WebMD Announces Third Quarter Financial Results

Total Revenue Increased 15%; Advertising Revenue Increased 20%

NEW YORK, Nov 03, 2009 /PRNewswire-FirstCall via COMTEX News Network/ -- WebMD Health Corp. (Nasdaq: WBMD), the leading source of health information, today announced financial results for the three months ended September 30, 2009.

"Our reported results mark another quarter of strong financial and operating performance," said Wayne Gattinella, President and CEO. "In the face of a generally challenging media environment, WebMD continues to expand its audience, revenue and operating margins. We are seeing strong momentum in our business and are excited about the opportunities for growth ahead of us."

Financial Summary

Revenue for the third quarter was $111.6 million, compared to $96.8 million in the prior year period, an increase of 15%. Earnings before interest, taxes, non-cash and other items ("Adjusted EBITDA") for the third quarter was $33.1 million or $0.56 per share, compared to $25.5 million or $0.43 per share in the prior year period, an increase of 30%.

Income from continuing operations for the third quarter was $12.6 million or $0.21 per share, compared to $10.0 million or $0.17 per share in the prior year period. Income from discontinued operations was $0.2 million in the third quarter, compared to $0.8 million in the prior year period. Net income for the third quarter was $12.8 million or $0.21 per share, compared to $10.8 million or $0.18 per share in the prior year period.

WebMD's print directory business, Little Blue Book, was sold on September 30, 2009 and is reflected as a discontinued operation in the Company's financial statements for current and prior periods.

Public portal advertising and sponsorship revenue was $89.4 million for the third quarter, compared to $74.7 million in the prior year period, an increase of 20%. Traffic to the WebMD Health Network continued to grow strongly, reaching an average of 59.2 million unique users per month and total traffic of 1.4 billion page views during the third quarter, increases of 19% and 27%, respectively, from a year ago. In the third quarter, 1.6 million continuing medical education (CME) programs were completed on the WebMD Professional Network, an increase of 25% from the prior year period.

Private portal services revenue was $22.2 million for the third quarter compared to $22.1 million in the prior year period. The revenue and base of large employers and health plans utilizing WebMD's private Health and Benefits portals during the third quarter were comparable with the prior year period.

WebMD's third quarter results released today do not reflect the recently completed merger with HLTH Corporation, its former parent company, which was completed after the end of the quarter.

WebMD Launches New Consumer Health Portal in the UK

WebMD launched its first consumer health portal outside the U.S. in October. WebMD partnered with Boots, the leading pharmacy and health and beauty retailer in the UK, to launch a new health portal designed expressly for the health and wellness needs of the UK consumer. The new co-branded Boots WebMD site at *www.Boots.WebMD.com* features 44 condition and healthy living centers, daily health and wellness news, interactive health tools, WebMD's symptom checker, specialized health search, health videos and interactive slide shows. Mr. Gattinella said, "The site launched at the end of October to much fanfare and very positive initial user feedback in the UK. There is a large opportunity in the UK with over 20% of the estimated $30 billion of annual advertising expenditures in the UK spent online."

WebMD Launches Medscape Mobile for Physicians

In July, WebMD launched Medscape Mobile, WebMD's first mobile application for physicians. Medscape Mobile provides the most comprehensive drug information, clinical reference tools, medical news and continuing medical education on a mobile device. It is the only mobile application to deliver specialty-specific news and medical education, leveraging Medscape's assets and award winning professional editorial team. Development is underway to launch new product enhancements and additional

mobile platforms including BlackBerry(R) later this year. Mr. Gattinella said, "Medscape Mobile continues to rank at the top of the App Store for medical applications, with already over 200,000 downloads since launching three months ago."

WebMD Launches Healthy Pets

In October, WebMD launched the WebMD Healthy Pets channel on WebMD.com, which provides pet owners with the latest health and wellness information to help their pets live healthier lives. WebMD Healthy Pets provides veterinarian-reviewed information on pet diet and nutrition, behavior and training, and preventive care. More than 75% of WebMD users are pet owners who also care for the health of their pets and nearly $700 million is spent annually on marketing pet supplies and services in the U.S. Mr. Gattinella said, "We continue to invest in new markets that have the opportunity to significantly expand our user base and penetrate new areas of revenue opportunity for the future."

Merger with HLTH Completed

As previously announced, WebMD and HLTH completed their merger on October 23, 2009. The applicable accounting treatment for the merger results in HLTH being treated as the acquiring entity and, as a result, the pre-acquisition consolidated financial statements of HLTH will become the historical financial statements of WebMD beginning with reporting for the fourth quarter of 2009. WebMD is furnishing, as Exhibit 99.5 to the Current Report on Form 8-K filed with the SEC by WebMD today, a copy of HLTH's financial information for the third quarter of 2009.

As of the merger closing date of October 23, 2009, WebMD had approximately $1 billion in cash and investments and had outstanding approximately $515 million in aggregate principal amount of convertible notes.

Financial Guidance

The Company reaffirmed its financial guidance for the fourth quarter and calendar year 2009 today and narrowed the ranges for its anticipated revenue and Adjusted EBITDA by raising the low end of those ranges. This financial guidance reflects the prior financial guidance for the Company's former parent, HLTH Corporation, whose historical financial statements are required to be adopted by WebMD as a result of the merger.

For 2009, WebMD expects:

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--  Total revenue to be approximately $430 million to $440 million, an
    increase of 15% to 18% over 2008;
--  Adjusted EBITDA to be approximately $106 million to $111 million, an
    increase of 24% to 25% over 2008;

--  Income from continuing operations to be approximately $11 million to $14
    million, or $0.22 to $0.27 per share.
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These amounts represent growth of approximately 19% to 23% in public portal advertising and sponsorship revenue and approximately 2% in private portal services revenue.

Additional detail is provided in a schedule attached to this release.

Analyst and Investor Conference Call

As previously announced, WebMD will hold a conference call with investors and analysts to discuss its third quarter results at 4:45 pm (eastern) today. 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.

The WebMD Health Network includes WebMD Health, Medscape, MedicineNet, eMedicine, eMedicine Health, RxList and theHeart.org.

All statements contained in this press release and the related analyst and investor conference call, 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; market opportunities and our ability to capitalize on them; the benefits expected from new or updated products or services and from other potential sources of additional revenue; and expectations regarding the market for investments in auction rate securities (ARS). These statements speak only as of the date of this press release, are based on our current plans and expectations, and 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; our relationships with customers and strategic partners; changes in the markets for ARS; 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.

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.

WebMD(R), Medscape(R), eMedicine(R), MedicineNet(R), RxList(R), Subimo(R), Medsite(R), and Summex(R), are trademarks of WebMD Health Corp. or its subsidiaries.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Revenue	$111,568	$96,797	$300,463	$263,451
Cost of operations	41,965	34,225	117,759	97,120
Sales and marketing	26,265	26,021	80,623	76,068
General and administrative	15,961	14,774	45,826	42,465
Depreciation and amortization	6,988	7,056	20,729	20,815
Interest income	834	2,616	2,733	8,419
Impairment of auction rate securities	-	-	-	27,406
Income from continuing operations before income tax provision	21,223	17,337	38,259	7,996
Income tax provision	8,622	7,375	15,469	15,308
Income (loss) from continuing operations	12,601	9,962	22,790	(7,312)
Income (loss) from discontinued operations, net of tax	190	804	(5,100)	1,095
Net income (loss)	$12,791	$10,766	$17,690	$(6,217)
Basic income (loss) per common share:				
Income (loss) from continuing operations	$0.22	$0.17	$0.39	$(0.13)
Income (loss) from discontinued				

operations	0.00	0.02	(0.09)	0.02
Net income (loss)	$0.22	$0.19	$0.30	$(0.11)
Diluted income (loss) per common share:				
Income (loss) from continuing operations	$0.21	$0.17	$0.39	$(0.13)
Income (loss) from discontinued operations	0.00	0.01	(0.09)	0.02
Net income (loss)	$0.21	$0.18	$0.30	$(0.11)
Weighted-average shares outstanding used in computing basic and diluted net income (loss) per common share:				
Basic	57,777	57,770	57,676	57,699
Diluted	58,844	59,111	58,445	57,699

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Revenue				
Public portal advertising and sponsorship	$89,414	$74,658	$232,695	$197,523
Private portal services	22,154	22,139	67,768	65,928
	$111,568	$96,797	$300,463	$263,451
Earnings before interest, taxes, non-cash and other items ("Adjusted EBITDA") (a)	$33,123	$25,467	$75,029	$60,191
Adjusted EBITDA per basic common share	$0.57	$0.44	$1.30	$1.04
Adjusted EBITDA per diluted common share	$0.56	$0.43	$1.28	$1.04
Interest, taxes, non-cash and other items (b)				
Interest income	834	2,616	2,733	8,419
Depreciation and amortization	(6,988)	(7,056)	(20,729)	(20,815)
Non-cash advertising	-	(178)	(1,753)	(1,736)

Non-cash stock-based compensation	(5,746)	(3,512)	(17,021)	(10,657)
Impairment of auction rate securities	-	-	-	(27,406)
Income tax provision	(8,622)	(7,375)	(15,469)	(15,308)
Income (loss) from continuing operations	12,601	9,962	22,790	(7,312)
Income (loss) from discontinued operations, net of tax	190	804	(5,100)	1,095
Net income (loss)	$12,791	$10,766	$17,690	$(6,217)
Basic income (loss) per common share:				
Income (loss) from continuing operations	$0.22	$0.17	$0.39	$(0.13)
Income (loss) from discontinued operations	0.00	0.02	(0.09)	0.02
Net income (loss)	$0.22	$0.19	$0.30	$(0.11)
Diluted income (loss) per common share:				
Income (loss) from continuing operations	$0.21	$0.17	$0.39	$(0.13)
Income (loss) from discontinued operations	0.00	0.01	(0.09)	0.02
Net income (loss)	$0.21	$0.18	$0.30	$(0.11)
Weighted-average shares outstanding used in computing per share amounts:				
Basic	57,777	57,770	57,676	57,699
Diluted	58,844	59,111	58,445	57,699

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

(b) Reconciliation of Adjusted EBITDA to net income (loss)

WEBMD HEALTH CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, unaudited)

	September 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$275,250	$191,659
Accounts receivable, net	87,072	93,082

Current portion of prepaid advertising	-	1,753
Other current assets	9,286	11,358
Assets of discontinued operations	-	12,575
Total current assets	371,608	310,427
Investments	126,564	133,563
Property and equipment, net	52,286	54,165
Goodwill	208,967	208,967
Intangible assets, net	21,416	26,237
Other assets	13,259	22,573
	$794,100	$755,932
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accrued expenses	$31,760	$31,241
Deferred revenue	83,861	79,613
Due to HLTH	1,378	427
Liabilities of discontinued operations	-	2,599
Total current liabilities	116,999	113,880
Other long-term liabilities	7,539	8,334
Stockholders' equity	669,562	633,718
	$794,100	$755,932

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

	Nine Months Ended September 30,	
	2009	2008
Cash flows from operating activities:		
Net income (loss)	$17,690	$(6,217)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Loss (income) from discontinued operations, net of tax	5,100	(1,095)
Depreciation and amortization	20,729	20,815
Non-cash advertising	1,753	1,736
Non-cash stock-based compensation	17,021	10,657
Deferred and other income taxes	14,835	14,977
Impairment of auction rate securities	-	27,406
Changes in operating assets and liabilities:		
Accounts receivable	6,010	6,275

Other assets	(587)	(2,651)
Accrued expenses and other long-term liabilities	(276)	(286)
Due to HLTH	951	563
Deferred revenue	4,248	5,367
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Net cash provided by continuing operations	87,474	77,547
Net cash provided by discontinued operations	728	3,205
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Net cash provided by operating activities	88,202	80,752
Cash flows from investing activities:		
Proceeds from maturities and sales of available-for-sale securities	1,800	43,300
Purchases of available-for-sale securities	-	(127,900)
Purchases of property and equipment	(14,131)	(15,014)
Cash received from sale of businesses, net of fees	2,840	1,133
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Net cash used in continuing operations	(9,491)	(98,481)
Net cash used in discontinued operations	(8)	(40)
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Net cash used in investing activities	(9,499)	(98,521)
Cash flows from financing activities:		
Proceeds from issuance of common stock	4,823	3,453
Tax benefit on stock-based awards	65	315
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Net cash provided by financing activities	4,888	3,768
Net increase (decrease) in cash and cash equivalents	83,591	(14,001)
Cash and cash equivalents at beginning of period	191,659	213,753
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Cash and cash equivalents at end of period	$275,250	$199,752
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FINANCIAL GUIDANCE SUMMARY

WebMD Health Corp
2009 Financial Guidance
(in millions, except per share amounts)

	Quarterly period ending,			
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009

	Actuals	Actuals	Actuals	Guidance Range	
Revenue	$90.3	$98.6	$111.6	$129.5	$139.5
Earnings before interest, taxes, non-cash and other items ("Adjusted EBITDA") (a) (d)	$15.3	$20.0	$30.5	$40.0	$45.0
Adjusted EBITDA per diluted share	$0.34	$0.43	$0.63	$0.68	$0.76
Interest, taxes, non-cash and other items (b)					
Interest income	2.3	2.0	1.8	1.5	2.0
Interest expense	(6.5)	(5.8)	(5.5)	(5.6)	(5.6)
Depreciation and amortization	(7.1)	(7.0)	(7.1)	(8.0)	(7.5)
Non-cash stock-based compensation	(9.2)	(9.4)	(9.2)	(9.5)	(9.0)
Non-cash advertising	(1.8)	-	-	-	-
Gain on repurchases of convertible notes	6.6	3.5	-	-	-
Income tax benefit (provision) (c)	1.2	(0.7)	(5.4)	(10.5)	(13.8)
Other expenses	(0.3)	(0.6)	(0.1)	-	-
Consolidated income from continuing operations before minority (non-controlling) interest	$0.5	$2.0	$5.0	$7.9	$11.1
Income (loss) from continuing operations attributable to Company shareholders (e)	$(0.2)	$0.7	$2.9	$7.4	$10.1
Income (loss) from continuing operations per share:					
Basic	$(0.00)	$0.02	$0.06	$0.13	$0.18
Diluted	$(0.00)	$0.01	$0.05	$0.13	$0.17
Weighted-average shares outstanding (f):					
Basic	45.2	45.6	46.1	55.0	55.0
Diluted	45.2	46.7	48.6	59.0	59.0
Pro-forma share information (g)					
Pro-forma consolidated income from continuing operations before minority (non-controlling) interest per share:					
Basic	$0.01	$0.04	$0.09	$0.14	$0.19
Diluted	$0.01	$0.03	$0.08	$0.13	$0.18

Pro-forma Adjusted EBITDA per diluted share	$0.27	$0.35	$0.51	$0.66	$0.74
Pro-forma weighted-average shares outstanding:					
Basic	54.7	55.2	55.8	57.0	57.0
Diluted	56.2	57.1	59.4	61.0	61.0

	Year Ending December 31, 2009 Guidance Range	
Revenue	$430.0	$440.0
Earnings before interest, taxes, non-cash and other items ("Adjusted EBITDA") (a) (d)	$105.8	$110.8
Adjusted EBITDA per diluted share	$2.12	$2.22
Interest, taxes, non-cash and other items (b)		
Interest income	7.6	8.1
Interest expense	(23.4)	(23.4)
Depreciation and amortization	(29.2)	(28.7)
Non-cash stock-based compensation	(37.3)	(36.8)
Non-cash advertising	(1.8)	(1.8)
Gain on repurchases of convertible notes	10.1	10.1
Income tax benefit (provision) (c)	(15.4)	(18.7)
Other expenses	(1.0)	(1.0)
Consolidated income from continuing operations before minority (non-controlling) interest	$15.4	$18.6
Income (loss) from continuing operations attributable to Company shareholders (e)	$10.8	$13.5
Income (loss) from continuing operations per share:		
Basic	$0.23	$0.28
Diluted	$0.22	$0.27
Weighted-average shares outstanding (f):		
Basic	48.0	48.0
Diluted	49.9	49.9
Pro-forma share information (g)		
Pro-forma consolidated income from continuing operations before minority (non-controlling) interest		

per share:		
Basic	$0.28	$0.33
Diluted	$0.26	$0.32
Pro-forma Adjusted EBITDA per diluted share	$1.81	$1.90
Pro-forma weighted-average shares outstanding:		
Basic	55.7	55.7
Diluted	58.4	58.4

WebMD and HLTH completed their merger on October 23, 2009. The applicable accounting treatment for the merger results in HLTH being treated as the acquiring entity and, as a result, the pre-acquisition consolidated financial statements of HLTH will become the historical financial statements of WebMD beginning with reporting for the fourth quarter of 2009. The March, June and September 2009 quarterly information presented above, reflect HLTH's historical financial information, after adjustment for share and per share data based on the merger exchange ratio. Also presented above is pro-forma share information, presenting the effect of the merger as if it occurred as of January 1, 2009.

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

(b) Reconciliation of Adjusted EBITDA to consolidated income from continuing operations

(c) The income tax provision excludes any benefit relating to any reversal in 2009 of the valuation allowance against deferred tax assets

(d) Includes HLTH expenses previously categorized as 'Corporate' of $3.4, $3.2 and $2.6 for the March, June and September 2009 quarters, respectively

(e) Represents income (loss) from continuing operations, net of minority (non-controlling) interest of HLTH for periods prior to the merger

(f) Represents historical share information of HLTH, adjusted for the .4444 merger exchange ratio

(g) Pro-forma weighted-average shares outstanding and related pro-forma share information assumes the merger took place on January 1, 2009 as follows:

- Decreasing shares outstanding for the elimination of WebMD's 48.1 million Class B shares which have been retired
- Increasing basic shares outstanding for HLTH's common shares which have been converted to WebMD shares based on the .4444 merger exchange ratio
- Increasing diluted shares outstanding for HLTH's stock options which have been converted to WebMD options based on the .4444 merger exchange ratio

The above December 2009 quarter and full year guidance excludes a gain related to the sale of our Porex business and a charge related to the merger and other actions, which include severance and related expenses.

ANNEX A

Explanation of Non-GAAP Financial Measures

(All dollar amounts in thousands)

The accompanying WebMD Health Corp. press release and financial tables 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, "income (loss) from continuing operations" or "net income (loss)" calculated in accordance with GAAP. The tables 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 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 financial results that may not be shown solely by period-to-period comparisons of income (loss) from continuing operations or net income (loss). 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 income (loss) from continuing operations or net income (loss), 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 income (loss) from continuing operations or to net income (loss) that accompany our press releases containing non-GAAP financial measures, including the reconciliations contained in the tables 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 income (loss) from continuing operations or to net income (loss), 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 "income (loss) from continuing operations" or "net income (loss)" 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 income (loss) from continuing operations:

-- 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 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 expenses will recur in future periods.

-- Stock-Based Compensation Expense. Stock-based compensation expense is a non-cash expense arising from the grant of stock-based awards to employees. 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 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 the timing of grants of new stock-based awards, including grants in connection with acquisitions. Additionally, 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 that may use different forms of employee compensation or different valuation methodologies for their stock-based compensation. 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Non-cash stock-based compensation included in:				
Cost of operations	$(1,743)	$(997)	$(4,921)	$(2,930)
Sales and marketing	$(1,948)	$(1,215)	$(5,499)	$(3,602)
General and administrative	$(2,055)	$(1,300)	$(6,601)	$(4,125)
Income (loss) from discontinued operations	$85	$(63)	$(89)	$(118)

-- 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, HLTH Corporation in 2000. The advertising was available only on various Newscorp properties, primarily its television network and cable channels, without any cash cost to WebMD and expired this year. 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 and (iii) 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. Non-cash advertising expenses included in the Consolidated Statement of Operations in Sales and Marketing expense were $1,753 and $1,736 for the nine months ended September 30, 2009 and 2008, respectively, and $178 for the three months ended September 30, 2008. There were no non-cash advertising expenses for the three months ended September 30, 2009.

-- 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 securities available for investment. Transactions that WebMD has entered into in recent periods that have impacted securities 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 it is not directly attributable to the 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 capital structures. Investors should note that interest income will recur in future periods.

-- Income Tax Provision (Benefit). WebMD maintains a valuation allowance on a portion of its net operating loss carryforwards, the amount of which may change from quarter to quarter based on factors that are not directly related to WebMD's results for the quarter. The valuation allowance is either reversed through the statement of operations or additional paid-in capital. The timing of such reversals has not been 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 (benefit) from Adjusted EBITDA (i) because it believes that the income tax provision (benefit) 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 (benefit) will recur in future periods.

-- Other Items. WebMD engages in various activities and transactions that can impact WebMD's overall income (loss) from continuing operations. WebMD excludes these other items from Adjusted EBITDA when it believes these activities or transactions 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. Investors should note that these other items may recur in future periods. In the accompanying press release and financial tables, WebMD has excluded loss on the impairment of auction rate securities from Adjusted EBITDA.

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