

WEBMD CORP /NEW/
Form 10-K/A
May 02, 2005

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

**Form 10-K/ A
Amendment No. 1 to**

**þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2004**

or

**o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 0-24975

WebMD Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

94-3236644
(I.R.S. employer identification no.)

**669 River Drive, Center 2
Elmwood Park, New Jersey**
(Address of principal executive office)

07407-1361
(Zip Code)

(Registrant's telephone number including area code): (201) 703-3400

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value \$.0001 per share

(Title of each class)

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

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

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

As of June 30, 2004, the aggregate market value of the registrant's common stock held by non-affiliates was approximately \$2,742,954,120 (based on the closing price of the common stock of \$9.32 per share on that date, as reported on the Nasdaq Stock Market's National Market and, for purposes of this computation only, the assumption

that all of the registrant's directors and executive officers are affiliates). As of March 1, 2005, there were 314,783,047 shares of WebMD common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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

Directors

Name	Age	Positions
Mark J. Adler, M.D.(3)(4)	48	Director; Chairman of the Compensation Committee
Paul A. Brooke(1)(2)(5)	59	Director
Kevin M. Cameron(1)	38	Director; Chief Executive Officer
Neil F. Dimick(4)(5)	55	Director; Chairman of the Nominating Committee; Chairman of the Governance & Compliance Committee
James V. Manning(1)(2)(4)	58	Director; Chairman of the Audit Committee
Herman Sarkowsky(3)(5)	79	Director
Joseph E. Smith(1)(2)(3)	66	Director
Martin J. Wygod(1)	65	Chairman of the Board

(1) Member of the Executive Committee

(2) Member of the Audit Committee

(3) Member of the Compensation Committee

(4) Member of the Governance & Compliance Committee

(5) Member of the Nominating Committee

For a description of each of the standing committees of the Board of Directors and other corporate governance matters, see Corporate Governance below.

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Name	Age	Positions
Kevin M. Cameron	38	Chief Executive Officer
Tony G. Holcombe	49	President; and President of WebMD Business Services
Andrew C. Corbin	42	Executive Vice President and Chief Financial Officer; and Interim President of WebMD Practice Services
K. Robert Draughon	45	Executive Vice President, Business Development
Wayne T. Gattinella	53	Co-Chief Executive Officer and President of WebMD Health
Kirk G. Layman	46	Executive Vice President, Administration
Charles A. Mele	48	Executive Vice President, General Counsel and Secretary
William G. Midgette	49	Chief Executive Office of Porex
Anthony Vuolo	47	Executive Vice President, Business Development
Steven Zatz, M.D.	48	Executive Vice President, Chief Medical Officer; and Executive Vice President, Professional Services of WebMD Health
Martin J. Wygod	65	Chairman of the Board

Mark J. Adler, M.D., has been a director of WebMD since September 2000. He served as a director of CareInsite, Inc. from 1999 until its acquisition by WebMD in September 2000. Dr. Adler is an oncologist and has been Medical Director of the San Diego Cancer Center since he founded it in 1991 and is a director of the San Diego Cancer Research Institute. He has been the Chief Executive Officer of the internal medicine and oncology group of Medical Group of North County, which is based in San Diego, California, for more than five years. He also serves on the Scientific Advisor Boards of Red Abbey Venture Partners, a private investment firm, and Autogenomics Inc., a genomics testing products company.

Paul A. Brooke has been a director of WebMD since November 2000. Mr. Brooke has been the managing member of PMSV Holdings LLC, a private investment firm, since 1993 and a venture partner of MPM Capital, a venture capital firm specializing in the healthcare industry, since 1997. Mr. Brooke has also been an advisory director to Morgan Stanley since April 2000. From 1983 until April 1999, Mr. Brooke was a Managing Director and the Global Head of Healthcare Research and Strategy at Morgan Stanley. From April 1999 until May 2000, he was a Managing Director at Tiger Management LLC. He serves as a member of the Boards of Directors of the following other public companies: Incyte Corporation, a drug discovery company; and Viropharma Incorporated, a pharmaceutical company. He also serves as a director of a number of private firms including Arriva Pharmaceuticals, Inc.

Kevin M. Cameron has served as a director and as Chief Executive Officer of WebMD since October 2004. Mr. Cameron has held senior executive positions at WebMD and its predecessors since April 2000. From January 2002 until October 2004, Mr. Cameron was Special Advisor to the Chairman of WebMD. From September 2000 to January 2002, he served as Executive Vice President, Business Development of WebMD and, in addition, from September 2001 through January 2002, was a member of the Office of the President of WebMD. From April 2000 until its merger with WebMD in September 2000, Mr. Cameron served as Executive Vice President, Business Development of Medical Manager Corporation. Prior to April 2000, Mr. Cameron was a Managing Director of the Health Care Investment Banking Group of UBS and held various positions at Salomon Smith Barney, which is now part of Citigroup.

Andrew C. Corbin has served as Executive Vice President and Chief Financial Officer of WebMD since October 2003. In addition, since January 2005, Mr. Corbin has been interim President of our WebMD Practice Services segment. For the seven years prior to joining WebMD, Mr. Corbin served in senior financial positions at The Bisy Group, Inc., a provider of business process outsourcing services to

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the financial services industry, the last of which was as its Executive Vice President and Chief Financial Officer. Prior to October 1996, Mr. Corbin held various financial positions with the following: The Limited, Inc., a retailer; General Motors Corporation, an automobile manufacturer; and Ernst & Young, an accounting firm.

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

K. Robert Draughon has served as WebMD's Executive Vice President, Business Development since November 1999. From February 1998 until November 1999, he served as Chief Financial Officer of WebMD, Inc., prior to its acquisition by Healtheon Corporation. From January 1988 to February 1998, he served as Chief Investment Officer for Fuqua Capital Corporation, a private investment firm based in Atlanta, Georgia.

Wayne T. Gattinella was appointed Co-Chief Executive Officer of our WebMD Health segment as of April 28, 2005. He has served as President of our WebMD Health segment since August 2001 and as an Executive Vice President of WebMD since November 2002. Previously, Mr. Gattinella was Executive Vice President and Chief Marketing Officer for PeoplePC, an Internet service provider, from April 2000 to August 2001. From February 1998 to March 2000, Mr. Gattinella was President of North America for MemberWorks, Inc., a marketing services company.

Tony G. Holcombe has served as President of WebMD since September 2004 and as President of our WebMD Business Services segment since December 2003. From September 2002 to December 2003, Mr. Holcombe was Chairman and Chief Executive Officer of Valutec Card Solutions, Inc., a privately held provider of financial services products to a variety of industries, and he continues to serve as a member of its Board of Directors. From May 1999 to September 2002, Mr. Holcombe was President of the Employer/ Employee Services division of Ceridian Corporation, an information services company, and from May 1997 to May 1999, he served as President of the Comdata subsidiary of Ceridian. Prior to May 1997, Mr. Holcombe served in senior management positions with National City Corporation, a bank holding company, the last of which was as President and CEO of its National Processing Company subsidiary, a provider of merchant credit card processing services and corporate outsourcing solutions. Mr. Holcombe is a member of the Board of Directors of the following public companies: TALX Corporation, a business process outsourcer of payroll-related and human resource services; and Syniverse Technologies Inc., a communications technology company.

Kirk G. Layman has been Executive Vice President, Administration of WebMD since April 2002 and, from May 2003 to October 2003, also served as Acting Chief Financial Officer of WebMD. Mr. Layman has held senior executive positions at WebMD and its predecessors since 1997. From September 2000 to April 2002, Mr. Layman served as Senior Vice President, Finance of WebMD. From March 1999 until its merger with WebMD in September 2000, Mr. Layman served as Senior Vice President Finance and Chief Accounting Officer of Synetic, Inc., which changed its name to Medical Manager in July 1999 when it acquired the company of that name. Prior to that, he served as Vice President Financial Analysis of Synetic from May 1997 to March 1999. Prior to joining Synetic, Mr. Layman was with the accounting firm of Arthur Andersen, where he was a partner since 1995.

James V. Manning has been a director of WebMD since September 2000. He served as a director of CareInsite, Inc. from 1999 until its acquisition by WebMD in September 2000. From 1989 until its merger with WebMD in September 2000, Mr. Manning was a member of the Board of Directors of Synetic, Inc.,

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which changed its name to Medical Manager in July 1999 when it acquired the company of that name. In addition, he was Vice Chairman of the Board of Synetic from March 1998 to July 1999 and was its Chief Executive Officer from January 1995 to March 1998.

Charles A. Mele has been Executive Vice President, General Counsel and Secretary of WebMD since January 2001. Mr. Mele has served in senior executive positions for WebMD and its predecessors since 1995. Mr. Mele was Executive Vice President and Co-General Counsel of WebMD from September 2000 until January 2001. He served as a director of CareInsite, Inc. from 1998 until its acquisition by WebMD in September 2000. From March 1998 until its merger with WebMD in September 2000, Mr. Mele was Executive Vice President General Counsel of Synetic, Inc., which changed its name to Medical Manager in July 1999 when it acquired the company of that name. In addition, he was Vice President General Counsel of Synetic from July 1995 to March 1998.

William G. Midgette has been Chief Executive Officer of our Porex segment since August 2002 and has been an Executive Vice President of WebMD since March 2003. For more than five years prior to that, Mr. Midgette served in senior management positions at C. R. Bard, Inc., a healthcare products company, the last of which was President, Bard International.

Herman Sarkowsky has been a director of WebMD since November 2000. Mr. Sarkowsky has been President of Sarkowsky Investment Corporation, a private investment company, for more than five years. From 1989 until its merger with WebMD in September 2000, Mr. Sarkowsky also served as a director of Synetic, Inc., which changed its name to Medical Manager in July 1999 when it acquired the company of that name.

Joseph E. Smith has been a director of WebMD since September 2000. Mr. Smith was a director of CareInsite, Inc. from 1999 until September 2000. Mr. Smith served in various positions with Warner-Lambert Company, a pharmaceutical company, from March 1989 to September 1997, the last of which was Corporate Vice President and a member of the Office of the Chairman and the firm's Management Committee. Mr. Smith serves on the Board of Directors of Par Pharmaceutical Companies, Inc., a manufacturer and distributor of generic and branded pharmaceuticals, and on the Board of Trustees of the International Longevity Center, a non-profit organization.

Anthony Vuolo has been Executive Vice President, Business Development of WebMD since May 2003. Mr. Vuolo has served in several executive positions at WebMD and its predecessors since 1994. From September 2000 to May 2003, Mr. Vuolo was Executive Vice President and Chief Financial Officer of WebMD. From March 1999 until its merger with WebMD in September 2000, Mr. Vuolo was Senior Vice President Business Development and Treasurer of Synetic, Inc., which changed its name to Medical Manager in July 1999 when it acquired the company of that name. Prior to that, he was Executive Vice President Finance and Administration and Chief Financial Officer of Synetic from March 1998 until March 1999.

Martin J. Wygod has served as Chairman of the Board of Directors of WebMD since March 2001 and as a director since September 2000. From October 2000 until May 2003, he also served as our Chief Executive Officer. From September 2000 until October 2000, Mr. Wygod served as Co-Chief Executive Officer of WebMD. For more than five years prior to its merger with WebMD in September 2000, Mr. Wygod was Chairman of the Board and a director of Synetic, Inc., which changed its name to Medical Manager in July 1999 when it acquired the company of that name. He also served as Chairman of the Board of CareInsite, Inc. from 1999 until its acquisition by WebMD in September 2000. He is also engaged in the business of racing, boarding and breeding thoroughbred horses, and is President of River Edge Farm, Inc.

Steven Zatz, M.D., has been Executive Vice President, Professional Services of WebMD Health since January 2002 and has served as Executive Vice President, Chief Medical Officer of WebMD since September 2001. Dr. Zatz served as Executive Vice President, Internet Portals and Applications Services of WebMD from October 2000 to January 2002. Dr. Zatz was Senior Vice President, Medical Director of CareInsite, Inc. from June 1999 until its acquisition by WebMD in September 2000. Prior to joining

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CareInsite, Dr. Zatz was senior vice president of RR Donnelley Financial in charge of its healthcare business from October 1998 to May 1999. From August 1995 to May 1998, Dr. Zatz was President of Physicians Online, an online portal for physicians.

As previously announced, David Gang will be joining our WebMD Health segment as its Co-Chief Executive Officer and Chief Operating Officer. Mr. Gang has served for more than five years in senior management positions at America Online, Inc., a subsidiary of Time Warner Inc., and its predecessors, most recently as Executive Vice President, AOL Products.

No family relationship exists among any of our directors or executive officers. No arrangement or understanding exists between any director or executive officer of WebMD and any other person pursuant to which any of them were selected as a director or executive officer, except that Messrs. Manning, Smith and Wygod and Dr. Adler were originally appointed as directors in connection with the merger transactions in September 2000 involving WebMD, Medical Manager and CareInsite.

Corporate Governance

Board of Directors. Our Board of Directors has eight members. Two of the members are also employees of WebMD: Mr. Cameron, our Chief Executive Officer; and Mr. Wygod, Chairman of the Board. Six of the members are non-employee directors: Dr. Adler and Messrs. Brooke, Dimick, Manning, Sarkowsky and Smith. Our Board of Directors has determined that each of the non-employee directors is also an independent director under applicable SEC rules and NASDAQ Stock Market listing standards. The non-employee directors meet regularly without any employee directors or other WebMD employees present.

Our Board of Directors is divided into three classes, two of which currently have three directors and one of which has two directors. At each Annual Meeting, the term of one of the classes of directors expires and WebMD stockholders vote to elect nominees for the directorships in that class for a new three-year term. The terms of Messrs. Dimick and Smith will expire at our Annual Meeting of Stockholders in 2005; the terms of Messrs. Brooke, Manning and Wygod will expire at our Annual Meeting in 2006; and the terms of Dr. Adler and Messrs. Sarkowsky and Cameron will expire at our Annual Meeting in 2007. Our Board of Directors met 14 times during 2004.

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

WebMD's Board of Directors encourages its members to attend our Annual Meetings of Stockholders. All of our directors attended the 2004 Annual Meeting. Our Board of Directors encourages our security holders to communicate in writing to our directors. Security holders may send written communications to our Board of Directors or to specified individual directors by sending such communications care of the Corporate Secretary's Office, WebMD Corporation, 669 River Drive, Center 2, Elmwood Park, New Jersey 07407-1361. Such communications will be reviewed by our Legal Department and, depending on the content, will be:

forwarded to the addressees or distributed at the next scheduled Board meeting; or

if they relate to financial or accounting matters, forwarded to the Audit Committee or discussed at the next scheduled Audit Committee meeting; or

if they relate to the recommendation of the nomination of an individual, forwarded to the Nominating Committee or discussed at the next scheduled Nominating Committee meeting; or

if they relate to the operations of WebMD, forwarded to the appropriate officers of WebMD, and the response or other handling reported to the Board at the next scheduled Board meeting.

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Executive Committee. The Executive Committee, which met twice during 2004, is currently comprised of Messrs. Brooke, Cameron, Manning, Smith and Wygod. The Executive Committee has the power to exercise, to the fullest extent permitted by law, the powers of the entire Board.

Audit Committee. The Audit Committee, which met 12 times during 2004, is currently comprised of Messrs. Brooke, Manning and Smith; Mr. Manning is its Chairman. Each of the members of the Audit Committee meets the standards of independence applicable to audit committee members under applicable SEC rules and NASDAQ Stock Market listing standards. In addition, the Board of Directors of WebMD has determined that Mr. Manning qualifies as an audit committee financial expert, as that term is used in applicable SEC regulations implementing Section 407 of the Sarbanes-Oxley Act of 2002, based on his training and experience as a certified public accountant, including as a partner of a major accounting firm, and based on his service as a senior executive and chief financial officer of public companies. The Audit Committee is responsible for, among other things:

retaining and overseeing the registered public accounting firm that serves as our independent auditor and evaluating their performance and independence;

reviewing the annual audit plan with WebMD's management and registered public accounting firm;

pre-approving any permitted non-audit services provided by our registered public accounting firm;

approving the fees to be paid to our registered public accounting firm;

reviewing the adequacy and effectiveness of our internal controls with WebMD's management, internal auditors and registered public accounting firm;

reviewing and discussing the annual audited financial statements and the interim unaudited financial statements with WebMD's management and registered public accounting firm;

approving our internal audit plan and reviewing reports of our internal auditors;

determining whether to approve related party transactions; and

overseeing the administration of WebMD's Code of Business Conduct.

The Audit Committee operates under a written charter adopted by the Board of Directors, which sets forth the responsibilities and powers delegated by the Board to the Nominating Committee. A copy of the Audit Committee Charter, as amended through February 23, 2005, is filed as Exhibit 99.1 to this Annual Report. A copy of WebMD's Code of Business Conduct, as amended, was filed as Exhibit 14.1 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2003. WebMD's Code of Business Conduct applies to all directors and employees of WebMD. Any waiver of applicable requirements in the Code of Business Conduct that is granted to any of our directors, to our principal executive officer, to any of our senior financial officers (including our principal financial officer, principal accounting officer or controller) or to any other person who is an executive officer of WebMD requires the approval of the Audit Committee and waivers will be disclosed on our corporate Web site, www.webmd.com in the About WebMD section, or in a Current Report on Form 8-K.

Compensation Committee. The Compensation Committee, which met 11 times during 2004, is currently comprised of Dr. Adler and Messrs. Sarkowsky and Smith; Dr. Adler is its Chairman. Each of these directors is a non-employee director within the meaning of Section 16 of the Securities Exchange Act, an outside director within the meaning of Section 162(m) of the Internal Revenue Code and an independent director under applicable NASDAQ Stock Market listing standards. The responsibilities delegated by the Board to the Compensation Committee include:

oversight of our executive compensation program and our incentive and equity compensation plans;

determination of compensation levels for and grants of incentive and equity-based awards to our executive officers; and

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review of and making recommendations regarding other matters relating to WebMD's compensation practices. The Compensation Committee operates under a written charter adopted by the Board of Directors, which sets forth the responsibilities and powers delegated by the Board to the Compensation Committee. A copy of the Compensation Committee Charter, as amended through February 23, 2005, is filed as Exhibit 99.2 to this Annual Report.

Nominating Committee. The Nominating Committee, which met twice during 2004, is currently comprised of Messrs. Brooke, Dimick and Sarkowsky; Mr. Dimick is its Chairman. Each of these directors is an independent director under applicable NASDAQ Stock Market listing standards. The responsibilities delegated by the Board to the Nominating Committee include:

identifying individuals qualified to become Board members;

recommending to the Board the director nominees for each Annual Meeting of Stockholders; and

recommending to the Board candidates for filling vacancies that may occur between Annual Meetings.

The Nominating Committee operates pursuant to a written charter adopted by the Board of Directors, which sets forth the responsibilities and powers delegated by the Board to the Nominating Committee. A copy of the Nominating Committee Charter, as amended through February 23, 2005, is filed as Exhibit 99.3 to this Annual Report. The Nominating Committee has not adopted specific objective requirements for service on the WebMD Board. Instead, the Nominating Committee considers various factors in determining whether to recommend to the Board potential new Board members, or the continued service of existing members, including:

the amount and type of the potential nominee's managerial and policy-making experience in complex organizations and whether any such experience is particularly relevant to WebMD;

any specialized skills or experience that the potential nominee has and whether such skills or experience are particularly relevant to WebMD;

in the case of non-employee directors, whether the potential nominee has sufficient time to devote to service on the WebMD Board and the nature of any conflicts of interest or potential conflicts of interest arising from the nominee's existing relationships;

in the case of non-employee directors, whether the nominee would be an independent director and would be considered a financial expert or financially literate under applicable listing standards of The NASDAQ Stock Market and applicable law;

in the case of potential new members, whether the nominee assists in achieving a mix of Board members that represents a diversity of background and experience, including with respect to age, gender, race, areas of expertise and skills; and

in the case of existing members, the nominee's contributions as a member of the Board during his or her prior service.

The Nominating Committee will consider candidates recommended by stockholders in the same manner as described above. Any such recommendation should be sent in writing to the Nominating Committee, care of Secretary, WebMD Corporation, 669 River Drive, Center 2, Elmwood Park, New Jersey 07407-1361. To facilitate consideration by the Nominating Committee, the recommendation should be accompanied by a full statement of the qualifications of the recommended nominee, the consent of the recommended nominee to serve as a director of WebMD if nominated and to be identified in WebMD's proxy materials and the consent of the recommending stockholder to be named in WebMD's proxy materials. The recommendation and related materials will be provided to the Nominating Committee for consideration at its next regular meeting.

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Governance & Compliance Committee. On October 28, 2004, our Board of Directors established, effective as of November 15, 2004, the Governance & Compliance Committee. The Governance & Compliance Committee is currently comprised of Dr. Adler and Messrs. Dimick and Manning; Mr. Dimick is its Chairman. The Governance & Compliance Committee met once in 2004. The responsibilities delegated by the Board to the Governance & Compliance Committee include:

evaluating and making recommendations to the Board regarding matters relating to the governance of WebMD;

assisting the Board in coordinating the activities of the Board's other standing committees, including with respect to WebMD's compliance programs and providing additional oversight of those compliance programs; and

providing oversight of senior executive recruitment and management development.

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

The Governance & Compliance Committee operates pursuant to a written charter adopted by the Board of Directors. The Charter of the Governance & Compliance Committee was filed as Exhibit 99.4 to the Current Report on Form 8-K filed by WebMD on November 4, 2004. Pursuant to that Charter, the membership of the Governance & Compliance Committee consists of the Chairpersons of the Nominating, Audit and Compensation Committees and the Chairperson of the Nominating Committee serves as the Chairperson of the Governance & Compliance Committee, unless otherwise determined by the Governance & Compliance Committee.

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

Messrs. Brooke, Manning, Sarkowsky and Smith and Dr. Adler are members of a special committee of the Board to oversee matters relating to the investigations described in Legal Proceedings Investigations by United States Attorney for the District of South Carolina and the SEC;

Dr. Adler and Messrs. Dimick and Wygod are members of a special committee of the Board to provide oversight of the preparations to establish WebMD Health as a separate publicly traded company; and

Messrs. Manning and Smith are members of a special committee of the Board authorized to make determinations relating to our stock repurchase program.

Section 16(a) Beneficial Ownership Reporting Compliance

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

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The following table sets forth information concerning the compensation earned for services rendered to WebMD by the named executive officers, which is defined under SEC rules to include a company's chief executive officer and other specified highly compensated executive officers.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation Awards			
		Salary(\$)	Bonus(\$)	Other Annual Compensation(\$)	Restricted Stock Awards (\$)(1)	Securities Underlying Options(#) Compensation(\$)	All Other
Kevin M. Cameron Chief Executive Officer(2)	2004	502,500	402,000		2,179,950(3)	1,700,000	
	2003	270,000					588,580(4)
	2002	146,400					257,350(5)
Andrew C. Corbin Executive Vice President and Chief Financial Officer	2004	450,000	415,000(6)		322,125(7)		
	2003	100,385(8)	122,917(9)			600,000	
Wayne T. Gattinella Co-CEO and President of WebMD Health	2004	450,000	300,000		322,125(7)	250,000	
	2003	450,000	125,000				
	2002	410,000	165,000				
Tony G. Holcombe President	2004	475,000	300,000		1,021,125(10)	400,000	
	2003	22,500(11)				400,000	
Roger C. Holstein Former CEO of WebMD Health(2)	2004	915,000	402,000		715,547(12)		
	2003	861,538				500,000	
	2002	480,000	450,000			1,000,000	
Charles A. Mele Executive Vice President, General Counsel and	2004	450,000	300,000		322,125(7)	250,000	
	2003	450,000					
	2002	450,000					