. If you hear yourself or someone else say:

- *“Everybody does it”*
- *“Maybe just this once”*
- *“No one will ever know”*
- *“It won’t matter in the end”*

STOP and think through the situation carefully, seek guidance, and take the time necessary to reach the right result.

II. GUIDELINES FOR EMPLOYEE CONDUCT

Part II of our Code of Conduct provides guidelines for you to follow in dealing with some specific ethical and legal issues. Some of these guidelines are clear rules that you must follow — “do’s and don’ts” for specific situations. On the other hand, ethical issues often involve balancing competing interests and making value judgments. As a result, many of these guidelines provide general principles that must be applied by you based on the facts you are faced with. Sometimes applying those principles will be easy, and the proper business conduct will be clear. However, we often face complicated issues, where the right path to take may not be obvious or where there may be differences of opinion regarding proper conduct. It is each employee’s responsibility to work through those issues, seek appropriate advice and reach an answer that meets high ethical standards. The people described below are available to help you do that.

How to Get Your Questions Answered

Whenever you have questions about the requirements of this Code of Conduct or how they apply to your job, you should call one or more of the following persons:

- your manager or supervisor,
- the head of your business unit or department,
- your Human Resources manager or other members of our HR Department,
- the Compliance Officer, and
- the appropriate General Counsel (of either HLTH or WebMD) or other members of the Legal Department.

In addition, for questions relating to financial reporting, accounting and related matters, you may contact the Chief Financial Officer of HLTH and WebMD or other members of the Finance Departments of HLTH and WebMD.

Selected Contact Information

Our Compliance Officer is Lewis Leicher, an Assistant General Counsel. He can be reached at 858-759-6008 or lleicher@webmd.net.

HLTH’s General Counsel is Charles Mele. He can be reached at 201-703-3426 or cmele@hlth.com. WebMD’s General Counsel is Doug Wamsley. He can be reached at 212-624-3862 or dwamsley@webmd.net.

HLTH’s and WebMD’s Chief Financial Officer is Mark Funston. He can be reached at 201-398-2653 or 212-624-3764 or mfunston@webmd.net.

In Human Resources, you can contact: Patricia White at 212-624-3851 or pwhite@webmd.net; or, for Porex, Rod Shough at 770-515-7730 or rod.shough@porex.com.

Our Human Resources counsel is Anne Smith. She can be reached at 201-703-3427 or asmith@hlth.com.

Our Chief Technology Officer, who is also our Chief Security Officer, is William Pence. He can be reached at 646-674-5315 or wpence@webmd.net.

Our Chief Privacy Officer is Matt Kaminer. He can be reached at 212-624-3745 mkaminer@webmd.net.

A. *You may not use funds or assets of the Companies for any unlawful or unethical purpose or for personal gain*

The use of the funds or assets of the Companies for any unlawful or unethical purpose, including any political or commercial bribery, is prohibited. In addition, no person may use his or her position in the Companies or any funds or assets of the Companies (including confidential information of the Companies) for his or her personal gain.

- ***Our policy is to forgo any business that can be obtained only by making improper or illegal payments or kickbacks***
 - No payment or gift shall be offered or made to a government official to influence any discretionary decision by such person in his or her official capacity. Should any such gifts or payments be requested, our Legal Department should be contacted immediately. Giving any gifts — even gifts or entertainment of nominal value — to government officials is highly regulated and often illegal.
 - No payment shall be offered or made to an employee or representative of an existing or potential customer or other business partner to influence any business decision by such person. Should any such payments be requested, our Legal Department or the Compliance Officer should be contacted immediately.
 - In circumstances where it would not violate any other policy of the Companies and would not create an appearance of impropriety or be considered a business inducement, you may provide non-monetary gifts or entertainment in accordance with the policies and procedures and monetary limits applicable to your business unit and job responsibilities. In general, such gifts or entertainment must be of nominal value.
 - Business meals with customers or other business partners are permitted and expenses for those meals will be reimbursed in accordance with applicable expense reimbursement policies.
- ***Subterfuge of any kind in making payments or other use of the assets of the Companies is forbidden***
 - No payment by a third party on behalf of the Companies may be authorized with the intention that any part of it is to be used for any unlawful purpose.
 - No payment or other use of assets or funds by the Companies may be offered or made for a purpose other than that described by the records supporting the payment.
- ***You may not accept payments or gifts that obligate you with respect to matters relating to our business or that create an appearance your decision-making would be improperly influenced***
 - Gifts of any type or amount may never be solicited from suppliers, customers or other business partners.
 - Any form of a gift that may obligate one of our employees to act in a particular manner with regard to our business is a bribe and is not allowed, regardless of its value. In addition, you may not accept cash gifts, regardless of amount.
 - If a supplier, customer or other business partner offers you a bribe, kickback or other improper payment, you should report the attempt to the Compliance Officer, to the appropriate General Counsel or to the Chief Financial Officer.
 - You may accept gifts of nominal value ordinarily used for sales promotion (for example, calendars, appointment books, pens, etc.) and may accept other gifts consistent with local social and business custom if reasonable in cost and frequency and reported to your supervisor.
 - Ordinary “business lunches” or reasonable entertainment consistent with local social and business custom is also permissible if reasonable in cost and frequency.

If an employee receives a gift that would not be permitted by the above guidelines, it must be reported to the employee’s supervisor. We may ask the employee to return the gift or, if return of the gift is not practical, it may be required to be given to the Companies for charitable disposition or such other

disposition as may be appropriate. Please note that it is not our desire for our employees to appear unfriendly or unsociable. However, it is our policy to avoid any actions that may throw doubt on the integrity or motivation of our employees or the Companies.

- ***Do not advance your personal interests at the expense of the Companies***

- You may not take for yourself any opportunity for financial gain that you find out about because of your position at any of the Companies or through the use of property or information of any of the Companies, unless the Chief Executive Officers of each of HLTH and WebMD have made a decision to forego the opportunity (after seeking approval of the applicable Board of Directors if needed).

- See below, under “Conflicts of Interest Policy” for additional policies that apply.

- ***Protect the property and assets of the Companies and ensure their proper use***

- Employees must protect property and assets of the Companies from loss, waste, damage or theft and must use them only for legitimate business purposes.

- Assets of the Companies include funds, investments, facilities, equipment, proprietary or confidential information, technology, business plans, ideas for new products and services, trade secrets, inventions, copyrightable materials and client lists.

- Unless otherwise prohibited by an employee’s supervisor, limited and reasonable incidental use of telephone, computer or similar equipment of the Companies is permitted, so long as it does not interfere with business use and is in compliance with all other applicable policies of the Companies.

- Charitable donations of cash, assets or services of the Companies can only be made if approved by HLTH’s or WebMD’s Chief Executive Officer, Chief Financial Officer or General Counsel or WebMD’s Chief Operating Officer and the required approval must be sought prior to making any commitment with respect to any such donation.

- Any employee found to be engaging in, or attempting, theft of any property of any of the Companies or any personal property of other employees will be subject to termination and possible civil and criminal proceedings. All employees have a responsibility to report any theft or attempted theft to appropriate management.

- See below, under Section II.F., “Protection of Proprietary Information” for additional policies that apply.

B. Conflicts of Interest Policy

1. Failure to disclose a conflict of interest is a violation of this Code of Conduct

We expect our employees to be free from any influence that is inconsistent with their obligations to the Companies. There are many types of situations that may result in an employee having a conflict of interest or a potential conflict of interest with the Companies. Having a conflict of interest does not necessarily mean you have done something improper — however, the failure to disclose the conflict of interest is a violation of this Code of Conduct.

Because there are many different types of conflicts of interest, there are also many different ways they can be resolved. For example, if a conflict arises because a family member of an employee takes a job with one of our customers, we can take steps to make sure that the family member is not in a decision-making position with respect to transactions with that customer. However, those steps cannot be taken unless prompt and complete disclosure has been made. Disclosure should be made to the Compliance Officer or the appropriate General Counsel.

2. *Your business dealings on behalf of the Companies should not be influenced, or appear to be influenced, by your personal interests or your relationships with others*

We expect our employees, in their work for the Companies, to act at all times in the best interests of the Companies. Accordingly, employees should remain free from obligations to, or relationships with, any person or company with whom we do business or compete that could interfere with that. In addition, as described above, it is also the duty of employees not to utilize their position with the Companies for personal advantage or gain.

The rights of our employees will be respected in the conduct of their personal affairs and investments, provided that such conduct does not adversely reflect upon the Companies or conflict with their interests. Please note that any employee invited to join a corporate board of directors (whether for a public or private corporation) must obtain the approval of the appropriate General Counsel prior to accepting such position.

Please note that this Conflicts of Interest Policy is directed only to interests of a business or financial nature. It is not intended to cover an employee's own political, civic or charitable activities, or individual participation in professional organizations. However, your supervisor's approval should be secured in advance if there is a possibility that such outside activities might interfere with the normal duties and responsibilities of your job or could create the appearance of a conflict of interest.

3. *The following are examples of conflict of interest situations:*

While it is not possible to describe all situations and conditions that might involve a conflict of interest, the following examples indicate areas where conflicts may arise:

- ***Financial interests in competitors, customers, vendors, or contractors.*** Where an employee, close relative (such as a member of his or her family, household, in-laws, etc.), or any other person with whom the employee has a close personal relationship, has a direct or indirect financial interest in an organization which does business with or is a competitor of one or more of the Companies, a conflict of interest may exist. Such a conflict is unlikely if the financial interest consists of holdings of less than one percent of any class of securities in a widely held corporation listed on a recognized stock exchange, or regularly traded on an over-the-counter market, or if our transactions with that corporation would not tend to either affect the value of such securities or contribute materially to its earnings. However, depending on the circumstances, a conflict of interest might exist, even if the amount of holdings in such corporation is less than one percent, where the employee is in a position to control or influence our decisions or actions with respect to a transaction with such corporation. In addition, if the investment or interest by the employee, close relative, or any other person with whom the employee has a close personal relationship, is in a small organization doing business with us, a conflict of interest is likely in view of the possible relative importance of the transaction to such an organization.
- ***Serving in the management of customers, vendors, contractors, or competitors.*** Where an employee serves as director, officer, or in any other management or consulting capacity with, or renders other services to another organization which does or is seeking to do business with us, or which is a competitor, a conflict of interest will normally exist.
- ***Transactions with contractors, customers, or vendors of the Companies .*** Where an employee, a close relative of the employee, or any other person with whom the employee has a close personal relationship, buys, sells, or leases (other than on behalf of the Companies) any kind of property, facilities, services, or equipment from or to any person or organization which is, or is seeking to become, a contractor, customer, or vendor of the Companies, a conflict of interest may arise.
 - A conflict would not normally exist, however, in cases of routine personal purchases, sales, or leases made in the ordinary course from or to a large established company, such as for the employee's personal household needs.
 - On the other hand, if the employee, as part of his or her job responsibilities for us, is in a position to make or influence decisions pertaining to transactions with such a company, a potential conflict of interest might exist, depending on the circumstances, if he or she has any private transactions with that company.

- ***Transactions with the Companies.*** Any proposed business transaction between any of the Companies and an employee of any of the Companies (other than those relating to the employee’s employment or services as an employee), or a close relative of an employee, or any other person with whom the employee has a close personal relationship would generally involve or lead to a conflict and must be fully disclosed to appropriate management in advance and requires approval by the Legal Department or, in the case of a director, executive officer or Senior Financial Officer of HLTH or WebMD, approval of the Audit Committee of the applicable company. The officers who are “Senior Financial Officers” of each of HLTH and WebMD for purposes of this Code of Conduct are the principal financial officer, comptroller or principal accounting officer and persons performing similar functions of that company.
- ***Corporate Opportunity.*** Where an employee, a close relative of the employee, or any other person with whom the employee has a close personal relationship participates in any personal venture or transaction involving any existing or potential business activity or opportunity
 - in which any of the Companies has an expressed interest or
 - is of the type that any of the Companies would be expected to consider

a conflict of interest may be present, unless the Chief Executive Officers of each of HLTH and WebMD have made a decision to forego the opportunity (after seeking approval of the applicable Board of Directors if needed).

The above examples are not intended to be an all-inclusive list of possible conflicts. In addition, there are other situations which, while not clear-cut conflicts of interest, may be inconsistent with the high standards of business ethics that our employees are expected to follow. As noted above, you should disclose any conflicts of interest or potential conflicts of interest to the appropriate General Counsel or to the Compliance Officer.

C. Policy Regarding Financial Reporting and Recordkeeping and Related Internal Controls

It is our policy that all filings made by HLTH or WebMD with the Securities and Exchange Commission and all other public communications made by the Companies comply with applicable disclosure laws and regulations and NASDAQ Stock Market listing requirements, including those relating to accuracy, completeness and timeliness. The Senior Financial Officers and the Chief Executive Officer of each of HLTH and WebMD have direct responsibility for compliance with this policy by the respective companies. Certain members of the Legal, Finance and Investor Relations Departments of the Companies have job responsibilities specifically related to those disclosure requirements and work closely with the applicable Senior Financial Officers and the Chief Executive Officers to assist them in meeting their responsibilities. In addition, all employees are expected to support these efforts, including by providing prompt and accurate answers to inquiries from these officers and employees relating to disclosure requirements, and are required to act in accordance with the following policies:

1. Unauthorized transactions and illegal or improper recordkeeping are not permitted

- Business transactions shall be reported promptly and accurately in order to permit the preparation of accurate financial and other records.
- Business transactions shall be executed only by employees authorized to do so.
- Business transactions shall be evidenced by full and complete written agreements in accordance with policies and procedures approved by the Legal Department and the Finance Department.
- Acquisitions or dispositions of assets and other transactions are permitted only with authorization by the appropriate management levels.
- Employees are prohibited from knowingly making untrue or misleading statements to our independent auditors or internal auditors or causing anyone else to do so and no employee may seek to improperly influence, directly or indirectly, the auditing of our financial records.

- Data transmitted and/or stored electronically by the Companies shall be protected from errors, disasters, misuse, unauthorized access, and fraud.

2. *No employee may create or participate in the creation of any records that contain false information or that are intended to mislead anyone or conceal anything that is improper.*

To ensure that records accurately and fairly represent all business transactions:

- All assets and transactions must be recorded in normal books and records.
- No unrecorded funds shall be established or maintained for any purpose.
- All expense reports must accurately reflect the true nature of the expense.
- Oral and written descriptions of transactions, whether completed or contemplated, provided to those responsible for the preparation or verification of financial records must be accurate.

If an employee becomes aware of any improper accounting or financial reporting practice or any improperly recorded or documented transaction, he or she should report the matter immediately to the appropriate Chief Financial Officer or General Counsel, or to the Compliance Officer or to one of the senior officers in our Human Resources Department. See also Section III.B.2 below, for information about reporting anonymously through our Ethics and Compliance Hotline.

D. Policy Regarding Governmental Investigations

It is our policy to cooperate with government investigations involving any of the Companies. However, the Companies should have the opportunity to be adequately represented in such investigations by their own legal counsel. Accordingly, if employees obtain information that would lead them to believe that a government investigation or inquiry is underway, this information should be communicated immediately to the Legal Department. Sometimes, it is difficult to tell when a routine government audit or inspection graduates into a government investigation. We must rely on the common sense and alertness of all of our employees for making this important determination. If in doubt, employees should consult with the Legal Department.

Appropriate handling of government investigations is very important for the Companies, their management, and for all employees. Many federal laws regulating the conduct of our business (including antitrust, securities, privacy, OSHA, environmental, tax, and financial laws) contain civil and criminal penalties. The criminal penalties may apply to the corporation and to those individuals within a company who actually took the actions that violated the law or failed to take actions that resulted in a violation of the law. In some government investigations, the Companies' lawyers can protect the interest of both the Companies and their employees. In some cases, there may be a conflict of interest between the Companies and individual employees, and individual employees may need their own legal counsel.

Employees should never, under any circumstances:

- destroy or alter any documents in anticipation of a request for those documents from any government agency or a court,
- lie or make any misleading statements to any government investigator, or
- attempt to cause any other company employee, or any other person, to fail to provide appropriately requested information to a government investigator or to provide any false or misleading information.

The law guarantees all of us a right to be represented by legal counsel during any investigation or inquiry by any government agency. In view of the extremely technical nature of these government investigations, we feel that the Companies should be represented and that all of our employees should be made aware of the opportunity for such representation. This applies any time any government investigator wants to ask questions about individual employee activities. Employees also have this right if the questions are asked off company property — such as at your home during the evening. There is no reason any individual should not be allowed sufficient time to consult with legal counsel before answering questions from governmental investigators that may subject that employee to individual criminal or civil liability.

If a government inquiry arises through the issuance of a written subpoena or written request for information (such as a Civil Investigative Demand), such request should immediately, before any action is taken or promised, be submitted to our Legal Department.

E. Compliance with Laws

1. Know, respect and comply with all laws, rules and regulations applicable to the conduct of our businesses

Many laws and regulations apply to us and our businesses. Responsibility for compliance with law is part of everyone's job description. This section of the Code of Conduct is intended to highlight some of the legal issues that confront us. Many of the laws applicable to our business are complex and evolving. We do not expect our employees to be experts on these laws — but we do expect you to:

- make the effort to understand the laws and company policies that apply to your specific job responsibilities,
- review educational materials provided to you and participate in all required training programs, and
- ask questions of and seek advice from our Legal Department and be guided by the advice received.

The remainder of this section discusses some specific laws that apply to some or all of our businesses.

2. Privacy Laws. In the course of our business, we may come into the possession of individually identifiable health information or other confidential information of individuals. This is an area that is highly regulated, with evolving legal standards that place various obligations on us and our employees regarding maintenance of the confidentiality of such information.

- Our HIPAA Privacy Policies govern how we use and disclose certain kinds of health information that is protected under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its implementing Privacy Rule regulations.
- In addition, we may be subject to additional contractual obligations with respect to maintaining the confidentiality of such information.
- Finally, we have Privacy Policies posted on our Web sites that set forth standards regarding our use of information collected through those sites.

Whenever a question arises as to the application of privacy laws or regulations, employees should seek advice from our Chief Privacy Officer or other attorneys in the Legal Department and be guided by the advice received.

3. Antitrust Laws. The objective of the antitrust laws and other laws governing competition is to promote vigorous competition by prohibiting competitors from sharing certain information or working together in certain ways that reduce competition. Our policy is that all personnel comply with all applicable antitrust laws and other laws governing competition. Employees should consult with the Legal Department whenever any question arises as to the possible application of the laws governing competition and be guided by the advice received.

You should be aware that serious legal consequences, including in some cases criminal fines and penalties, may result from agreements or understandings with competitors, including any such agreements:

- to set or control prices,
- to allocate customers or territories,
- on bidding terms or whether or not to submit a bid for particular business or types of business, and
- to boycott customers or suppliers.

Certain other types of communications with competitors and certain ways of working together with competitors are permitted under the antitrust laws, but you should consult with a member of the Legal Department before any meetings or discussions with competitors and should report back to the Legal Department on the substance of any meetings or discussions that are held. An example of the type of action that generally is permitted, under Legal Department supervision, is participation by appropriate employees as our representatives in industry associations or trade groups.

4. *Anti-Kickback Laws.* In the United States, there are federal and state healthcare laws called Anti-Kickback Laws that prohibit the offering of anything of value to a person that is intended to influence that person to recommend or purchase a healthcare product or service that may be reimbursed by Medicare or Medicaid or state healthcare benefit programs. This is to ensure that a healthcare provider's decision about a choice of treatment or product for his or her patient not be influenced by motives of personal gain or enrichment. This law may apply to some of our businesses, either directly or through our relationships with customers, suppliers or other business partners. It is our policy to cooperate with our customers in their efforts to comply with law. Whenever a question arises as to the application of healthcare laws or regulations and whenever a customer, supplier or other business partner seeks our assistance in their compliance efforts, employees should seek advice from the attorneys in the Legal Department and be guided by the advice received.

5. *Other Healthcare Laws.* There are various other healthcare laws that may apply to our businesses, either directly or through our relationships with customers. These laws cover areas that include:

- reducing fraud and abuse in federal healthcare programs (Medicare and Medicaid),
- eliminating the improper influence of financial incentives on medical judgment,
- protecting patients and improving the quality of healthcare services, and
- reducing the cost of healthcare.

It is our policy to cooperate with our customers, suppliers and other business partners in their efforts to comply with law. Whenever a question arises as to the application of healthcare laws or regulations and whenever a customer, supplier or other business partner seeks our assistance in their compliance efforts, employees should seek advice from the attorneys in the Legal Department and be guided by the advice received.

F. Protection of Proprietary Information

Proprietary information developed or acquired by the Companies and not freely available to others is a valuable asset that must be protected against theft or inadvertent loss. Improper disclosure could destroy the value of such information to us and substantially weaken our competitive position.

Various types of proprietary information include trade secrets, as well as other technical, financial, and business information, which we either wish to keep confidential or are under an obligation to keep confidential. For example, such proprietary information may concern products or services developed or being developed by us, research results, cost data, marketing strategies, financial budgets, and long range plans. All such information, at the time of development or acquisition, should be clearly identified and marked "Confidential" and the information and any copies (whether physical or electronic) should be managed and kept in a manner designed to protect them from accidental or unauthorized disclosure.

For protection of proprietary information, we necessarily rely primarily on the loyalty, integrity, good faith, and alertness of our employees. The understanding of this relationship is confirmed by requesting execution of an agreement containing non-disclosure obligations and other provisions designed to protect our proprietary information. Upon leaving the Companies, the obligation to safeguard our proprietary information continues.

The disclosure of our proprietary information to persons outside the Companies must be limited to those who have a strict "need-to-know"; that is, the Companies' need for the outside parties to know. Unless the Legal Department has specifically authorized making an exception, no disclosure of proprietary information may be made until the outside party has signed a written Confidentiality Agreement or other similar written agreement, in a form approved by the Legal Department, that imposes an obligation on the outside party neither to disclose nor use the information in an unauthorized manner.

Even within the Companies, the disclosure of proprietary information should be limited to those employees who have a need for the information in order to fully perform their jobs.

The Legal Department is available to assist employees in the legal aspects of protecting our proprietary information.

G. Corporate Political Activity

The Companies recognize that, in order for political systems to function properly, participation by citizens in civic and political affairs is a necessary and desirable undertaking. In this regard, it is our policy to encourage employees to participate actively in the political process, to be informed on public issues and on the positions and qualifications of public officials and candidates for public office, and to support, through personal financial and other assistance, candidates, and parties of their choice. It is our policy to comply fully with applicable laws regulating corporate political activities.

In the United States, the Companies may, in accordance with applicable federal, state, and local law, establish voluntary political action committees to which employees may contribute and which are independent of any political party, organization, or candidate. Contributions may be made from these committees to federal, state, and local candidates as permitted by federal and state law.

Employees' contributions to such committees will at all times be absolutely voluntary. Participation or non-participation will have no effect on the employment, promotion, or compensation of any employee. Any employee who feels pressured to contribute to any political fund, against his/her wishes, is urged to report the facts to the Compliance Officer, to the appropriate General Counsel, to the Chief Financial Officer or to one of the senior officers in our Human Resources Department.

In the United States, the Companies may make corporate campaign contributions to state or local political parties, political committees, or candidates for elective public office in those states where such contributions are legal.

The Companies shall not make corporate contributions which assume a second-step transaction which will benefit a party, candidate, or committee not otherwise legally permitted to receive corporate funds. In addition, the Companies do not pay honoraria to public officials in any country, including federal office holders in the United States. Exceptions may be made on rare occasions for state office holders in the United States where permitted by law and where the recipient appears at an event organized by the Companies. Payment of the honoraria must have received the prior written approval of the appropriate General Counsel.

Although political contributions by corporations are lawful in some countries, it is our policy not to contribute financially to political parties or candidates outside of the United States under any circumstances.

As a corporate citizen, and consistent with our policies, the Companies may also express their views on public issues affecting us or our stockholders or employees, or the geographic areas in which we operate. In the United States, the Companies may, in accordance with applicable law, (1) express their views on and provide financial assistance in support of or in opposition to public issues and elections such as bond issues, tax proposals, governmental reorganizations, referenda, and other propositions, and (2) supply personnel, support, and assistance to governmental units or associations. Recommendations for financial or other assistance are to be submitted to the appropriate General Counsel and are to be reviewed by the Legal Department to determine compliance with applicable law. Such assistance must be approved by the appropriate General Counsel and by the Chief Financial Officer.

It is against our policy, and may also be illegal, for any employee to include, directly or indirectly, any political contribution that the employee may desire to make on the employee's expense account or in any other way which causes the Companies to reimburse the employee for that expense. In general, the cost of fund-raising tickets for political functions are considered political contributions. Therefore, including the cost of any such fund-raising dinner on an expense account, even if business is, in fact, discussed, is against our policy and possibly illegal.

The political process is highly regulated. You should consult with our Legal Department before doing anything that could be construed as involving us in any political activity.

H. Relations with Governmental Bodies and Agencies and their Officials (and Former Officials)

Doing business with federal, state and local government agencies is subject to specific rules and regulations. These include numerous federal, state and local laws and regulations relating to control of the process of public procurement. Procurement laws and regulations generally have four basic purposes: (1) to obtain the best possible products and services at the best value; (2) to encourage competition based on specifications and evaluation criteria that allow interested suppliers to respond; (3) to eliminate waste, fraud, and abuse; and (4) to promote full and open competition. It is our policy not to engage in any activities that could impair the fairness of governmental procurement processes. All employees involved in business or potential business with a governmental body or agency must know and abide by the specific rules and regulations covering business relations with those public agencies.

All employees must also conduct themselves in a manner that avoids any dealings which might be perceived as attempts to improperly influence public officials in the performance of their official duties and must not attempt to induce government personnel to do anything they are prohibited from doing. As stated in Section II.A. above, this Code of Conduct prohibits offering or making any payment or gift to a government official to influence any discretionary decision by such person in his official capacity. Employees should deal with government representatives in an atmosphere of openness. Meetings should generally be scheduled in normal business locations and at normal business hours under circumstances that could not be interpreted to imply concealment.

In addition, there are laws that restrict companies that do business with governmental agencies from hiring as an employee or retaining as a consultant any employees of those and other governmental agencies (other than certain lower-level governmental employees). These laws also prohibit informal arrangements for possible future employment under certain circumstances. Therefore, written clearance must be obtained from the Legal Department before discussing possible future employment by any of the Companies with **any** current government employee (even if the discussion is initiated by the government employee) and before hiring or retaining any former government employee who left the government within the past two years.

The process of doing business with governments and their agencies is highly regulated and any violation of these laws and regulations may subject the Companies to criminal prosecution and may have other serious consequences for the Companies, both with respect to the specific relationship where the violation occurred as well as in our relationships with other governmental agencies. The Legal Department is available to assist our employees in complying with the rules and regulations applicable to relations with governmental bodies and agencies and their officials.

There are also laws and regulations that may affect the eligibility of the Companies for certain business with governmental bodies or agencies because of actual or potential conflicts of interest. Conflicts of interest may occur, for example, when the degree of access to government information or participation in the analysis or development of a governmental requirement reaches a level that places a particular government contractor at an unfair competitive advantage in bidding for that business. Such conflicts of interest can result in bid disqualifications and possible civil or criminal action. Various actions, including the sharing of certain information between our business units or particular groups of employees within a business unit, may have adverse consequences under these laws and regulations. The Legal Department is available to assist our businesses and employees in complying with these laws and regulations and in structuring our business activities to avoid conflicts of interest when possible and in complying with any related requirements for making disclosure to government agencies of actual or potential conflicts of interest.

I. Economic Sanctions and Trade Embargoes

The United States government uses economic sanctions and trade embargoes to further various foreign policy and national security objectives. It is our policy to abide by the terms of all economic sanctions or trade embargoes that the United States has adopted, whether they apply to foreign countries, political organizations or particular foreign individuals and entities. Inquires regarding whether a transaction on behalf of any of the Companies complies with applicable sanction and trade embargo programs should be referred to the appropriate General Counsel. In addition, inquiries regarding any available exemptions that the Companies may wish to seek in specific cases, if permitted under applicable law or regulation, should be referred to the appropriate General Counsel.

III. COMPLIANCE AND ENFORCEMENT

A. *Certification*

We may require certification, from time to time, from some or all of our employees regarding their compliance with this Code of Conduct, including their compliance with respect to disclosure requirements set forth in Section II.B above for conflicts of interest. We rely on the accuracy and completeness of these certifications. If you are asked to provide a certification, please make sure to complete the form carefully and sign and return it promptly.

B. *Reporting Violations of this Code of Conduct*

1. *Reporting known or suspected violations of this Code of Conduct or any legal or ethical obligations is the responsibility of every employee*

If you suspect or believe that another employee (including part-time and temporary employees), consultant or contract worker, or one of our business units is violating the law, this Code of Conduct or our other policies or is engaging in activities on our behalf that could damage our reputation, you must report this to the Compliance Officer, to the appropriate General Counsel, to the Chief Financial Officer or to one of the senior officers in our Human Resources Department. In addition, you are encouraged to raise any other issues or concerns you may have relating to compliance matters and ethical business practices, whether or not specifically addressed in our formal policies. **Do not assume that “senior management already knows” or that someone else will make the report.** Your supervisor or your Human Resources manager can help you make the report.

All reports shall be treated confidentially to the extent possible consistent with fair and rigorous enforcement of this Code of Conduct. We understand that you may find it difficult to report suspected violations by those you work with; however, we must take steps to prevent and detect criminal or unethical conduct in order to avoid jeopardizing the welfare of the Companies and all of their employees, customers, and investors. Please note that you should not conduct your own investigation of any suspected violation without the prior authorization by the appropriate General Counsel. Instead, immediately report your suspicions to the Compliance Officer, the appropriate General Counsel, to the Chief Financial Officer or to one of the senior officers in our Human Resources Department. Any reports that relate to accounting, auditing, internal auditing, financial reporting, disclosure practices, or securities law matters will be presented to the Audit Committee of the Board of Directors of HLTH and/or WebMD, as applicable.

2. *You may make reports anonymously if you choose to do so*

We have retained an independent company to provide an Ethics and Compliance Hotline that allows you to make reports anonymously by telephone. A brochure containing the toll-free number and instructions has been distributed to our employees and the information is posted in our offices. You do not need to give your name to use the Hotline. The Hotline provider will forward reports made to it to the Compliance Officer. You may also make anonymous reports by writing to the Compliance Officer at the address provided below. Any reports made to the Compliance Officer or through the Hotline that relate to accounting, auditing, internal auditing, financial reporting, disclosure practices, or securities law matters will be presented to the Audit Committee of the Board of Directors of HLTH and/or WebMD, as applicable.

3. *Non-Retaliation Policy*

Our commitment to conducting business in accordance with legal and ethical obligations requires an environment that allows employees to report known or suspected violations without fear of retaliation or retribution. No employee should be discouraged from using any available channel to raise his or her concerns. It is our intent to foster an environment where employees will choose whichever method they are most comfortable with to communicate their concerns.

NON-RETALIATION POLICY

We are committed to providing a workplace conducive to open discussion of our business practices. It is our policy to protect employees who make reports, in good faith, of potential violations of our Code of Business Conduct, the policies in our Employee Handbook, other company policies or applicable law. In addition, it is our policy to comply with all applicable laws that protect employees against unlawful discrimination or retaliation by their employer as a result of their lawfully reporting information regarding corporate fraud or other violations of law by any of the Companies or their employees.

Any employee who retaliates against another employee for reporting problems will be subject to disciplinary action, which may include termination of employment. If an employee believes that he or she has been subjected to any action that violates this Non-Retaliation Policy, he or she should report that to the Compliance Officer, to the appropriate General Counsel, to the Chief Financial Officer or to the Human Resources Department. This Non-Retaliation Policy applies even if an allegation that was made in good faith ultimately turns out to be groundless. However, employees who file reports or provide evidence that they know to be false or without a good faith belief in the truth of such information will not be protected by this Non-Retaliation Policy and may be subject to disciplinary action, including termination of their employment.

C. Compliance Officer

The Boards of Directors of the Companies have appointed a Compliance Officer to assist in the implementation of this Code of Conduct. The current Compliance Officer is Lewis Leicher, an Assistant General Counsel. He can be reached at 858-759-6008. You may also reach him at lleicher@webmd.net or by writing to: HLTH Corporation, 16092 San Dieguito Road, P.O. Box 676306, Rancho Santa Fe, CA 92067-6306.

D. Amendments, Waivers and Interpretations

While many of the policies set forth in this Code of Conduct must be strictly adhered to and no exceptions allowed, in other cases, some waivers or exceptions may be possible. For example, a minor conflict of interest can sometimes be resolved simply by disclosing the possible conflict to all interested parties and making sure the person with the conflict is not involved in decision-making in areas of conflict.

Any employee who believes that an exception to any of these policies is appropriate in his or her case should contact his or her immediate supervisor first. If the immediate supervisor agrees that an exception is appropriate, you should contact the Compliance Officer, who will coordinate seeking the approval of the General Counsel of HLTH (after consultation with the General Counsel of WebMD) or, in the case of an executive officer or a Senior Financial Officer, the approval of the Audit Committee of the Board of Directors of HLTH and/or WebMD, as applicable.

The General Counsel of HLTH (after consulting with the General Counsel of WebMD) is responsible for interpreting and applying this Code of Conduct to specific situations in which questions may arise and granting any waivers, except with respect to interpretations, applications and waivers involving executive officers, Senior Financial Officers or directors of either HLTH or WebMD, for which the applicable Board of Directors (HLTH or WebMD) or, to the extent permitted by law or the listing standards of The NASDAQ Stock Market, the applicable Audit Committee or another duly authorized committee of the applicable Board of Directors shall be responsible. To the extent required by law or the listing standards of The NASDAQ Stock Market, any such waivers for Senior Financial Officers, executive officers or directors of either HLTH or WebMD shall be disclosed publicly.

This Code of Conduct may be amended by joint action of the Boards of Directors of WebMD and HLTH, by joint action of the Audit Committees of WebMD and HLTH or by joint action by other duly authorized committees of the Boards of Directors of each of HLTH and WebMD. To the extent required by law or the listing standards of The NASDAQ Stock Market, any such amendments shall be disclosed publicly.

E. Investigation of Suspected Violations

The Companies' policy allows the use of any lawful method of investigation that the Companies deem necessary to determine whether a person has violated applicable law, this Code of Conduct or other policies of the Companies or has otherwise engaged in conduct that interferes or adversely affects their business. All employees are expected to cooperate in the investigation of any such alleged violation. It is imperative, however, that even a preliminary investigation of any suspected violation NOT be conducted without consulting with the Compliance Officer or seeking the assistance and guidance of the appropriate General Counsel. Following the completion of the investigation, appropriate members of senior management will determine appropriate action.

F. Disciplinary Actions

Violations of this Code of Conduct will result in disciplinary action, which may include termination, reprimands, warnings, suspensions with or without pay, demotions, or salary reductions. Violators may also be subject to civil or criminal prosecution. Disciplinary actions may also extend to a violator's manager if we determine that the violation involved the participation of the manager or resulted from the manager's lack of diligence in enforcing compliance with this Code of Conduct.

We will document disciplinary actions taken against our personnel for violations of this Code of Conduct. Such documentation will be included in the individual's personnel files. In reviewing the appropriate disciplinary action imposed for a violation of this Code of Conduct, senior management shall take into account the following factors:

- the nature of the violation and the ramifications of the violation to the Companies,
- whether the individual was directly or indirectly involved in the violation,
- whether the violation was willful or unintentional,
- whether the violation represented an isolated occurrence or a pattern of conduct,
- whether the individual in question reported the violation,
- whether the individual withheld relevant or material information concerning the violation,
- the degree to which the individual cooperated with the investigation,
- if the violation consisted of the failure to supervise another individual who violated this Code of Conduct, the extent to which the circumstances reflect inadequate supervision or lack of due diligence,
- if the violation consisted of retaliation against another individual for reporting a violation or cooperating with an investigation, the nature of such retaliation, and
- the individual's past violations, if any.

