



February 23, 2016

## **WebMD Announces Record Fourth Quarter and Full Year 2015 Financial Results**

### **Company Expects Continued Acceleration in Biopharma Advertising Growth in 2016**

NEW YORK, Feb. 23, 2016 /PRNewswire/ -- WebMD Health Corp. (NASDAQ: WBMD), the leading source of health information, today announced fourth quarter and full year financial results for 2015.

"We are pleased to report record revenue and earnings for the fourth quarter and full year 2015," said David Schlanger, Chief Executive Officer, WebMD. "In 2015, we delivered meaningful experiences for our users, measurable results for our customers and further strengthened both our brands and our # 1 standing among consumers and healthcare professionals."

#### **Financial Highlights**

For the three months ended December 31, 2015:

- | Revenue was \$192.1 million, compared to \$162.7 million in the prior year period, an increase of 18%. Advertising and sponsorship revenue was \$158.3 million compared to \$127.0 million in the prior year period. Private portal services revenue was \$27.2 million compared to \$28.6 million in the prior year period. Information services revenue was \$6.6 million compared to \$7.1 million in the prior year period.
- | Earnings before interest, taxes, non-cash and other items ("Adjusted EBITDA") increased 40% to \$67.4 million, or 35% of revenue, compared to \$48.1 million, or 30% of revenue, in the prior year period.
- | Net income was \$27.5 million or \$0.60 per diluted share, compared to \$16.3 million, or \$0.38 per diluted share in the prior year period.

For the year ended December 31, 2015:

- | Revenue was \$636.4 million compared to \$580.4 million in the prior year period, an increase of 10%. Advertising and sponsorship revenue was \$499.0 million compared to \$454.0 million in the prior year. Private portal services revenue was \$110.4 million compared to \$103.2 million in the prior year. Information services revenue was \$26.9 million compared to \$23.3 million in the prior year.
- | Adjusted EBITDA increased 22% to \$193.2 million, or 30% of revenue, compared to \$158.6 million, or 27% of revenue, in the prior year.
- | Net income was \$64.0 million or \$1.48 per diluted share compared to \$42.1 million or \$1.00 per diluted share in the prior year.

#### **Traffic Highlights**

Traffic to the WebMD Health Network during the fourth quarter of 2015 reached an average of 201 million unique users per month generating 3.97 billion page views for the quarter, increases of 6% and 7%, respectively, from the prior year period.

#### **Balance Sheet Highlights**

As of December 31, 2015, WebMD had: approximately \$641 million in cash and cash equivalents; \$803 million in aggregate principal amount of convertible notes outstanding; and approximately 37.7 million shares of its common stock outstanding (including approximately 0.8 million unvested shares of restricted stock).

As of December 31, 2015, approximately \$34 million remained available for repurchases under WebMD's stock repurchase program. Under its stock 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 issued financial guidance for the first quarter and full year 2016.

Mr. Schlanger continued, "The biopharma environment remains healthy and we expect to further accelerate revenue growth in this important customer segment in 2016."

For the full year ending December 31, 2016, WebMD expects:

- | Revenue to be approximately \$685 million to \$705 million, an increase of 8% to 11% from the prior year.
  - | \$549 million to \$567 million of revenue is expected to be from advertising and sponsorship, an increase of 10% to 14% from the prior year. Growth in advertising and sponsorship is expected to be driven by growth in revenue from biopharma customers of approximately 13% to 17%.
  - | \$109 million to \$110 million of revenue is expected to be from private portals services, compared to \$110.4 million in 2015.
  - | \$27 million to \$28 million of revenue is expected to be from information services, compared to \$26.9 million in 2015.
- | Adjusted EBITDA to be approximately \$219 million to \$230 million, an increase of 13% to 19% from the prior year. Adjusted EBITDA, as a percentage of revenue, to be approximately 32% to 33%, compared to 30% in the prior year.
- | Net income to be approximately \$79 million to \$89 million, or \$1.75 to \$1.90 per diluted share, compared to \$64 million, or \$1.48 per diluted share, in 2015.

For the first quarter of 2016, WebMD expects:

- | Revenue to be approximately \$154.5 million to \$157.5 million, an increase of 8% to 10% from the prior year period.
- | Adjusted EBITDA to be approximately \$43.5 million to \$45.5 million, an increase of approximately 12% to 17% from the prior year period.
- | Net income to be approximately \$13.2 million to \$14.7 million.

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](http://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](http://WebMD.com), [Medscape.com](http://Medscape.com), [MedicineNet.com](http://MedicineNet.com), [eMedicineHealth.com](http://eMedicineHealth.com), [RxList.com](http://RxList.com), Medscape Education ([Medscape.org](http://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, from 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.*

\*\*\*\*\*

WebMD®, Medscape®, CME Circle®, Medpulse®, eMedicine®, MedicineNet®, theheart.org® and RxList® are among the 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 December 31,		Years Ended December 31,	
	2015	2014	2015	2014
Revenue	\$ 192,129	\$ 162,727	\$ 636,399	\$ 580,449
Cost of operations	69,475	60,676	247,311	224,094
Sales and marketing	40,129	36,978	138,025	136,160
General and administrative	24,183	24,756	91,580	94,119
Depreciation and amortization	7,418	7,774	30,521	29,811
Interest income	15	18	51	69
Interest expense	5,099	6,171	23,123	24,686
Loss on convertible notes	-	-	2,058	-
Gain on investments	-	-	139	-
Other expense	-	-	4,100	-
Income from continuing operations before income tax provision	45,840	26,390	99,871	71,648
Income tax provision	18,379	11,236	35,847	30,707
Income from continuing operations	27,461	15,154	64,024	40,941
Income from discontinued operations, net of tax	-	1,122	-	1,122
Net income	\$ 27,461	\$ 16,276	\$ 64,024	\$ 42,063
Basic income per common share:				
Income from continuing operations	\$ 0.75	\$ 0.42	\$ 1.75	\$ 1.08
Income from discontinued operations	-	0.03	-	0.03
Net income	\$ 0.75	\$ 0.45	\$ 1.75	\$ 1.11
Diluted income per common share:				
Income from continuing operations	\$ 0.60	\$ 0.36	\$ 1.48	\$ 0.97
Income from discontinued operations	-	0.02	-	0.03
Net income	\$ 0.60	\$ 0.38	\$ 1.48	\$ 1.00
Weighted-average shares outstanding used in computing income per common share:				
Basic	36,583	36,427	36,600	37,869
Diluted	51,338	53,082	52,653	45,614

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

	Three Months Ended December 31,		Years Ended December 31,	
	2015	2014	2015	2014
Revenue				
Advertising and sponsorship				
Biopharma and medical device	\$ 119,528	\$ 93,742	\$ 371,220	\$ 329,329
OTC, CPG and other	38,758	33,294	127,805	124,636

	158,286	127,036	499,025	453,965
Private portal services	27,218	28,570	110,441	103,182
Information services	6,625	7,121	26,933	23,302
	<u>\$ 192,129</u>	<u>\$ 162,727</u>	<u>\$ 636,399</u>	<u>\$ 580,449</u>
Earnings before interest, taxes, non-cash and other items ("Adjusted EBITDA") (a)	\$ 67,354	\$ 48,138	\$ 193,226	\$ 158,622
Interest, taxes, non-cash and other items (b)				
Interest income	15	18	51	69
Interest expense	(5,099)	(6,171)	(23,123)	(24,686)
Income tax provision	(18,379)	(11,236)	(35,847)	(30,707)
Depreciation and amortization	(7,418)	(7,774)	(30,521)	(29,811)
Non-cash stock-based compensation	(9,012)	(7,821)	(33,743)	(32,546)
Loss on convertible notes	-	-	(2,058)	-
Gain on investments	-	-	139	-
Other expense	-	-	(4,100)	-
Income from continuing operations	27,461	15,154	64,024	40,941
Income from discontinued operations, net of tax	-	1,122	-	1,122
Net income	<u>\$ 27,461</u>	<u>\$ 16,276</u>	<u>\$ 64,024</u>	<u>\$ 42,063</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)

	December 31,	
	2015	2014
<b>Assets</b>		
Cash and cash equivalents	\$ 641,165	\$ 706,776
Accounts receivable, net	174,313	136,806
Prepaid expenses and other current assets	18,998	13,877
Deferred tax assets	16,126	18,147
Total current assets	<u>850,602</u>	<u>875,606</u>
Property and equipment, net	81,027	59,573
Goodwill	202,980	202,980
Intangible assets, net	10,894	14,215
Deferred tax assets	-	18,947
Other assets	20,464	26,236
Total Assets	<u>\$ 1,165,967</u>	<u>\$ 1,197,557</u>
<b>Liabilities and Stockholders' Equity</b>		
Accrued expenses	\$ 80,664	\$ 72,658
Deferred revenue	102,715	89,785
2.25% convertible notes due 2016	102,682	-
Total current liabilities	<u>286,061</u>	<u>162,443</u>
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	23,678	21,293
Stockholders' equity	156,228	61,589
Total Liabilities and Stockholders' Equity	<u>\$ 1,165,967</u>	<u>\$ 1,197,557</u>

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

	Years Ended December 31,	
	2015	2014
<b>Cash flows from operating activities:</b>		
Net income	\$ 64,024	\$ 42,063
Adjustments to reconcile net income to net cash provided by operating activities:		
Income from discontinued operations, net of tax	-	(1,122)
Depreciation and amortization	30,521	29,811
Non-cash interest, net	4,172	4,511
Non-cash stock-based compensation	33,743	32,546
Deferred income taxes	(7,713)	14,717
Loss on convertible notes	2,058	-
Gain on investments	(139)	-
Changes in operating assets and liabilities:		
Accounts receivable	(37,507)	(12,574)
Prepaid expenses and other, net	(4,132)	(673)
Accrued expenses and other long-term liabilities	9,606	(380)
Deferred revenue	12,930	4,637
Net cash provided by continuing operations	107,563	113,536
Net cash used in discontinued operations	-	(384)
Net cash provided by operating activities	107,563	113,152
<b>Cash flows from investing activities:</b>		
Cash paid in business combination	-	(3,182)
Proceeds from sale of investments	139	-
Purchases of property and equipment	(48,372)	(23,194)
Net cash used in investing activities	(48,233)	(26,376)
<b>Cash flows from financing activities:</b>		
Proceeds from exercise of stock options	21,939	40,602
Cash used for withholding taxes due on stock-based awards	(6,438)	(33,385)
Repurchase of convertible notes	(151,038)	-
Repurchase of shares through tender offers	-	(97,588)
Purchases of treasury stock	(28,406)	(128,748)
Excess tax benefit on stock-based awards	39,002	14,239
Net cash used in financing activities	(124,941)	(204,880)
Net decrease in cash and cash equivalents	(65,611)	(118,104)
Cash and cash equivalents at beginning of period	706,776	824,880
Cash and cash equivalents at end of period	\$ 641,165	\$ 706,776

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

Three Months Ended December 31,		Years Ended December 31,	
2015	2014	2015	2014

**Numerator:**

Income from continuing operations - Basic	\$ 27,461	\$ 15,154	\$ 64,024	\$ 40,941
Interest expense on 1.50% convertible notes, net of tax	864	864	3,456	3,456
Interest expense on 2.50% convertible notes, net of tax	1,797	1,797	7,189	-
Interest expense on 2.25% convertible notes, net of tax	449	1,103	3,460	-
Income from continuing operations - Diluted	<u>\$ 30,571</u>	<u>\$ 18,918</u>	<u>\$ 78,129</u>	<u>\$ 44,397</u>
Income from discontinued operations, net of tax - Basic and Diluted	<u>\$ -</u>	<u>\$ 1,122</u>	<u>\$ -</u>	<u>\$ 1,122</u>
<b>Denominator:</b>				
Weighted-average shares - Basic	36,583	36,427	36,600	37,869
Stock options and restricted stock	1,427	1,245	1,412	2,060
1.50% convertible notes	5,694	5,694	5,694	5,685
2.50% convertible notes	6,205	6,205	6,205	-
2.25% convertible notes	1,429	3,511	2,742	-
Adjusted weighted-average shares after assumed conversions - Diluted	<u>51,338</u>	<u>53,082</u>	<u>52,653</u>	<u>45,614</u>
Basic income per common share:				
Income from continuing operations	\$ 0.75	\$ 0.42	\$ 1.75	\$ 1.08
Income from discontinued operations	-	0.03	-	0.03
Net income	<u>\$ 0.75</u>	<u>\$ 0.45</u>	<u>\$ 1.75</u>	<u>\$ 1.11</u>
Diluted income per common share:				
Income from continuing operations	\$ 0.60	\$ 0.36	\$ 1.48	\$ 0.97
Income from discontinued operations	-	0.02	-	0.03
Net income	<u>\$ 0.60</u>	<u>\$ 0.38</u>	<u>\$ 1.48</u>	<u>\$ 1.00</u>

WEBMD HEALTH CORP.  
FINANCIAL GUIDANCE FOR THE YEAR ENDING DECEMBER 31, 2016  
(In millions, except per share amounts)

	<u>Guidance Range</u>	
Revenue		
Advertising and sponsorship		
Biopharma and medical device	\$ 421.0	\$ 434.0
OTC, CPG and other	128.0	133.0
	<u>549.0</u>	<u>567.0</u>
Private portal services	109.0	110.0
Information services	27.0	28.0
	<u>\$ 685.0</u>	<u>\$ 705.0</u>
Earnings before interest, taxes, non-cash and other items ("Adjusted EBITDA") (a)	\$ 219.0	\$ 230.0
Interest, taxes, non-cash and other items (b)		
Interest expense, net	(18.0)	(18.0)
Depreciation and amortization	(35.0)	(33.0)
Non-cash stock-based compensation	(36.0)	(33.0)
Income before income tax provision	<u>130.0</u>	<u>146.0</u>
Income tax provision	(51.0)	(57.0)
Net income	<u>\$ 79.0</u>	<u>\$ 89.0</u>
Income per share:		
Basic	<u>\$ 2.09</u>	<u>\$ 2.32</u>
Diluted (c)	<u>\$ 1.75</u>	<u>\$ 1.90</u>

Calculation of income per share:

Net income (numerator for basic income per share)	\$	79.0	\$	89.0
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		0.4		0.4
Numerator for diluted income per share	\$	<u>90.1</u>	\$	<u>100.1</u>
Weighted average shares outstanding (denominator for basic income per share)		37.8		38.3
Stock options and restricted stock		1.5		2.0
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		0.4		0.4
Denominator for diluted income per share		<u>51.6</u>		<u>52.6</u>

- (a) See Annex A - Explanation of Non-GAAP Financial Measures  
(b) Reconciliation of Adjusted EBITDA to net income  
(c) See Supplemental 2016 Guidance for Income Per Share Calculation below

Additional information regarding forecast for the quarter ending March 31, 2016:

- Revenue is forecasted to be between \$154.5 million to \$157.5 million
- Revenue distribution is forecasted to be approximately 56% from Biopharma and medical device; 21% from OTC, CPG and other; 18.5% from private portal services and 4.5% from information services
- Adjusted EBITDA is forecasted to be between \$43.5 million to \$45.5 million
- Net income is forecasted to be between \$13.2 million to \$14.7 million

The above guidance does not include the impact if any, of future deployment of capital for items such as share repurchases, convertible note repurchases or 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 2016 GUIDANCE FOR INCOME PER SHARE CALCULATION

Based on the Company's Financial Guidance for the Year Ending December 31, 2016, 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 2016 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.

	Quarterly Amounts			Annual Amounts		
	1.50% Convertible Notes	2.50% Convertible Notes	2.25% Convertible Notes (a)	1.50% Convertible Notes	2.50% Convertible Notes	2.25% Convertible Notes (a)
<i>All amounts in millions</i>						
Approximate net income at which convertible notes become dilutive (b)	\$ 6.0	\$ 12.2	\$ 13.4	\$ 23.9	\$ 48.7	\$ 53.7
Interest expense, net of tax to add-back to net income (numerator)	\$ 0.9	\$ 1.8	\$ 0.4	\$ 3.5	\$ 7.2	\$ 0.4
Additional shares to include in weighted-average diluted share count (denominator)	5.7	6.2	1.4	5.7	6.2	0.4

- (a) Since the 2.25% convertible notes will mature on March 31, 2016, the quarterly amounts above are only applicable for the quarter ending March 31, 2016. Additionally, the Annual Amounts column reflects the impact of the additional shares for the 2.25% convertible notes, weighted for the period that they will be outstanding during the year ending December 31, 2016.
- (b) These net income amounts assume a weighted-average diluted share count of 39.3 million shares attributable to common shares, stock options and restricted stock (prior to the effect of convertible notes) and are subject to change as such weighted-average

## 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:

1. **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.
1. **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		Year Ended	
	December 31,		December 31,	
	2015	2014	2015	2014
Non-cash stock-based compensation included in:				
Cost of operations	\$ 1,426	\$ 1,384	\$ 5,217	\$ 5,940
Sales and marketing	\$ 2,191	\$ 1,559	\$ 7,290	\$ 7,221
General and administrative	\$ 5,395	\$ 4,878	\$ 21,236	\$ 19,385

- 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		Year Ended	
	December 31,		December 31,	
	2015	2014	2015	2014
Non-cash interest expense				
2.25% Convertible Notes	\$ 159	\$ 390	\$ 1,221	\$ 1,560
2.50% Convertible Notes	\$ 446	\$ 446	\$ 1,785	\$ 1,785
1.50% Convertible Notes	\$ 291	\$ 291	\$ 1,166	\$ 1,166
Cash interest expense				
2.25% Convertible Notes	\$ 578	\$ 1,419	\$ 4,451	\$ 5,675
2.50% Convertible Notes	\$ 2,500	\$ 2,500	\$ 10,000	\$ 10,000
1.50% Convertible Notes	\$ 1,125	\$ 1,125	\$ 4,500	\$ 4,500

- 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.

- 1 **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-record-fourth-quarter-and-full-year-2015-financial-results-300224845.html>

SOURCE WebMD Health Corp.

News Provided by Acquire Media