# WebMD Announces Fourth Quarter Financial Results

**Revenue Increases 64%, Adjusted EBITDA Increases 79%, Net Income Increases 45%**

**WebMD Raises 2007 Financial Guidance**

**WebMD's Next-Generation Consumer Health Portal Launched Today**

NEW YORK, Feb. 21 /PRNewswire-FirstCall/ -- WebMD Health Corp. (Nasdaq: WBMD) today announced financial results for the three months ended December 31, 2006.

Wayne Gattinella, President and Chief Executive Officer of WebMD, said: "I am extremely proud of our strong operating results for the fourth quarter, as WebMD increased its market position as the leading provider of health information for both consumers and physicians. We expect our momentum to continue with the increasing shift to online marketing and the industry trend towards consumer directed healthcare."

Financial Summary

Revenue for the fourth quarter was $80.6 million compared to $49.1 million in the prior year period, an increase of 64%. Earnings before interest, taxes, depreciation, amortization, and other non-cash items ("Adjusted EBITDA") for the fourth quarter increased 79% to $22.3 million or $0.38 per share compared to $12.4 million or $0.22 per share in the prior year period. Net income of $8.9 million or $0.15 per share for the fourth quarter includes $4.4 million of stock compensation expense due to the January 1, 2006 adoption of SFAS 123R. Without this expense, net income would have been $13.3 million or $0.23 per share compared to net income of $6.1 million or $0.11 per share in the prior year period.

Revenue for the year ended December 31, 2006 was $253.9 million compared to $168.9 million a year ago, an increase of 50%. Adjusted EBITDA for the year increased to $53.1 million or $0.91 per share compared to $28.4 million or $0.56 per share a year ago, an increase of 87%. Net income for the year was $4.5 million or $0.08 per share which includes $21.8 million of stock compensation expense due to the January 1, 2006 adoption of SFAS 123R. Without this expense, net income would have been $26.3 million or $0.45 per share, compared to $7.7 million or $0.15 per share a year ago.

As of December 31, 2006, WebMD had approximately $54 million of cash and investments. WebMD received an additional $140 million from its parent company, Emdeon Corporation, on February 6, 2007 in accordance with the tax sharing agreement between the two companies, related to the sale of certain businesses by Emdeon.

Operating Highlights

Online Services segment revenue was $76.1 million for the fourth quarter compared to $45.0 million in the prior year period, an increase of 69%. Advertising and sponsorship revenue increased 79% to $58.1 million. Private portal licensing revenue increased 57% to $17.3 million. Online Services segment Adjusted EBITDA increased 79% to $22.7 million compared to $12.7 million in the prior year period.

The WebMD Health Network continued to expand with the average number of unique users reaching 35.5 million per month and total traffic of 815 million page views during the fourth quarter, increases of 38% and 36%, respectively, from a year ago. In the fourth quarter, 626,000 continuing medical education (CME) programs were completed on the Network, an increase of 48% from the prior year period.

WebMD continued to expand its base of private Health and Benefits portals to large employers and health plans. During the fourth quarter, the Company implemented new online health platforms for large corporations and health plans, including Archer Daniels Midland Co., HealthNet, Inc., Pacific Source Health Plans, APWU Health Plan, Consumers Energy, Dun & Bradstreet, and IAC/Interactive Corp.

Publishing and Other Services segment revenue was $4.5 million for the fourth quarter compared to $4.1 million in the prior year period, an increase of 9%. Publishing and Other Services segment Adjusted EBITDA loss was ($410,000) compared to a loss of ($279,000) in the prior year period.

Increased Financial Guidance for 2007
WebMD has increased its financial guidance for 2007. The company expects:

- Revenue of $336 million to $352 million, an increase of 32% to 39% over 2006
- Adjusted EBITDA of $77 million to $84 million, or $1.28 to $1.40 per share, an increase of 45% to 58% over 2006, and
- Net income of $21.0 million to $29.0 million, or $0.35 to $0.48 per share, an increase of approximately 360% to 540% over 2006

A schedule outlining the Company's updated financial guidance is attached to this press release.

Next-Generation WebMD Consumer Health Portal Launched Today

After more than 18 months of investment in new technology development, design, data profiling and content integration, WebMD launched its next- generation consumer health portal today. As part of its new portal, WebMD will provide every user with access to a Personal Health Record as part of WebMD Health Manager, a free service that enables consumers to securely store and maintain their personal health history.

Mr. Gattinella said: "The new WebMD health portal introduces the next level of personalization, information, community and care that will dramatically enrich the user experience and further empower people to make more informed health decisions. The new WebMD site creates expanded opportunities for sponsor promotion and is expected to increase overall WebMD traffic through improved external search engine optimization."

Additional highlights of the new site include:

- WebMD Symptom Checker, which features an interactive graphic interface linked to clinical decision-support rules that help people pinpoint potential conditions associated with their physical symptoms.
- WebMD Health Search, which delivers the highest level of relevant search results, with the ability to refine a health-related query for symptoms, diagnosis, treatment and care, prevention, and other related conditions.
- WebMD Community Centers, which include more than 140 peer-to-peer health boards to help people benefit from the experiences of others with similar health needs, as well as Expert Blogs that give an even greater understanding of living with a particular health condition from some of the country's pre-eminent experts in their respective fields.
- 60 new Health, Wellness and Lifestyle Centers, which guide a person through the most current symptom, treatment and care information for a particular health topic. Over 1,300 new, broadcast-quality health videos are featured within the centers, creating a more engaging user experience and a powerful new advertising format for sponsors.

Analyst and Investor Conference Call

As previously announced, WebMD will hold a conference call with investors and analysts to discuss their fourth quarter results at 4:45 pm (eastern) on February 21, 2007. The call can be accessed at www.wbmd.com (in the Investor Relations section). A replay of the audio webcast will be available at the same web address.

About WebMD

WebMD Health Corp. (Nasdaq: WBMD) is the leading provider of health information services, serving consumers, physicians, healthcare professionals, employers and health plans through our public and private online portals and health-focused publications. WebMD Health Corp. is a subsidiary of Emdeon Corporation (Nasdaq: HLTH).

The WebMD Health Network reaches more than 35 million visitors a month through its leading owned and operated health sites that include WebMD Health, Medscape, MedicineNet, eMedicine, eMedicine Health, RxList and theHeart.org.

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All statements contained in this press release, other than statements of historical fact, are forward-looking statements, including those regarding: guidance on our future financial results and other projections or measures of our future performance; our expectations concerning market opportunities and our ability to capitalize on them; and the amount and timing of the benefits expected from acquisitions, from new products or services and from other potential sources of additional revenue. These statements speak only as of the date of this press release and are based on our current plans and expectations, and they involve risks and uncertainties that could cause actual future events or results to be different than those

described in or implied by such forward-looking statements. These risks and uncertainties include those relating to: market acceptance of our products and services; relationships with customers and strategic partners; difficulties in integrating acquired businesses; and changes in economic, political or regulatory conditions or other trends affecting the healthcare, Internet and information technology industries. Further information about these matters can be found in our Securities and Exchange Commission filings. Except as required by applicable law or regulation, we do not undertake any obligation to update our forward- looking statements to reflect future events or circumstances.

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This press release, and the accompanying tables, include both financial measures in accordance with accounting principles generally accepted in the United States of America, or GAAP, as well as certain non-GAAP financial measures. The tables attached to this press release include reconciliations of these non-GAAP financial measures to GAAP financial measures. In addition, an "Explanation of Non-GAAP Financial Measures" is attached to this press release as Annex A.

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WEBMD HEALTH CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data, unaudited)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| Revenue | $80,573 | $49,104 | $253,881 | $168,938 |
| Costs and expenses: | | | | |
| Cost of operations | 29,016 | 19,007 | 106,387 | 70,538 |
| Sales and marketing | 23,248 | 15,093 | 76,189 | 51,756 |
| General and administrative | 14,407 | 7,763 | 52,338 | 29,550 |
| Depreciation and amortization | 5,020 | 2,668 | 17,647 | 10,653 |
| Interest income | 962 | 1,780 | 5,099 | 1,790 |
| Income before income tax provision | 9,844 | 6,353 | 6,419 | 8,231 |
| Income tax provision | 965 | 222 | 1,873 | 486 |
| Net income | $8,879 | $6,131 | $4,546 | $7,745 |
| Net income per common share: | | | | |
| Basic | $0.16 | $0.11 | $0.08 | $0.15 |
| Diluted | $0.15 | $0.11 | $0.08 | $0.15 |
| Weighted-average shares outstanding used in computing basic and diluted net income per common share: | | | | |
| Basic | 56,411 | 56,054 | 56,145 | 50,132 |
| Diluted | 58,367 | 57,627 | 58,075 | 50,532 |

WEBMD HEALTH CORP.
CONSOLIDATED SEGMENT INFORMATION
(In thousands, except per share data, unaudited)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005© |
| Revenue | | | | |
| Online Services: | | | | |
| Advertising and sponsorship | $58,113 | $32,480 | $170,626 | $109,977 |
| Licensing | 17,306 | 11,016 | 55,621 | 34,113 |
| Content syndication and other | 703 | 1,513 | 3,518 | 8,210 |
| Total Online Services | 76,122 | 45,009 | 229,765 | 152,300 |
| Publishing and Other Services | 4,451 | 4,095 | 24,116 | 16,638 |
| | $80,573 | $49,104 | $253,881 | $168,938 |

| | | | | |
|---|---|---|---|---|
| Earnings (loss) before interest, taxes, depreciation, amortization and other non-cash items ("Adjusted EBITDA")(a) | | | | |
| Online Services | $22,730 | $12,725 | $52,324 | $28,313 |
| Publishing and Other Services | (410) | (279) | 755 | 88 |
| | 22,320 | 12,446 | 53,079 | 28,401 |
| Adjusted EBITDA per basic common share | $0.40 | $0.22 | $0.95 | $0.57 |
| Adjusted EBITDA per diluted common share | $0.38 | $0.22 | $0.91 | $0.56 |
| Interest, taxes, depreciation, amortization and other non-cash items (b) | | | | |
| Interest income | 962 | 1,780 | 5,099 | 1,790 |
| Depreciation and amortization | (5,020) | (2,668) | (17,647) | (10,653) |
| Non-cash advertising | (2,961) | (3,871) | (7,415) | (8,992) |
| Non-cash stock-based compensation | (5,457) | (1,334) | (26,697) | (2,315) |
| Income tax provision | (965) | (222) | (1,873) | (486) |
| Net income | $8,879 | $6,131 | $4,546 | $7,745 |
| Net income per common share: | | | | |
| Basic | $0.16 | $0.11 | $0.08 | $0.15 |
| Diluted | $0.15 | $0.11 | $0.08 | $0.15 |
| Weighted-average shares outstanding used in computing basic and diluted net income per common share: | | | | |
| Basic | 56,411 | 56,054 | 56,145 | 50,132 |
| Diluted | 58,367 | 57,627 | 58,075 | 50,532 |

(a) See Annex A - Explanation of Non-GAAP Financial Measures

(b) Reconciliation of Adjusted EBITDA to net income

© The year ended December 31, 2005 results include a $3,150 charge primarily related to severance expense incurred during the quarter ended June 30, 2005.

WEBMD HEALTH CORP.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, unaudited)

| | December 31, 2006 | December 31, 2005 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $44,660 | $75,704 |
| Short-term investments | 9,490 | 78,073 |
| Accounts receivable, net | 89,652 | 57,245 |
| Current portion of prepaid advertising | 2,656 | 7,424 |
| Due from Emdeon | 143,153 | - |
| Other current assets | 5,360 | 3,977 |
| Total current assets | 294,971 | 222,423 |
| Property and equipment, net | 44,709 | 21,014 |
| Prepaid advertising | 9,459 | 12,104 |
| Goodwill | 225,028 | 100,669 |
| Intangible assets, net | 45,268 | 20,503 |
| Other assets | 530 | 176 |
| | $619,965 | $376,889 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accrued expenses | $32,846 | $30,400 |
| Deferred revenue | 77,731 | 36,495 |
| Due to Emdeon | - | 3,672 |
| Total current liabilities | 110,577 | 70,567 |

| | | |
|---|---|---|
| Other long-term liabilities | 7,912 | 7,010 |
| Stockholders' equity | 501,476 | 299,312 |
| | $619,965 | $376,889 |

WEBMD HEALTH CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, unaudited)

| | Year Ended December 31, | |
|---|---|---|
| | 2006 | 2005 |
| Cash flows from operating activities: | | |
| Net income | $4,546 | $7,745 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 17,647 | 10,653 |
| Non-cash advertising | 7,414 | 8,992 |
| Non-cash stock-based compensation | 26,697 | 2,315 |
| Reversal of income tax valuation allowance applied to goodwill | 94 | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (25,430) | (13,974) |
| Other assets | (800) | (567) |
| Accrued expenses and other long-term liabilities | 6,699 | 10,721 |
| Due (from) to Emdeon | (1,568) | 3,672 |
| Deferred revenue | 17,502 | (952) |
| Net cash provided by operating activities | 52,801 | 28,605 |
| Cash flows from investing activities: | | |
| Proceeds from maturities and sales of available-for-sale securities | 304,184 | 87,450 |
| Purchases of available-for-sale securities | (229,410) | (165,178) |
| Purchases of property and equipment | (28,452) | (18,126) |
| Cash paid in business combinations, net of cash acquired | (130,167) | (50,752) |
| Net cash used in investing activities | (83,845) | (146,606) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of common stock | 5,257 | 125,392 |
| Net cash transfers with Emdeon | (5,257) | 64,857 |
| Net cash provided by financing activities | - | 190,249 |
| Net (decrease) increase in cash and cash equivalents | (31,044) | 72,248 |
| Cash and cash equivalents at beginning of period | 75,704 | 3,456 |
| Cash and cash equivalents at end of period | $44,660 | $75,704 |

FINANCIAL GUIDANCE SUMMARY

2007 Financial Guidance
(in millions, except per share amounts)

| | Year Ended December 31, 2007 Range | |
|---|---|---|
| Revenue | $336.0 | $352.0 |
| Earnings before interest, taxes, depreciation, amortization and other non-cash items ("Adjusted EBITDA") (a) | 77.0 | 84.0 |
| Adjusted EBITDA per diluted common share | $1.28 | $1.40 |
| Interest, taxes, depreciation, amortization and other non-cash items (b) | | |
| Interest income | 10.0 | 10.5 |

| | | |
|---|---|---|
| Depreciation and amortization | (31.5) | (30.5) |
| Non-cash advertising | (5.5) | (5.0) |
| Non-cash stock-based compensation | (24.0) | (23.0) |
| Income tax provision | (5.0) | (7.0) |
| Net income | $21.0 | $29.0 |
| Net income per common share: | | |
| Basic | $0.37 | $0.51 |
| Diluted | $0.35 | $0.48 |
| Weighted-average shares outstanding used in computing net income per common share: | | |
| Basic | 57.0 | 57.0 |
| Diluted | 60.0 | 60.0 |

(a) See Annex A - Explanation of Non-GAAP Financial Measures

(b) Reconciliation of Adjusted EBITDA to net income

Supplementary 2007 Quarterly Guidance

(in millions, except percentages and per share amounts)

| | Quarter Ended March 31, 2007 Range | | Quarter Ended June 30, 2007 Range | |
|---|---|---|---|---|
| Revenue | $69.0 | $71.0 | $76.0 | $78.0 |
| Net income (loss) | (3.8) | (2.0) | 2.5 | 3.7 |
| % of revenue | -5.5% | -2.8% | 3.3% | 4.7% |
| Net income (loss) per common share: | | | | |
| Basic | $(0.07) | $(0.04) | $0.04 | $0.06 |
| Diluted | $(0.06) | $(0.03) | $0.04 | $0.06 |
| Weighted-average shares outstanding used in computing net income (loss) per common share: | | | | |
| Basic | 57.0 | 57.0 | 57.0 | 57.0 |
| Diluted | 60.0 | 60.0 | 60.0 | 60.0 |
| % of revenue | | | | |
| Earnings before interest, taxes, depreciation, amortization and other non-cash items ("Adjusted EBITDA") (a) | 14.5% | 16.0% | 18.5% | 19.0% |
| Stock-based compensation expense | -8.3% | -7.7% | -7.9% | -7.4% |
| Non-cash advertising | -3.3% | -2.8% | 0.0% | 0.0% |
| Interest, taxes, depreciation and amortization | -8.4% | -8.3% | -7.3% | -6.8% |
| Net income (loss) | -5.5% | -2.8% | 3.3% | 4.7% |

| | Quarter Ended September 30, 2007 Range | | Quarter Ended December 31, 2007 Range | |
|---|---|---|---|---|
| Revenue | $89.0 | $94.0 | $102.0 | $109.0 |
| Net income (loss) | 7.7 | 9.3 | 14.6 | 18.0 |
| % of revenue | 8.7% | 9.9% | 14.3% | 16.5% |
| Net income (loss) per common share: | | | | |
| Basic | $0.14 | $0.16 | $0.26 | $0.32 |
| Diluted | $0.13 | $0.16 | $0.24 | $0.30 |
| Weighted-average shares outstanding used in computing net income (loss) per common share: | | | | |
| Basic | 57.0 | 57.0 | 57.0 | 57.0 |
| Diluted | 60.0 | 60.0 | 60.0 | 60.0 |
| % of revenue | | | | |
| Earnings before interest, taxes, depreciation, amortization and other non-cash items ("Adjusted EBITDA") (a) | 23.5% | 24.5% | 31.0% | 32.0% |
| Stock-based compensation expense | -7.9% | -7.1% | -5.2% | -4.6% |
| Non-cash advertising | 0.0% | 0.0% | -3.1% | -2.8% |
| Interest, taxes, depreciation and | | | | |

| | | | | |
|---|---|---|---|---|
| amortization | -7.0% | -7.5% | -8.4% | -8.1% |
| Net income (loss) | 8.7% | 9.9% | 14.3% | 16.5% |

(a) See Annex A - Explanation of Non-GAAP Financial Measures

ANNEX A

Explanation of Non-GAAP Financial Measures

The accompanying WebMD Health Corp. press release, financial tables and financial guidance summary include both financial measures in accordance with U.S. generally accepted accounting principles, or GAAP, as well as non-GAAP financial measures. The non-GAAP financial measures represent earnings before interest, taxes, non-cash and other items (which we refer to as "Adjusted EBITDA") and related per share amounts. Adjusted EBITDA should be viewed as supplemental to, and not as an alternative for, "net income" calculated in accordance with GAAP. The tables and the financial guidance summary attached to the accompanying press release include reconciliations of non-GAAP financial measures to GAAP financial measures.

Adjusted EBITDA is used by WebMD's management as an additional measure of WebMD's overall performance and its reporting segments' performance for purposes of business decision-making, including developing budgets, managing expenditures, and evaluating potential acquisitions or divestitures. Period- to-period comparisons of Adjusted EBITDA help WebMD's management identify additional trends in WebMD's and its reporting segments' financial results that may not be shown solely by period-to-period comparisons of net income. In addition, WebMD uses Adjusted EBITDA in the incentive compensation programs applicable to many of its employees in order to evaluate WebMD's performance. WebMD management recognizes that Adjusted EBITDA has inherent limitations because of the excluded items, particularly those items that are recurring in nature. In order to compensate for those limitations, management also reviews the specific items that are excluded from Adjusted EBITDA, but included in net income, as well as trends in those items. The amounts of those items are set forth, for the applicable periods, in the reconciliations of Adjusted EBITDA to net income included in the tables and the financial guidance summary attached to the accompanying press release.

WebMD believes that the presentation of Adjusted EBITDA is useful to investors in their analysis of WebMD's results for reasons similar to the reasons why WebMD's management finds it useful and because it helps facilitate investor understanding of decisions made by WebMD's management in light of the performance metrics used in making those decisions. In addition, as more fully described below, WebMD believes that providing Adjusted EBITDA, together with a reconciliation of Adjusted EBITDA to net income, helps investors make comparisons between WebMD and other companies that may have different capital structures, different effective income tax rates and tax attributes, different capitalized asset values and/or different forms of employee compensation. However, Adjusted EBITDA is intended to provide a supplemental way of comparing WebMD with other public companies and is not intended as a substitute for comparisons based on "net income" calculated in accordance with GAAP. In making any comparisons to other companies, investors need to be aware that companies use different non-GAAP measures to evaluate their financial performance. Investors should pay close attention to the specific definition being used and to the reconciliation between such measures and the corresponding GAAP measures provided by each company under applicable SEC rules.

The following is an explanation of the items excluded by WebMD from Adjusted EBITDA but included in net income/(loss):

- Depreciation and Amortization. Depreciation and amortization expense is a non-cash expense relating to capital expenditures and intangible assets arising from acquisitions that are expensed on a straight-line basis over the estimated useful life of the related assets. WebMD excludes depreciation and amortization expense from Adjusted EBITDA because it believes (i) the amount of such expenses in any specific period may not directly correlate to the underlying performance of WebMD's business operations and (ii) such expenses can vary significantly between periods as a result of new acquisitions and full amortization of previously acquired tangible and intangible assets. Accordingly, WebMD believes this exclusion assists management and investors in making period-to-period comparisons of operating performance. Investors should note that the use of tangible and intangible assets contributed to revenue in the periods presented and will contribute to future revenue generation and should also note that such expense will recur in future periods.

- Stock-Based Compensation Expense. Prior to January 1, 2006, WebMD accounted for stock-based compensation based upon Accounting Principles Board Opinion No.25 "Accounting for Stock Issued to Employees" ("APB 25"). In accordance with APB 25, stock-based compensation was determined using the intrinsic value method. As of January 1, 2006, WebMD adopted Statement of Financial Accounting Standards No.123R, "Share-Based Payment" ("SFAS 123R") and accounts for stock-based compensation under the fair value method. WebMD utilized the modified prospective transition method under SFAS 123R and, accordingly, prior period results have not been restated. WebMD believes that excluding the effect of stock-based compensation from Adjusted EBITDA assists management and investors in making period-to-period comparisons in its operating performance that are not impacted by the adoption of SFAS 123R. Additionally, because of alternative available valuation methodologies, subjective assumptions and the variety of award types that companies can use when adopting SFAS 123R, WebMD believes that excluding stock-based compensation from Adjusted EBITDA assists management and investors in making meaningful comparisons between WebMD's operating performance and the operating performance of other companies. Investors should note that stock-based compensation

is a key incentive offered to employees whose efforts contributed to the operating results in the periods presented and are expected to contribute to operating results in future periods. Investors should also note that such expenses will recur in the future. Stock-Based compensation expenses included in the Statement of Operations are summarized as follows:

(amounts in thousands)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| Non-cash stock-based compensation included in: | | | | |
| Cost of operations | $(1,633) | $(167) | $(8,744) | $(394) |
| Sales and marketing | $(1,260) | $(116) | $(5,870) | $(368) |
| General and administrative | $(2,564) | $(1,051) | $(12,083) | $(1,553) |

- Non-Cash Advertising Expense. This expense relates to the usage of non- cash advertising obtained from News Corporation ("Newscorp") in exchange for equity securities issued by our parent, Emdeon Corporation in 2000. The advertising is available only on various Newscorp properties, primarily its television network and cable channels without any cash cost to WebMD. The amount of advertising that can be used in any year is subject to annual contractual limitation and expires in 2010. WebMD does not incur any other cash expenses related to airing of television advertising. WebMD excludes this expense from Adjusted EBITDA (i) because it is a non-cash expense, (ii) because it is incremental to other non-television cash advertising expense that WebMD otherwise incurs, (iii) because WebMD has not and believes it will not incur cash expenses relating to television advertising in the future and (iv) to assist management and investors in comparing its operating results over multiple periods. Investors should note that it is likely that WebMD derives some benefit from such advertising and that such expenses will recur in the future. Non-cash advertising expenses included in the Consolidated Statement of Operations in Sales and Marketing expense were $2,961 and $3,826 for the three months ended December 31, 2006 and 2005, respectively, and $7,415 and $8,656 for the years ended December 31, 2006 and 2005, respectively. Non-cash advertising expenses included in Cost of Operations expense were $45 and $336 for the three months and year ended December 31, 2005, respectively.

- Interest Income. Interest income is associated with the level of marketable debt securities and other interest bearing accounts in which WebMD invests. Interest income varies over time due to varying levels of amounts available for investment. Transactions that WebMD has entered into in recent periods that have impacted amounts available for investment include the initial public offering of equity in WebMD and acquisitions of other companies for varying amounts of cash since our initial public offering. Additional financing transactions as well as potential acquisitions that WebMD may enter into in the future could impact the levels and timing of securities available for investment. WebMD excludes interest income from Adjusted EBITDA (i) because these items are not directly attributable to the performance of WebMD's business operations and, accordingly, their exclusion assists management and investors in making period-to-period comparisons of operating performance and (ii) to assist management and investors in making comparisons to companies with different capital structures. Investors should note that interest income will recur in future periods.

- Income Tax Provision. WebMD had a net operating loss (NOL) carryforward of approximately $240,000 as of the year ended December 31, 2006. Due to a limited history of generating taxable income, WebMD maintains a full valuation allowance on these NOL carryforwards. As WebMD uses these NOL carryforwards, the related valuation allowances are reversed through the income statement. The timing of such reversals is not consistent and as a result, WebMD's income tax expense can fluctuate significantly from period to period in a manner not directly related to WebMD's operating performance. WebMD excludes the income tax provision from Adjusted EBITDA (i) because it believes that the income tax provision is not directly attributable to the underlying performance of WebMD's business operations and, accordingly, its exclusion assists management and investors in making period-to-period comparisons of operating performance and (ii) to assist management and investors in making comparisons to companies with different tax attributes. Investors should note that income tax provision will recur in future periods.

SOURCE WebMD Health Corp.

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