



July 30, 2015

WebMD Announces Second Quarter Financial Results

WebMD Reaffirms High End and Raises Low End of 2015 Financial Guidance

NEW YORK, July 30, 2015 /PRNewswire/ -- WebMD Health Corp. (NASDAQ: WBMD), the leading source of health information, today announced financial results for the three months ended June 30, 2015.

"We are pleased to report second quarter results consistent with the high end of our expectations," said David Schlanger, Chief Executive Officer, WebMD. "Today, we are reaffirming the high end and raising the low end of the range of the 2015 financial guidance we previously provided. We expect to accelerate growth in biopharma revenue and finish the year delivering 11% to 12% growth from this customer segment, which is up from 8% growth in each of the past two years. This acceleration reflects a healthy macro environment and the increasingly important role that we play in helping our advertising customers connect with highly targeted consumer and physician audiences at scale."

Financial Highlights

For the three months ended June 30, 2015:

- Revenue was \$148.3 million, compared to \$140.4 million in the prior year period, an increase of 6%. Advertising and sponsorship revenue was \$116.2 million compared to \$111.5 million in the prior year period. Private portal services revenue was \$26.4 million compared to \$24.2 million in the prior year period. Information services revenue was \$5.7 million compared to \$4.7 million in the prior year period.
- Earnings before interest, taxes, non-cash and other items ("Adjusted EBITDA") was \$40.5 million, compared to \$37.9 million in the prior year period, an increase of 7%.
- Net income was \$13.4 million or \$0.32 per diluted share, compared to \$9.7 million, or \$0.23 per diluted share in the prior year period. Net income would have been \$11.1 million or \$0.27 per diluted share without the impact of a \$2.5 million after-tax charge incurred in conjunction with the settlement of a patent infringement claim, a \$4.7 million non-cash income tax benefit due to the reversal of a tax valuation allowance, and an after-tax gain on investments of \$0.1 million.

Traffic Highlights

Traffic to the WebMD Health Network during the second quarter reached an average of 212 million unique users per month generating 4.12 billion page views for the quarter, increases of 18% and 19%, respectively, from the prior year period.

Balance Sheet Highlights

As of June 30, 2015, WebMD had: approximately \$757 million in cash and cash equivalents; \$952 million in aggregate principal amount of convertible notes outstanding; and approximately 37.9 million shares of its common stock outstanding (including approximately 1.1 million unvested shares of restricted stock).

During the quarter, WebMD used \$2.1 million in cash to repurchase approximately 47 thousand shares of its common stock under its stock repurchase program. As of June 30, 2015, approximately \$29.7 million remains available for repurchases under WebMD's stock repurchase program. Under the repurchase program, WebMD may repurchase shares from time to time in the open market, through block trades or in private transactions, depending on market conditions and other factors.

Financial Guidance

Today, WebMD reaffirmed the high end and raised the low end of the range of the 2015 financial guidance that it provided on May 6, 2015.

For the full year ending December 31, 2015, WebMD expects:

- Revenue to be approximately \$625 million to \$635 million, an increase of 8% to 9% from the prior year.
 - Approximately \$492 million to \$500 million of revenue is expected to be from advertising and sponsorship, an increase of 8% to 10% from the prior year. Growth in advertising and sponsorship is expected to be driven primarily by growth in revenue from biopharma and medical device customers of approximately 11% to 12% in 2015.
 - Approximately \$107 million to \$108.5 million of revenue is expected to be from private portals services, an increase of 4% to 5% from the prior year.

- Approximately \$26 million to \$26.5 million of revenue is expected to be from information services, an increase of 12% to 14% from the prior year.
- Adjusted EBITDA to be approximately \$185 million to \$190 million, an increase of approximately 17% to 20% from the prior year.
- Net income to be approximately \$58 million to \$63.5 million.

For the third quarter of 2015, WebMD expects:

- Revenue to be approximately \$148.5 million to \$151.5 million, an increase of approximately 3% to 6% from the prior year period.
- Adjusted EBITDA is expected to be approximately \$41 million to \$43 million, an increase of approximately 4% to 9% from the prior year period.
- Net income to be approximately \$10.5 million to \$11.5 million.

"In the updated financial guidance issued today, we have slightly adjusted the breakdown of revenue within our consolidated revenue guidance to reflect our backlog and visibility in each of our revenue streams, including the expected timing of the implementation of customer promotion and education programs," said Mr. Schlanger.

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

Analyst and Investor Conference Call

WebMD will hold a conference call with investors and analysts at 4:45 p.m. (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, mobile platforms and health-focused publications.

The WebMD Health Network includes WebMD.com, Medscape.com, MedicineNet.com, eMedicineHealth.com, RxList.com, Medscape Education (Medscape.org) and other WebMD owned sites and apps.

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 or momentum and our ability to capitalize on them; and the benefits expected from new or expected contracts with customers, new or updated products or services and from other potential sources of additional revenue. 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 other factors affecting their use of our services and the timing of entry into and implementation of specific contracts with customers, including regulatory matters affecting their products and services; our ability to deploy new or updated services and to create new or enhanced revenue streams from those services; our ability to attract and retain qualified personnel; 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 and this press release is intended to be read in conjunction with information contained in those 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.

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Revenue	\$ 148,320	\$ 140,400	\$ 291,663	\$ 274,232
Cost of operations	60,407	54,456	118,284	107,020
Sales and marketing	32,570	33,321	65,046	66,232
General and administrative	23,002	22,339	44,455	46,120
Depreciation and amortization	7,592	7,042	15,837	14,370
Interest income	9	17	26	32
Interest expense	6,171	6,172	12,343	12,344
Gain on investments	139	-	139	-
Other expense	4,100	-	4,100	-
	<u>14,626</u>	<u>17,087</u>	<u>31,763</u>	<u>28,178</u>
Income before income tax provision				
Income tax provision	1,255	7,371	8,388	12,196
Net income	<u>\$ 13,371</u>	<u>\$ 9,716</u>	<u>\$ 23,375</u>	<u>\$ 15,982</u>
Net income per common share:				
Basic	<u>\$ 0.36</u>	<u>\$ 0.26</u>	<u>\$ 0.64</u>	<u>\$ 0.41</u>
Diluted	<u>\$ 0.32</u>	<u>\$ 0.23</u>	<u>\$ 0.57</u>	<u>\$ 0.38</u>
Weighted-average shares outstanding used in computing income per common share:				
Basic	<u>36,705</u>	<u>37,819</u>	<u>36,549</u>	<u>38,543</u>
Diluted	<u>53,618</u>	<u>45,801</u>	<u>43,684</u>	<u>46,667</u>

WEBMD HEALTH CORP.
CONSOLIDATED SUPPLEMENTAL FINANCIAL INFORMATION
(In thousands, unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Revenue				
Advertising and sponsorship				
Biopharma and medical device	\$ 85,977	\$ 81,981	\$ 161,822	\$ 150,469
OTC, CPG and other	30,249	29,503	60,197	63,972
	<u>116,226</u>	<u>111,484</u>	<u>222,019</u>	<u>214,441</u>
Private portal services	26,441	24,188	55,763	48,817
Information services	5,653	4,728	13,881	10,974
	<u>\$ 148,320</u>	<u>\$ 140,400</u>	<u>\$ 291,663</u>	<u>\$ 274,232</u>
Earnings before interest, taxes, non-cash and other items ("Adjusted EBITDA") (a)	\$ 40,549	\$ 37,917	\$ 79,467	\$ 71,183
Interest, taxes, non-cash and other items (b)				
Interest income	9	17	26	32
Interest expense	(6,171)	(6,172)	(12,343)	(12,344)
Income tax provision	(1,255)	(7,371)	(8,388)	(12,196)
Depreciation and amortization	(7,592)	(7,042)	(15,837)	(14,370)

Non-cash stock-based compensation	(8,208)	(7,633)	(15,589)	(16,323)
Gain on investments	139	-	139	-
Other expense	(4,100)	-	(4,100)	-
Net income	<u>\$ 13,371</u>	<u>\$ 9,716</u>	<u>\$ 23,375</u>	<u>\$ 15,982</u>

- (a) See Annex A-Explanation of Non-GAAP Financial Measures.
(b) Reconciliation of Adjusted EBITDA to net income.

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

	<u>June 30, 2015</u> (unaudited)	<u>December 31, 2014</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 757,382	\$ 706,776
Accounts receivable, net	149,088	136,806
Prepaid expenses and other current assets	20,633	13,877
Deferred tax assets	<u>12,038</u>	<u>18,147</u>
Total current assets	939,141	875,606
Property and equipment, net	54,416	59,573
Goodwill	202,980	202,980
Intangible assets, net	12,549	14,215
Deferred tax assets	1,976	18,947
Other assets	<u>23,433</u>	<u>26,236</u>
Total Assets	<u>\$ 1,234,495</u>	<u>\$ 1,197,557</u>
<u>Liabilities and Stockholders' Equity</u>		
Accrued expenses	\$ 58,799	\$ 72,658
Deferred revenue	114,865	89,785
2.25% convertible notes due 2016	<u>252,232</u>	<u>-</u>
Total current liabilities	425,896	162,443
2.25% convertible notes due 2016	-	252,232
2.50% convertible notes due 2018	400,000	400,000
1.50% convertible notes due 2020	300,000	300,000
Other long-term liabilities	21,001	21,293
Stockholders' equity	87,598	61,589
Total Liabilities and Stockholders' Equity	<u>\$ 1,234,495</u>	<u>\$ 1,197,557</u>

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

	Six Months Ended June 30,	
	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Net income	\$ 23,375	\$ 15,982
Adjustments to reconcile net income to net cash provided by operating activities:		

Depreciation and amortization	15,837	14,370
Non-cash interest, net	2,256	2,256
Non-cash stock-based compensation	15,589	16,323
Deferred income taxes	(6,476)	2,803
Gain on investments	(139)	-
Changes in operating assets and liabilities:		
Accounts receivable	(12,282)	(4,261)
Prepaid expenses and other, net	(6,130)	(2,668)
Accrued expenses and other long-term liabilities	(14,465)	(16,015)
Deferred revenue	25,080	13,188
Net cash provided by operating activities	<u>42,645</u>	<u>41,978</u>
Cash flows from investing activities:		
Proceeds from sale of investments	139	-
Purchases of property and equipment	(8,711)	(11,446)
Net cash used in investing activities	<u>(8,572)</u>	<u>(11,446)</u>
Cash flows from financing activities:		
Proceeds from exercise of stock options	11,653	30,147
Cash used for withholding taxes due on stock-based awards	(2,960)	(10,339)
Purchases of treasury stock	(5,351)	(102,353)
Excess tax benefit on stock-based awards	13,191	8,444
Net cash provided by (used in) financing activities	<u>16,533</u>	<u>(74,101)</u>
Net increase (decrease) in cash and cash equivalents	50,606	(43,569)
Cash and cash equivalents at beginning of period	706,776	824,880
Cash and cash equivalents at end of period	<u>\$ 757,382</u>	<u>\$ 781,311</u>

WEBMD HEALTH CORP.
NET INCOME PER COMMON SHARE
(In thousands, except per share data, unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Numerator:				
Net income — Basic	\$ 13,371	\$ 9,716	\$ 23,375	\$ 15,982
Interest expense on 1.50% convertible notes, net of tax	864	864	1,728	1,728
Interest expense on 2.50% convertible notes, net of tax	1,797	-	-	-
Interest expense on 2.25% convertible notes, net of tax	1,103	-	-	-
Net income — Diluted	<u>\$ 17,135</u>	<u>\$ 10,580</u>	<u>\$ 25,103</u>	<u>\$ 17,710</u>
Denominator:				
Weighted-average shares — Basic	36,705	37,819	36,549	38,543
Stock options and restricted stock	1,503	2,301	1,441	2,443
1.50% convertible notes	5,694	5,681	5,694	5,681
2.50% convertible notes	6,205	-	-	-
2.25% convertible notes	3,511	-	-	-
Adjusted weighted-average shares after assumed conversions — Diluted	<u>53,618</u>	<u>45,801</u>	<u>43,684</u>	<u>46,667</u>
Net income per common share:				
Basic	<u>\$ 0.36</u>	<u>\$ 0.26</u>	<u>\$ 0.64</u>	<u>\$ 0.41</u>
Diluted	<u>\$ 0.32</u>	<u>\$ 0.23</u>	<u>\$ 0.57</u>	<u>\$ 0.38</u>

WEBMD HEALTH CORP.
FINANCIAL GUIDANCE FOR THE YEAR ENDING DECEMBER 31, 2015
(in millions, except per share amounts)

	Guidance Range	
Revenue		
Advertising and sponsorship		
Biopharma and medical device	\$ 364.0	\$ 370.0
OTC, CPG and other	128.0	130.0
	492.0	500.0
Private portal services	107.0	108.5
Information services	26.0	26.5
	\$ 625.0	\$ 635.0
Earnings before interest, taxes, non-cash and other items ("Adjusted EBITDA") (a)	\$ 185.0	\$ 190.0
Interest, taxes, non-cash and other items (b)		
Interest expense, net	(25.0)	(25.0)
Depreciation and amortization	(32.0)	(30.0)
Non-cash stock-based compensation	(35.0)	(33.0)
Gain on investments	0.1	0.1
Other expense	(4.1)	(4.1)
Income before income tax provision	89.0	98.0
Income tax provision	(31.0)	(34.5)
Net income	\$ 58.0	\$ 63.5
Income per share:		
Basic	\$ 1.59	\$ 1.69
Diluted (c)	\$ 1.37	\$ 1.42
Calculation of income per share:		
Net income (numerator for basic income per share)	\$ 58.0	\$ 63.5
Add-back of interest expense, net of tax, related to:		
1.50% convertible notes	3.5	3.5
2.50% convertible notes	7.2	7.2
2.25% convertible notes	4.4	4.4
Numerator for diluted income per share	\$ 73.1	\$ 78.6
Weighted average shares outstanding (denominator for basic income per share)	36.5	37.5
Stock options and restricted stock	1.5	2.5
Weighted average shares issuable upon conversion of:		
1.50% convertible notes	5.7	5.7
2.50% convertible notes	6.2	6.2
2.25% convertible notes	3.5	3.5
Denominator for diluted income per share	53.4	55.4

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

(b) Reconciliation of Adjusted EBITDA to net income

(c) See Supplemental 2015 Guidance for Income Per Share Calculation below

Additional information regarding forecast for the quarter ending September 30, 2015:

- Revenue is forecasted to be between \$148.5 million to \$151.5 million
- Revenue distribution is forecasted to be approximately 59.5% to Biopharma and medical device; 18.5% to OTC, CPG and other; 18% to private portal services and 4% to information services
- Adjusted EBITDA is forecasted to be between \$41 million to \$43 million
- Net income is forecasted to be between \$10.5 million to \$11.5 million

The above guidance does not include the impact if any, of future deployment of capital for items such as share repurchases, acquisitions, any future gains or losses from discontinued operations, any future gains or losses on

investments, and other future non-recurring, one-time or unusual items.

WEBMD HEALTH CORP.
SUPPLEMENTAL 2015 GUIDANCE FOR INCOME PER SHARE CALCULATION

Based on the Company's Financial Guidance for the Year Ending December 31, 2015, the 1.50% convertible notes, the 2.50% convertible notes and the 2.25% convertible notes are expected to be dilutive to net income on both the low end and high end of the full year guidance range. Additionally, each of the series of convertible notes may be dilutive in certain quarters, depending on the amount of net income for such quarter. The following table contains the approximate level of net income for an individual quarter and for the full year 2015 at which each of the series of convertible notes would become dilutive to income per share. To the extent this net income is exceeded for any such period, the table also includes the amounts by which the numerator and denominator should each be adjusted for purposes of the diluted income per share calculation. The amounts below assume a weighted-average diluted share count of 38.0 million shares (prior to the effect of convertible notes) and the amounts are subject to change as such weighted-average share count changes.

	Quarterly Amounts			Annual Amounts		
	1.50% Convertible Notes	2.50% Convertible Notes	2.25% Convertible Notes	1.50% Convertible Notes	2.50% Convertible Notes	2.25% Convertible Notes
<i>All amounts in millions</i>						
Approximate net income at which convertible notes become dilutive:	\$ 5.8	\$ 11.8	\$ 13.0	\$ 23.1	\$ 47.2	\$ 52.1
Interest expense, net of tax to add-back to net income (numerator):	\$ 0.9	\$ 1.8	\$ 1.1	\$ 3.5	\$ 7.2	\$ 4.4
Additional shares to include in weighted-average diluted share count (denominator):	5.7	6.2	3.5	5.7	6.2	3.5

ANNEX A

Explanation of Non-GAAP Financial Measures

The accompanying WebMD Health Corp. press release and attachments 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 or loss calculated in accordance with GAAP (referred to below as "net income") or income or loss from continuing operations calculated in accordance with GAAP (referred to below as "income from continuing operations"). The attachments to the press release include reconciliations of non-GAAP financial measures to GAAP financial measures.

Adjusted EBITDA is used by our management as an additional measure of our company'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 our management identify additional trends in our company's financial results that may not be shown solely by period-to-period comparisons of net income or income from continuing operations. In addition, we may use Adjusted EBITDA in the incentive compensation programs applicable to some of our employees in order to evaluate our company's performance. Our 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 or income from continuing operations, 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 or income from continuing operations that accompany our press releases and disclosure documents containing non-GAAP financial measures, including the reconciliations contained in the accompanying press release attachments.

We believe that the presentation of Adjusted EBITDA is useful to investors in their analysis of our results for reasons similar to the reasons why our management finds it useful and because it helps facilitate investor understanding of decisions made by management in light of the performance metrics used in making those decisions. In addition, as more fully described below, we believe that providing Adjusted EBITDA, together with a reconciliation of Adjusted EBITDA to net income or income from continuing operations, helps investors make comparisons between our company 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 our company with other public companies and is not intended as a substitute for comparisons based on net income or income from continuing operations. 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 us from Adjusted EBITDA but included in net income and income 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. We exclude depreciation and amortization expense from Adjusted EBITDA because we believe that (i) the amount of such expenses in any specific period may not directly correlate to the underlying performance of our 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, we believe that 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.** Stock-based compensation expense is a non-cash expense arising from the grant of stock-based awards to employees. We believe that excluding the effect of stock-based compensation from Adjusted EBITDA assists management and investors in making period-to-period comparisons in our company's operating performance because (i) the amount of such expenses in any specific period may not directly correlate to the underlying performance of our 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, we believe that excluding stock-based compensation from Adjusted EBITDA assists management and investors in making meaningful comparisons between our company'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 Consolidated Statement of Operations are summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Non-cash stock-based compensation included in:				
Cost of operations	\$ 1,032	\$ 1,429	\$ 2,421	\$ 2,893
Sales and marketing	\$ 1,683	\$ 1,694	\$ 3,131	\$ 3,799
General and administrative	\$ 5,493	\$ 4,510	\$ 10,037	\$ 9,631

- Interest Income and Expense.** Interest income is associated with the level of marketable debt securities and other interest bearing accounts in which we invest, and interest expense is related to our company's capital structure (including non-cash interest expense relating to our convertible notes). Interest income and expense varies over time due to a variety of financing transactions and due to acquisitions and divestitures that we have entered into or may enter into in the future. We have, in the past, issued convertible debentures, repurchased shares in cash tender offers and repurchased shares and convertible debentures through other repurchase transactions, and completed the divestiture of certain businesses. We exclude interest income and interest expense from Adjusted EBITDA (i) because these items are not directly attributable to the performance of our 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 and expense will recur in future periods. The following provides detail regarding the components of interest expense of our convertible notes:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Non-cash interest expense				
2.25% Convertible Notes	\$ 390	\$ 390	\$ 780	\$ 780
2.50% Convertible Notes	\$ 446	\$ 446	\$ 892	\$ 892
1.50% Convertible Notes	\$ 292	\$ 292	\$ 584	\$ 584
Cash interest expense				
2.25% Convertible Notes	\$ 1,418	\$ 1,419	\$ 2,837	\$ 2,838
2.50% Convertible Notes	\$ 2,500	\$ 2,500	\$ 5,000	\$ 5,000
1.50% Convertible Notes	\$ 1,125	\$ 1,125	\$ 2,250	\$ 2,250

- Income Tax Provision (Benefit).** We maintain a valuation allowance on a portion of our net deferred tax assets (including our net operating loss carryforwards), the amount of which may change from quarter to quarter based on factors that are not directly related to our results for the quarter. The valuation allowance is either adjusted through the statement of operations or additional paid-in capital. The timing of such adjustments has not been consistent and as a result, our income tax expense can fluctuate significantly from period to period in a manner not directly related to our operating performance. We exclude the income tax provision (benefit) from Adjusted EBITDA (i) because we believe that the income tax provision (benefit) is not directly attributable to the underlying performance of our 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.** We engage in other activities and transactions that can impact our net income or income from continuing operations. In recent periods, these other items included, but were not limited to: (i) gain on investments; (ii) settlements of litigation or claims; (iii) loss on repurchases of our convertible notes; and (iv) severance expense. We exclude these other items from Adjusted EBITDA because we believe these activities or transactions are not directly attributable to the performance of our business operations and, accordingly, their exclusion assists management and investors in making period-to-period comparisons of operating performance. Investors should note that some of these other items may recur in future periods.

To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/webmd-announces-second-quarter-financial-results-300121553.html>

SOURCE WebMD Health Corp.

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