

EMDEON CORP
Form 10-K/A
May 10, 2007

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

Form 10-K/A
Amendment No. 2 to

p ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended December 31, 2006

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

Emdeon 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)

(201) 703-3400

(Registrant's telephone number including area code)

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value \$0.0001 per share	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:
Not Applicable

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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 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 a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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

As of June 30, 2006, the aggregate market value of the registrant's common stock held by non-affiliates was approximately \$3,286,700,000 (based on the closing price of Emdeon Common Stock of \$12.41 per share on that date, as reported on the Nasdaq National Market System and, for purposes of this computation only, the assumption that all of the registrant's directors and executive officers are affiliates).

As of February 26, 2007, there were 169,494,250 shares of Emdeon Common Stock outstanding (including unvested shares of restricted Emdeon Common Stock issued under our equity compensation plans).

DOCUMENTS INCORPORATED BY REFERENCE

None.

Explanatory Note

Emdeon Corporation (the Company) is filing this Amendment No. 2 to its Annual Report on Form 10-K/A for the fiscal year ended December 31, 2006, originally filed with the Securities and Exchange Commission on March 1, 2007 and amended by Amendment No. 1 on April 30, 2007, to amend and restate its consolidated financial statements for the years ended December 31, 2004 through December 31, 2006 and its selected financial data for the years ended December 31, 2002 through December 31, 2006.

The Company identified an error in its accounting for non-cash income tax expense and related deferred taxes. The error relates to the tax impact of goodwill and certain intangible assets arising from certain business combinations, primarily tax-deductible goodwill which is amortized as an expense for tax purposes over 15 years but is not amortized to expense for financial reporting purposes since the adoption of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets as of January 1, 2002. The Company recorded a deferred income tax expense and a deferred tax liability related to the tax-deductible goodwill. However, in preparing its financial statements, the Company incorrectly netted the deferred tax liability resulting from the amortization of tax-deductible goodwill against deferred tax assets (primarily relating to the Company's net operating loss carryforwards) and provided a valuation allowance on the net asset balance. Because the deferred tax liability has an indefinite life, it should not have been netted against deferred tax assets with a definite life when determining the required valuation allowance. As a result, the Company did not record the appropriate valuation allowance and related deferred income tax expense. The deferred tax liability described above will remain on the balance sheet of the Company indefinitely unless there is an impairment of goodwill for financial reporting purposes or the related business entity is disposed of through a sale or otherwise.

The error resulted in an understatement of deferred income tax expense and related deferred tax liability and an overstatement of net income in the aggregate amount of \$3.1 million in the Company's audited financial statements for the years ended December 31, 2006, 2005 and 2004. The error also resulted in an understatement of deferred income tax expense and related deferred tax liability and an overstatement of net income in the aggregate amount of \$1.4 million in the Company's financial statements for the years ended December 31, 2004 and 2003. Additionally, as a portion of the adjustment to deferred income tax expense related to the Company's majority owned subsidiary, WebMD Health Corp. (WHC), the Company has also adjusted the minority interest in WHC for the period of time during the years ended December 31, 2006 and 2005 that WHC was not a 100% owned subsidiary of the Company, which resulted in an adjustment to minority interest in WHC in the aggregate amount of \$0.4 million during the years ended December 31, 2006 and 2005. The impact to the Company's net income, after taking into account the above adjustments, was \$2.7 million in the aggregate during the years ended December 31, 2006, 2005 and 2004. The correction had no effect on the Company's revenues, total assets, cash flows or liquidity for any of these periods and no effect on the Company's pre-tax operating results, other than the effect on minority interest. The Company believes that there will be no effect on its debt agreements or other contractual obligations as a result of this error.

See Note 24, Restatement of Consolidated Financial Statements located in the Notes to Consolidated Financial Statements included elsewhere in this Annual Report, for a summary of the effects of this error on the Company's consolidated financial statements.

The following information has been updated to give effect to the restatement:

Part II

Item 6 *Selected Financial Data*

Item 7 *Management's Discussion and Analysis of Financial Condition and Results of Operations*

Item 8 *Financial Statements and Supplementary Data*

Item 9A *Controls and Procedures*

Part IV

Item 15 *Exhibits and Financial Statement Schedules*

12.1 Computation of Ratio of Earnings to Fixed Charges

PART II

Item 6. *Selected Financial Data*

The following information has been adjusted to reflect the restatement of our financial results to correct the previously reported income tax provision, which is more fully described in the Explanatory Note on page 1 and Note 24, Restatement of Consolidated Financial Statements located in the Notes to Consolidated Financial Statements elsewhere in this Annual Report. The following selected consolidated financial data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and with the consolidated financial statements and notes thereto, which are included elsewhere in this Annual Report.

	2006(1)(2)(3)	Years Ended December 31, (Restated)			2002
		2005	2004	2003(4)	
(In thousands, except per share data)					
Consolidated Statement of Operations Data:					
Revenue	\$ 1,098,608	\$ 1,026,475	\$ 918,097	\$ 706,676	\$ 633,097
Costs and expenses:					
Cost of operations	623,758	595,654	536,289	417,852	376,426
Development and engineering	33,649	35,653	33,141	24,774	24,502
Sales, marketing, general and administrative	288,015	254,887	244,516	208,185	219,230
Depreciation and amortization	61,976	60,905	48,707	51,475	114,842
Legal expense	2,578	17,835	9,230	3,959	
Gain on sale of EBS	352,297				
Loss (gain) on investments		6,365	(457)	(1,659)	(6,547)
Interest income	32,339	21,527	18,716	22,855	19,578
Interest expense	18,779	16,322	19,251	15,201	8,451
Other expense (income), net	1,674	3,765	4,535	(4,218)	(9,694)
Income (loss) from continuing operations before income tax provision (benefit)	452,815	56,616	41,601	13,962	(74,535)
Income tax provision (benefit)	52,316	3,295	6,946	5,105	(4,405)
Minority interest in WebMD Health Corp. (WHC)	405	775			
Equity in earnings of EBS Master LLC	763				
Income (loss) from continuing operations	400,857	52,546	34,655	8,857	(70,130)
Income (loss) from discontinued operations, net of tax	371,060	16,265	1,956	(27,279)	20,479
Net income (loss)	\$ 771,917	\$ 68,811	\$ 36,611	\$ (18,422)	\$ (49,651)
Basic income (loss) per common share:					
Income (loss) from continuing operations	\$ 1.44	\$ 0.15	\$ 0.11	\$ 0.03	\$ (0.23)
	1.32	0.05	0.00	(0.09)	0.07

Income (loss) from discontinued operations

Net income (loss)	\$	2.76	\$	0.20	\$	0.11	\$	(0.06)	\$	(0.16)
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Diluted income (loss) per common share:

Income (loss) from continuing operations	\$	1.26	\$	0.15	\$	0.10	\$	0.03	\$	(0.23)
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Income (loss) from discontinued operations		1.12		0.05		0.01		(0.09)		0.07
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Net income (loss)	\$	2.38	\$	0.20	\$	0.11	\$	(0.06)	\$	(0.16)
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Weighted-average shares outstanding used in computing income (loss) per common share:

Basic		279,234		341,747		320,080		304,858		304,168
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Diluted		331,642		352,852		333,343		325,811		304,168
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	2006(1)(2)	As of December 31, (Restated)			2002
		2005	2004	2003(4)	
			(In thousands)		
Consolidated Balance Sheet Data:					
Cash, cash equivalents and short-term investments	\$ 648,831	\$ 423,003	\$ 101,655	\$ 266,097	\$ 181,268
Long-term marketable securities	2,633	4,430	515,838	456,034	456,716
Working capital (excluding assets and liabilities of discontinued operations)	638,339	413,816	63,221	207,273	116,268
Total assets	1,451,943	2,195,683	2,292,234	2,129,642	1,766,248
Convertible notes	650,000	650,000	649,999	649,999	300,000
Minority interest in WHC	101,860	43,096			
Convertible redeemable exchangeable preferred stock	98,768	98,533	98,299		
Stockholders equity	372,527	1,061,233	1,214,876	1,171,980	1,148,600

- (1) For the year ended December 31, 2006, the consolidated financial position and results of operations reflect the sale of a 52% interest in our Emdeon Business Services segment, excluding the ViPS business unit (which we refer to as EBS) as of November 16, 2006. Accordingly, the consolidated balance sheet as of December 31, 2006 excludes the assets and liabilities of EBS and the consolidated statement of operations for the year ended December 31, 2006 include the operations of EBS for the period January 1, 2006 through November 16, 2006.
- (2) On September 14, 2006, we completed the sale of the Emdeon Practice Services segment. Accordingly, the following selected consolidated financial data has been reclassified to reflect the historical results of the Emdeon Practice Services segment as discontinued operations for this and all prior periods presented.
- (3) On January 1, 2006, we adopted Statement of Financial Accounting Standards No. 123 (Revised 2004): Share Based Payment that resulted in additional non-cash stock-based compensation expense during 2006. See Results of Operations included in Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations.
- (4) On August 1, 2003, we completed the sale of two operating units of our Porex segment. Accordingly, the following selected consolidated financial data has been reclassified to reflect the historical results of these two operating units as discontinued operations for this and all prior periods presented.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Item 7 contains forward-looking statements with respect to possible events, outcomes or results that are, and are expected to continue to be, subject to risks, uncertainties and contingencies, including those identified in this Item. See *Forward-Looking Statements* on page 2.

The following information has been adjusted to reflect the restatement of our financial results to correct the previously reported income tax provision, which is more fully described in the *Explanatory Note* on page 1 and Note 24, *Restatement of Consolidated Financial Statements* located in the Notes to Consolidated Financial Statements elsewhere in this Annual Report.

Overview

Management's discussion and analysis of financial condition and results of operations, or MD&A, is provided as a supplement to the Consolidated Financial Statements and notes thereto included elsewhere in this Annual Report beginning on page F-1 and to provide an understanding of our results of operations, financial condition and changes in financial condition. Our MD&A is organized as follows:

Introduction. This section provides a general description of our company, a brief discussion of our operating segments, a description of certain recent developments, a description of significant transactions completed during 2006, a summary of the acquisitions we completed during the last three years and background information on certain trends, strategies and other matters discussed in this MD&A.

Critical Accounting Estimates and Policies. This section discusses those accounting policies that both are considered important to our financial condition and results of operations, and require us to exercise subjective or complex judgments in making estimates and assumptions. In addition, all of our significant accounting policies, including our critical accounting policies, are summarized in Note 1 to the Consolidated Financial Statements included in this Annual Report.

Results of Operations and Results of Operations by Operating Segment. These sections provide our analysis and outlook for the significant line items on our consolidated statements of operations, as well as other information that we deem meaningful to understand our results of operations on both a company-wide and a segment-by-segment basis.

Liquidity and Capital Resources. This section provides an analysis of our liquidity and cash flows and discussions of our contractual obligations and commitments, as well as our outlook on our available liquidity as of December 31, 2006.

Recent Accounting Pronouncements. This section provides a summary of the most recent authoritative accounting standards and guidance that have either been recently adopted or may be adopted in the future.

In this MD&A, dollar amounts are in thousands, unless otherwise noted.

Introduction

Emdeon Corporation is a Delaware corporation that was incorporated in December 1995 and commenced operations in January 1996 as Healtheon Corporation. Our common stock began trading on the Nasdaq National Market under the symbol HLTH on February 11, 1999 and now trades on the Nasdaq Global Select Market. We changed our name

to Healtheon/WebMD Corporation in November 1999 and to WebMD Corporation in September 2000 and to Emdeon Corporation in October 2005. The change to Emdeon was made in connection with an initial public offering of equity securities by WebMD Health Corp. (which we refer to as WHC), a subsidiary we formed to act as a holding company for the businesses of the WebMD segment and to issue shares in that initial public offering. Because the WebMD name had been more closely associated with our public and private online portals than with our other businesses, our Board of Directors determined that WHC would, following its initial public offering, have the sole right to use the WebMD name and related trademarks.

As of December 31, 2006, we owned 84.6% of the aggregate amount of outstanding shares of WHC's Class A Common Stock and Class B Common Stock. As such, we consolidate WHC and reflect separately the minority stockholders' 15.4% share of equity and net income of WHC.

On November 16, 2006, we completed the sale of a 52% interest in the business that constituted our Emdeon Business Services segment, excluding its ViPS business unit (which we refer to as EBS) to an affiliate of General Atlantic LLC (which we refer to as the EBS Sale). We are accounting for our remaining 48% ownership interest as an equity investment in our consolidated financial statements. In addition, since the ViPS business was not included in the EBS Sale, it is now being reported as a separate operating segment. For a description of the EBS Sale and related matters, see Significant Transactions Completed During 2006.

On September 14, 2006, we completed the sale of the Emdeon Practice Services segment (which we refer to as EPS) to Sage Software, Inc. (which we refer to as the EPS Sale). Accordingly, the historical results of EPS, including the gain related to the sale have been reclassified as discontinued operations in our financial statements and our discussions in the MD&A reflect EPS as discontinued operations. For a description of the EPS Sale and related matters, see Significant Transactions Completed During 2006.

Operating Segments

We have aligned our business into four operating segments and one corporate segment. In connection with the EBS Sale and the revised manner in which management views its operations, we have classified the ViPS segment, formerly a business unit of the EBS segment, as a separate operating segment. The following is a description of each of our operating segments and our corporate segment:

WebMD. WebMD provides both public and private online portals. WebMD's public portals for consumers enable them to obtain detailed information on a particular disease or condition, analyze symptoms, locate physicians, store individual healthcare information, receive periodic e-newsletters on topics of individual interest, enroll in interactive courses and participate in online communities with peers and experts. WebMD's public portals for physicians and healthcare professionals make it easier for them to access clinical reference sources, stay abreast of the latest clinical information, learn about new treatment options, earn continuing medical education (which we refer to as CME) credit and communicate with peers. WebMD's private portals enable employers and health plans to provide their employees and plan members with access to personalized health and benefit information and decision-support technology that helps them make more informed benefit, provider and treatment choices. In addition, WebMD publishes: medical reference textbooks; *The Little Blue Book*, a physician directory; and, since 2005, *WebMD the Magazine*, a consumer magazine distributed to physician office waiting rooms. WebMD also conducts in-person CME as a result of the acquisition of the assets of Conceptis Technologies, Inc. in December 2005.

ViPS. ViPS provides healthcare data management, analytics, decision-support and process automation solutions and related information technology services to governmental, Blue Cross Blue Shield and commercial healthcare payers. ViPS develops tools for disease management, predictive modeling, provider performance, HEDIS® quality improvement, healthcare fraud detection and financial management. Consultants and outsourcing services are also provided to assess workflow, perform software maintenance, design complex database architectures and perform data analysis and analytic reporting functions.

Porex. Porex develops, manufactures and distributes proprietary porous plastic products and components used in healthcare, industrial and consumer applications, which include porous components and finished products for both business-to-business and OEM applications. Porex also provides technologically advanced sterile surgical products used in craniofacial/oculoplastic reconstruction and aesthetic/cosmetic surgery in hospitals,

clinics and private practice surgical offices.

Emdeon Business Service. EBS provides solutions that automate key business and administrative functions for healthcare payers and providers, including: electronic patient eligibility and benefit verification; electronic and paper claims processing; electronic and paper paid-claims communication

services; and patient billing, payment and communications services. In addition, EBS provides clinical communications services that improve the delivery of healthcare by enabling physicians to manage laboratory orders and results, hospital reports and electronic prescriptions. As a result of the EBS Sale, beginning November 17, 2006, the results of EBS are no longer included in the segment results. See *Significant Transactions Completed During 2006*.

Corporate. The Corporate segment provides shared services across all our operating segments. These services include executive personnel, accounting, tax, treasury, legal, human resources, risk management and certain information technology functions. Corporate service costs include compensation related costs, insurance and audit fees, leased property, facilities cost, legal and other professional fees, software maintenance and telecommunication costs. Additionally, in connection with the EPS Sale and EBS Sale, we entered into transition services agreements whereby we have agreed to provide EPS and EBS with certain administrative services, including payroll, accounting, purchasing and procurement, tax, and human resource services, as well as information technology (which we refer to as IT) support. Additionally, EBS will provide us certain administrative services. These services will be provided through the Corporate segment, and the related transition services fee we charge to EBS and EPS, net of the fee we will pay to EBS, will also be included in the Corporate segment, partially offsetting the cost of providing these services. In addition, under the transition services agreement related to EBS, EBS provides certain administrative services to Emdeon, including telecommunication infrastructure and management services, data center support and purchasing and procurement services. Some of the services provided by EBS to Emdeon are, in turn, used to fulfill Emdeon's obligations to provide transition services to EPS. See *Significant Transactions Completed During 2006*.

Significant Transactions Completed During 2006

EPS Sale. On August 8, 2006, we entered into a Stock Purchase Agreement for the sale of EPS to Sage Software, Inc. (which we refer to as Sage Software), an indirect wholly owned subsidiary of The Sage Group plc. On September 14, 2006, we completed the EPS Sale. We received net cash proceeds of \$532,024, which does not include \$35,000 being held in escrow as security for our indemnification obligations under the Stock Purchase Agreement. One-third and two-thirds of the amount in escrow are scheduled (subject to any claims) to be released twelve and eighteen months from the closing date, and are included in other current assets and other assets, respectively, in the consolidated balance sheet as of December 31, 2006. We incurred approximately \$10,700 of professional fees and other expenses associated with the EPS Sale. In connection with the EPS Sale, we recognized a gain of \$353,158.

In connection with the EPS Sale, we have entered into a transition services agreement with EPS whereby we will provide EPS with certain administrative services, including payroll, accounting, purchasing and procurement, tax and human resource services, as well as IT support. The IT support services are scheduled to continue to September 2008, while the majority of the other services are scheduled to be completed by July 2007. Sage Software may at any time terminate any individual service prior to the scheduled end date, although they will continue to remain liable for any costs we incur due to early termination. In addition to the transition services agreement, EPS agreed to continue its strategic relationship with WebMD and to integrate WebMD's personal health record with the clinical products, including the electronic medical record, of EPS to allow import of data from one to the other, subject to applicable law and privacy and security requirements.

EBS Sale. On September 26, 2006, we entered into a definitive agreement for the sale of a 52% interest in EBS to an affiliate of General Atlantic (which we refer to as GA). On November 16, 2006, we completed the EBS Sale. We received net cash proceeds of approximately \$1,209,000 at closing, and received \$10,700 subsequent to December 31, 2006, in connection with a preliminary working capital adjustment. Additionally, we advanced cash of \$10,000 to EBS at closing, to support general working capital needs and paid \$10,016 of expenses on EBSCO's behalf through December 31, 2006. These amounts were repaid in full subsequent to December 31, 2006. The acquisition was

financed with approximately \$925,000 in bank debt and an investment of approximately \$320,000 by GA. The EBS Sale was structured so that Emdeon and GA each own interests in a limited liability company, EBS Master LLC (which we refer to as EBSCo), which owns the entities comprising EBS through a wholly owned limited liability company Emdeon Business Services LLC.

The bank debt is an obligation of Emdeon Business Services LLC and its subsidiaries and is guaranteed by EBSCo, but is not an obligation of or guaranteed by Emdeon or any of Emdeon's subsidiaries. Emdeon's 48% ownership interest in EBSCo is reflected as an investment in Emdeon's consolidated financial statements and is being accounted for under the equity method. In connection with the EBS Sale, we recognized a gain of \$352,297.

In connection with the EBS Sale, we entered into a transition services agreement whereby we will provide EBSCo with certain administrative services, including payroll, accounting, tax, treasury, contract and litigation support, real estate vendor management and human resource services, as well as IT support. Additionally, EBSCo will provide us certain administrative services, including telecommunication infrastructure and management services, data center support and purchasing and procurement services. Some of the services provided by EBS to Emdeon are, in turn, used to fulfill Emdeon's obligations to provide transition services to EPS. The services have various scheduled end dates, the longest of which extend one year from the EBS Sale. EBSCo or Emdeon may at any time terminate any individual service being received prior to the scheduled end date, although they will continue to remain liable for any costs incurred by the providing party due to early termination. In addition to the transition services agreement, EBS agreed to license certain de-identified data to Emdeon and its subsidiaries, including WebMD, for use in the development and commercialization of certain applications that use clinical information, including consumer decision-support applications.

Tender Offer. On October 20, 2006, we commenced a tender offer to purchase, as amended, up to 140,000,000 shares of Emdeon Common Stock at a price of \$12.00 per share (which we refer to as the 2006 Tender Offer). On December 4, 2006, we completed the 2006 Tender Offer and, as a result, repurchased 129,234,164 shares of Emdeon Common Stock at a price of \$12.00 per share. The total cost of the 2006 Tender Offer was approximately \$1.55 billion, which includes approximately \$1,309 of costs directly attributable to the purchase. Through the 2006 Tender Offer and our stock repurchase programs, we purchased a total of 137,474,409 shares of Emdeon Common Stock during 2006, at an average price of \$11.90 per share.

New Stock Repurchase Plan. In December 2006, we announced a new stock repurchase program (which we refer to as the 2006 Repurchase Program), through which we were authorized to use up to \$100,000 to purchase shares of Emdeon Common Stock from time to time, in the open market, through block trades or in private transactions. The 2006 Repurchase Program replaced a previous stock repurchase program. As of December 31, 2006, \$88,676 remained available for repurchases under the 2006 Repurchase Program.

Acquisitions

During 2006, we acquired five companies, Subimo LLC (which we refer to as Subimo), Medsite, Inc. (which we refer to as Medsite), Interactive Payer Network, Inc. (which we refer to as IPN), Summex Corporation (which we refer to as Summex) and eMedicine.com, Inc. (which we refer to as eMedicine), or which we collectively called the 2006 Acquisitions.

On December 15, 2006, through WHC, we acquired Subimo, a privately held provider of healthcare decision support applications to large employers, health plans and financial institutions. The total purchase consideration for Subimo was approximately \$59,320, comprised of \$32,820 in cash paid at closing, net of cash acquired, \$26,000 of WHC equity and \$500 of estimated acquisition costs. The \$26,000 of WHC equity, equal to 640,930 shares of WHC Class A Common Stock, will not be issued until December 2008, subject to certain conditions. While a maximum of 246,508 of these shares may be used to settle any outstanding claims or warranties against the sellers, the remaining 394,422 of these shares will be issued with certainty. Accordingly, we recorded a gain to equity of \$11,627, in connection with the issuance of these 394,422 WHC shares. The results of operations of Subimo have been included in our financial statements from December 15, 2006, the closing date of the acquisition, and are included in the WebMD segment.

On September 11, 2006, through WHC, we acquired the interactive medical education, promotion and physician recruitment businesses of Medsite. The total purchase consideration for Medsite was approximately \$31,467, comprised of \$30,682 in cash, net of cash acquired, and \$785 of estimated

acquisition costs. The results of operations of Medsite have been included in our financial statements from September 11, 2006, the closing date of the acquisition, and are included in the WebMD segment.

On July 18, 2006, we acquired IPN, a privately held provider of healthcare electronic data interchange services. The total purchase consideration for IPN was approximately \$3,907, comprised of \$3,799 in cash, net of cash acquired, and \$108 of estimated acquisition costs. In addition, we agreed to pay up to an additional \$3,000 in cash over a two-year period beginning in August 2007 if certain financial milestones are achieved. The IPN business is part of the EBS businesses that were sold on November 16, 2006. Accordingly, the results of operations of IPN have been included in our financial statements, specifically within our EBS segment, from July 18, 2006, the closing date of the acquisition, through November 16, 2006, the closing date of the EBS Sale. The obligation to pay up to \$3,000 in earn out payments was transferred in connection with the EBS Sale and is no longer our obligation.

On June 13, 2006, through WHC, we acquired Summex, a provider of health and wellness programs that include online and offline health risk assessments, lifestyle education and personalized telephonic health coaching. The total purchase consideration for Summex was approximately \$30,191, comprised of \$29,691 in cash, net of cash acquired, and \$500 of estimated acquisition costs. In addition, we have agreed to pay up to an additional \$10,000 in cash over a two-year period if certain financial milestones are achieved. The results of operations of Summex have been included in our financial statements from June 13, 2006, the closing date of the acquisition, and are included in the WebMD segment.

On January 17, 2006, through WHC, we acquired eMedicine, a privately held online publisher of medical reference information for physicians and other healthcare professionals. The total purchase consideration for eMedicine was approximately \$25,195, comprised of \$24,495 in cash, net of cash acquired, and \$700 of estimated acquisition costs. The results of operations of eMedicine have been included in our financial statements from January 17, 2006, the closing date of the acquisition, and are included in the WebMD segment.

During 2005, we acquired the assets of Conceptis Technologies, Inc. (which we refer to as Conceptis) and HealthShare Technology, Inc. (which we refer to as HealthShare), or which we collectively called the 2005 Acquisitions.

On December 2, 2005,