Emdeon Inc.
Form PREM14A
August 22, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

The Securities Exchange Act of 1934

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a6(e)(2))**

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to § 240.14a-12

EMDEON INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

x Fee computed on table below per Exchange Act Rules 14(a)-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:
Class A common stock, par value $0.00001 per share, of Emdeon Inc. (Emdeon Class A common stock)

(2) Aggregate number of securities to which transaction applies:
115,778,777 shares of Emdeon Class A common stock (including 24,565,195 units of membership interests (EBS Units) in EBS Master LLC (but excluding any unearned performance-contingent EBS Units, which shall be cancelled immediately prior to the effective time of the merger) and a corresponding number of shares of Class B common stock, par value $0.00001, of Emdeon Inc. (Emdeon Class B common stock) per share, exchangeable for a like number of shares of Emdeon Class A common stock), 8,045,593 shares of Emdeon Class A common stock issuable pursuant to in-the-money options (but excluding any unearned performance-contingent stock options, which shall be forfeited immediately prior to the effective time of the merger), 911,420 shares of Emdeon Class A common stock issuable pursuant to a corresponding number of restricted stock units and 30,000 shares of Emdeon Class A common stock underlying purchase rights outstanding under the Company s Employee Stock Purchase Plan (the ESPP).

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
The proposed maximum aggregate value of transaction for purposes of calculating the filing fee is $2,246,390,833.73. The maximum aggregate value of the transaction was calculated based upon the sum of (A)(1) 115,778,777 shares of Emdeon Class A common stock (including 24,565,195 EBS Units (but excluding any unearned performance-contingent EBS Units, which shall be cancelled immediately prior to the effective time of the merger) and a corresponding number of shares of Emdeon Class B common stock, par value $0.00001 per share, exchangeable for a like number of shares of Emdeon Class A common stock) issued and outstanding and owned by persons other than the Company, Parent and Merger Sub on August 16, 2011, multiplied by (2) $19.00 (the per share merger consideration), (B) (1) 8,045,593 shares of Emdeon Class A common stock underlying outstanding in-the-money options of the Company (but excluding any unearned performance-contingent stock options, which shall be forfeited immediately prior to the effective time of the merger) with an exercise price of $19.00 or less, as of August 16, 2011, multiplied by (2) the excess of the per share merger consideration over the weighted average price of $15.39, (C)(1) 911,420 shares of Emdeon Class A common stock issuable pursuant to a corresponding number of restricted stock units, multiplied by (2) the per share merger consideration and (D)(1) 30,000 shares of Class A common stock underlying purchase rights outstanding under the ESPP as of August 16, 2011, multiplied by (2) the excess of the per share merger consideration over $11.25 (the expected purchase price for each share of Emdeon Class A common stock under the ESPP). The filing fee equals the product of 0.00011610 multiplied by the maximum aggregate value of the transaction.

(4) Proposed maximum aggregate value of transaction:
$2,246,390,833.73

(5) Total fee paid:
$260,805.98

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

PRELIMINARY PROXY MATERIAL SUBJECT TO COMPLETION

EMDEON INC.

3055 Lebanon Pike, Suite 1000

Nashville, TN 37214

[ ], 2011

Dear Stockholder:

You are cordially invited to attend a Special Meeting of the stockholders (the Special Meeting) of Emdeon Inc. (Emdeon or the Company), which will be held at [ ] a.m., Central Time, on [ ], 2011 at [ ]. The Special Meeting is being held for the following purposes, as more fully described in the accompanying Proxy Statement:

1. To hold a vote on a proposal to adopt an Agreement and Plan of Merger, dated as of August 3, 2011 (as it may be amended, the merger agreement), by and among the Company, Beagle Parent Corp. (Parent), a Delaware corporation and an affiliate of The Blackstone Group L.P. and Blackstone Capital Partners VI, L.P. (Sponsor), and Beagle Acquisition Corp. (Merger Sub), a Delaware corporation and a wholly-owned subsidiary of Parent, pursuant to which Merger Sub will be merged with and into the Company (the merger), with the Company surviving as a wholly-owned subsidiary of Parent;

2. To hold an advisory (non-binding) vote to approve certain items of compensation that are based on or otherwise related to the merger payable to the Company s named executive officers under existing agreements with the Company (the golden parachute compensation); and

3. To hold a vote on a proposal to adjourn the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to adopt the merger agreement.

If the merger is completed, each share of Class A common stock, par value $0.00001 per share, of the Company (Emdeon Class A common stock) that you own immediately prior to the effective time of the merger (including each share of Emdeon Class A common stock resulting from the exchange of units of membership interests (EBS Units) in EBS Master LLC (which is a subsidiary of the Company) and corresponding shares of Class B common stock, par value $0.00001 per share, of the Company (Emdeon Class B common stock and, together with Emdeon Class A common stock, Emdeon common stock) contemplated by the merger agreement), other than as provided below, will be converted into the right to receive $19.00 in cash (the per share merger consideration), without interest and less applicable withholding taxes. The following shares of Emdeon Class A common stock will not be converted into the right to receive the per share merger consideration in connection with the merger: (i) shares of Emdeon Class A common stock owned by the Company and its wholly-owned subsidiaries, (ii) shares of Emdeon Class A common stock owned by Parent and its subsidiaries, including such shares contributed to Parent by H&F Harrington AIV II, L.P. (H&F Harrington) pursuant to the rollover commitment letter under which, and subject to the terms and conditions of which, H&F Harrington has committed to contribute to Parent the amount of shares of Emdeon Class A common stock set forth therein, and (iii) shares of Emdeon Class A common stock whose holders have not voted in favor of adopting the merger agreement and have demanded and perfected their appraisal rights in accordance with Section 262 of the General Corporation Law of the State of Delaware. After giving effect to the exchange described above, all outstanding shares of Emdeon Class B common stock that are not converted into Emdeon Class A common stock pursuant to the merger agreement shall be cancelled for no consideration upon the completion of the merger. Following the completion of the merger, Parent will own all of the Company s issued and outstanding capital stock and the Company will continue its operations as a wholly-owned subsidiary of Parent. As a result, the Company will no longer have Emdeon Class A common stock listed on the New York Stock Exchange and will no longer be required to file periodic and other reports with the Securities and Exchange Commission with respect to Emdeon Class A common stock. After the merger, you will no longer have an equity interest in the Company and will not participate in any potential future earnings of the Company.

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Certain stockholders of the Company affiliated with General Atlantic LLC (the GA Equityholders) and certain stockholders of the Company affiliated with Hellman & Friedman LLC, including H&F Harrington (collectively, the H&F Equityholders), have entered into separate voting agreements with Parent that cover an aggregate of approximately 72.0% of the outstanding shares of Emdeon common stock, pursuant to which, unless the applicable voting agreement is terminated in accordance with its terms (including upon a termination of the merger agreement in accordance with its terms), such stockholders have agreed to, among other things, vote, or cause to be voted, their shares of Emdeon common stock in favor of the adoption of the merger agreement and approval of any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement. Accordingly, adoption of the merger agreement and approval of any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement will not require the affirmative vote of any stockholder other than the GA Equityholders and the H&F Equityholders. However, your vote is very important, and we encourage you to vote your shares of Emdeon common stock.

H&F Harrington has committed to contribute approximately 50% of its shares of Emdeon Class A common stock at the closing of the merger to Parent in exchange for a pro rata share of the equity of Parent based on a value for each share of Emdeon Class A common stock so contributed of $19.00. The other H&F Equityholders have committed to sell approximately 50% of their EBS Units at the closing of the merger to EBS Holdco II, LLC (which is a wholly-owned subsidiary of the Company and will be, immediately following the merger, an indirect wholly-owned subsidiary of Parent) in exchange for a pro rata share of the equity of Parent based on a value for each EBS Unit so sold of $19.00 and to sell the remaining approximately 50% of their EBS Units for cash equal to a per EBS Unit purchase price of $19.00. Immediately following the merger, Sponsor will own approximately 72.5% of Parent and the H&F Equityholders will collectively own approximately 27.5% of Parent. These ownership percentages are subject to change as a result of each of Sponsor s and the H&F Equityholders respective equity commitments being reduced by any amounts syndicated to third parties at or prior to the merger.

The board of directors has, after careful consideration, voted unanimously to (i) approve and declare advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, (ii) declare that it is fair to and in the best interests of the Company and our stockholders other than H&F Equityholders that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement, (iii) direct that the adoption of the merger agreement be submitted to a vote at a meeting of the stockholders of the Company and (iv) recommend to the stockholders of the Company that they vote FOR the adoption of the merger agreement. In arriving at its recommendations, the board of directors carefully considered a number of factors described in the accompanying Proxy Statement.

The board of directors also recommends that you vote FOR advisory (non-binding) approval of the golden parachute compensation and FOR the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to adopt the merger agreement. Adoption of the merger agreement and approval of the golden parachute compensation are subject to separate votes by the Company s stockholders, and approval of the golden parachute compensation is not a condition to the completion of the merger.

In considering the recommendation of the board of directors, you should be aware that certain of the Company s directors and executive officers have interests in the merger that are different from, or in addition to, the interests of our stockholders generally as further described in the accompanying Proxy Statement. You should also be aware that the H&F Equityholders have interests in the merger that are different from, or in addition to, the interests of the Company s other stockholders, as further described in the accompanying Proxy Statement. In addition, affiliates of the GA Equityholders, affiliates of the H&F Equityholders and certain directors and executive officers of the Company are party to tax receivable agreements with the Company that were entered into in connection with the initial public offering of the Company, as described in the accompanying Proxy Statement. As described in the accompanying Proxy Statement, (i) affiliates of the GA Equityholders have agreed to transfer to affiliates of The Blackstone Group and forgo their rights under such tax receivable agreements for periods after the consummation of the merger (including their rights to future payments thereunder that were otherwise owed to them) but will retain the right to receive certain payments to be made under such tax receivable agreements up to

$2.75 million, and will be entitled to receive the same per share merger consideration in the merger for their shares of Emdeon Class A common stock as all of the Company s public stockholders and (ii) affiliates of the H&F Equityholders will retain their rights to payments under such tax receivable agreements, subject to certain amendments to such tax receivable agreements that would have the effect of potentially reducing the amounts payable to such affiliates of the H&F Equityholders thereunder.

Any holder of Emdeon common stock who does not vote in favor of the adoption of the merger agreement will have the right to seek appraisal of the fair value of such holder s shares of Emdeon common stock as determined by the Delaware Chancery Court if the merger is completed, but only if such holder does not vote in favor of adopting the merger agreement and otherwise complies with the procedures of Section 262 of the General Corporation Law of the State of Delaware (the DGCL), which is the appraisal rights statute applicable to Delaware corporations. These appraisal rights are summarized in the accompanying Proxy Statement. The accompanying Proxy Statement shall constitute notice to you from the Company of the availability of appraisal rights under Section 262 of the DGCL.

Your vote is important. **Whether or not you plan to attend the Special Meeting in person, to ensure the presence of a quorum and that your shares are represented at the Special Meeting, please vote via the Internet or by telephone as instructed in the accompanying proxy materials or complete, date and sign and return a proxy card as promptly as possible.** Even if you plan to attend the Special Meeting, please take advantage of one of the advance voting options to ensure that your shares are represented at the Special Meeting. You may revoke your proxy at any time before it is voted by following the procedures described in the accompanying Proxy Statement. **The merger cannot be completed unless the holders of a majority of the outstanding shares of Emdeon common stock, voting as a single class, adopt the merger agreement.**

Thank you for your continued support.

Sincerely,

George I. Lazenby

Chief Executive Officer and Director

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved the merger, passed upon the merits or fairness of the merger agreement or the transactions contemplated thereby, including the proposed merger, or passed upon the adequacy or accuracy of the information contained in this document or the accompanying Proxy Statement. Any representation to the contrary is a criminal offense.

The accompanying Proxy Statement is dated [ ], 2011 and is first being mailed to the Company s stockholders on or about [ ], 2011.

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NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON [ ], 2011

EMDEON INC.

Dear Stockholder:

You are cordially invited to attend a Special Meeting of the stockholders (the Special Meeting) of Emdeon Inc. (Emdeon or the Company) which will be held at [ ] a.m., Central Time, on [ ], 2011 at [ ]. The Special Meeting is being held for the following purposes, as more fully described in the accompanying Proxy Statement:

1. To hold a vote on a proposal to adopt the Agreement and Plan of Merger, dated as of August 3, 2011 (as it may be amended, the merger agreement), by and among the Company, Beagle Parent Corp. (Parent), a Delaware corporation and an affiliate of The Blackstone Group L.P. and Blackstone Capital Partners VI, L.P. (Sponsor), and Beagle Acquisition Corp. (Merger Sub), a Delaware corporation and a wholly-owned subsidiary of Parent, which provides for the merger of Merger Sub with and into the Company (the merger), with the Company surviving the merger as a wholly-owned subsidiary of Parent (Proposal 1);

2. To hold an advisory (non-binding) vote on a proposal to approve certain items of compensation that are based on or otherwise related to the merger payable to the Company s named executive officers under existing agreements with the Company (the golden parachute compensation) (Proposal 2); and

3. To hold a vote upon a proposal to adjourn the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to adopt the merger agreement (Proposal 3).

In addition, stockholders will be asked to consider and vote upon any other matters that properly come before the Special Meeting or any adjournment or postponement thereof.

The merger agreement and the merger, the golden parachute compensation arrangements and adjournment proposal are more fully described in the accompanying Proxy Statement, which the Company urges you to read carefully and in its entirety. A copy of the merger agreement is attached as Appendix A to the accompanying Proxy Statement, which the Company also urges you to read carefully and in its entirety.

The board of directors has approved and authorized the merger agreement and recommends a vote **FOR** Proposal 1, **FOR** Proposal 2 and **FOR** Proposal 3. The Company does not expect a vote to be taken on any other matters at the Special Meeting or any adjournment or postponement thereof. If any other matters are properly presented at the Special Meeting or any adjournment or postponement thereof for consideration, however, the holders of the proxies will have discretion to vote on these matters in accordance with their best judgment.

Only stockholders that owned shares of Class A common stock, par value $0.00001 per share, of the Company (Emdeon Class A common stock) or Class B common stock, par value $0.00001 per share, of the Company (Emdeon Class B common stock and, together with Emdeon Class A common stock, Emdeon common stock), at the close of business on [ ], 2011 are entitled to notice of and to vote at the Special Meeting and any adjournment or postponement thereof.

Certain stockholders of the Company affiliated with General Atlantic LLC (the GA Equityholders) and certain stockholders of the Company affiliated with Hellman & Friedman LLC (the H&F Equityholders) have entered into separate voting agreements with Parent that cover an aggregate of approximately 72.0% of the outstanding shares of Emdeon common stock, pursuant to which, unless the applicable voting agreement is terminated in accordance with its terms (including upon a termination of the merger agreement in accordance with its terms), such stockholders have agreed to, among other things, vote, or cause to be voted, their shares of Emdeon common stock in favor of the adoption of the merger agreement and any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement. Accordingly, adoption of the merger

agreement and approval of any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement will not require the affirmative vote of any stockholder other than the GA Equityholders and the H&F Equityholders. However, your vote is very important, and we encourage you to vote your shares of Emdeon common stock.

One of the H&F Equityholders, H&F Harrington AIV II, L.P., has committed to contribute approximately 50% of its shares of Emdeon Class A common stock at the closing of the merger to Parent in exchange for a pro rata share of the equity of Parent based on a value for each share of Emdeon Class A common stock so contributed of $19.00. The other H&F Equityholders have committed to sell approximately 50% of their units of membership in EBS Master LLC (which is a subsidiary of the Company) at the closing of the merger to EBS Holdco II, LLC (which is a wholly-owned subsidiary of the Company and will be, immediately following the merger, an indirect wholly-owned subsidiary of Parent) in exchange for a pro rata share of the equity of Parent based on a value for each EBS Unit so sold of $19.00 and to sell the remaining approximately 50% of their EBS Units for cash equal to a per EBS unit purchase price of $19.00. Immediately following the merger, Sponsor will own approximately 72.5% of Parent and the H&F Equityholders will collectively own approximately 27.5% of Parent. These ownership percentages are subject to change as a result of each of Sponsor s and the H&F Equityholders respective equity commitments being reduced by any amounts syndicated to third parties at or prior to the merger.

In considering the recommendations of the board of directors, you should be aware that certain of the Company s directors and executive officers have interests in the merger that are different from, or in addition to, the interests of our stockholders generally, as further described in the accompanying Proxy Statement. You should also be aware that the H&F Equityholders have interests in the merger that are different from, or in addition to, the interests of the Company s other stockholders, as further described in the accompanying Proxy Statement. In addition, affiliates of the GA Equityholders, affiliates of the H&F Equityholders and certain directors and executive officers of the Company are party to tax receivable agreements with the Company that were entered into in connection with the initial public offering of the Company, as described in the accompanying Proxy Statement. As described in the accompanying Proxy Statement, (i) affiliates of the GA Equityholders have agreed to transfer to affiliates of The Blackstone Group and forgo their rights under such tax receivable agreements for periods after the consummation of the merger (including their rights to future payments thereunder that were otherwise owed to them) but will retain the right to receive certain payments to be made under such tax receivable agreements up to $2.75 million, and will be entitled to receive the same per share merger consideration in the merger for their shares of Emdeon Class A common stock as all of the Company s public stockholders and (ii) affiliates of the H&F Equityholders will retain their rights to payments under such tax receivable agreements, subject to certain amendments to such tax receivable agreements that would have the effect of potentially reducing the amounts payable to such affiliates of the H&F Equityholders thereunder.

Any holder of Emdeon common stock who opposes the merger will have the right to seek appraisal of the fair value of such holder s shares of Emdeon common stock as determined by the Delaware Chancery Court if the merger is completed, but only if such holder does not vote in favor of adopting the merger agreement and otherwise complies with the procedures of Section 262 of the General Corporation Law of the State of Delaware (the DGCL), which is the appraisal rights statute applicable to Delaware corporations. These appraisal rights are summarized in the accompanying Proxy Statement. The accompanying Proxy Statement shall constitute notice to you from the Company of the availability of appraisal rights under Section 262 of the DGCL.

Your vote is important. Whether or not you plan to attend the Special Meeting in person, to ensure the presence of a quorum and that your shares are represented at the Special Meeting, please vote via the Internet or by telephone as instructed in the accompanying proxy materials or complete, date and sign and return a proxy card as promptly as possible. Even if you plan to attend the Special Meeting, please take advantage of one of the advance voting options to ensure that your shares are represented at the Special Meeting. You may revoke your proxy at any time before it is voted by following the procedures described in the accompanying Proxy Statement. **The merger cannot be completed unless the holders of a majority of the outstanding shares of Emdeon common stock, voting as a single class, adopt the merger agreement. The approval of the golden parachute compensation is advisory (non-binding) and is not a condition to the completion of the merger.**

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The Company urges you to read the Proxy Statement and merger agreement carefully and in their entirety.

By order of the board of directors,

Gregory T. Stevens

Executive Vice President, General Counsel and Secretary

[ ], 2011

Please do not send your Emdeon common stock certificates to the Company at this time. If the merger is completed, you will be sent instructions regarding the surrender of your Emdeon common stock certificates.

Important Notice Regarding the Availability of Proxy Materials

for the Special Meeting of Stockholders to be Held On [ ], 2011

This Proxy Statement is Available at Investors.emdeon.com Under the Caption SEC Filings

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EMDEON INC.

3055 Lebanon Pike, Suite 1000

Nashville, TN 37214

PROXY STATEMENT

This Proxy Statement contains information related to a Special Meeting of stockholders (the Special Meeting) of Emdeon Inc. to be held on [ ], 2011, at the [ ] at [ ] a.m., Central Time, and at any adjournments or postponements thereof. **We are furnishing this Proxy Statement to our stockholders as part of the solicitation of proxies by our Board of Directors for use at the Special Meeting.** At the Special Meeting you will be asked to, among other things, consider and vote on the adoption of the merger agreement (as defined immediately below). This Proxy Statement is first being mailed to stockholders on or about [ ], 2011.

SUMMARY TERM SHEET

This following summary term sheet highlights selected information contained in this Proxy Statement and may not contain all of the information that is important to you. We urge you to read this entire Proxy Statement carefully, including the appendices, before voting. We have included section references to direct you to a more complete description of the topics described in this summary term sheet. You may obtain the information incorporated by reference into this Proxy Statement without charge by following the instructions in Where Stockholders Can Find More Information beginning on page 145. Unless the context requires otherwise, references in this Proxy Statement to we, us, our, the Compan or Emdeon refer to Emdeon Inc., a Delaware corporation, and its subsidiaries. We refer to Beagle Parent Corp., a Delaware corporation, as Parent, Beagle Acquisition Corp., a Delaware corporation, as Merger Sub and Blackstone Capital Partners VI, L.P., a Delaware limited partnership, as Sponsor. We refer to H&F Harrington AIV II, L.P., a Delaware limited partnership, as H&F Harrington, HFCP VI Domestic AIV, L.P., a Delaware limited partnership, as HFCP Domestic, Hellman & Friedman Capital Executives VI, L.P., a Delaware limited partnership, as H&F Capital Executives, Hellman & Friedman Capital Associates VI, L.P., a Delaware limited partnership, as H&F Capital Associates and Hellman & Friedman Investors VI, L.P., a Delaware limited partnership, as H&F GP. We refer to HFCP Domestic, H&F Capital Executives, H&F Capital Associates and H&F GP, collectively, as the H&F Unitholders, and together with H&F Harrington, the H&F Equityholders. The H&F Equityholders are affiliates of Hellman & Friedman LLC (Hellman & Friedman).

Purpose of Stockholders Vote. You are being asked to:

- consider and vote upon a proposal (the merger proposal) to adopt the Agreement and Plan of Merger, dated as of August 3, 2011, by and among the Company, Parent and Merger Sub, as it may be amended from time to time (the merger agreement). A copy of the merger agreement is attached as Appendix A to this Proxy Statement. Pursuant to the merger agreement, Merger Sub will be merged with and into the Company (the merger), and the Company will continue as the surviving corporation and become a wholly-owned subsidiary of Parent. If the merger is completed, each issued and outstanding share of Class A common stock, par value $0.00001 per share, of the Company (Emdeon Class A common stock) (including each share of Emdeon Class A common stock resulting from the exchange of units of membership interests (EBS Units) in EBS Master LLC, a subsidiary of the Company (EBS Master) and corresponding shares of Class B common stock, par value $0.00001 per share, of the Company (Emdeon Class B common stock and, together with Class A common stock, Emdeon common stock) contemplated by the merger agreement), other than as provided below, will be converted into the right to receive $19.00 in cash, without interest and less applicable withholding taxes. The

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following shares of Emdeon Class A common stock will not be converted into the right to receive the per share merger consideration in connection with the merger: (i) shares of Emdeon Class A common stock owned by the Company and its wholly-owned subsidiaries, (ii) shares of Emdeon Class A common stock owned by Parent and its subsidiaries, including such shares contributed to Parent by H&F Harrington pursuant to the rollover commitment letter (the Rollover Letter) under which, and subject to the terms and conditions of which, H&F Harrington has committed to contribute to Parent the amount of shares of Emdeon Class A common stock set forth therein (together with the transactions contemplated by the interim investors agreement by and among Parent, the H&F Equityholders and Sponsor, the Rollover Investment), and (iii) shares of Emdeon Class A common stock whose holders have not voted in favor of adopting the merger agreement and have demanded and perfected their appraisal rights in accordance with Section 262 of the General Corporation Law of the State of Delaware (the DGCL). After giving effect to the exchange described above, all outstanding shares of Emdeon Class B common stock that are not converted into shares of Class A common stock shall be cancelled for no consideration upon the completion of the merger. Unless the context requires otherwise, all references in this Proxy Statement to the treatment of Emdeon Class A common stock in the merger include shares of Emdeon Class A common stock resulting from the exchange of EBS Units and Emdeon Class B common stock described above. See Special Factors beginning on page 23; The Special Meeting beginning on page 103; and The Merger Agreement Conversion of Securities beginning on page 111.

- approve on an advisory (non-binding) basis certain items of compensation that are based on or otherwise related to the merger payable to the Company s named executive officers under existing agreements with the Company (which is referred to in this Proxy Statement as the golden parachute compensation). See Advisory Vote on Golden Parachute Compensation beginning on page 134; and

- approve a proposal to adjourn the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to adopt the merger agreement.

Required Vote of the Company s Stockholders. Under the DGCL and in accordance with the Company s organizational documents, the affirmative vote of the holders of a majority of the shares of Emdeon common stock outstanding and entitled to vote, voting as a single class, is necessary to adopt the merger agreement. Abstentions and broker non-votes will have the same effect as a vote against adoption of the merger agreement. The affirmative vote of the majority of the shares of Emdeon common stock, voting as a single class, present in person or represented by proxy and entitled to vote on the proposal is required for the approval of the advisory (non-binding) proposal on the golden parachute compensation. **The vote to approve the golden parachute compensation is advisory only and will not be binding on the Company or Parent and is not a condition to the completion of the merger.** If the merger agreement is adopted by the stockholders and the merger is completed, the golden parachute compensation will be payable to the Company s named executive officers even if stockholders do not approve the golden parachute compensation. Abstentions are treated as a vote against the advisory (non-binding) proposal to approve the golden parachute compensation. However, broker non-votes (or other failures to vote) will have no effect on the advisory (non-binding) proposal to approve the golden parachute compensation. The affirmative vote of the majority of the shares of Emdeon common stock, voting as a single class, present in person or represented by proxy and entitled to vote on the proposal is required for the approval of the proposal to adjourn the Special Meeting if there are not sufficient votes to adopt the merger proposal. Abstentions are treated as a vote against the proposal to adjourn the Special Meeting if there are not sufficient votes to adopt the merger proposal. See The Special Meeting How Many Votes are Needed to Approve Each Proposal? beginning on page 106, The Special Meeting Adjournments and Postponements beginning on page 107, Special Factors Voting Agreement beginning on page 89 and Advisory Vote on Golden Parachute Compensation beginning on page 134.

Voting Agreements. Certain stockholders of the Company affiliated with General Atlantic LLC (General Atlantic and such affiliates, the GA Equityholders) and the H&F Equityholders have entered into separate voting agreements with Parent that cover an aggregate of approximately 72.0% of the outstanding shares of Emdeon common stock, pursuant to which such stockholders have agreed to, among other things, vote, or cause to be voted, their shares of Emdeon common stock in favor of the adoption of the merger agreement and any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement. Accordingly, adoption of the merger agreement and approval of any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement will not require the affirmative vote of any stockholder other than the GA Equityholders and the H&F Equityholders. The voting agreements will terminate automatically at the earliest of (i) the effective time of the merger, (ii) the termination of the merger agreement in accordance with its terms, (iii) any withdrawal or modification of, or any amendment to, the recommendation in respect of the merger and the merger agreement by the board of directors in a manner adverse to Parent, (iv) the making of any material change, by amendment, waiver or other modification to any provision of the merger agreement that (x) reduces the amount, changes the form or imposes any restrictions or additional conditions on the receipt of the merger consideration to the stockholders that are parties to the voting agreements or (y) is otherwise materially adverse to the stockholders that are parties to the voting agreements, and (v) February 9, 2012. See Special Factors Voting Agreement beginning on page 89.

Rollover Investment. One of the H&F Equityholders, H&F Harrington, has committed to contribute approximately 50% of its shares of Emdeon Class A common stock at the closing of the merger to Parent in exchange for a pro rata share of the equity of Parent based on a value for each share of Emdeon Class A common stock so contributed of $19.00. The H&F Unitholders have committed to sell approximately 50% of their EBS Units at the closing of the merger to EBS Holdco II, LLC (which is a wholly-owned subsidiary of the Company and will be, immediately following the merger, an indirect wholly-owned subsidiary of Parent) in exchange for a pro rata share of the equity of Parent based on a value for each EBS Unit so contributed of $19.00 and to sell the remaining approximately 50% of their EBS Units for cash equal to a per EBS Unit purchase price of $19.00. Immediately following the merger, Sponsor will own approximately 72.5% of Parent and the H&F Equityholders will collectively own approximately 27.5% of Parent. These ownership percentages are subject to change as a result of each of Sponsor s and the H&F Equityholders respective equity commitments being reduced by any amounts syndicated to third parties at or prior to the merger.

Parties Involved in the Merger. The Company, a Delaware corporation headquartered in Nashville, Tennessee, is a leading provider of revenue and payment cycle management and clinical information exchange solutions connecting payers, providers and patients in the U.S. healthcare system. Parent is a Delaware corporation and an affiliate of The Blackstone Group L.P. (The Blackstone Group) and Sponsor. Merger Sub is a Delaware corporation and a wholly-owned subsidiary of Parent. Both Parent and Merger Sub were formed for the sole purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement. See Special Factors The Parties Involved in the Merger beginning on page 23.

Special Meeting. The stockholders vote will take place at a Special Meeting to be held on [ ], 2011 at [ ] a.m., Central Time, at the [ ]. See The Special Meeting beginning on page 103.

Conditions to the Merger. The completion of the merger is subject to the satisfaction or waiver of certain conditions, which are described in The Merger Agreement Conditions to the Completion of the Merger beginning on page 127. These conditions include, among others:

- the adoption of the merger agreement by the holders of a majority of the outstanding shares of Emdeon common stock, voting as a single class;
- the expiration or termination of the regulatory waiting period applicable to the consummation of the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the HSR Act);

- the absence of certain governmental orders that enjoin or otherwise prohibit the consummation of the merger;
- the absence of a material adverse effect on the Company;
- the Company s, Parent s and Merger Sub s performance in all material respects of their agreements and covenants in the merger agreement; and
- the accuracy of the representations and warranties of the Company, Parent and Merger Sub (subject to certain qualifications).

Regulatory Approvals. The merger cannot be completed until the Company and Parent each file a notification and report form under the HSR Act and the applicable waiting period has expired or been terminated. The filing required under the HSR Act was made on August 17, 2011. See Special Factors Regulatory Approvals beginning on page 99.

Record Date. You are entitled to vote at the Special Meeting if you owned shares of Emdeon common stock at the close of business on [ ], 2011, which is the record date for the Special Meeting. On the record date, [ ] shares of Emdeon common stock were outstanding and entitled to vote at the Special Meeting. See The Special Meeting Who is Entitled to Vote at the Special Meeting? beginning on page 103.

Voting Information. You will have one vote for each share of Emdeon common stock that you owned at the close of business on the record date. If your shares are held in street name by a broker, bank or other nominee, you will need to provide your broker with instructions on how to vote your shares. Before voting your shares of Emdeon common stock, you should read this Proxy Statement in its entirety, including its appendices, and carefully consider how the merger affects you. Then, submit your completed, dated and signed proxy (and as instructed in this Proxy Statement) or vote via Internet or by telephone as soon as possible so that your shares can be voted at the Special Meeting. For more information on how to vote your shares, please refer to The Special Meeting How Do I Vote? beginning on page 104 and The Special Meeting How Many Votes Do I Have? beginning on page 104.

Board Recommendation. The board of directors, after careful consideration, has voted unanimously to (i) approve and declare advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, (ii) declare that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement, (iii) direct that the adoption of the merger agreement be submitted to a vote at a meeting of the stockholders of the Company and (iv) recommend to the stockholders of the Company that they vote FOR the adoption of the merger agreement. The board of directors also recommends that you vote **FOR** approval of the golden parachute compensation and **FOR** approval of the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to adopt the merger agreement. For purposes of the Rule 13e-3 going private transaction described in this Proxy Statement, and as used in this Proxy Statement, unaffiliated stockholders means all stockholders of the Company other than the H&F Equityholders. See Special Factors Recommendation of the Company s Board of Directors; Fairness of the Merger beginning on page 45 and see Advisory Vote on Golden Parachute Compensation beginning on page 134.

Opinions of the Company s Financial Advisors. In connection with the merger, the board of directors received separate written opinions, dated August 3, 2011, from Emdeon s financial advisors, Morgan Stanley & Co. LLC (Morgan Stanley) and UBS Securities LLC (UBS), as to the fairness, from a financial point of view and as of the date of such opinion, of the $19.00 per share merger consideration to be received by holders of Emdeon Class A common stock (other than excluded holders) pursuant to the merger agreement. For purposes of the opinions, excluded holders refers to General Atlantic, Hellman & Friedman, the GA Equityholders, the H&F Equityholders and any other stockholders of the Company that enter into voting agreements and/or rollover arrangements with Parent or its affiliates in connection with the merger, and their respective affiliates. The full text of Morgan Stanley s and UBS respective written opinions, are attached to this Proxy Statement as Appendix C and Appendix D,

respectively. Holders of Emdeon common stock are encouraged to read these opinions carefully in their entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Morgan Stanley and UBS in connection with such opinions. **The opinions were provided for the benefit of the board of directors (in its capacity as such) in connection with, and for the purpose of, its evaluation of the $19.00 per share merger consideration from a financial point of view and did not address any other aspect of the merger. The opinions do not constitute a recommendation to any stockholder as to how to vote or act with respect to the merger.**

Financing of the Merger. Parent and Merger Sub have obtained equity and debt financing commitments for the transactions contemplated by the merger agreement, the aggregate proceeds of which, together with the Rollover Investment and cash on hand at the closing, are expected to be sufficient for Parent and Merger Sub to pay the aggregate merger consideration and the related fees and expenses of the transactions contemplated by the merger agreement. The consummation of the merger is not subject to any financing conditions (although funding of the equity and debt financing is subject to the satisfaction of the conditions set forth in the commitment letters under which the financing will be provided). See Special Factors Financing of the Merger beginning on page 78.

Limited Guarantee. In connection with the merger agreement, Sponsor, an affiliate of Parent and Merger Sub, has executed a limited guarantee in favor of the Company to guarantee, subject to the limitations described therein, the payment of certain payment obligations that may be owed by Parent pursuant to the merger agreement, including the payment of any reverse termination fee that may become payable by Parent following a termination of the merger agreement by the Company in specified circumstances, subject to an overall cap of $163.0 million. See Special Factors Limited Guarantee beginning on page 83.

Interests of the Company s Directors and Executive Officers in the Merger. In considering the recommendation of the board of directors, you should be aware that certain of the Company s directors and executive officers have interests in the merger that may be different from, or in addition to, their interests as stockholders and that may present actual or potential conflicts of interest. These interests are discussed in Special Factors Interests of the Company s Directors and Executive Officers in the Merger beginning on page 84 Advisory Vote on Golden Parachute Compensation beginning on page 134 and Special Factors Tax Receivable Arrangements beginning on page 90.

Interests of Other Stockholders in the Merger. In considering the recommendation of the board of directors, you should be aware that the H&F Equityholders have interests in the merger that are different from, or in addition to, the interests of the Company s other stockholders. In addition, affiliates of the GA Equityholders, affiliates of the H&F Equityholders and certain directors and executive officers are party to tax receivable agreements with the Company that were entered into in connection with the initial public offering of the Company. Affiliates of the GA Equityholders have agreed to transfer to affiliates of The Blackstone Group and forgo their rights under such tax receivable agreements for periods after the consummation of the merger (including their rights to future payments thereunder that were otherwise owed to them) but will retain the right to receive certain payments to be made under such tax receivable agreements up to $2.75 million, and will be entitled to receive the same per share merger consideration in the merger for their shares of Emdeon common stock as all of the Company s public stockholders. Affiliates of the H&F Equityholders will retain their rights to payments under such tax receivable agreements, subject to certain amendments to such tax receivable agreements that would have the effect of potentially reducing the amounts payable to such affiliates of the H&F Equityholders thereunder. These interests are discussed in Special Factors Positions of the H&F Equityholders Regarding the Fairness of the Merger beginning on page 66 and Special Factors Tax Receivable Arrangements beginning on page 90.

Material U.S. Federal Income Tax Consequences of the Merger. The exchange of shares of Emdeon Class A common stock for cash pursuant to the merger generally will be a taxable event for U.S. federal income tax purposes. Each U.S. holder who exchanges shares of Emdeon Class A common

stock in the merger will generally recognize gain or loss equal to the difference between the consideration received (prior to reduction for any applicable withholding taxes) in the merger and the U.S. holder s adjusted tax basis in the shares of Emdeon common stock surrendered. See Special Factors Material U.S. Federal Income Tax Consequences beginning on page 96 for a discussion of the material U.S. federal income tax consequences of the merger to certain U.S. holders and certain non-U.S. holders. Holders should also consult their tax advisors for a complete analysis of the effect of the merger on their federal, state and local and/or foreign taxes.

Treatment of Outstanding Options and Restricted Stock Units. Immediately prior to the effective time of the merger, each stock option issued under the Company s 2009 Equity Incentive Plan (the 2009 Equity Plan) (excluding any unearned performance-contingent stock options, which shall be forfeited immediately prior to the effective time of the merger), whether or not then exercisable or vested, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) the excess, if any, of $19.00 (which is the per share merger consideration) over the per share exercise price of the applicable stock option and (ii) the aggregate number of shares of Emdeon Class A common stock that may be acquired upon exercise of such stock option (whether vested or unvested) immediately prior to the effective time of the merger. Also at the effective time of the merger, each restricted stock unit that conveys the right to receive shares of Emdeon Class A common stock granted under the 2009 Equity Plan, whether or not the restricted periods have lapsed, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) $19.00 and (ii) the aggregate number of shares of Emdeon Class A common stock in respect of which such restricted stock unit conveyed the right to receive. See The Merger Agreement Conversion of Securities beginning on page 111.

Treatment of Emdeon Employee Stock Purchase Plan (ESPP). A date selected by the board of directors that is at least 10 days prior to the effective time of the merger will be the final purchase date under the ESPP and the balance in employees ESPP accounts will be used to make purchases of Emdeon Class A common stock on that date in accordance with the terms and limitations of the ESPP (and subject to applicable withholding taxes). Shares of Emdeon Class A common stock held in participants ESPP accounts as of immediately prior to the effective time of the merger (whether acquired on the final purchase date or otherwise) will be cancelled in the merger like other shares of Emdeon Class A common stock and exchanged for the right to receive the per share merger consideration. The Company has agreed to terminate the ESPP as of the effective time of the merger.

Treatment of EBS Units and Shares of Emdeon Class B Common Stock. Prior to the effective time of the merger, each EBS Unit (excluding any unearned performance-contingent EBS Units, which shall be forfeited immediately prior to the effective time of the merger), whether vested or unvested, together with each corresponding share of Emdeon Class B common stock, held by certain members of senior management and our board of directors will be exchanged for one share of Emdeon Class A common stock, as contemplated by the merger agreement. At the effective time of the merger, after giving effect to the exchange described immediately above, each outstanding share of Emdeon Class B common stock that is not converted into a share of Emdeon Class A common stock pursuant to the merger agreement will be cancelled automatically and will cease to exist, and no consideration will be paid for such cancelled shares of Emdeon Class B common stock.

Appraisal Rights. Stockholders who oppose the merger may exercise their right to seek appraisal of the fair value of their shares of Emdeon common stock as determined by the Court of Chancery of the State of Delaware if the merger is completed, but only if they do not vote in favor of adopting the merger agreement and otherwise comply with the procedures of Section 262 of the DGCL, which is the appraisal rights statute applicable to Delaware corporations. A copy of Section 262 of the DGCL is included as Appendix B to this Proxy Statement and the procedures are summarized in this Proxy Statement. See Special Factors Appraisal Rights beginning on page 92 and Appendix B to this Proxy Statement. This appraisal amount could be more than, the same as or less than the $19.00 per

share merger consideration to be paid in connection with the merger. Your failure to follow exactly the procedures specified under the DGCL may result in the loss of your appraisal rights.

Litigation Related to the Merger. The Company, its directors, The Blackstone Group, Sponsor, Parent, Merger Sub, Hellman & Friedman and General Atlantic are named as defendants in putative class action lawsuits brought by certain stockholders of the Company. The lawsuits allege, among other things, that the members of our board of directors breached their fiduciary duties owed to the Company s stockholders and seek, among other things, to enjoin the defendants from completing the merger on the agreed-upon terms.

One of the conditions to the closing of the merger is that no injunction or order has been entered by any governmental authority, including a court, that enjoins or otherwise prohibits the consummation of the merger. As such, if the plaintiffs are successful in obtaining an injunction prohibiting the defendants from completing the merger on the agreed-upon terms, then such injunction may prevent the merger from becoming effective, or from becoming effective within the expected timeframe. See Special Factors Litigation Related to the Merger beginning on page 99.

Anticipated Closing of the Merger. The merger is expected to be completed following the expiration of the marketing period for Parent s debt financing and after all of the conditions to the merger are satisfied or waived, including, as detailed above, the adoption of the merger agreement by the holders of a majority of the outstanding shares of Emdeon common stock, voting as a single class, the expiration or termination of the regulatory waiting period under the HSR Act, the absence of certain governmental orders or laws that restrain, enjoin or otherwise prohibit the consummation of the merger, the absence of a material adverse effect on the Company, the Company s, Parent s and Merger Sub s performance in all material respects of their agreements and covenants in the merger agreement, and the accuracy of the representations and warranties of the Company, Parent and Merger Sub (subject to certain qualifications). The Company currently expects the merger to be completed in the second half of 2011, although the Company cannot assure completion by any particular date, if at all. The Company will issue a press release once the merger has been completed. See The Merger Agreement Conditions to the Completion of the Merger beginning on page 127.

The marketing period for Parent s debt financing is required to occur during the first period of 18 consecutive business days, subject to certain black-out dates, including and after September 22, 2011, following the latest of (i) the date on which Parent shall have received certain required information of the Company and such required information complies with certain requirements under the merger agreement, (ii) the date on which the Company shall have first commenced the mailing of this Proxy Statement and (iii) if the voting agreements cease to be in full force or effect or any stockholder that is a party to such agreement has repudiated such agreement in writing or is in material breach thereof, the date on which certain closing conditions to the obligations of each of the parties (described under The Merger Agreement Conditions to the Completion of the Merger) have been satisfied. Certain other requirements must be met in order to complete the marketing period, including, among other things, the waiting period applicable to the consummation of the merger under the HSR Act shall have expired or been terminated no later than five business days prior to the end of the marketing period and the Special Meeting to adopt the merger must have occurred no later than three business days prior to the end of the marketing period. See The Merger Agreement Closing and Effective Time of the Merger; Marketing Period beginning on page 110.

Limitations on Solicitations of Other Offers. The Company has agreed to cease and terminate any previous discussions or negotiations with respect to takeover proposals (as defined in The Merger Agreement Covenants of the Company No Solicitation of Takeover Proposals; Fiduciary Out). Under the merger agreement, the Company is subject to nonsolicitation restrictions that prohibit the Company, its subsidiaries and their respective representatives from soliciting, encouraging or facilitating offers or proposals relating to a takeover proposal or providing information to or engaging in discussions or negotiations with third parties regarding a takeover proposal. Prior to the adoption of the merger agreement by the Company s stockholders, the nonsolicitation restrictions are subject to

fiduciary out provisions that allow the Company to provide information and participate in discussions with respect to a takeover proposal that the board of directors has determined in good faith, after consultation with the Company s outside legal counsel and financial advisors, constitutes or would reasonably be expected to lead to a superior proposal (as defined in The Merger Agreement Covenants of the Company No Solicitation of Takeover Proposals; Fiduciary Out) and, subject to compliance with the terms of the merger agreement (including providing Parent and Merger Sub with prior notice and allowing Parent certain matching rights), to change its recommendation or to approve, recommend or declare advisable, or authorize the Company to enter into, an acquisition agreement with respect to a superior proposal. See The Merger Agreement Covenants of the Company No Solicitation of Takeover Proposals; Fiduciary Out beginning on page 120 and The Merger Agreement Effect of Termination; Fees and Expenses beginning on page 130.

Termination. The merger agreement may be terminated at any time prior to the completion of the merger:

- by mutual written consent of both Parent and the Company;
- by either Parent or the Company if:

  the merger is not consummated by February 9, 2012, except that such right to terminate the merger agreement will not be available to the party seeking to terminate the merger agreement if such party has breached any of its representations, warranties, covenants or agreements in the merger agreement, which breach has materially contributed to the failure to consummate the merger by such date;

  the merger agreement has been submitted to the Company s stockholders for adoption at a duly convened stockholders meeting (or adjournment, postponement or recess thereof) at which a quorum is present and the affirmative vote of the holders of a majority of the outstanding shares of Emdeon common stock adopting the merger agreement, voting as a single class, is not obtained; or

  a final and nonappealable order of any governmental authority permanently enjoins or prohibits consummation of the merger, provided that the party seeking to terminate the merger agreement must have used reasonable best efforts to challenge such order and cause such order to be withdrawn, rescinded, terminated, cancelled or otherwise nullified;

- by Parent if:

  prior to the adoption of the merger agreement by the Company s stockholders, the board of directors shall have changed, withdrawn, modified or amended its recommendation that the Company s stockholders adopt the merger agreement, in any manner adverse to Parent (or publicly proposes to do so);

  prior to the adoption of the merger agreement by the Company s stockholders, (i) the board of directors adopts, approves, endorses, recommends or declares advisable any takeover proposal (or publicly proposes to do so) or (ii) any tender offer or exchange offer that if consummated would result in any person beneficially owning 20% or more of any class of equity or securities of the Company then outstanding is commenced and the board of directors recommends in favor of such tender offer or exchange offer by the Company s stockholders (or publicly proposes to do so); or

  a breach by the Company of any of its representations, warranties, covenants or agreements under the merger agreement has occurred, which breach would reasonably be expected to give rise to a failure of certain specified conditions to

closing and such breach is not cured within 20 business days after the Company s receipt of written notice of such breach from Parent, but only so long as neither Parent nor Merger Sub are in breach of their respective representations, warranties, covenants or agreements under the merger agreement;

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- by the Company if:

  - prior to the adoption of the merger agreement by the Company s stockholders, the board of directors determines that a takeover proposal that the Company has received is a superior proposal and enters into a definitive agreement with respect to such superior proposal after (i) complying, in all material respects, with the nonsolicitation restrictions in the merger agreement as described under the heading The Merger Agreement Covenants of the Company No Solicitation of Takeover Proposals; Fiduciary Out beginning on page 120, and (ii) paying to or as directed by Parent a termination fee of $65.0 million;

  - a breach by Parent or Merger Sub of any of their respective representations, warranties, covenants or agreements under the merger agreement has occurred, which breach would reasonably be expected to give rise to a failure of certain specified conditions to closing and such breach is not cured by Parent and/or Merger Sub within 20 business days after Parent s receipt of written notice of such breach from the Company, but only so long as the Company is not in breach of its respective representations, warranties, covenants or agreements under the merger agreement;

  - prior to the effective time of the merger, if (i) all of Parent s and Merger Sub s conditions to closing have been satisfied (other than those conditions that, by their nature, are to be satisfied at closing (and which are, at the time of the termination of the merger agreement, capable of being satisfied if the closing were to occur at such time) or the failure of which to be satisfied is attributable primarily to a breach by Parent or Merger Sub of their respective representations, warranties, covenants or agreements under the merger agreement), (ii) Parent and Merger Sub fail to consummate the merger on the date the closing is required to have occurred as provided in the merger agreement and Parent was unable, prior to such date, to cause the debt financing to be funded at such date upon delivery of a drawdown notice by Parent and/or notice from Parent that the equity financing would be funded at such date and (iii) the Company has confirmed in writing to Parent that all of the conditions to the Company s obligations to consummate the merger have been satisfied (or that the Company would be willing to waive any unsatisfied conditions for purposes of consummating the merger); or

  - prior to the effective time of the merger, whether or not the Company has sought or is entitled to seek specific performance under the merger agreement, if (i) all of Parent s and Merger Sub s conditions to closing have been satisfied (other than those conditions that, by their nature, are to be satisfied at closing (and which are, at the time of the termination of the merger agreement, capable of being satisfied if the closing were to occur at such time) or the failure of which to be satisfied is attributable primarily to a breach by Parent or Merger Sub of their respective representations, warranties, covenants or agreements under the merger agreement), (ii) (A) the debt financing has been funded or will be funded on the date the closing is required to have occurred as provided in the merger agreement upon delivery of a drawdown notice by Parent and/or notice from Parent that the equity financing and the Rollover Investment will be funded at such date, or (B) the debt financing has not been or cannot be funded at the date provided for in the merger agreement and the failure of such funding is attributable primarily to a breach by Parent or Merger Sub of their respective representations, warranties, covenants or agreements contained in the merger agreement, (iii) Parent and Merger Sub fail to complete the closing by the date the closing is required to have occurred as provided in the merger agreement and (iv) the Company has confirmed in writing to Parent that all of the conditions to the Company s obligations to consummate the merger have been satisfied (or that the Company would be willing to waive any unsatisfied conditions for purposes of consummating the merger).

None of the H&F Equityholders nor any of their affiliates, partners, members, directors, officers, employees and other specified persons (i) shall be obligated to, or otherwise have any liability with

respect to, any guarantee obligations of the Sponsor, any back-stop guarantee obligations of any co-investors, or any reverse termination fee payable by Parent or Merger Sub to the Company and/or (ii) will be entitled to receipt of any termination fee payable by the Company to Parent and/or Merger Sub.

See The Merger Agreement Termination beginning on page 128.

Termination Fees. The merger agreement contains certain termination rights for both the Company and Parent. The merger agreement provides that, upon termination of the merger agreement under specified circumstances, the Company would be required to pay Parent or its designee a termination fee in an amount equal to $65.0 million (including, under certain circumstances, if the Company enters into a definitive agreement or consummates an alternative takeover proposal during the 12-month tail period following termination of the merger agreement, in which case such amount would be reduced by the amount (if any) of out-of-pocket expenses previously reimbursed by the Company to Parent pursuant to the merger agreement) or out-of-pocket expenses up to $10.0 million. The merger agreement also provides that Parent would be required to pay the Company a reverse termination fee, upon termination of the merger agreement under specified circumstances, of $80.0 million or $153.0 million, and, in certain circumstances, the fees and expenses of the Company. See The Merger Agreement Effect of Termination; Fees and Expenses beginning on page 130 and Special Factors Limited Guarantee beginning on Page 83.

Specific Performance. Under certain circumstances, the Company, on the one hand, and Parent and Merger Sub, on the other hand, are entitled to specific performance to require the other to complete the merger. However, the right of the Company to seek specific performance to enforce Parent s and/or Merger Sub s obligation to draw down the full proceeds of the equity financing to be funded pursuant to the terms and conditions of the equity commitment letter, to cause the Rollover Investment to be made pursuant to the terms and conditions of the Rollover Letter and to cause Parent and Merger Sub to consummate the merger and effect the closing as provided by the merger agreement is subject to the requirements that (i) all of the conditions to Parent s and Merger Sub s obligations to consummate the merger have been satisfied (other than those conditions that, by their nature, are to be satisfied at the Closing (and which are, at the time that the Company seeks specific performance, capable of being satisfied if the closing were to occur at such time) or the failure of which to be satisfied is attributable primarily to a breach by Parent or Merger Sub of their respective representations, warranties, covenants or agreements contained in the merger agreement), (ii) the debt financing has been funded or will be funded at the date the closing is required to occur in accordance with the terms of the merger agreement upon delivery of a drawdown notice by Parent and/or notice from Parent that the equity financing and the Rollover Investment will be funded at such date, (iii) Parent and Merger Sub fail to complete the closing on the date the closing is required to have occurred as provided in the merger agreement, (iv) the Company has confirmed in writing to Parent that all of the conditions to the Company s obligations to consummate the merger have been satisfied (or that the Company would be willing to waive any unsatisfied conditions for purposes of consummating the merger) and (v) such specific performance would result in the consummation of the merger in accordance with the merger agreement substantially contemporaneously with the consummation of the debt financing, the equity financing and the Rollover Investment. See The Merger Agreement Effect of Termination; Fees and Expenses beginning on page 130 and see Special Factors Financing of the Merger beginning on page 78.

Additional Information. You can find more information about the Company in the periodic reports and other information the Company files with the Securities and Exchange Commission (the SEC). This information is available at the SEC s public reference facilities and at the website maintained by the SEC at www.sec.gov and on the Company s website at www.emdeon.com. For a more detailed description of the additional information available, see Where Stockholders Can Find More Information beginning on page 145.

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QUESTIONS AND ANSWERS ABOUT THE MERGER,

THE GOLDEN PARACHUTE COMPENSATION AND THE SPECIAL MEETING

The following questions and answers, which are for your convenience only, briefly address some commonly asked questions about the merger, the golden parachute compensation and the Special Meeting and are qualified in their entirety by the more detailed information contained elsewhere in this Proxy Statement. These questions and answers may not address all questions that may be important to you as a stockholder of Emdeon. You should still carefully read this entire Proxy Statement, including the attached appendices.

Q: Why am I receiving these materials?

A: You are receiving this Proxy Statement and proxy card because you owned shares of Emdeon common stock as of [ ], 2011, the record date for the Special Meeting. The board of directors is providing these proxy materials in connection with their solicitation of proxies in favor of (i) the adoption of the merger agreement, (ii) advisory (non-binding) approval of the golden parachute compensation payable to the Company s named executive officers under existing agreements with the Company in connection with the merger and (iii) approval of the proposal to adjourn the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to adopt the merger agreement.

Q: When and where is the Special Meeting?

A: The Special Meeting will be held at [ ] a.m., Central Time, on [ ], 2011. The Special Meeting will be held at the [ ].

Q: What items will be voted upon at the Special Meeting?

A: There are three matters scheduled for a vote at the Special Meeting:

1. A vote on the adoption of the merger agreement, pursuant to which Merger Sub will merge with and into the Company and the Company will continue as the surviving corporation and become a wholly-owned subsidiary of Parent;

2. An advisory (non-binding) vote to approve the golden parachute compensation payable to the Company s named executive officers in connection with the merger; and

3. A vote on a proposal to approve the adjournment or postponement of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to adopt the merger agreement.

In addition, stockholders will be asked to consider and vote upon any other matters that properly come before the Special Meeting or any adjournment or postponement thereof.

Q: Why is the merger being proposed?

A: The Company s purpose in proposing the merger is to enable stockholders to receive, upon completion of the merger, $19.00 per share in cash, without interest and less applicable withholding taxes, for each share of Emdeon Class A common stock held by them as of the effective time of the merger. After careful consideration, the board of directors has (i) approved and declared advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, (ii) declared that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement, (iii) directed that the adoption of the merger agreement be submitted to a vote at a meeting of the stockholders of the Company and (iv) recommended that the stockholders of the Company vote **FOR** the adoption of the merger agreement. For a more detailed discussion of the conclusions, determinations and reasons of the board of directors for recommending that the Company undertake the

merger on the terms of the merger agreement, see Special Factors Recommendation of the Company s Board of Directors; Fairness of the Merger, beginning on page 45.

Q: What will happen in the merger?

A: In the merger, Merger Sub will be merged with and into the Company and the Company will continue as the surviving corporation and become a wholly-owned subsidiary of Parent. As a result of the merger, Emdeon Class A common stock will no longer be publicly traded, and you will no longer have any interest in the Company s future earnings or growth. In addition, Emdeon Class A common stock will be delisted from the New York Stock Exchange and deregistered under the Securities Exchange Act of 1934, as amended (the Exchange Act), and the Company will no longer be required to file periodic reports with the SEC with respect to Emdeon Class A common stock.

Q: What will I receive in the merger?

A: If the merger is completed, you will be entitled to receive $19.00 in cash, without interest and less any applicable withholding taxes, for each share of Emdeon Class A common stock (including each share of Emdeon Class A common stock resulting from the exchange of EBS Units and Emdeon Class B common stock described below) that you own immediately prior to the effective time of the merger. For example, if you own 100 shares of Emdeon Class A common stock, you will receive $1,900.00 in cash in exchange for your shares of Emdeon Class A common stock, without giving effect to any applicable withholding taxes. This does not apply to (i) shares of Emdeon Class A common stock owned by the Company and its wholly-owned subsidiaries, (ii) shares of Emdeon Class A common stock owned by Parent and its subsidiaries, including such shares contributed to Parent by H&F Harrington pursuant to the Rollover Letter under which, and subject to the terms and conditions of which, H&F Harrington has committed to contribute to Parent the amount of shares of Emdeon Class A common stock set forth therein and (iii) shares of Emdeon Class A common stock whose holders have not voted in favor of adopting the merger agreement and have demanded and perfected their appraisal rights in accordance with Section 262 of the DGCL. You will not own any shares of the capital stock in the surviving corporation.

Immediately prior to the effective time of the merger, each stock option issued under the 2009 Equity Plan (excluding any unearned performance-contingent stock options which shall be forfeited immediately prior to the effective time of the merger), whether or not then exercisable or vested, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) the excess, if any, of $19.00 (which is the per share merger consideration) over the per share exercise price of the applicable stock option and (ii) the aggregate number of shares of Emdeon Class A common stock that may be acquired upon exercise of such stock option (whether vested or unvested) immediately prior to the effective time of the merger. Also at the effective time of the merger, each restricted stock unit that conveys the right to receive shares of Emdeon Class A common stock granted under the 2009 Equity Plan, whether or not the restricted periods have lapsed, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) $19.00 and (ii) the aggregate number of shares of Emdeon Class A common stock in respect of which such restricted stock unit conveyed the right to receive.

Prior to the effective time of the merger each EBS Unit (excluding any unearned performance-contingent EBS Units, which shall be forfeited immediately prior to the effective time of the merger), whether vested or unvested, together with each corresponding share of Emdeon Class B common stock, held by certain members of senior management and our board of directors will be exchanged for one share of Emdeon Class A common stock, as contemplated by the merger agreement. At the effective time of the merger, after giving effect to the exchange described immediately above, each outstanding share of Emdeon Class B common stock that is not converted into a share of Emdeon Class A common stock pursuant to the merger agreement will be cancelled automatically and will cease to exist, and no consideration will be paid for such cancelled shares of Emdeon Class B common stock.

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Q: How does the per share merger consideration compare to the market price of Emdeon Class A common stock prior to announcement of the merger?

A: The $19.00 per share to be paid in respect of each share of Emdeon Class A common stock represents (i) a premium of approximately 43.0% over the Company s average closing stock price for the 30 trading days ended Wednesday, July 26, 2011, (ii) a premium of approximately 44.2% over the Company s closing stock price on Wednesday, July 26, 2011, the last trading day prior to the publication of certain news reports that The Blackstone Group was in negotiations to acquire the Company and (iii) a premium of approximately 16.9% over the Company s closing stock price on Wednesday, August 3, 2011, the last trading day prior to the announcement of the merger agreement on Thursday, August 4, 2011.

Q: What is the recommendation of our board of directors?

A: Based on the factors described in Special Factors Recommendation of the Company s Board of Directors, the board of directors has unanimously approved the merger agreement and recommends that you vote **FOR** the adoption of the merger agreement. In the opinion of our board of directors, the merger agreement and the terms and conditions of the merger are fair to and in the best interests of the Company and the unaffiliated stockholders of the Company. The board of directors also recommends that you vote **FOR** approval of the golden parachute compensation and **FOR** approval of the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to adopt the merger agreement. See Special Factors Recommendation of the Company s Board of Directors; Fairness of the Merger beginning on page 45 and Advisory Vote on Golden Parachute Compensation beginning on page 134 and The Special Meeting Adjournments and Postponements beginning on page 107.

Q: How will our directors and executive officers vote on the proposal to adopt the merger agreement?

A: Our directors and executive officers have informed us that, as of the date of this Proxy Statement, they intend to vote all of the shares of Emdeon common stock owned directly by them in favor of the adoption of the merger agreement. As of [ ], 2011, the record date for the Special Meeting, our directors and current executive officers directly owned, in the aggregate, [ ] shares of Emdeon common stock entitled to vote at the Special Meeting, or collectively approximately [ ]% of the outstanding shares of Emdeon common stock entitled to vote at the Special Meeting. See Special Factors Interests of the Company s Directors and Executive Officers in the Merger beginning on page 84.

Q: Have any stockholders already agreed to approve the merger?

A: Yes. In connection with the merger agreement, the GA Equityholders and the H&F Equityholders have entered into separate voting agreements with Parent, dated as of August 3, 2011, that cover an aggregate of approximately 72.0% of the outstanding shares of Emdeon common stock, pursuant to which such stockholders have agreed to vote their shares of Emdeon common stock in favor of the adoption of the merger agreement. Accordingly, adoption of the merger agreement and approval of any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement will not require the affirmative vote of any stockholder other than the GA Equityholders and the H&F Equityholders. For more information, please see Special Factors Voting Agreements beginning on page 89.

Q: Who will own the Company after the merger?

A: After the merger, the Company will be a wholly-owned subsidiary of Parent. Immediately following the merger, Sponsor will own approximately 72.5% of Parent and the H&F Equityholders will collectively own approximately 27.5% of Parent. These ownership percentages are subject to change as a result of each of Sponsor s and the H&F Equityholders respective equity commitments being reduced by any amounts syndicated to third parties at or prior to the merger.

Q: What are the consequences of the merger to present members of management of the Company and the Company s Board of Directors?

A: Shares of Emdeon common stock owned by members of management of the Company and the board of directors (in their individual capacity) will be treated the same as shares held by the Company s unaffiliated stockholders. Options and restricted stock units owned by members of management of the Company and the board of directors will be treated the same as options and restricted stock units held by the Company s employees that are outstanding immediately prior to the effective time of the merger. See The Merger Agreement Conversion of Securities Treatment of Outstanding Options and Restricted Stock Units beginning on page 112. EBS Units (and corresponding shares of Class B common stock) held by certain members of our senior management and board of directors will be exchanged for a corresponding number of shares of Class A common stock immediately prior to the effective time of the merger, in accordance with the merger agreement. See The Merger Agreement Conversion of Securities Common Stock beginning on page 111. For additional information relating to interests of directors and executive officers in the merger, see Interests of the Company s Directors and Executive Officers in the Merger beginning on page 84 and Special Factors Tax Receivable Arrangements Existing Tax Receivable Agreements beginning on page 90. For other payments and benefits to the Company s named executive officers that are tied to or based on the merger, see Advisory Vote on Golden Parachute Compensation beginning on page 134.

Q: Is the merger subject to the satisfaction of any conditions?

A: Yes. The completion of the merger is subject to the satisfaction or waiver of the conditions described in The Merger Agreement Conditions to the Completion of the Merger beginning on page 127. These conditions include, among others:

- the adoption of the merger agreement by stockholders holding a majority of the outstanding shares of Emdeon common stock, voting as a single class;
- the expiration or termination of the regulatory waiting period applicable to the consummation of the merger under the HSR Act;
- the absence of certain orders or laws that restrain, enjoin or otherwise prohibit the consummation of the merger;
- the absence of a material adverse effect on the Company;
- the Company s, Parent s and Merger Sub s performance in all material respects of their respective agreements and covenants in the merger agreement; and
- the accuracy of the representations and warranties of the Company, Parent and Merger Sub (subject to certain qualifications).

Q: Who can attend and vote at the Special Meeting?

A: All holders of Emdeon common stock at the close of business on [ ], 2011, the record date for the Special Meeting, will be entitled to vote (in person or by proxy) on the adoption of the merger agreement, the approval of the golden parachute compensation and the adjournment or postponement, if necessary or appropriate, to solicit additional proxies, at the Special Meeting or any adjournments or postponements of the Special Meeting.

Q: What vote is required to adopt the merger agreement?

A: The merger agreement must be adopted by the affirmative vote of a majority of the shares of Emdeon common stock outstanding on the record date with the holders of Emdeon Class A common stock and Emdeon Class B common stock voting as a single class. Because the required vote is based on the number of shares of Emdeon common stock outstanding rather than on the number of votes cast, failure to vote your shares (including as a result of broker non-votes) and abstentions will have the same effect as voting against

the adoption of the merger agreement. A broker non-vote occurs when a broker does not have discretion to vote on the matter and has not received instructions from the beneficial holder as to how such holder s shares are to be voted on the matter. **Whether or not you plan to attend the Special Meeting in person, to ensure the presence of a quorum and that your shares are represented at the Special Meeting, please vote via the Internet or by telephone as instructed in the accompanying proxy materials or complete, date and sign and return a proxy card as promptly as possible.**

The GA Equityholders and H&F Equityholders have entered into separate voting agreements with Parent that cover an aggregate of approximately 72.0% of the outstanding shares of Emdeon common stock, pursuant to which such stockholders have agreed to, among other things, vote their shares **FOR** the adoption of the merger agreement and the approval of the merger and any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement. Accordingly, adoption of the merger agreement and approval of any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement does not require the affirmative vote of any stockholder other than the GA Equityholders and the H&F Equityholders.

Q: Why am I being asked to cast an advisory (non-binding) vote to approve golden parachute compensation payable to the Company s named executive officers under existing agreements with the Company in connection with the merger?

A: The SEC recently has adopted new rules that require the Company to seek an advisory (non-binding) vote with respect to certain compensation that will or may be payable to the Company s named executive officers in connection with the merger.

Q: What is the golden parachute compensation ?

A: The golden parachute compensation is certain compensation that is tied to or based on the consummation of the merger and payable to the Company s named executive officers under existing agreements with the Company. See Advisory Vote on Golden Parachute Compensation beginning on page 134.

Q: What vote is required to approve the golden parachute compensation payable to the Company s named executive officers under existing agreements with the Company in connection with the merger?

A: The affirmative vote of the majority of the shares present in person or represented by proxy and entitled to vote on the proposal is required for approval of the advisory (non-binding) proposal on golden parachute compensation.

Q: What will happen if stockholders do not approve the golden parachute compensation at the Special Meeting?

A: Approval of the golden parachute compensation is not a condition to the completion of the merger. The vote with respect to the golden parachute compensation is merely an advisory vote and will not be binding on the Company or Parent. Further, the underlying plans and arrangements are contractual in nature and not, by their terms, subject to stockholder approval. Accordingly, regardless of the outcome of the non-binding, advisory vote, if the merger agreement is adopted by the stockholders and completed, our named executive officers will be eligible to receive the various golden parachute payments.

Q: What is a quorum?

A: A quorum will be present if holders of a majority in voting power of all outstanding shares of Emdeon common stock entitled to vote on a matter at the Special Meeting are present in person or represented by proxy at the Special Meeting. The quorum for the Special Meeting is not broken by the subsequent withdrawal of any stockholder. If a quorum is not present at the Special Meeting, the Special Meeting may

be adjourned to another time and place. Shares of Emdeon common stock held by the Company (unless held

in a fiduciary capacity) or by another corporation (if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Company) will neither be entitled to vote nor be counted for quorum purposes.

The GA Equityholders and H&F Equityholders have entered into separate voting agreements with Parent that cover an aggregate of approximately 72.0% of the outstanding shares of Emdeon common stock, pursuant to which such stockholders have agreed to appear at the Special Meeting (or have their shares of Emdeon common stock be counted present thereat) for the purposes of determining a quorum. Accordingly, the presence in person or represented by proxy of any stockholder other than the GA Equityholders and the H&F Equityholders is not required to establish quorum at the Special Meeting.

Q: How many votes do I have?

A: You have one vote for each share of Emdeon common stock that you own as of the record date.

Q: How are votes counted and what happens if I do not vote?

A: Votes will be counted separately in respect of each proposal by the inspector of election appointed for the Special Meeting, who will separately count **FOR** and **AGAINST** votes, abstentions and broker non-votes. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not receive instructions from the beneficial owner with respect to the merger proposal, the proposal for golden parachute compensation or the adjournment proposal, counted separately.

Because Delaware law requires the affirmative vote of holders of a majority of the outstanding shares of Emdeon common stock, voting as a single class, to approve the adoption of the merger agreement, the failure to vote, broker non-votes and abstentions will have the same effect as a vote **AGAINST** the adoption of the merger agreement.

Because the advisory (non-binding) vote to approve the golden parachute compensation and approval of the adjournment proposal require the affirmative vote of the majority of the shares of Emdeon common stock, voting as a single class, present in person or represented by proxy and entitled to vote thereon and thereat, abstentions will have the same effect as a vote **AGAINST** each of the golden parachute compensation and adjournment proposal. Broker non-votes will have no effect on the outcome of the golden parachute compensation proposal. As noted above, the vote with respect to the golden parachute compensation is merely an advisory vote and will not be binding on the Company or Parent. Accordingly, regardless of the outcome of the non-binding, advisory vote, if the merger agreement is adopted by the stockholders and completed, our named executive officers will be eligible to receive the various golden parachute payments.

As noted above, the GA Equityholders and the H&F Equityholders have entered into separate voting agreements with Parent that cover an aggregate of approximately 72.0% of the outstanding shares of Emdeon common stock, pursuant to which, unless the applicable voting agreement is terminated in accordance with its terms (including upon a termination of the merger agreement in accordance with its terms), such stockholders have agreed to vote their shares **FOR** the adoption of the merger agreement and the approval of the merger and any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement. Accordingly, adoption of the merger agreement and approval of any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement will not require the affirmative vote of any stockholder other than the GA Equityholders and the H&F Equityholders.

Q: How do I vote my Emdeon common stock?

A: Before you vote, you should read this Proxy Statement carefully and in its entirety, including the appendices, and carefully consider how the merger and the golden parachute compensation affects you. Then, mail your completed, dated and signed proxy card in the enclosed return envelope or vote via Internet

or by telephone as soon as possible so that your shares can be voted at the Special Meeting. For more information on how to vote your shares, see The Special Meeting How Do I Vote? beginning on page 104.

Q: If my shares are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee vote my shares for me?

A: Your broker will *not* vote your shares on your behalf unless you provide instructions to your broker on how to vote. You should follow the directions provided by your broker regarding how to instruct it to vote your shares. Without those instructions, your shares will not be voted, which will have the same effect as voting **AGAINST** the adoption of the merger agreement for purposes of the Company stockholder approval, but will have no effect for purposes of the other proposal to adjourn the Special Meeting, if necessary or appropriate, to solicit additional proxies or on the outcome of the advisory (non-binding) vote on golden parachute compensation.

Q: Will my shares held in street name or another form of record ownership be combined for voting purposes with shares I hold of record?

A: No. Because any shares you may hold in street name will be deemed to be held by a different stockholder than any shares you hold of record, any shares so held will not be combined for voting purposes with shares you hold of record. Similarly, if you own shares in various registered forms, such as jointly with your spouse, as trustee of a trust or as custodian for a minor, you will receive, and will need to sign and return, a separate proxy card for those shares because they are held in a different form of record ownership. Shares held by a corporation or business entity must be voted by an authorized officer of the entity. Shares held in an Individual Retirement Account must be voted under the rules governing the account.

Q: May I vote in person?

A: Yes. You may attend the Special Meeting and vote your shares in person whether or not you sign and return your proxy card. If your shares are held of record by a broker, bank or other nominee and you wish to vote at the Special Meeting, you must obtain a proxy from such record holder.

Q: May I change my vote after I have mailed my signed proxy card?

A: Yes. If you are the stockholder of record of your shares, you may revoke your proxy in any one of three ways:

- You may submit another properly completed proxy bearing a later date which is received by Broadridge ICS, our proxy solicitor, by the close of business on [ ], 2011;

- You may send a written notice which is received by the close of business on [ ], 2011 that you are revoking your proxy to 3055 Lebanon Pike, Suite 1000, Nashville, Tennessee 37214, Attention: Gregory T. Stevens, Corporate Secretary; or

- You may attend the Special Meeting and notify the election officials that you wish to revoke your proxy and vote in person. Your attendance at the Special Meeting will not, by itself, revoke your proxy.

If your shares are held by your broker, bank or other agent as your nominee, you should follow the instructions provided by your broker, bank or other agent.

Q: What does it mean if I receive more than one set of proxy materials?

A: This means you own shares of Emdeon common stock that are registered under different names or are in more than one account. For example, you may own some shares directly as a stockholder of record and other shares through a broker or you may own shares through more than one broker. In these situations, you will receive multiple sets of proxy materials. You must vote, sign and return all of the proxy cards or follow

the instructions for any alternative voting procedure on each of the proxy cards that you receive in order to vote all of the shares you own. Each proxy card you receive comes with its own prepaid return envelope. If you submit your proxy by mail, make sure you return each proxy card in the return envelope that accompanies that proxy card.

Q: If the merger is completed, how will I receive cash for my shares?

A: If the merger agreement is adopted and the merger is consummated, and if you are the record holder of your shares of Emdeon Class A common stock immediately prior to the effective time of the merger (i.e., you have a stock certificate or you hold shares in book-entry), you will be sent a letter of transmittal to complete and return to a paying agent to be designated by Parent, referred to herein as the paying agent. In order to receive the $19.00 per share merger consideration, you must send the paying agent, according to the instructions provided, your validly completed letter of transmittal together with your Emdeon stock certificates or book-entry shares, as applicable, and other required documents as instructed in the separate mailing. Once you have properly submitted a completed letter of transmittal, you will receive cash for your shares. If your shares of Emdeon common stock are held in street name by your broker, bank or other nominee, you will receive instructions after the effective time of the merger from your broker, bank or other nominee as to how to effect the surrender of your street name shares and receive cash for those shares.

Q: What happens to my stock options awards if the merger is completed?

A: Immediately prior to the effective time of the merger, each stock option issued under the 2009 Equity Plan (excluding any unearned performance-contingent stock options, which shall be forfeited immediately prior to the effective time of the merger), whether or not then exercisable or vested, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) the excess, if any, of $19.00 (which is the per share merger consideration) over the per share exercise price of the applicable stock option and (ii) the aggregate number of shares of Emdeon Class A common stock that may be acquired upon exercise of such stock option (whether vested or unvested) immediately prior to the effective time of the merger.

Q: What happens to my restricted stock units if the merger is completed?

A: Immediately prior to the effective time of the merger, each restricted stock unit that conveys the right to receive shares of Emdeon Class A common stock granted under the 2009 Equity Plan, whether or not the restricted periods have lapsed, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) $19.00 and (ii) the aggregate number of shares of Emdeon Class A common stock in respect of which such restricted stock unit conveyed the right to receive.

Q: What will happen in the merger to the Company s Employee Stock Purchase Plan?

A: A date that is at least 10 days prior to the effective time of the merger (which date will be determined by our board of directors) will be treated as the final purchase date for purposes of the ESPP. The balance in ESPP participants contribution accounts as of the final purchase date will be used to make automatic purchases of Emdeon Class A common stock on that date, in accordance with the terms and limitations of the ESPP (and subject to applicable withholding taxes). The Company will refund to each participant in the ESPP all amounts remaining in such participant s account after such purchase. The Company has agreed to terminate the ESPP as of the effective time of the merger.

Q: What will happen in the merger to the EBS Units (and corresponding shares of Class B common stock) held by management and directors of the Company?

A: Prior to the effective time of the merger, each EBS Unit (excluding any unearned performance-contingent EBS Units, which shall be forfeited immediately prior to the effective time of the merger), whether vested

or unvested together with each corresponding share of Emdeon Class B common stock, held by certain members of senior management and our board of directors will be exchanged for one share of Emdeon Class A common stock, as contemplated by the merger agreement. Following the consummation of the merger, Parent will indirectly own all other outstanding EBS Units. See Special Factors Financing of the Merger Rollover Commitment; Unit Purchase Agreement beginning on page 82.

Q: What happens if the merger is not completed?

A: If the merger agreement is not adopted by the stockholders of the Company or if the merger is not completed for any other reason, the stockholders of the Company will not receive any payment for their shares of Emdeon common stock in connection with the merger. Instead, Emdeon will remain a stand-alone company, Emdeon Class A common stock will continue to be listed and traded on the New York Stock Exchange and registered under the Exchange Act, and the Company will continue to file periodic reports with the SEC with respect to Emdeon Class A common stock. Under specified circumstances, the Company may be required to pay to Parent, or may be entitled to receive from Parent, a fee with respect to the termination of the merger agreement, and under specified circumstances, the Company may be required reimburse Parent for certain out-of-pocket expenses relating to the merger agreement upon termination of the merger agreement, as described under The Merger Agreement Effect of Termination; Fees and Expenses beginning on page 130.

Q: When should I send in my stock certificates?

A: If the merger agreement is adopted you will receive the letter of transmittal following the consummation of the merger. You should send your stock certificates together with the letter of transmittal after the merger is consummated and not now.

Q: I do not know where my stock certificate is how will I get my cash?

A: The materials you are sent after the completion of the merger will include the procedures that you must follow if you cannot locate your stock certificate. This will include an affidavit that you will need to sign attesting to the loss of your stock certificate. The Company may also require that you provide a customary indemnity agreement to the Company in order to cover any potential loss.

Q: What happens if I sell my shares of Emdeon common stock before the Special Meeting?

A: The record date for stockholders entitled to vote at the Special Meeting is earlier than the consummation of the merger. If you transfer your shares of Emdeon common stock after the record date but before the Special Meeting you will, unless special arrangements are made, retain your right to vote at the Special Meeting, but will transfer the right to receive the merger consideration to the person to whom you transfer your shares.

Q: When do you expect the merger to be completed?

A: The parties to the merger agreement are working to complete the merger as quickly as possible. In order to complete the merger, the Company must obtain the stockholder approval described in this Proxy Statement, the other closing conditions under the merger agreement must be satisfied or waived and the marketing period for Parent s debt financing must have expired. The parties to the merger agreement currently expect to complete the merger in the second half of 2011**,** although the Company cannot assure completion by any particular date, if at all. Because the merger is subject to a number of conditions, the exact timing of the merger cannot be determined at this time.

Q: What are the U.S. federal income tax consequences of the merger?

A: The exchange of shares of Emdeon Class A common stock for cash pursuant to the merger generally will be a taxable event for U.S. federal income tax purposes. Each U.S. holder who exchanges his or her shares of Emdeon Class A common stock in the merger will generally recognize a gain or loss in an amount equal to

the difference between the consideration received in the merger (prior to reduction for any applicable withholding taxes) and the U.S. holder s adjusted tax basis in the shares of Emdeon Class A common stock surrendered. See Special Factors Material U.S. Federal Income Tax Consequences beginning on page 96 for a discussion of the material U.S. federal income tax consequences of the merger to certain U.S. holders and certain non-U.S. holders. **The tax consequences of the merger to you will depend on the facts of your own situation. You should consult your tax advisor for a full understanding of the tax consequences of the merger to you**.

Q: What rights do I have to seek a valuation of my shares?

A: Stockholders who oppose the merger may exercise their right to seek appraisal of the fair value of their shares of Emdeon common stock as determined by the Court of Chancery of the State of Delaware if the merger is completed, but only if they do not vote in favor of adopting the merger agreement and otherwise comply with the procedures of Section 262 of the DGCL, which is the appraisal rights statute applicable to Delaware corporations. A copy of Section 262 of the DGCL is included as Appendix B to this Proxy Statement and the procedures are summarized in this Proxy Statement. See Special Factors Appraisal Rights beginning on page 92 and Appendix B to this Proxy Statement.

Q: What do I need to do now?

A: You should carefully read this Proxy Statement, including the appendices in their entirety, and consider how the merger and the golden parachute compensation would affect you. **Whether or not you plan to attend the Special Meeting in person, to ensure the presence of a quorum and that your shares are represented at the Special Meeting, please vote via the Internet or by telephone as instructed in the accompanying proxy materials or complete, date, sign and return a proxy card as promptly as possible.**

Q: Who can help answer my questions?

A: If you have questions about the merger agreement or the merger, including the procedures for voting your shares, you should contact Broadridge ICS, our proxy solicitor, either by calling toll-free (800) 542-1061 or by writing to Broadridge ICS, Householding Department, 51 Mercedes Way, Edgewood, New York, 11717.

FORWARD-LOOKING STATEMENTS

This Proxy Statement contains forward-looking statements that involve risks, uncertainties and assumptions. You should not place undue reliance on forward-looking statements because they are subject to numerous uncertainties and factors relating to the merger, our operations and business environment, all of which are difficult to predict and many of which are beyond our control. These statements often include words such as may, will, should, could, believe, expect, anticipate, intend, plan, predict, estimate or similar expressions, although the a does not necessarily mean that a statement is not forward-looking. These statements are based upon assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors that we believe are appropriate under the circumstances. Forward-looking statements involve known and unknown risks, uncertainties and assumptions, including those described in the Company s filings with the SEC, which are available without charge at www.sec.gov (see also Where Stockholders Can Find More Information, beginning on page 145). Although we believe that these forward-looking statements are based upon reasonable assumptions, you should be aware that many factors could affect the consummation of the merger, our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements.

Our forward-looking statements made herein speak only as of the date on which made. We expressly disclaim any intent, obligation or undertaking to update or revise any forward-looking statements made herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based, except to the extent required by law. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this Proxy Statement.

Forward-looking statements include, among other things, whether and when the proposed merger will close and whether conditions to the proposed merger will be satisfied. These forward-looking statements also involve known and unknown risks, uncertainties, assumptions and other factors that include, among others, the failure of the merger to be completed, the time at which the merger is completed, adoption of the merger agreement by the Company s stockholders and failure by the Company or by Parent or Merger Sub to satisfy the conditions to the merger.

The forward-looking statements are not guarantees of future performance, of results or that the merger will be completed as planned, and actual results may differ materially from those contemplated by these forward-looking statements. In addition to the factors discussed elsewhere in this Proxy Statement, other factors that could cause actual results to differ materially include industry performance and general business, economic, regulatory, market and financial conditions, all of which are difficult to predict. The risk factors discussed herein are also discussed in the documents that are incorporated by reference into this Proxy Statement. These factors may cause the Company s actual results, performance and achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Additionally, important factors concerning the merger could cause the Company s actual results, performance and achievements to differ materially from such forward-looking statements. Such risks, uncertainties and other important factors include, among others:

- the failure of the Company s stockholders to adopt the merger agreement or the risk that the other conditions to the completion of the merger will not be satisfied;

- the risk that if the merger is not completed for any reason, the price of the Emdeon Class A common stock will likely decline to the extent the market price of the Emdeon Class A common stock reflects market assumptions the merger will be completed;

- the risk that the required regulatory clearance under the HSR Act will not be obtained;

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- the risk of the occurrence of an event, change or circumstance that could give rise to the payment of a termination fee to Parent pursuant to the terms of the merger agreement;
- the risk of an adverse outcome of any legal proceedings that have been or may be instituted against the Company and others relating to the transactions contemplated by the merger agreement;
- the risk of the failure to consummate the merger for any reason or the failure of Parent to obtain the necessary debt financing set forth in the debt commitment letter provided to the Company in connection with the merger;
- the restrictions imposed on the Company s business, properties and operations pursuant to the affirmative and negative covenants set forth in the merger agreement and the potential impact of such covenants on our business;
- the risk that the proposed transaction will divert management s attention resulting in a potential disruption of the Company s current business plan;
- the effect of the announcement of the merger on our business relationships, operating results and business generally;
- the amount of fees, expenses and charges incurred by the Company in connection with the merger; and
- risks relating to recent or future ratings agency actions or downgrades as a result of the announcement of the merger.

All information contained in this Proxy Statement concerning Parent and Merger Sub has been supplied by Parent and Merger Sub and has not been independently verified by the Company.

SPECIAL FACTORS

The following, together with the summary of the merger agreement set forth under The Merger Agreement, is a description of the material aspects of the merger. While we believe that the following description covers the material aspects of the merger, the description may not contain all of the information that is important to you. We encourage you to read carefully this entire document, including the Agreement and Plan of Merger attached to this Proxy Statement as Appendix A, for a more complete understanding of the merger. The following description is subject to, and is qualified in its entirety by reference to, the merger agreement. You may obtain additional information without charge by following the instructions in Where Stockholders Can Find More Information beginning on page 145 of this Proxy Statement.

The Parties Involved in the Merger

Emdeon Inc.

The Company is a leading provider of revenue and payment cycle management and clinical information exchange solutions connecting payers, providers and patients in the U.S. healthcare system. Our product and service offerings integrate and automate key business and administrative functions of our payer and provider customers throughout the patient encounter, including pre-care patient eligibility and benefits verification and enrollment, clinical information exchange capabilities, claims management and adjudication, payment integrity, payment distribution, payment posting and denial management and patient billing and payment processing. Through the use of our comprehensive suite of products and services, our customers are able to improve efficiency, reduce costs, increase cash flow and more efficiently manage the complex revenue and payment cycle and clinical information exchange processes. Our services are delivered primarily through recurring, transaction-based processes that leverage our health information network, the single largest financial and administrative information exchange in the U.S. healthcare system. Our health information network currently reaches approximately 1,200 payers, 500,000 providers, 5,000 hospitals, 81,000 dentists, 60,000 pharmacies and 150 labs.

We deliver our solutions and operate our business in three business segments: (i) payer services, which provides services to commercial insurance companies, third party administrators and governmental payers; (ii) provider services, which provides services to hospitals, physicians, dentists and other healthcare providers, such as labs and home healthcare providers; and (iii) pharmacy services, which provides services to pharmacies, pharmacy benefit management companies and other payers. Through our payer services segment, we provide payment cycle solutions, both directly and through our network of companies, or channel partners, with which we have contracted to market and sell certain of our products and services, including healthcare information system vendors, such as physician and dental practice management system, hospital information system and electronic medical record vendors, that help simplify the administration of healthcare related to insurance eligibility and benefit verification, claims filing, payment integrity and claims and payment distribution. Additionally, we provide consulting services through our payer services segment. Through our provider services segment, we provide revenue cycle management solutions, patient billing and payment services, government program eligibility and enrollment services and clinical information exchange capabilities, both directly and through our channel partners, that simplify providers revenue cycle and workflow, reduce related costs and improve cash flow. Through our pharmacy services segment, we provide electronic prescribing services and other electronic solutions to pharmacies, pharmacy benefit management companies and government agencies related to prescription benefit claim filing, adjudication and management.

In 2010, we processed a total of approximately 5.8 billion healthcare-related transactions, including approximately one out of every two commercial healthcare claims delivered electronically in the United States. We have developed our network of payers and providers over 25 years and connect to virtually all private and government payers, claim-submitting providers and pharmacies. Our network and related products and services are designed to integrate with our customers existing technology infrastructures and administrative workflow and typically require minimal capital expenditure on the part of the customer, while generating significant savings and operating efficiencies.

On August 11, 2009, the Company commenced the initial public offering of Emdeon Class A common stock (the Company IPO). Pursuant to the Registration Statement on Form S-1 (File No. 333-153451), as amended, that was declared effective on August 11, 2009 and Registration Statement on Form S-1MEF (File No. 333-161270) (collectively, the Registration Statements), the Company registered 27,255,000 shares of Emdeon Class A common stock, consisting of 10,725,000 Emdeon Class A shares on behalf of the Company and 16,530,000 Emdeon Class A shares on behalf of the selling stockholders in the Company IPO (including 3,555,000 Emdeon Class A shares representing an over-allotment option granted by such selling stockholders to the underwriters in the Company IPO). The Emdeon Class A common stock was registered at a proposed maximum offering price of $422.5 million pursuant to the Registration Statements. The entirety of the Emdeon Class A common stock was sold in the Company IPO at a price per share to the public of $15.50 for an aggregate offering price of $422.5 million. Morgan Stanley & Co. Incorporated, Goldman, Sachs & Co., UBS Securities LLC and Barclays Capital Inc. acted as joint book-running managers of the Company IPO. The Company IPO closed on August 17, 2009, and the net proceeds of the Company IPO to the Company were $145.2 million (including approximately $3.1 million of offering expenses paid in 2008). Hellman & Friedman and its affiliates did not receive any proceeds in the Company IPO.

Emdeon Inc.

3055 Lebanon Pike, Suite 1000

Nashville, TN 37214

Telephone: (615) 932-3000

Blackstone Capital Partners VI, L.P.

Blackstone Capital Partners VI, L.P., which we refer to as Sponsor, is a Delaware limited partnership and its principal business is investing in securities and committing capital to facilitate corporate restructurings, leveraged buyouts, bridge financings and other investments. Sponsor is affiliated with The Blackstone Group, L.P., one of the world s leading investment and advisory firms. Its alternative investment management businesses include the management of private equity funds, real estate funds, hedge funds, credit-oriented funds, collateralized loan obligation vehicles (CLOs) and closed-end mutual funds. The Blackstone Group also provides various financial advisory services, including mergers and acquisitions advisory, restructuring and reorganization advisory and fund placement services.

Blackstone Capital Partners VI, L.P.

c/o The Blackstone Group

345 Park Avenue

New York, NY 10154

Telephone: 212-583-5000

Beagle Parent Corp.

Beagle Parent Corp., which we refer to as Parent, is a newly formed Delaware corporation that was formed by Sponsor. Parent has not carried on any activities to date, except for activities incidental to its formation, in connection with the financing of the merger and as otherwise contemplated by the merger agreement. Upon completion of the merger, the Company will be a wholly-owned subsidiary of Parent.

Beagle Parent Corp.

c/o The Blackstone Group

345 Park Avenue

New York, NY 10154

Telephone: 212-583-5000

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Beagle Acquisition Corp.

Beagle Acquisition Corp., which we refer to as Merger Sub, is a newly formed Delaware corporation. Merger Sub is a wholly owned subsidiary of Parent and has not conducted any business operations except for activities incidental to its formation and as contemplated by the merger agreement. Upon consummation of the merger, Merger Sub will merge with and into the Company, Merger Sub will cease to exist and the Company will continue as the surviving corporation and a wholly owned subsidiary of Parent.

Beagle Acquisition Corp.

c/o The Blackstone Group

345 Park Avenue

New York, NY 10154

Telephone: 212-583-5000

We refer to Sponsor, Parent and Merger Sub, collectively, as the Blackstone Filing Persons.

H&F Equityholders

The H&F Equityholders are affiliates of Hellman & Friedman, which is their ultimate general partner. Hellman & Friedman is a leading private equity investment firm with offices in San Francisco, New York and London. The firm focuses on investing in superior business franchises and serving as a value-added partner to management in select industries, including media and marketing services, financial services, professional services, information services, healthcare and energy. Since its founding in 1984, Hellman & Friedman has raised and, through its affiliated funds, raised and managed over $25 billion of committed capital. The principal executive offices of Hellman & Friedman and the H&F Equityholders are located at One Maritime Plaza, 12th Floor, San Francisco, CA 94111, and their telephone number is (415) 788-5111.

Business and Background of Natural Persons Related to the Company

A biography for each of our current directors and executive officers is set forth below. None of the Company nor any of the Company s directors or executive officers has, during the past five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors). Each of the Company s directors and executive officers listed below is a United States citizen, other than Mr. Lyle, who is a citizen of Canada. Mr. Hammarskjold, in addition to being a United States citizen, is also a citizen of Sweden and Brazil. Mr. Pead, in addition to being a United States citizen, is also a citizen of the United Kingdom. None of the Company nor any of the Company s directors or executive officers listed below has, during the past five years, been a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws.

Directors

George I. Lazenby, IV. Mr. Lazenby, 42, has been our Chief Executive Officer and a member of our board of directors since September 2008. Mr. Lazenby has served as the Chief Executive Officer and a director of our subsidiary EBS Master since March 2007. Prior to that, Mr. Lazenby served as Executive Vice President Provider Services of Emdeon Business Services from December 2003 to March 2007. Mr. Lazenby served as the Chief Operating Officer of Medifax EDI, Inc. from January 2003 until it was acquired by us in December 2003. Mr. Lazenby received a B.S. in Accounting from the University of Alabama. Mr. Lazenby s principal business address is c/o Emdeon Inc., 3055 Lebanon Pike, Suite 1000, Nashville, TN 37214.

Tracy L. Bahl. Mr. Bahl, 49, has been our Executive Chairman since May 2009. Mr. Bahl has been chairman of our board of directors since September 2008 and chairman of the board of directors of EBS Master since February 2008. Mr. Bahl was Chief Executive Officer of Uniprise, a UnitedHealth Group Company, from 2004

to 2007, and before that served in various executive positions at CIGNA HealthCare. Mr. Bahl received M.B.A.s from Columbia University and the London Business School and received undergraduate degrees in Business Administration, Health and Exercise Science from Gustavus Adolphus College. Mr. Bahl s principal business address is c/o Emdeon Inc., 3055 Lebanon Pike, Suite 1000, Nashville, TN 37214.

Dinyar S. Devitre. Mr. Devitre, 63, has been a member of our board of directors and a member of the board of directors of EBS Master since September 2008. Mr. Devitre is a Principal of Devitre LLC. Mr. Devitre served as Senior Vice President and Chief Financial Officer of Altria Group, Inc. from 2002 to March 2007. From 1998 to 2001, Mr. Devitre served as Executive Vice President at Citigroup Inc. and Citibank in Europe. Mr. Devitre serves as a director of Western Union Company, Altria Group and SABMiller plc and also served as a director of Kraft Foods Inc. from 2002 to 2007. Mr. Devitre received a B.A. degree from St. Joseph s College in Darjeeling, India and an M.B.A. from the Indian Institute of Management in Ahmedabad. Mr. Devitre s principal business address is c/o Devitre LLC, 45 Rockefeller Plaza, Suite 2114, New York, NY 10111.

Mark F. Dzialga. Mr. Dzialga, 46, has been a member of our board of directors since September 2008 and a member of the board of directors of EBS Master since November 2006. Since 1998, he has been a Managing Director of General Atlantic. From 1990 to 1998, Mr. Dzialga was with Goldman, Sachs & Co., most recently as the co-head of the High Technology Merger Group. Mr. Dzialga also serves as a director of Genpact Limited. Mr. Dzialga received an M.B.A. from the Columbia University School of Business and a B.S. in Accounting from Canisius College. Mr. Dzialga s principal business address is c/o General Atlantic LLC, Three Pickwick Plaza, Greenwich, CT 06830.

Philip U. Hammarskjold. Mr. Hammarskjold, 46, has been a member of our board of directors since September 2008 and a member of the board of directors of EBS Master since February 2008. Mr. Hammarskjold joined Hellman & Friedman in 1992 and has served as a partner or Managing Director of Hellman & Friedman since January 1996 and has served as the Chief Executive Officer of Hellman & Friedman since 2009. Mr. Hammarskjold received a B.S.E. from Princeton University and an M.B.A. from Harvard Business School. Mr. Hammarskjold s principal business address is c/o Hellman & Friedman LLC, One Maritime Plaza, 12th Floor, San Francisco, California 94111.

Jim D. Kever. Mr. Kever, 58, has been a member of our board of directors since September 2008 and a member of the board of directors of EBS Master since November 2006. Mr. Kever is a founding partner of Voyent Partners, LLC, an investment partnership founded in 2001. Mr. Kever served as Co-Chief Executive Officer of the transaction services division of WebMD from June 2000 to March 2001. From March 1999 through May 2000, Mr. Kever served as Chief Executive Officer of the transaction services division of Quintiles Transnational Corp. From 1995 through March 1999, Mr. Kever was the President and Co-Chief Executive Officer of Envoy Corporation. Mr. Kever joined Envoy as Treasurer and General Counsel in October 1981. Mr. Kever serves as a director of 3D Systems Corporation, Luminex Corporation and Tyson Foods, Inc. and also served as a director of ACI Worldwide, Inc. from 1996 to 2007. Mr. Kever received a B.S. in Business and Administration from the University of Arkansas and a J.D. from the Vanderbilt University School of Law. Mr. Kever s principal business address is c/o Voyent Partners, LLC, 5123 Virginia Way, Suite C-22, Brentwood, TN 37027.

Jonathan C. Korngold. Mr. Korngold, 37, has been a member of our board of directors since September 2008 and a member of the board of directors of EBS Master since November 2006. Mr. Korngold joined General Atlantic in 2001, has been a Managing Director since 2006 and is responsible for leading General Atlantic s healthcare group. Prior to joining General Atlantic, Mr. Korngold was a member of Goldman, Sachs & Co. s Principal Investment Area and Mergers & Acquisitions groups in London and New York, respectively. Mr. Korngold received an M.B.A. from Harvard Business School and graduated with an A.B. in Economics from Harvard College. Mr. Korngold s principal business address is c/o General Atlantic LLC, Three Pickwick Plaza, Greenwich, CT 06830.

Philip M. Pead. Mr. Pead, 58, has been a member of our board of directors and the board of directors of EBS Master since February 2009. Mr. Pead has served as executive Chairman of the Board of Allscripts Healthcare

Solutions, Inc. since August 2010 following Allscripts s acquisition of Eclipsys Corporation where he had served as President and Chief Executive Officer since May 2009. Mr. Pead also served as a director of Eclipsys since February 2009. Mr. Pead served as the managing partner of Beacon Point Partners LLC from March 2007 to May 2009. Prior to that, he served as President and Chief Executive Officer of Per-Se Technologies, Inc. from November 2000 until January 2007. Mr. Pead served as the Chairman of Per-Se beginning in May 2003, having joined the company in 1997. While at Per-Se, Mr. Pead also served as Executive Vice President and Chief Operating Officer from August 1999 to November 2000. Mr. Pead received a B.S. in Economics from the University of London and a Business Administration Diploma from Harrow College of Technology. Mr. Pead s principal address is c/o Allscripts Healthcare Solutions, Inc., 3 Ravinia Drive, Suite B-150, Atlanta, GA 30346.

Allen R. Thorpe. Mr. Thorpe, 40, has been a member of our board of directors since September 2008 and a member of the board of directors of EBS Master since February 2008. Mr. Thorpe joined Hellman & Friedman in 1999 and has served as a Managing Director of Hellman & Friedman since 2004. At Hellman & Friedman, his primary areas of focus are financial services and healthcare. Mr. Thorpe serves as a director of various Hellman & Friedman affiliated portfolio companies, including LPL Investment Holdings Inc. Mr. Thorpe received an A.B. from Stanford University and an M.B.A. from Harvard Business School. Mr. Thorpe s principal business address is c/o Hellman & Friedman LLC, 390 Park Avenue, 21st Floor, New York, New York 10022.

Executive Officers (other than Messrs. Lazenby and Bahl)

Bob A. Newport, Jr. Mr. Newport, 51, has been our Chief Financial Officer since September 2008 and has served as the Chief Financial Officer of Emdeon Business Services since April 2006. Prior to that, Mr. Newport served as Vice President of Financial Planning & Analysis of Emdeon Business Services from January 2005 to March 2006 and Vice President of Finance of Emdeon Business Services from December 2003 to December 2004. From October 2002 to December 2003, Mr. Newport served as Chief Financial Officer of Medifax EDI, Inc. Prior to joining Medifax, Mr. Newport was with Lattimore Black Morgan & Cain, a regional CPA firm, where he practiced approximately 20 years, including the last 10 as a principal. Mr. Newport is a certified public accountant and received a B.S. in Accounting from Carson-Newman College. Mr. Newport s principal business address is c/o Emdeon Inc., 3055 Lebanon Pike, Suite 1000, Nashville, TN 37214.

J. Philip Hardin. Mr. Hardin, 48, has been our Executive Vice President Provider Services since September 2008 and has served in the same position for Emdeon Business Services since June 2007. Prior to that, Mr. Hardin served as Executive Vice President of Product Management of WebMD, from May 2004 to June 2007 and as President of Emdeon Dental, a division of WebMD, from January 2003 to April 2004. Mr. Hardin received a B.S. in Accounting from the University of Georgia and received an M.B.A. from Stanford University. Mr. Hardin s principal business address is c/o Emdeon Inc., 3055 Lebanon Pike, Suite 1000, Nashville, TN 37214.

Mark Lyle. Mr. Lyle, 56, has been our Senior Vice President Pharmacy Services since July 2009 when Emdeon acquired eRx Network L.L.C. Prior to that, Mr. Lyle served as President and CEO of eRx Network from February 2002 until July 2009. Mr. Lyle received a B.S.E. in Electrical Engineering from the University of Alberta. Mr. Lyle s principal business address is c/o Emdeon Inc., 3055 Lebanon Pike, Suite 1000, Nashville, TN 37214.

Gregory T. Stevens. Mr. Stevens, 46, has been our Executive Vice President, General Counsel and Secretary since September 2008 and has served in the same position for Emdeon Business Services since July 2008. Prior to joining us, Mr. Stevens served as Chief Administrative Officer, General Counsel, Secretary and Chief Compliance Officer of Spheris Inc. from July 2003 to June 2008. During February 2010, Spheris filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code in order to facilitate the sale of Spheris pursuant to Section 363 thereunder to MedQuist Holdings, Inc. From March 2002 to June 2003, Mr. Stevens served as Acting General Counsel and Secretary of Luminex Corporation. From 1996 to 2002, Mr. Stevens served as the Senior Vice President and General Counsel for Envoy Corporation. Prior to joining Envoy,

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Mr. Stevens practiced corporate and securities law with Bass, Berry & Sims PLC. Mr. Stevens received a B.A. in Economics and History and a J.D. from Vanderbilt University. Mr. Stevens s principal business address is c/o Emdeon Inc., 3055 Lebanon Pike, Suite 1000, Nashville, TN 37214.

Gary D. Stuart. Mr. Stuart, 46, has been our Executive Vice President Payer Services since August 2008 and has served in the same position for Emdeon Business Services since March 2006. Prior to that, Mr. Stuart served as Executive Vice President of Payer and Vendor Strategy for Emdeon Business Services since August 2005. Mr. Stuart also served as Senior Vice President of Sales in the Transaction Services Division of WebMD Envoy from July 2002 to February 2005 and in various other capacities with WebMD since July 1998. Mr. Stuart received a B.A. in Business Administration from Texas State University. Mr. Stuart s principal business address is c/o Emdeon Inc., 3055 Lebanon Pike, Suite 1000, Nashville, TN 37214.

Business and Background of Natural Persons Related to the Blackstone Filing Persons

Blackstone Capital Partners VI, L.P. (Sponsor)

Sponsor is a Delaware limited partnership and its principal business is investing in securities and committing capital to facilitate corporate restructurings, leveraged buyouts, bridge financings and other investments. Blackstone Management Associates VI L.L.C. (Blackstone Management Associates VI) is a Delaware limited liability company and its principal business consists of performing the functions of, and serving as, the sole general partner of the Sponsor. BMA VI L.L.C. (BMA VI) is a Delaware limited liability company and its principal business consists of performing the functions of, and serving as, the sole member of Blackstone Management Associates VI.

The business address of each of Sponsor, Blackstone Management Associates VI, BMA VI and the managing member listed below is c/o The Blackstone Group, 345 Park Avenue, New York, NY 10154.

The name and material occupation, position, office or employment during the past five years of the managing member of BMA VI is listed below. He is a U.S. citizen.

Stephen Schwarzman. Mr. Schwarzman, 64, is the Chairman and Chief Executive Officer of The Blackstone Group and the Chairman of the board of directors of the general partner of The Blackstone Group. Mr. Schwarzman was elected Chairman of the board of directors of The Blackstone Group s general partner effective March 20, 2007. Mr. Schwarzman is a founder of The Blackstone Group and has been involved in all phases of the firm s development since its founding in 1985.

Mr. Schwarzman has not been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors). In addition, during the past five years, Mr. Schwarzman has not been a party to any judicial or administrative hearing (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws or a finding of any violation of federal or state securities laws.

Beagle Parent Corp. and Beagle Acquisition Corp.

Please refer to Special Factors Parties Involved in the Merger for information regarding Parent and Merger Sub. The names and material occupations, positions, offices or employment during the past five years of each director and executive officer of Parent and Merger Sub is listed below. The business address of each director and executive officer listed below is c/o The Blackstone Group, 345 Park Avenue, New York, NY 10154. Each is a U.S. citizen.

Neil Simpkins. Mr. Simpkins, 45, is a director and the President of Parent and Merger Sub. Mr. Simpkins has served as a senior managing director of The Blackstone Group since December 1999 and is a member of the firm s private equity executive committee.

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Michael Dal Bello. Mr. Dal Bello, 40, is a director and the Vice President of Parent and Merger Sub. Mr. Dal Bello is a managing director in the private equity group of The Blackstone Group and has been with The Blackstone Group since 2002.

Neither of the foregoing persons has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors). In addition, during the past five years, neither of the foregoing persons has been a party to any judicial or administrative hearing (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws or a finding of any violation of federal or state securities laws.

Business and Background of Natural Persons Related to the H&F Equityholders

Each of the H&F Equityholders, other than H&F GP, is a Delaware limited partnership engaged in the business of making private equity investments. H&F GP is a Delaware limited partnership and is the general partner of each of (i) HFCP Domestic, (ii) H&F Harrington, (iii) H&F Capital Executives and (iv) H&F Capital Associates.

Hellman & Friedman, a Delaware limited liability company, is the general partner of H&F GP.

The principal business address and telephone number for Hellman & Friedman and each of the H&F Equityholders is c/o Hellman & Friedman LLC, One Maritime Plaza, 12th Floor, San Francisco, California 94111 and their telephone number is (415) 788-5111.

Set forth below for each managing director of Hellman & Friedman is his or her respective present principal occupation or employment, the name and principal business of the corporation or other organization in which such occupation or employment is conducted and the five-year employment history of such person. Each person identified below is a citizen of the United States of America, other than Stefan Goetz, who is a citizen of Germany. Philip Hammarskjold, in addition to being a United States citizen, is also a citizen of Sweden and Brazil. No such person has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors). In addition, during the past five years, no such person has been a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws or a finding of any violation of federal or state securities laws.

C. Andrew Ballard. Mr. Ballard is a Managing Director of Hellman & Friedman. Mr. Ballard originally joined Hellman & Friedman in 2004. Mr. Ballard s principal business address is c/o Hellman & Friedman LLC, One Maritime Plaza, 12th Floor, San Francisco, California 94111.

Stefan Goetz. Mr. Goetz is a Managing Director of Hellman & Friedman. Prior to joining Hellman & Friedman in 2007, Mr. Goetz was an Executive Director in the Principal Investments Area of Goldman Sachs International in London. Mr. Goetz s principal business address is c/o Hellman & Friedman LLP, Millbank Tower, 30th Floor, 21-24 Millbank, London SW1P 4QP, United Kingdom.

Philip U. Hammarskjold. Mr. Hammarskjold is the Chief Executive Officer and a Managing Director of Hellman & Friedman. Mr. Hammarskjold originally joined Hellman & Friedman in 1992 and serves as the Chairman of the firm s investment committee. Mr. Hammarskjold s principal business address is c/o Hellman & Friedman LLC, One Maritime Plaza, 12th Floor, San Francisco, California 94111.

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F. Warren Hellman. Mr. Hellman co-founded Hellman & Friedman in 1984. Mr. Hellman is the Founder and a Managing Director of Hellman & Friedman. Mr. Hellman s principal business address is c/o Hellman & Friedman LLC, One Maritime Plaza, 12th Floor, San Francisco, California 94111.

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Overview of the Transaction

The Company, Parent and Merger Sub entered into the merger agreement on August 3, 2011. Under the terms of the merger agreement, Merger Sub will be merged with and into the Company, with the Company surviving the merger as a wholly-owned subsidiary of Parent. Parent and Merger Sub are beneficially owned by Sponsor, an affiliate of The Blackstone Group.

If the merger is completed, the Company will continue as the surviving corporation and become a wholly-owned subsidiary of Parent, and each share of Emdeon Class A common stock owned by the Company s stockholders immediately prior to the effective time of the merger, other than as provided below, will be converted into the right to receive $19.00 per share in cash, without interest and less any applicable withholding taxes. The following shares of Emdeon Class A common stock will not be converted into the right to receive the per share merger consideration in connection with the merger: (i) shares of Emdeon Class A common stock owned by the Company and its wholly-owned subsidiaries, (ii) shares of Emdeon Class A common stock owned by Parent and its subsidiaries, including such shares contributed to Parent by H&F Harrington pursuant to the Rollover Letter under which, and subject to the terms of which, H&F Harrington has committed to contribute to Parent the amount of shares of Emdeon Class A common stock set forth therein, and (iii) shares of Emdeon Class A common stock whose holders have not voted in favor of adopting the merger agreement and have demanded and perfected their appraisal rights in accordance with Section 262 of the DGCL.

Immediately prior to the effective time of the merger, each stock option issued under 2009 Equity Plan (excluding any unearned performance-contingent stock options which shall be forfeited immediately prior to the effective time of the merger), whether or not then exercisable or vested, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) the excess, if any, of $19.00 (which is the per share merger consideration) over the per share exercise price of the applicable stock option and (ii) the aggregate number of shares of Emdeon Class A common stock that may be acquired upon exercise of such stock option (whether vested or unvested) immediately prior to the effective time of the merger. Also at the effective time of the merger, each restricted stock unit that conveys the right to receive shares of Emdeon Class A common stock granted under the 2009 Equity Plan, whether or not the restricted periods have lapsed, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) $19.00 and (ii) the aggregate number of shares of Emdeon Class A common stock in respect of which such restricted stock unit conveyed the right to receive.

Prior to the effective time of the merger, each EBS Unit (excluding any unearned performance-contingent EBS Units, which shall be forfeited immediately prior to the effective time of the merger), whether vested or unvested, together with each corresponding share of Emdeon Class B common stock, held by certain members of senior management and our board of directors will be exchanged for one share of Emdeon Class A common stock, as contemplated by the merger agreement. At the effective time of the merger, after giving effect to the exchange described immediately above, each share of Emdeon Class B common stock still outstanding will be cancelled automatically and will cease to exist, and no consideration will be paid for such cancelled shares of Emdeon Class B common stock. Following the consummation of the merger, Parent will indirectly own all other outstanding EBS Units. See Special Factors Financing of the Merger Rollover Commitment; Unit Purchase Agreement beginning on page 82.

If the merger is completed, current holders of Emdeon common stock (other than the H&F Equityholders as described below) will no longer have any interest in, and will no longer be stockholders of, the Company, and will not participate in any of the Company s future earnings or growth. Furthermore, the registration of shares of Emdeon Class A common stock under the Exchange Act will be terminated, shares of Emdeon Class A common stock will no longer be listed on the New York Stock Exchange, and price quotations with respect to shares of Emdeon Class A common stock in the public market will no longer be available.

H&F Harrington has committed to contribute approximately 50% of its shares of Emdeon Class A common stock at the closing of the merger to Parent in exchange for a pro rata share of the equity of Parent based on a value

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for each share of Emdeon Class A common stock so contributed of $19.00. The H&F Unitholders have committed to sell approximately 50% of their EBS Units to EBS Holdco II, LLC (which is a wholly-owned subsidiary of the Company and will be, immediately following the merger, an indirect wholly-owned subsidiary of Parent) at the closing of the merger in exchange for a pro rata share of the equity of Parent based on a value for each EBS unit so contributed of $19.00 and to sell the remaining approximately 50% of their EBS Units for cash equal to a per EBS Unit purchase price of $19.00. Immediately following the merger, Sponsor will own approximately 72.5% of Parent and the H&F Equityholders will collectively own approximately 27.5% of Parent. These ownership percentages are subject to change as a result of each of Sponsor s and the H&F Equityholders respective equity commitments being reduced by any amounts syndicated to third parties at or prior to the merger.

Background of the Merger

From time to time, the board of directors and the Company s senior management have evaluated potential strategic alternatives relating to the Company s businesses, including prospects for a potential leveraged dividend recapitalization, potential mergers and acquisitions and other potential strategic transactions, all with a view towards enhancing stockholder value. In connection with its ongoing evaluations of such strategic alternatives, the board of directors received financial updates from the Company s senior management, discussed the strategic direction of the Company and evaluated various options for continued growth.

From time to time, the Company has received preliminary expressions of interest from third parties regarding strategic transactions involving the sale of the Company. Although the Company has occasionally participated in meetings and conference calls with some of these third parties, no actual proposal to acquire the Company has been made during the past two years, except as described below. Throughout the events described below, the board of directors was kept regularly informed of developments.

In April 2010, the Company met with Party A, a widely-held public company in the information technology industry, to discuss possibilities for strategic cooperation between the two companies. During the meeting, Party A expressed an interest in discussing the strategic merits of a potential business combination with the Company. Following the execution of a confidentiality agreement, the Company s senior management met with representatives of Party A on April 26, 2010 to discuss the Company s strategic direction, products and offerings, growth prospects and organizational structure. On or about May 11, 2010, Party A informed the Company that it did not wish to pursue an acquisition of the Company due to Party A s strategic objectives and reluctance to making an acquisition of the Company s size.

On August 17, 2010, the Company s senior management and representatives of Party B, a widely-held public company in the healthcare industry, attended a meeting to discuss ongoing commercial matters between the two companies. During the meeting, representatives of Party B indicated to the Company s senior management that Party B was interested in beginning discussions regarding a potential strategic acquisition of the Company by Party B. The Company and Party B maintained an intermittent dialogue over the course of several months thereafter about the merits of a potential transaction.

On January 5, 2011, the Company began discussions with Party C, a widely-held public company in the information technology industry, about possibilities for strategic cooperation between the two companies. During these discussions, Party C indicated that it might be interested in pursuing a strategic acquisition of the Company. The Company and Party C subsequently entered into a confidentiality agreement and maintained an intermittent dialogue over the course of several months thereafter about the merits of a potential transaction.

On January 10, 2011, the Company entered into a confidentiality agreement with Party B and met with representatives of Party B to discuss further the merits of a potential transaction. Following the meeting, Party B requested and received certain due diligence information regarding the Company.

In early March 2011, the board of directors met and discussed Party B s growing interest in acquiring the Company. The board of directors also reviewed, among other things, the general business environment in which

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the Company operated, the trading multiples at which shares of Emdeon Class A common stock and the stock of

other healthcare information technology companies traded, the business opportunities reasonably available to the Company, the Company s strategic direction and prospects for growth, and other strategic alternatives available to the Company. Based on the board of directors consideration of these and other matters, the board of directors decided to retain outside advisors in connection with its exploration of strategic alternatives for the Company. Subsequently, at the direction of the board of directors, the Company engaged Morgan Stanley as its financial advisor.

On March 7, 2011, at the direction of the board of directors, representatives of Morgan Stanley contacted and had initial discussions with Party D, a widely-held public company in the healthcare industry, regarding a potential strategic acquisition of the Company by Party D. Over the course of the next several months, the Company and Party D maintained an intermittent dialogue regarding Party D s interest in meeting with the Company to discuss the merits of a potential strategic transaction.

On March 22, 2011, Party B called the Company to indicate that Party B would be willing to pay $18.50 to $18.75 per share in cash and shares of Party B s common stock to acquire the Company. During the call, Party B also proposed a timeline for the potential transaction and asked the Company to enter into an exclusivity agreement with Party B. Following the call, George I. Lazenby, IV, the Chief Executive Officer of the Company, held a conference call with the board of directors to discuss the Company s evaluation of, and response to, Party B s proposal. Following deliberations, the board of directors concluded that Party B s proposal was not sufficiently compelling and instructed the Company s senior management to continue discussions with Party B in an effort to improve the terms of Party B s proposal. The board of directors also instructed the Company s senior management to obtain advice from Hogan Lovells, the Company s antitrust counsel, regarding potential antitrust issues relating to a potential transaction with Party B.

On March 24, 2011, at the direction of the board of directors, Mr. Lazenby contacted Party B to inform Party B that its proposal, particularly relating to process and timing, was unacceptable. Also, pursuant to the instructions of the board of directors, representatives of Morgan Stanley subsequently contacted Party B s financial advisor to communicate the same message.

On April 1, 2011, Party B contacted the Company and increased its indicative purchase price for the Company to $19.25 per share, payable in cash and shares of Party B s common stock.

On April 7, 2011, the board of directors participated in a conference call to discuss the Company s evaluation of, and response to, Party B s indicative proposal of $19.25 per share in cash and shares of Party B s common stock to acquire the Company. During the call, the board of directors considered and discussed the amount and nature of the proposed consideration, the proposed timeline for the potential transaction, other issues associated with pursuing the potential transaction with Party B as compared to the prospects of the Company remaining a stand-alone entity and other strategic alternatives available to the Company. Among other things, the board of directors reviewed with Morgan Stanley the Company s historical share price performance since the Company IPO, historical trading multiples of the Company relative to those of other healthcare information technology companies and equity research analysts stock price targets for the Company. The board of directors also reviewed with Morgan Stanley financial matters with respect to the Company, including certain preliminary financial analyses of the Company and potential strategic and financial acquirors that might have interest in an acquisition of the Company. The board of directors then discussed with Morgan Stanley the likelihood that potential strategic acquirors would be able to pay greater premiums to acquire the Company than potential financial acquirors. At the end of the call, the board of directors determined to continue reviewing the Company s potential strategic alternatives. The board of directors also instructed the Company s senior management and Morgan Stanley to continue discussions with Party B and its financial advisor, but to inform Party B that the terms of its revised proposal, particularly relating to process and timing, were still not acceptable.

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On April 11, 2011, at the direction of the board of directors, representatives of Morgan Stanley informed Party B s financial advisor that the terms of Party B s revised proposal were not acceptable to the board of directors.

On April 13, 2011, the board of directors participated in a conference call to discuss the Company s process for continuing to explore a potential transaction with Party B. During the call, the board of directors received an update on, among other things, recent discussions between Morgan Stanley and Party B s financial advisor. At the end of the meeting, the board of directors instructed the Company s senior management to provide Party B certain additional requested due diligence information in an effort to improve Party B s revised proposal.

On April 19, 2011, a senior executive of Party C called Mr. Lazenby and informed him that Party C was unable to pursue an acquisition of the Company due to recent changes in the leadership of Party C and reluctance to making an acquisition of the Company s size.

On April 20, 2011, the Company was contacted by, and began exploratory strategic discussions with, Party E, a widely held public company in the health insurance industry. On April 22, 2011, the Company s senior management met with representatives of Party E and discussed the Company and its business. Subsequently, in May 2011, Party E informed the Company that it could not commit to making an acquisition of the Company s size.

On April 28, 2011, representatives of Party B met with the Company s senior management for a full-day, in-person due diligence session. At the meeting, the Company and Party B discussed, among other things, the Company s growth prospects and business strategies and potential synergies that might be achieved if the Company and Party B were combined. At the conclusion of the meeting, a senior executive of Party B informed Mr. Lazenby that Party B remained very interested in pursuing a potential strategic acquisition of the Company, and that Party B would follow up with the Company in the next few weeks regarding a definitive purchase price and Party B s timing expectations for a proposed transaction.

On May 10, 2011, a senior executive of Party B called Mr. Lazenby to confirm Party B s continued interest in potentially acquiring the Company.

On May 12, 2011, a senior executive of Party D expressed to Tracy L. Bahl, the Executive Chairman of the Company, that Party D wished to meet with the Company s senior management in connection with Party D s evaluation of a potential strategic acquisition of the Company. During this conversation, Mr. Bahl informed the senior executive of Party D that other potential acquirors also had expressed interest in acquiring the Company. In response, Mr. Bahl and the senior executive of Party D agreed that the Company and Party D should execute a confidentiality agreement and schedule a due diligence session with the Company as quickly as possible. Mr. Bahl subsequently proposed several possible meeting dates to the senior executive of Party D, but Party D did not agree to any of the proposed dates. For several weeks thereafter, the Company had intermittent discussions with Party D about scheduling a due diligence session, but Party D did not commit to meet until June 22, 2011.

On May 17, 2011, Party B informed the Company that Party B was willing to pay $19.50 per share in cash and shares of Party B s common stock to acquire the Company (with the cash component to comprise not less than 60% of the consideration). Party B indicated that, among other things, its proposed purchase price was subject to additional due diligence. Party B also requested an exclusivity period of up to 45 days to complete due diligence and negotiate and prepare a definitive agreement for the potential transaction.

On May 19, 2011, the board of directors participated in a conference call to discuss, among other things, the Company s potential strategic alternatives and a preliminary antitrust risk assessment prepared by Hogan Lovells relating to the proposed acquisition of the Company by Party B.

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On May 20, 2011, Dinyar S. Devitre, Philip M. Pead and Jim D. Kever (the Outside Directors) and members of the Company s senior management participated on a conference call to discuss the Company s process for evaluating potential strategic alternatives, including a potential sale of the Company. The Outside Directors concluded that, while no conflict existed, they believed it prudent to engage independent counsel for the Outside Directors in the event that a conflict should arise between or among the GA Equityholders and/or the H&F Equityholders, on the one hand, and the unaffiliated stockholders other than the GA Equityholders of the Company, on the other hand, during the course of negotiating a potential transaction. Following deliberations, the Outside Directors engaged King & Spalding LLP (King & Spalding) to serve as their special counsel.

At all times during the events described herein, the board of directors was aware that Mr. Devitre was a paid special advisor to General Atlantic on matters unrelated to the Company and had invested in certain General Atlantic funds (without any investment in the Company), and that Mr. Kever had been a co-investor in the Company (indirectly having an interest in respect of less than 0.2% of the Company) with General Atlantic. The board of directors did not believe that these relationships between Messrs. Devitre and Kever, on the one hand, and General Atlantic, on the other hand, were material.

Prior to a regularly scheduled board of directors meeting on May 26, 2011, the Outside Directors met separately and discussed how the Company should respond to Party B s May 17, 2011 proposal. At the meeting of the Outside Directors, representatives of King & Spalding discussed with the Outside Directors their fiduciary duties under Delaware law in connection with the Company s evaluation of a potential strategic transaction, including a potential sale of the Company.

During the May 26, 2011 meeting, the board of directors met with the Company s senior management, Morgan Stanley, Paul, Weiss, Rifkind, Wharton & Garrison LLP (Paul, Weiss), the Company s outside legal counsel, and King & Spalding to discuss Party B s May 17, 2011 proposal. At the meeting, the board of directors discussed the advantages and disadvantages of Party B s May 17, 2011 proposal, including, but not limited to, (i) the fact that the proposed consideration consisted of a mix of cash and shares of Party B s common stock and (ii) antitrust regulatory risks with respect to the combination of the Company s and Party B s respective businesses. During the meeting, Morgan Stanley discussed with the board of directors certain financial matters relating to the Company, including an update of the preliminary financial analyses that had been discussed during the April 7, 2011 call. In addition, the board of directors again reviewed potential strategic and financial acquirors that might have an interest in an acquisition of the Company. Following deliberations about the Company s prospects as a stand-alone entity and various potential alternatives available to the Company for enhancing stockholder value, including a leveraged dividend recapitalization and potential acquisition opportunities, the board of directors instructed the Company s senior management to make a counterproposal to Party B with the following terms: (i) a $20.00 per share purchase price consisting of cash and shares of Party B s common stock, with at least $16.00 per share (i.e., 80% of such purchase price) payable in cash and a collar protection mechanism with respect to the stock component to ensure that the Company s stockholders would receive $20.00 per share in actual value at closing, (ii) an agreement by Party B to (x) divest certain assets and/or accept certain regulatory remedies, if necessary, to obtain antitrust clearance for the proposed acquisition and (y) pay a ticking fee with respect to the $20.00 per share purchase price to compensate the Company s stockholders for the lost time value of money that would be occasioned if there were to be significant delay in obtaining such antitrust clearance, and (iii) a significant reverse termination fee, which would be payable by Party B to the Company in the event that the acquisition of the Company was not consummated due to a failure to obtain antitrust clearance, which would act as a significant incentive for Party B to agree to remedial measures sufficient to obtain antitrust clearance for the proposed acquisition. The board of directors also concluded that the Company would not agree to exclusivity with Party B.

Also, at the board of directors meeting on May 26, 2011, Paul, Weiss discussed with the board of directors its fiduciary duties under Delaware law in connection with the Company s process for evaluating potential strategic alternatives, including a potential sale of the Company.

On May 27, 2011, at the direction of the board of directors, Morgan Stanley provided Party B s financial advisor with a term sheet containing the Company s counterproposal, as described above, and indicated that the Company was not prepared to grant exclusivity to Party B.

On June 4, 2011, a senior executive of Party B informed Mr. Lazenby that the terms of the Company s counterproposal, including those relating to antitrust risk allocation, were unacceptable to Party B. The senior executive of Party B insisted that if Party B were to pursue an acquisition of the Company the antitrust risks relating to such transaction would need to be shared by both the Company and Party B.

On that same day, representatives of Morgan Stanley received a revised term sheet from Party B s financial advisor responding to the Company s counterproposal. The term sheet indicated that (i) Party B would be willing to pay $19.50 per share (consisting of $14.50 in cash and $5.00 in shares of Party B s common stock, with no collar protection mechanism) to acquire the Company, (ii) Party B would have no obligation to (x) divest assets and/or accept other regulatory remedies to obtain antitrust clearance or (y) pay a ticking fee to compensate the Company s stockholders for any delay in obtaining antitrust clearance, and (iii) no reverse termination fee would be paid by Party B if the transaction could not be consummated due to a failure to obtain antitrust clearance. In the revised term sheet, Party B also repeated its request for a 45-day exclusivity period and indicated that, while the transaction would not be conditioned on Party B s debt financing, the obligation of Party B to close the transaction would be subject to a marketing period (which would begin after all of the conditions to the transaction, including obtaining antitrust clearance, had been satisfied) for its debt financing.

Also, on June 4, 2011, the board of directors participated in a conference call to discuss Party B s June 4, 2011 proposal. The board of directors did not reach any conclusions at the meeting and agreed to meet again to discuss Party B s June 4, 2011 proposal further.

On June 5, 2011, the board of directors convened a meeting, which was also attended by the Company s senior management, Morgan Stanley, Paul, Weiss and King & Spalding, to continue discussing Party B s June 4, 2011 proposal. Following deliberations, the board of directors concluded that the Company should not accept Party B s June 4, 2011 proposal, in large part because the antitrust risk allocation that Party B required the Company to bear in connection with the proposed transaction rendered the timing and closing of the proposed transaction uncertain and the consideration worth less than the nominally proposed amount. The board of directors also noted that the lack of a collar protection mechanism made the value of the consideration to be paid in the proposed transaction less certain. At the end of the call, the board of directors instructed the Company s senior management to continue to engage in negotiations with Party B for improved terms.

On June 8, 2011, the board of directors participated in a conference call at which the board of directors received an update from the Company s senior management regarding the latest developments in negotiations with Party B. At the end of the call, the board of directors instructed the Company s senior management to continue to engage in negotiations with Party B for improved terms.

On June 9, 2011, the board of directors participated in a conference call with the Company s senior management, Morgan Stanley, Paul, Weiss, Hogan Lovells and King & Spalding. During the call, the board of directors discussed and considered possible compromises that could be proposed to Party B to bridge the gap between the two companies positions as to value and allocation of antitrust risk. The board of directors was advised by the Company s legal advisors that, given the antitrust issues relating to the proposed acquisition of the Company by Party B, antitrust review of the transaction by government regulators could take up to 9 to 12 months and government regulators could refuse to grant antitrust clearance or seek divestitures and/or other regulatory remedies as a condition to granting antitrust clearance. Following deliberations, the board of directors observed that, by refusing to (i) divest assets and/or accept other regulatory remedies to obtain antitrust clearance, (ii) pay a ticking fee to compensate the Company s stockholders for any delay in obtaining antitrust clearance and (iii) pay a reverse termination fee if the transaction could not be consummated due to a failure to obtain antitrust clearance, Party B was effectively shifting the antitrust risk of the transaction to the Company s stockholders. At

the end of the call, the board of directors instructed the Company s senior management to continue negotiations with Party B for improved terms.

On June 10, 2011, Mr. Lazenby spoke with a senior executive of Party B and indicated that to move forward in a transaction with the Company Party B would need to agree to pay a $20.00 per share purchase price, and Party B would also need either to pay a reverse termination fee in the event that the transaction could not be consummated due to a failure to obtain antitrust clearance, or agree to divest assets and/or accept other regulatory remedies to obtain antitrust clearance, so long as such actions would not result in a material adverse effect on the Company.

On June 15, 2011, representatives of Party B contacted the Company with a revised proposal, including: (i) a $19.50 per share purchase price (with the cash and stock component comprising 75% and 25%, respectively, of such purchase price), (ii) no collar protection mechanism for the stock component of the purchase price, (iii) no ticking fee to compensate the Company s stockholders for any delay in obtaining antitrust clearance, (iv) an agreement by Party B to divest, if necessary, assets having a value no greater than a specified dollar amount to obtain antitrust clearance (which specified dollar amount was less than the threshold that the Company believed could be required to obtain antitrust clearance), (v) no obligation to accept other regulatory remedies to obtain antitrust clearance and (vi) no reverse termination fee payable to the Company should antitrust clearance not be obtained. Party B also again asked for a 45-day exclusivity period and a marketing period (which would begin after all of the conditions to the transaction had been satisfied) for its debt financing. Party B further confirmed that, in considering the potential transaction, it was assuming that the Company s separate, pre-existing tax receivable agreements with the Company s senior management and with certain affiliates of General Atlantic and Hellman & Friedman, each of which had been in place since the time of the Company s initial public offering, would remain in place in accordance with their terms as part of the transaction.

Later that day, the board of directors participated in a conference call to discuss Party B s June 15, 2011 proposal with the Company s senior management, Paul, Weiss and King & Spalding. During the call, the board of directors noted that Party B s revised terms would continue to cause the Company s stockholders to bear a significant portion of the antitrust risk associated with the proposed transaction, including the risk that the Company s stockholders would not receive any compensation (or have any other remedy) if the transaction were not consummated in a timely manner or could not be consummated. The board of directors also discussed the likelihood that the process of obtaining antitrust clearance would take from 9 to 12 months and considered how the possible disruption to the Company s business for 9 to 12 months, coupled with uncertainty as to whether antitrust clearance would ultimately be obtained, could affect the Company s business. At the conclusion of the call, the board of directors instructed the Company s senior management to continue negotiations with Party B in an effort to improve Party B s proposed terms.

On June 17, 2011, the board of directors participated in a conference call with the Company s senior management, Morgan Stanley, Paul, Weiss, Hogan Lovells and King & Spalding. On the call, representatives of Paul, Weiss and Hogan Lovells reviewed their recent discussions with Party B s legal counsel regarding the outstanding antitrust issues. The board of directors noted that Party B had not yet proposed an acceptable compromise for antitrust risk allocation of a proposed transaction between the two companies, and that, accordingly, the board of directors continued to believe that the Company should not grant exclusivity to Party B. At the conclusion of the call, the board of directors instructed the Company s senior management to continue to negotiate with Party B for improved terms. Following the call, Mr. Lazenby communicated the Company s position again to a senior executive of Party B.

On June 19, 2011, Mr. Lazenby had a conversation with a senior executive of Party B in which Mr. Lazenby indicated that the Company would be willing to proceed toward a transaction with Party B based on the purchase price and other terms that Party B proposed on June 15, 2011, subject to reaching agreement with respect to the allocation of antitrust risk. The senior executive from Party B responded that Party B would need to consider the suggestion. Later that day, the board of directors participated in a conference call with the Company s senior management and Paul, Weiss to discuss the status of discussions with Party B.

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On June 21, 2011, the Company and Party D entered into a confidentiality agreement.

Also, on June 21, 2011, a senior executive of Party B contacted Mr. Lazenby with Party B s final proposal to acquire the Company. Such senior executive of Party B informed Mr. Lazenby that Party B was willing to accept a limited obligation to divest assets to obtain antitrust clearance for the transaction, but that Party B was not willing, under any circumstance, to commit itself to any other regulatory remedies. The senior executive of Party B also stated that Party B would not be willing to perform any more work in connection with the potential transaction unless the Company entered into an agreement with Party B for a 45-day exclusivity period.

A senior managing director of The Blackstone Group and Jonathan C. Korngold, a director of the Company designated by General Atlantic, have spoken from time to time over the years, including in June 2011, about the health care industry generally and about specific companies in that industry, including the Company. On June 21, 2011, representatives of The Blackstone Group contacted Allen R. Thorpe, a director of the Company designated by Hellman & Friedman, about The Blackstone Group s potential interest in acquiring the Company. Representatives of The Blackstone Group stated that The Blackstone Group s indicative purchase price to acquire the Company was $19.00 per share in cash. Mr. Thorpe informed such representatives that he would promptly notify the Company of The Blackstone Group s preliminary proposal.

On June 22, 2011, the board of directors convened a meeting with the Company s senior management, Morgan Stanley, Paul, Weiss and King & Spalding to discuss the latest developments with respect to Party B, Party D and The Blackstone Group. The board of directors was updated as to The Blackstone Group s interest in acquiring the Company, and the board of directors considered factors that made a transaction with The Blackstone Group potentially attractive, including: (i) The Blackstone Group s proposal to pay all-cash consideration, (ii) the absence of any significant antitrust concerns with The Blackstone Group s potential acquisition of the Company and (iii) the likelihood that a transaction with The Blackstone Group could be consummated without significant delay. In the view of the board of directors, The Blackstone Group s proposal provided greater certainty (and therefore greater value) for the Company s stockholders than other proposals that the Company had previously received. The board of directors also considered factors that made a transaction with The Blackstone Group less attractive, such as the risk that The Blackstone Group might not be able to obtain sufficient financing to acquire the Company. Based on these and other factors, the board of directors concluded that the Company should engage in discussions with The Blackstone Group regarding The Blackstone Group s interest in acquiring the Company. The board of directors also observed that Party B s final proposal had not improved the terms for the Company in a way that addressed the Company s primary concerns with respect to antitrust risk, and that a transaction with Party B would still subject the Company s stockholders to a material risk that they would not receive any compensation (or have any other remedy) if the transaction were not consummated in a timely manner or could not be consummated. In addition, the board of directors noted that Party B still had a significant amount of due diligence yet to be completed. Accordingly, the board of directors concluded that the Company should continue to reject Party B s request for exclusivity. At the end of the meeting, the board of directors instructed the Company s senior management to (i) work with The Blackstone Group in furtherance of a potential transaction and (ii) continue negotiations with Party B to determine if improved terms could be obtained. The board of directors also instructed the Company s senior management to proceed with discussions with Party D.

On that same day, the Company s senior management participated in a conference call with representatives of Party D to discuss the Company s strategic direction, products and offerings and growth prospects. During the call, Mr. Lazenby advised Party D that discussions with other potential acquirors were proceeding at a rapid pace and emphasized the need for Party D to indicate to the Company whether it was interested in pursuing a transaction to acquire the Company as soon as possible.

Also, on June 22, 2011, the Company negotiated and entered into a confidentiality agreement with The Blackstone Group.

On June 23, 2011 and June 24, 2011, the Company conducted a due diligence session with The Blackstone Group at which the Company provided The Blackstone Group with due diligence information regarding the

Company. In the following weeks, the Company supplied The Blackstone Group and its advisors, in response to their requests, with additional due diligence information. During these discussions, The Blackstone Group was advised to account for the Company s liabilities under its existing tax receivable agreements in accordance with their terms when valuing the Company.

On June 28, 2011, the board of directors participated in a conference call with the Company s senior management, Morgan Stanley and Paul, Weiss during which the board of directors was updated on the status of ongoing discussions with The Blackstone Group and Party B. Following deliberations, the board of directors instructed the Company s senior management to attempt to negotiate a higher purchase price with The Blackstone Group and obtain from The Blackstone Group drafts of its debt commitment papers. The board of directors also instructed the Company s senior management to continue negotiations with Party B in an effort to improve Party B s proposed terms.

On June 29, 2011, the board of directors participated in a conference call with the Company s senior management, Morgan Stanley and Paul, Weiss to discuss further the status of ongoing discussions with The Blackstone Group and Party B.

Also, on June 29, 2011, The Blackstone Group indicated to representatives of the Company that it was willing to consider increasing its purchase price to a range of $19.00 to $19.50 per share, and that The Blackstone Group believed it would be in a position to sign a definitive agreement to acquire the Company within approximately three weeks.

In early July 2011, the board of directors discussed the potential benefit of engaging UBS as a second financial advisor, noting that, among other things, UBS s familiarity with the Company from its prior investment banking services to the Company and knowledge of and experience in the healthcare technology industry could be helpful to the Company in connection with its evaluation of potential strategic alternatives, including a potential sale of the Company. The board of directors also considered the benefit of the range of perspectives that could be provided by having more than one financial advisor. Subsequently, at the direction of the board of directors, the Company engaged UBS as co-financial advisor to the Company, along with Morgan Stanley.

On July 1, 2011, the board of directors convened a meeting with the Company s senior management, Morgan Stanley, Paul, Weiss and King & Spalding. At the meeting, the board of directors was updated as to The Blackstone Group s latest communications with the Company. The board of directors was also informed that no progress had been made in negotiations with Party B with respect to the allocation of antitrust risk in a potential transaction, and that Party B was still insisting on being granted a 45-day exclusivity period as a condition to moving forward with the Company. At the end of the meeting, the board of directors instructed the Company s senior management to continue negotiations with both The Blackstone Group and Party B.

On July 7, 2011, the board of directors convened a meeting with the Company s senior management, Morgan Stanley, Paul, Weiss and Hogan Lovells. At the meeting, the board of directors was updated on recent discussions with Party B relating to antitrust risk allocation and Party B s request for a 45-day exclusivity period. The board of directors was also updated on recent discussions with The Blackstone Group, The Blackstone Group s due diligence efforts and The Blackstone Group s financing commitments. At the end of the meeting, the board of directors instructed the Company s senior management to (i) continue negotiations with Party B to determine if improved terms could be obtained and (ii) request a firm proposal, including price and other material terms, and draft financing commitment letters from The Blackstone Group.

On July 9, 2011, The Blackstone Group delivered drafts of its debt commitment papers to the Company. Subsequently, the Company s senior management, Morgan Stanley, Paul, Weiss and King & Spalding reviewed these debt commitment papers and the Company responded with comments to The Blackstone Group.

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On July 11, 2011, the Outside Directors met with King & Spalding to discuss the status of the discussions with The Blackstone Group and Party B.

On July 12, 2011, Paul, Weiss sent an initial draft merger agreement to Ropes & Gray LLP (Ropes & Gray), The Blackstone Group s outside legal counsel.

On July 13, 2011, Mr. Lazenby spoke with a senior executive of Party B. During this conversation, the senior executive of Party B reiterated that Party B was not willing to continue doing any work in connection with a potential transaction to acquire the Company without a 45-day exclusivity period. Mr. Lazenby responded that the Company still wanted Party B to agree to divest certain assets up to a higher threshold than the one previously proposed by Party B and/or accept certain regulatory remedies to obtain antitrust clearance to acquire the Company, and that without such agreement, the Company would not entertain entering into the exclusivity agreement that Party B had proposed.

On July 15, 2011, representatives of Party B contacted representatives of the Company to discuss Party B s request for exclusivity and were informed that the Company continued to be unwilling to grant exclusivity to Party B.

On July 18, 2011, the board of directors participated in a conference call with the Company s senior management, Morgan Stanley and Paul, Weiss. During the call, the board of directors reviewed the progress of The Blackstone Group s due diligence and the preparation of transaction documents for the potential sale of the Company to The Blackstone Group. The board of directors also was updated by Mr. Lazenby regarding his recent discussions with a senior executive of Party B.

On July 19, 2011, acting under the instructions of the board of directors, representatives of Morgan Stanley informed Party B s financial advisor that the Company had received a proposal to acquire the Company from another party that the Company believed had greater certainty in terms of timing and closing than Party B s proposal. Subsequently, a senior executive of Party B contacted Mr. Lazenby to confirm whether the Company had indeed received another proposal. Mr. Lazenby confirmed that another party had proposed to acquire the Company, and the senior executive of Party B responded that, rather than improve its purchase price and/or provide the Company with greater certainty with respect to antitrust risk allocation, Party B would cease pursuing an acquisition of the Company.

Also, on July 19, 2011, Ropes & Gray sent a revised draft of the merger agreement to Paul, Weiss. Between July 19, 2011 and July 22, 2011, Paul, Weiss and Ropes & Gray negotiated certain material threshold issues presented by the revised draft of the merger agreement sent to the Company by The Blackstone Group. Through these negotiations, the Company ultimately secured concessions from The Blackstone Group that provided the Company with greater certainty with respect to The Blackstone Group s debt and equity financing and provided the Company with the right to terminate the merger agreement and enter into an unsolicited superior proposal prior to the adoption of the merger agreement by the Company s stockholders.

On July 22, 2011, The Blackstone Group informed the Company that, based on the feedback of its investment committee, The Blackstone Group remained willing to pay $19.00 per share to acquire the Company, but only if the GA Equityholders and the H&F Equityholders agreed to certain concessions, including (i) a rollover by one or both of them of an amount of equity equal to approximately 50% of the H&F Equityholders interests in the Company and (ii) an agreement to reduce significantly the payments otherwise required to be made to their affiliates under the Investors Tax Receivable Agreements (as defined in Special Factors Tax Receivable Arrangements) in accordance with the terms thereof.

Later on that same day, the board of directors participated in two conference calls with the Company s senior management, Morgan Stanley, Paul, Weiss and, on the first call only, King & Spalding to discuss The Blackstone Group s July 22, 2011 proposal. During these calls, Mr. Thorpe and Philip U. Hammarskjold, another director of the Company designated by Hellman & Friedman, informed the board of directors that Hellman & Friedman,

speaking for the H&F Equityholders and other affiliates of Hellman & Friedman, was not interested in participating in an equity rollover in the potential transaction with The Blackstone Group and that these entities were unwilling to forgo any amount of payments to which their affiliates would otherwise be contractually entitled to receive under the Investors Tax Receivable Agreements with the Company. Mr. Korngold and Mark F. Dzialga, another director of the Company designated by General Atlantic, informed the board of directors that General Atlantic was unwilling to participate in an equity rollover and that the GA Equityholders and other affiliates of General Atlantic were likewise unwilling to forgo any payments due to them under the Investors Tax Receivable Agreements. Following the conference calls, these positions were communicated to The Blackstone Group.

Between July 23, 2011 and July 25, 2011, The Blackstone Group suggested various alternatives to its proposal of July 22, 2011. Under each of these alternatives, (i) the proposed purchase price would be reduced to an amount below $19.00 per share, (ii) the H&F Equityholders and/or the GA Equityholders would be required to roll over a smaller portion or none of their equity in the Company in connection with the proposed acquisition and (iii) the Company s economic obligations under the Investors Tax Receivable Agreements would be terminated in consideration of a one-time payment reflecting a significant discount to the payments the affiliates of General Atlantic and Hellman & Friedman would otherwise be entitled to receive under the Investors Tax Receivable Agreements if such agreements were terminated in accordance with their terms.

On or about July 25, 2011, the board of directors understood that The Blackstone Group made two alternative proposals to the Company. Under the first alternative proposal, the board of directors had understood that The Blackstone Group would pay $18.10 per share in cash to acquire the Company and would not require the rollover of any portion of the equity in the Company. Under the second alternative proposal, the board of directors understood that The Blackstone Group would pay $18.60 per share in cash to acquire the Company, but would require the rollover of a substantial portion of the equity in the Company. In connection with either proposal, the board of directors had understood that The Blackstone Group would pay an aggregate of up to $60.0 million to affiliates of General Atlantic and Hellman & Friedman at the time of the closing of the proposed transaction to terminate the Investors Tax Receivable Agreements, which reflected a significant discount to the payment that affiliates of General Atlantic and Hellman & Friedman would otherwise have been entitled to receive under the Investors Tax Receivable Agreements if the Investors Tax Receivable Agreements were terminated in accordance with their terms at the closing of the proposed transaction.

On July 25, 2011, Messrs. Hammarskjold and Thorpe discussed The Blackstone Group s proposals with Messrs. Dzialga and Korngold as to the requests that were specific to them. Each of them agreed that it was important to try to obtain a $19.00 per share purchase price for all of the Company s stockholders. Mr. Hammarskjold further stated that, while it was Hellman & Friedman s preference not to roll over any portion of the H&F Equityholders equity interests in the Company, Hellman & Friedman was prepared to consider a rollover of a significant portion of the H&F Equityholders equity interests in the Company while maintaining all of its affiliates rights under the Investors Tax Receivable Agreements in order to enable a $19.00 per share purchase price for all of the Company s stockholders. A discussion thereafter ensued regarding whether General Atlantic would be willing to forgo some or all of the payments that its affiliates were entitled to receive under the Investors Tax Receivable Agreements if such action, together with the H&F Equityholders rollover, would result in The Blackstone Group agreeing to a $19.00 per share purchase price for all of the Company s stockholders. After further discussions, Mr. Dzialga indicated that General Atlantic would be willing to consider such an approach depending on the amount and terms of the H&F Equityholders potential rollover arrangements with The Blackstone Group.

On July 26, 2011, the board of directors participated in a conference call with the Company s senior management, Morgan Stanley, Paul, Weiss and King & Spalding. During the call, the board of directors unanimously agreed that the Company should try to obtain a $19.00 per share purchase price for all of the Company s stockholders as part of any transaction with The Blackstone Group. On the call, Mr. Hammarskjold and Mr. Dzialga informed the board of directors that the H&F Equityholders and the GA Equityholders, respectively, had neither expected nor expressed

an interest in participating in any equity rollover in the transaction with The Blackstone Group, and that Hellman & Friedman and General Atlantic had not contemplated any changes to the terms of the Investors Tax Receivable

Agreements. However, Mr. Hammarskjold informed the board of directors that Hellman & Friedman was prepared to consider a rollover of a significant portion of the H&F Equityholders equity interests in the Company while

maintaining all of its affiliates rights under the Investors Tax Receivable Agreements if such action would enable a $19.00 per share purchase price for all of the Company s stockholders. Mr. Dzialga thereafter informed the board of directors that General Atlantic was prepared to consider foregoing some or all of the payments to which its affiliates were entitled under the Investors Tax Receivable Agreements if such action would enable a $19.00 per share purchase price for all of the Company s stockholders, subject to understanding the amount and terms of the H&F Equityholders potential rollover arrangements with The Blackstone Group and approval of them by the board of directors. In light of the foregoing, Mr. Hammarskjold asked the board of directors to permit Hellman & Friedman to negotiate with The Blackstone Group the terms of a rollover of a significant portion of the H&F Equityholders equity interests in the Company and the treatment in the proposed transaction of the Investors Tax Receivable Agreements, in each case, but only in exchange for The Blackstone Group agreeing to a $19.00 per share purchase price for all of the Company s stockholders. Following deliberations, the board of directors agreed to permit Hellman & Friedman to attempt to negotiate such issues with The Blackstone Group in order to determine if The Blackstone Group would agree to pay $19.00 per share in cash to the Company s stockholders, so long as all of the terms negotiated by Hellman & Friedman in respect of any equity rollover, modifications to the Investors Tax Receivable Agreements and other terms related to the proposed transaction, were fully disclosed to the board of directors.

During and immediately following the call, the Outside Directors were separately asked by Mr. Lazenby whether they would be in favor of a transaction in which The Blackstone Group paid $19.00 per share in cash to acquire the Company, and, subject to reviewing the final terms of the proposed transaction, each responded in the affirmative.

Between July 26, 2011 and August 3, 2011, the board of directors was kept fully apprised of developments in the negotiations of (i) the merger agreement and (ii) the terms of arrangements between each of General Atlantic and Hellman & Friedman, on the one hand, and The Blackstone Group, on the other hand.

On July 27, 2011, The Wall Street Journal published a story that The Blackstone Group was in advanced negotiations to acquire the Company. Following such publication, one of the Company s directors was contacted by a representative of Party F, a private equity firm, to inquire about the Company s sale process. Party F did not subsequently communicate any interest in acquiring the Company.

On July 29, 2011, the board of directors participated in a conference call with the Company s senior management, Morgan Stanley, Paul, Weiss and King & Spalding. During the call, Messrs. Hammarskjold and Thorpe summarized for the board of directors the terms of a potential transaction that The Blackstone Group had communicated to Hellman & Friedman, which terms were: (i) The Blackstone Group would pay all of the Company s stockholders $19.00 per share in cash, with the exception of certain shares of Emdeon common stock that the H&F Equityholders would roll over in connection with the proposed transaction, (ii) the H&F Equityholders would commit to roll over $330 million, or approximately 50%, of their equity in the Company (subject to a potential reduction of such commitment to not less than $245 million pursuant to a contemplated equity syndication of The Blackstone Group s and Hellman & Friedman s respective equity commitments, which syndication would be conducted by The Blackstone Group prior to closing) at the $19.00 per share purchase price (which rollover would result in the H&F Equityholders owning up to approximately 27.5% of the Company following the transaction), (iii) affiliates of Hellman & Friedman would retain their rights to payments under the Investors Tax Receivable Agreements, subject to certain amendments to the Investors Tax Receivable Agreements that would have the effect of potentially reducing the amounts payable to affiliates of Hellman & Friedman thereunder both (x) upon consummation of the proposed transaction and (y) upon any future change of control of the Company, and (iv) affiliates of General Atlantic would agree to transfer to affiliates of The Blackstone Group and forgo all of the payments that they were entitled to receive under the Investors Tax

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Receivable Agreements in respect of periods from and after the closing, which payments were estimated on a gross basis to be approximately $125 million to $169 million, payable over 15 or more years. The board of directors then discussed The Blackstone Group s revised proposal with the Company s senior management, Morgan Stanley, Paul, Weiss and King & Spalding. The board of directors also considered the risk that The Blackstone Group might not be able to obtain the financing necessary to acquire the Company.

During the call, the board of directors also inquired as to recent developments with Party B and was informed that Party B had indicated to Mr. Lazenby that it had become aware of the advanced discussions between the Company and The Blackstone Group as a result of The Wall Street Journal story, but did not intend to improve upon the terms that it had previously proposed to the Company. The board of directors then reviewed Party B s proposed terms again with the Company s senior management, Morgan Stanley, Paul, Weiss and King & Spalding, noting that all of the issues, including the issues relating to timing, value, exclusivity and allocation of antitrust risk, which the board of directors previously had considered unacceptable, remained unresolved. Based on such review and a comparison of Party B s proposed terms with The Blackstone Group s proposed terms, the board of directors concluded that the Company should proceed with the negotiation of a potential transaction with The Blackstone Group.

Following these discussions, Mr. Dzialga informed the board of directors that General Atlantic would be willing to support a transaction with The Blackstone Group on substantially the terms previously communicated to the board of directors, and that, notwithstanding their rights under the Investors Tax Receivables Agreements and that they had no obligation whatsoever to forgo such rights, General Atlantic would, in the context of this transaction and based on the conclusion that it was the value-maximizing alternative for all of the Company s stockholders, agree to transfer to affiliates of The Blackstone Group all of the payments that affiliates of General Atlantic were entitled to receive under the Investors Tax Receivable Agreements, in respect of periods from and after the closing, in order to obtain a $19.00 per share purchase price for all of the Company s stockholders. Thereafter, the Outside Directors stated that they would be in favor of a transaction with The Blackstone Group on these terms.

Also, on July 29, 2011, a representative of Party D called Mr. Bahl to confirm that Party D was unable to pursue an acquisition of the Company due to competing priorities and Party D s reluctance to making an acquisition of the Company s size.

Between July 29, 2011 and August 3, 2011, the Company and Paul, Weiss continued to negotiate provisions of the merger agreement with The Blackstone Group and Ropes & Gray. Throughout this period, Paul, Weiss briefed King & Spalding on the negotiations with respect to the merger agreement and received comments from King & Spalding on the merger agreement on behalf of the Outside Directors.

On July 31, 2011, the Outside Directors participated in a conference call with King & Spalding to discuss the status of the Company s negotiations with The Blackstone Group. During the call, the Outside Directors discussed the outstanding issues that remained unresolved in the merger agreement at that time. The Outside Directors also discussed the prospects of other bidders making a competitive proposal to acquire the Company and the process for the Company s consideration of any competing proposal.

Also, on July 31, 2011, the board of directors participated in a conference call with the Company s senior management, Morgan Stanley, UBS, Paul, Weiss and King & Spalding to discuss the status of the Company s negotiations with The Blackstone Group. During the call, representatives of Paul, Weiss provided the board of directors with a summary of, and discussed with the board of directors, some of the unresolved terms in the merger agreement. Messrs. Hammarskjold and Thorpe then recused themselves from the call and the board of directors entered into a special session. The Outside Directors were again asked whether they supported the proposed transaction with The Blackstone Group. After discussion, the Outside Directors confirmed that they were in favor of the proposed transaction with The Blackstone Group. During such special session, the board of directors also was informed that neither Party B nor Party D had renewed any efforts to acquire the Company, even though there had been news reports published about the Company s negotiations with The Blackstone Group, and that no other party expressed serious interest in the Company following such reports.

On August 3, 2011, the board of directors convened a meeting with the Company s senior management, Morgan Stanley, UBS, Paul, Weiss and King & Spalding to consider entering into a merger agreement with The Blackstone Group. During the meeting, representatives of Paul, Weiss provided the board of directors with a review of the Company s process for exploring strategic alternatives, describing in particular the Company s past contacts with potential strategic and financial acquirors and the Company s negotiations with Party B and The Blackstone Group. Representatives of Paul, Weiss also reviewed the board of directors fiduciary duties in the context of evaluating the proposed transaction with The Blackstone Group. Representatives of Paul, Weiss then summarized in detail the terms by which The Blackstone Group would acquire the Company in a merger, as well as the terms of certain other transactions relating to such merger involving the GA Equityholders, the H&F Equityholders and The Blackstone Group, including, but not limited to, the transfer by affiliates of General Atlantic of their rights under the Investors Tax Receivable Agreements to affiliates of The Blackstone Group (other than rights to receive certain payments of up to $2.75 million, which affiliates of General Atlantic retained) and the concession by the H&F Equityholders to roll a portion of their equity in the Company. Also at this meeting, each of Morgan Stanley and UBS separately reviewed with the board of directors its financial analysis of the $19.00 per share merger consideration and delivered to the board of directors an oral opinion, which opinion was confirmed by delivery of a written opinion letter dated August 3, 2011, to the effect that, as of that date and based on and subject to various assumptions, matters considered and limitations described in its opinion, the $19.00 per share merger consideration to be received by holders of Emdeon Class A common stock (other than excluded holders) pursuant to the merger agreement was fair, from a financial point of view, to such holders. Thereafter, Messrs. Hammarskjold and Thorpe recused themselves from the meeting, and the board of directors entered into a special session. During such special session, the Outside Directors and Messrs. Bahl, Lazenby, Dzialga and Korngold discussed the terms for the equity rollover that Hellman & Friedman had agreed to with The Blackstone Group (which rollover would result in the H&F Equityholders owning up to approximately 27.5% of the Company following the transaction) and the proposed amendments to the Investors Tax Receivable Agreements for affiliates of Hellman & Friedman (which amendments addressed, without limitation, certain matters with respect to a restructuring contemplated by the Investors Tax Receivable Agreements and included changes that generally would have the effect of potentially reducing the amounts payable to affiliates of Hellman & Friedman under the Investors Tax Receivable Agreements both (x) upon consummation of the transaction and (y) upon any future change of control of the Company). At the end of such special session, the Outside Directors and Messrs. Bahl, Lazenby, Dzialga and Korngold voted unanimously in favor of the merger and the merger agreement. Subsequently, Messrs. Hammarskjold and Thorpe rejoined the meeting, and the board of directors, with all of its members voting, unanimously determined that it was advisable and in the best interests of the Company and its stockholders to approve the merger with The Blackstone Group and resolved to recommend to the Company s stockholders that they vote in favor of the merger and the adoption of the merger agreement with The Blackstone Group.

Following the meeting, the Company and The Blackstone Group entered into the merger agreement. The merger agreement was publicly announced on the morning of August 4, 2011.

Recommendation of Our Board of Directors; Reasons for Recommending the Adoption of the Merger Agreement; Fairness of the Merger

On August 3, 2011, after careful consideration, the entire board of directors, voted unanimously to (i) approve and declare advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, (ii) declare that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement, (iii) direct that the adoption of the merger agreement be submitted to a vote at a meeting of the stockholders of the Company and (iv) recommend to the stockholders of the Company that they vote **FOR** the adoption of the merger agreement. The foregoing actions were also approved by a separate, unanimous vote of all of the directors of the Company other than those directors designated by Hellman & Friedman (the unaffiliated directors).

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In evaluating the merger, the board of directors consulted with the Company s senior management and outside legal and financial advisors and, in reaching its determination, the board of directors considered a number of factors that it believed supported its decision to approve and recommend the merger agreement and the merger, including, but not limited to, the following:

the $19.00 per share to be paid in respect of each share of Emdeon Class A common stock, which purchase price represents (i) a premium of approximately 44.2% over the closing price of Emdeon Class A common stock on Wednesday, July 26, 2011, the last trading day prior to the publication of certain news reports that The Blackstone Group was in negotiations to acquire the Company, (ii) a premium of approximately 43.0% over the average closing price of Emdeon Class A common stock for the 30 trading days ended Wednesday, July 26, 2011, and (iii) a premium of approximately 16.9% over the closing price of Emdeon Class A common stock on Wednesday, August 3, 2011, the last trading day prior to the announcement of the merger agreement on Thursday, August 4, 2011;

the current and historical market prices for the Emdeon Class A common stock, including those set forth in the table in the section captioned Markets and Market Price, which has not closed over $19.00 since the Company IPO;

the Emdeon Class A common stock traded as low as $9.95 during the 52 weeks prior to the announcement of the execution of the merger agreement;

the fact that the board of directors believed that the $19.00 per share price to be paid in respect of each share of Emdeon Class A common stock was the highest price that The Blackstone Group would be willing to pay and represented the best value reasonably available to the Company s unaffiliated stockholders, and that (i) Hellman & Friedman s agreement to roll over a significant portion of the H&F Equityholders equity interests in the Company and (ii) General Atlantic s agreement to transfer all of their affiliates contractual rights to receive payments under the Investors Tax Receivable Agreements attributable to periods after the consummation of the merger to affiliates of The Blackstone Group were necessary in order to obtain such $19.00 per share price for all of the Company s stockholders;

the fact that the consideration to be paid in the proposed merger is all cash, which provides certainty of value and liquidity to the unaffiliated stockholders and allows the unaffiliated stockholders not to be exposed to the risks and uncertainties relating to the prospects of the Company (including the prospects described in management s projections summarized under Special Factors Projected Financial Information beginning on page 75);

the possibility that it could take a considerable period of time before, and that there could be significant uncertainty as to whether, the trading price of Emdeon Class A common stock would reach and sustain a trading price of at least equal to the per share merger consideration of $19.00, as adjusted for present value;

the board of directors belief, based on its knowledge of the business, operations, management, financial condition, earnings and prospects of the Company, including the prospects of the Company as stand-alone company, that the merger is desirable at this time, as compared with other times in the Company s operating history;

the possible alternatives to the merger, including, but not limited to, selling the Company to another acquiror, continuing as a stand-alone company or effecting a leveraged recapitalization, which alternatives the board of directors evaluated with the assistance of the Company s senior management and advisors and determined were likely to be less favorable to the Company s stockholders than the merger given the potential risks and uncertainties associated with those alternatives;

the separate opinions and financial presentations of Morgan Stanley and UBS, dated August 3, 2011, to the board of directors as to the fairness, from a financial point of view and as of the date of the opinion, of the $19.00 per share merger consideration to be received by holders of Emdeon Class A common

stock (other than excluded holders) pursuant to the merger agreement, as more fully described in the section below under the captions Special Factors Opinion of Morgan Stanley & Co. LLC beginning on page 50 and Special Factors Opinion of UBS Securities LLC beginning on page 58;

the likelihood that the merger would be completed based on, among other things (not in any relative order of importance):

- the board of directors belief that the debt and equity financing required for the merger will be obtained, given (i) the fact that Parent had obtained commitments for such debt and equity financing, (ii) the limited number and nature of the conditions to such debt and equity financing, (iii) the reputation of the financing sources and (iv) the obligation of Parent to use reasonable best efforts to obtain such debt and equity financing;
- the absence of a financing condition in the merger agreement;
- the likelihood and anticipated timing of completing the merger in light of the scope of the closing conditions;
- the fact that no significant antitrust or other regulatory issue exists and that the required antitrust approval is expected to be obtained;
- the fact that (i) Parent will be required to pay to the Company a reverse termination fee of $80.0 million or $153.0 million if the merger agreement is terminated under certain circumstances, (ii) the Company will not need to prove damages as a condition to receiving such reverse termination fee and (iii) Sponsor has guaranteed Parent s obligation to pay such reverse termination fee;
- the Company s right to seek specific performance of Parent s obligations under the merger agreement, including, under certain circumstances, specific performance of Parent s obligations to cause (i) Sponsor to make the cash equity contribution to Parent pursuant to the equity commitment letter and (ii) the H&F Equityholders to make the Rollover Investment pursuant to the Rollover Letter and the interim investors agreement;
- the reputation of The Blackstone Group and The Blackstone Group s ability to complete large acquisition transactions; and
- Sponsor s execution of a limited guarantee in favor of the Company guaranteeing, subject to the limitations described therein, the payment of certain payment obligations that may be owed by Parent pursuant to the merger agreement, including the payment of any reverse termination fee that may become payable following termination of the merger agreement by the Company in specified circumstances, subject to an overall cap of $163.0 million.

the other terms of the merger agreement and the related agreements, including:

- the board of directors ability to withhold, withdraw, qualify or modify its recommendation that the Company s stockholders vote to adopt the merger agreement, subject to certain conditions in the merger agreement;
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the board of directors ability to (i) respond to takeover proposals and (ii) terminate the merger agreement for a superior proposal prior to adoption of the merger agreement by the Company s stockholders, in each case, subject to certain conditions in the merger agreement, including in the case of a termination of the merger agreement, the payment of a termination fee of $65.0 million by the Company;

- the termination fee of $65.0 million payable by the Company to Parent under certain circumstances, including as described above, in connection with a termination of the merger agreement, which the board of directors concluded was reasonable in the context of termination fees payable in comparable transactions and considering the overall terms of the merger agreement, including the per share merger consideration of $19.00;

- the fact that the voting agreements entered into by the GA Equityholders and H&F Equityholders with Parent will terminate automatically if (i) the merger agreement is terminated for any reason, including a termination of the merger agreement for a superior proposal prior to adoption of the merger agreement by the Company s stockholders, or (ii) the board of directors withholds, withdraws, qualifies or modifies its recommendation in respect of the merger and the merger agreement in a manner adverse to Parent; and

- the availability of appraisal rights under the DGCL to the unaffiliated stockholders who comply with all of the required procedures under the DGCL, which allows such holders to seek appraisal of the fair value of their shares of Emdeon common stock as determined by the Delaware Court of Chancery.

The board of directors also believed that sufficient procedural safeguards were and are present to ensure the fairness of the merger and to permit the board of directors to represent effectively the interests of the Company s unaffiliated stockholders. These procedural safeguards include, but are not limited to, the following:

the fact that the unaffiliated directors, in a separate vote taken at a time when the directors designated by Hellman & Friedman had recused themselves from the board of directors meeting, unanimously approved and declared advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, and declared that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement;

the recognition by the unaffiliated directors that they, collectively representing a majority of the board of directors, had the authority not to approve the merger or any other transaction;

the fact that each of the Outside Directors voted to approve and declare advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, and declare that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement;

the fact that the board of directors was advised by Morgan Stanley and UBS, as financial advisors, and Paul, Weiss, as legal advisor, each an internationally recognized firm selected by the board of directors;

the fact that the Outside Directors were separately advised by King & Spalding, as legal advisor, an internationally recognized firm selected by the Outside Directors;

the fact that the Outside Directors met separately with King & Spalding during the course of negotiations with The Blackstone Group to review the Company s process for considering the proposed merger and the proposed agreements among affiliates of The Blackstone Group, the GA Equityholders and the H&F Equityholders regarding modifications to the Investors Tax Receivable Agreements;

the significant concessions made by the affiliates of GA Equityholders, collectively the largest stockholders of the Company, to transfer to affiliates of The Blackstone Group and forgo contractual payments of considerable value that their affiliates were entitled to under the Investors Tax Receivable Agreements in order to secure the per share merger consideration of $19.00 for all of the Company s stockholders; and

the significant concessions made by affiliates of the H&F Equityholders regarding modifications to the Investors Tax Receivable Agreements and by the H&F Equityholders to roll over approximately 50% of their equity interests in the Company, in each case, to secure the per share merger consideration of $19.00 for all of the Company s stockholders.

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In the course of its deliberations, the board of directors also considered a variety of risks and other countervailing factors related to the merger agreement and the merger, including, but not limited to, the following:

- the risk that the merger might not be completed in a timely manner or at all, including the risk that the merger might not be completed because the financing contemplated by the acquisition financing commitments, described under the caption Special Factors Financing of the Merger beginning on page 78, is not obtained, as Parent does not on its own possess sufficient funds to complete the merger;

- the risk that all of the conditions to the parties obligations to effect the merger will not be satisfied prior to the termination date set forth in the merger agreement;

- the fact that the Company s unaffiliated stockholders will not have any equity in the surviving company following the merger, meaning that the Company s unaffiliated stockholders will cease to participate in the Company s future earnings or growth, or to benefit from any increases in the value of the equity in the Company;

- the restrictions on the conduct of the Company s business prior to the completion of the merger, which may delay or prevent the Company from pursuing business opportunities that may arise or taking any other action it would otherwise take with respect to its business operations;

- the risk that, while the closing of the merger is pending, there could be disruptive effects on the business, customer relationships and employees of the Company;

- the fact that the Company could be required to pay a termination fee of $65.0 million if the merger agreement was terminated under certain circumstances, including, but not limited to, a termination of the merger agreement by Parent after the board of directors had withheld, withdrawn, qualified or modified its recommendation in respect of the merger and the merger agreement in a manner adverse to Parent;

- the possibility that the termination fee of $65.0 million payable by the Company upon the termination of the merger agreement under certain circumstances could discourage potential acquirors from making a competing bid to acquire the Company;

- the fact that the Company will be required, if the proposed merger is not completed, to pay its own expenses associated with the merger agreement, the merger and the other transactions contemplated by the merger agreement;

- the fact that (i) Parent and Merger Sub are newly formed corporations with essentially no assets other than the equity commitments of Sponsor and the rollover commitments of the H&F Equityholders, (ii) the Company s remedy in the event of breach of the merger agreement by Parent or Merger Sub could be limited to receipt of the reverse termination fee of $80.0 million or $153.0 million, as applicable, and (iii) under certain circumstances, the Company would not be entitled to any reverse termination fee if the merger agreement was terminated;

- the fact that there are voting agreements pursuant to which the GA Equityholders and the H&F Equityholders have agreed to vote shares of Emdeon common stock representing approximately 72% of the outstanding shares of Emdeon common stock;

- the fact that an all cash transaction would be taxable to the Company s stockholders that are U.S. holders for U.S. federal income tax purposes; and

- the fact that (i) certain of our directors and executive officers and (ii) the GA Equityholders and the H&F Equityholders have interests in the transaction that are different from, or in addition to, those of our unaffiliated stockholders; see the section captioned Special Factors Interests of the Company s Directors and Executive Officers in the Merger beginning on page 84 and Special Factors Tax Receivable Arrangements beginning on page 90.

In evaluating the merger and in reaching its determination as to the fairness of the transactions contemplated by the merger agreement, the board of directors considered the factors set forth above, including an evaluation of the

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going concern value of the Company. The board of directors did not consider liquidation value as a factor because it considers the Company to be a viable going concern business and the trading history of the Emdeon Class A common stock to generally be an indication of its value as such. In addition, due to the fact that the Company is being sold as a going concern, the board of directors did not consider the liquidation value of the Company relevant to a determination as to whether the proposed merger is fair to the Company s unaffiliated stockholders as the board of directors believed the value of the Company s assets that might be realized in a liquidation would be significantly less than its going concern value. Further, the board of directors did not consider net book value a material indicator of the value of the Company because it believed that net book value reflects historical costs and not the value of the Company as a going concern. The Company s net book value per diluted share was $8.91 as of June 30, 2011, which is substantially below the per share merger consideration.

The foregoing discussion of the factors considered by the board of directors is not intended to be exhaustive, but rather includes the principal factors considered by the board of directors. The board of directors and, separately, the unaffiliated directors, collectively reached the conclusion to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement in light of the various factors described above and other factors that the members of the board of directors believed were appropriate. The board of directors was aware that relationships existed between each of Morgan Stanley and UBS, on the one hand, and The Blackstone Group and the Company, on the other hand. In view of the wide variety of factors considered by the board of directors in connection with its evaluation of the proposed merger and the complexity of these matters, the board of directors did not consider it practical, and did not attempt, to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision and did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to the ultimate determination of the board of directors. Rather, the board of directors made its recommendation based on the totality of information that it reviewed and the investigation that it conducted. In considering the factors discussed above, individual members of the board of directors may have given different weights to different factors. In light of the procedural protections described above, and given the unaffiliated directors majority status and the engagement of King & Spalding by the Outside Directors, the board of directors did not consider it necessary to retain an unaffiliated representative to act solely on behalf of the Company s unaffiliated stockholders for purposes of negotiating the terms of the merger agreement or preparing a report concerning the fairness of the merger agreement and the merger, nor did the board of directors consider it necessary to make any provision to grant unaffiliated stockholders access to the Company s corporate files or to obtain counsel or appraisal services for unaffiliated stockholders.

In connection with the consummation of the merger, certain of the Company s directors may receive benefits and compensation that may differ from the per share merger consideration you would receive. See Special Factors Interests of the Company s Directors and Executive Officers in the Merger beginning on page 84.

Our Board of Directors recommends that the stockholders of the Company vote FOR the adoption of the merger agreement.

Opinion of Morgan Stanley & Co. LLC

Morgan Stanley was retained by the board of directors to act as its financial advisor in connection with the proposed merger. The board of directors selected Morgan Stanley to act as its financial advisor based on Morgan Stanley s qualifications, expertise and reputation and its knowledge of the business and affairs of the Company. On August 3, 2011, Morgan Stanley rendered its oral opinion, which was confirmed in writing, to the board of directors that, as of that date, and based upon and subject to the assumptions made, matters considered and qualifications and limitations on the scope of review undertaken by Morgan Stanley as set forth in its opinion, the $19.00 per share merger consideration to be received by the holders of Emdeon Class A common stock (other than excluded holders) pursuant to the merger agreement was fair from a financial point of view to such holders.

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The full text of Morgan Stanley s written opinion to the board of directors, dated August 3, 2011, is attached as Appendix C to this Proxy Statement. Holders of Emdeon common stock should read the opinion in its entirety for a discussion of the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Morgan Stanley in rendering the opinion. This summary is qualified in its entirety by reference to the full text of such opinion. Morgan Stanley s opinion is directed to the board of directors and addressed only the fairness from a financial point of view of the consideration to be received by holders of Emdeon Class A common stock (other than excluded holders) pursuant to the merger agreement as of the date of the opinion and did not address any other aspects of the merger. The opinion does not constitute a recommendation to any stockholder of the Company on how to vote at any stockholders meeting to be held in connection with the merger or take any other action with respect to the proposed merger.

In arriving at its opinion, Morgan Stanley, among other things:

- reviewed certain publicly available financial statements and other business and financial information of the Company;
- reviewed certain internal financial statements and other financial and operating data concerning the Company;
- reviewed certain financial projections prepared by the Company s management;
- discussed the past and current operations and financial condition and the prospects of the Company with senior executives of the Company;
- reviewed the reported prices and trading activity for Emdeon Class A common stock;
- compared the financial performance of the Company and the prices and trading activity of Emdeon Class A common stock with that of certain other publicly-traded companies comparable with the Company, and their securities;
- reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;
- participated in certain discussions and negotiations among representatives of the Company and The Blackstone Group and certain parties and their financial and legal advisors;
- reviewed the merger agreement, the draft equity commitment letter from Sponsor substantially in the form of the equity commitment letter dated August 3, 2011 and the draft debt commitment letter from certain lenders substantially in the form of the debt commitment letter dated August 3, 2011 (such equity and debt commitment letters referred to as, the commitment letters), and certain related documents; and
- performed such other analyses, reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to Morgan Stanley by the Company, and formed a substantial basis for its opinion. With respect to the financial projections, Morgan Stanley assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the Company s management of the future financial performance of the Company. In addition, Morgan Stanley assumed that the merger would be consummated in accordance with the terms set forth in the merger agreement without any waiver, amendment or delay of any terms or conditions, including, among other things, that (i) except as otherwise provided in

connection with the Rollover Investment, all EBS Units that are not held by the Company and corresponding shares of Emdeon Class B common stock would be exchanged, in accordance with the provisions of the operating agreement of EBS Master, into shares of Emdeon Class A common stock on a one-for-one basis prior to the closing of the merger

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and (ii) Parent would obtain financing in accordance with the terms set forth in the commitment letters. Morgan Stanley also assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed merger, no delays, limitations, conditions or restrictions would be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed merger.

For the avoidance of doubt, Morgan Stanley also expressed no opinion as to the relative fairness of any portion of the consideration to holders of any series of common or other equity securities of the Company or of EBS Master. Morgan Stanley is not a legal, tax or regulatory advisor. Morgan Stanley is a financial advisor only and relied upon, without independent verification, the assessment of the Company and its legal, tax or regulatory advisors with respect to legal, tax or regulatory matters. Morgan Stanley expressed no view on, and its opinion did not address, any term or aspect of the merger agreement or the merger (other than the $19.00 per share merger consideration to the extent expressly specified in its opinion), any term or aspect of any other agreement or instrument contemplated by the merger agreement or entered into in connection with the merger or any matters relating to EBS Units that are not held by the Company and corresponding shares of Emdeon Class B common stock, including, without limitation, any aspect or implication of the Rollover Investment, the consideration payable for EBS Units pursuant to the Rollover Investment or tax receivable agreements or arrangements relating to EBS Units. Morgan Stanley expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of the Company s officers, directors or employees, or any class of such persons, relative to the merger consideration to be received by the holders of shares of Emdeon Class A common stock in the merger. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of the Company, nor was Morgan Stanley furnished with any such valuations or appraisals. Morgan Stanley s opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Morgan Stanley as of, the date of its opinion. Events occurring after the date of its opinion may affect Morgan Stanley s opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm its opinion. Morgan Stanley s opinion was approved by a committee of Morgan Stanley investment banking and other professionals in accordance with its customary practice.

The following is a summary of the material financial analyses performed by Morgan Stanley in connection with preparation of its opinion to the board of directors. **The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. The analyses listed in the tables and described below must be considered as a whole; considering any portion of such analyses and of the factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Morgan Stanley s opinion.** For purposes of its financial analyses, Morgan Stanley relied on two sets of projections with the Company s authorization: a case based on consensus Wall Street research analyst estimates, referred to as the street case, and a case based on projections from the Company s management, referred to as the management case.

The Company s Trading Range

Morgan Stanley reviewed the historical trading range of Emdeon Class A common stock for various periods ended August 2, 2011. Morgan Stanley noted that, as of August 2, 2011, the closing price of Emdeon Class A common stock was $14.99 per share and that, for the last 12 months ended July 26, 2011 (the last trading day prior the publication of certain news reports that The Blackstone Group was in negotiations to acquire the Company), the high and low closing prices for Emdeon Class A common stock was approximately $17.00 and $10.00 per share, respectively.

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Equity Research Share Price Targets

Morgan Stanley reviewed stock price targets for Emdeon Class A common stock prepared and published by equity research analysts. These targets reflect each analyst s estimate of the future public market trading price of Emdeon Class A common stock and were not discounted to present value. Morgan Stanley noted a range of undiscounted stock price targets for Emdeon Class A common stock as of July 26, 2011 of approximately $11.00 to $21.00 per share. In order to better compare the published stock price targets with the merger consideration, Morgan Stanley discounted such stock price targets to present value (as of August 2, 2011) by applying an assumed cost of equity of 10.0%, which indicated a range of stock price targets for Emdeon Class A common stock of approximately $10.00 to $19.00 per share. The public market trading price targets published by securities research analysts do not necessarily reflect current market trading prices for the Emdeon Class A common stock and these estimates are subject to uncertainties, including the future financial performance of the Company and future financial market conditions.

Selected Public Market Trading Multiples Analysis

Morgan Stanley reviewed and compared, using publicly available information, certain current and historical financial information for the Company corresponding to current and historical financial information, ratios and public market multiples for other companies that share similar business characteristics with the Company. The following list sets forth the selected companies that were reviewed in connection with this analysis, including four revenue cycle management companies, four clinical companies and two pharmacy benefit managers in the healthcare services industry and four payment processing companies:

Revenue Cycle Management Companies	Clinical Companies	Pharmacy Benefit Managers	Payment Processing Companies
Accretive Health, Inc.	Allscripts Healthcare Solutions, Inc.	Express Scripts, Inc.	Automatic Data Processing, Inc.
athenahealth, Inc.	Cerner Corporation	Medco Health Solutions, Inc.	MasterCard Incorporated
HMS Holdings Corp.	Computer Programs and Systems, Inc.		Solera Holdings, Inc.
MedAssets, Inc.	Quality Systems, Inc.		Visa Inc.

Morgan Stanley reviewed the following statistics for comparative purposes:

- the ratio of the aggregate value, defined as market capitalization plus total debt and minority interest less cash and cash equivalents, to calendar year 2011 estimated earnings before interest, income taxes, depreciation and amortization, referred to as EBITDA;
- the ratio of aggregate value to calendar year 2011 EBITDA to the projected annual EBITDA growth rate between calendar years 2011 and 2013, referred to as growth-adjusted EBITDA; and
- the ratio of stock price to calendar year 2011 estimated earnings per share, referred to as EPS.

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Based on its review of these selected companies utilizing publicly available research analysts estimates and public filings, Morgan Stanley applied representative ranges of financial multiples of calendar year 2011 estimated EBITDA of 8.5x to 11.0x, calendar year 2011 estimated growth-adjusted EBITDA of 0.85x to 1.10x and calendar year 2011 estimated EPS of 15.0x to 20.0x derived from the selected companies to the Company s calendar year 2011 estimated Adjusted EBITDA, growth-adjusted EBITDA and adjusted EPS, respectively, based on the street case. Adjusted EBITDA refers to EBITDA excluding non-recurring items and stock-based compensation expense and adjusted EPS refers to EPS excluding non-recurring items, non-cash interest expense, transaction-related amortization and stock-based compensation expense. The following table reflects the resulting approximate per share equity value reference ranges for Emdeon Class A common stock implied by this analysis, as compared to the per share merger consideration:

Implied Per Share Equity Value Reference Ranges			
2011E Adjusted EBITDA	2011E Growth-Adjusted EBITDA	2011E Adjusted EPS	Per Share Merger Consideration
$14.00 - $21.00	$ 11.00 - $17.00	$ 15.00 - $20.00	$ 19.00

No company utilized in this analysis is identical to the Company. In evaluating the selected companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of the Company, such as the impact of competition on the business of the Company and the industry generally, industry growth and the absence of any material adverse change in the financial condition and prospects of the Company or the industry or in the financial markets in general, which could affect the public trading value of the companies selected for comparison. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using selected company data.

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Selected Precedent Transactions and Premiums Paid Analyses

Morgan Stanley reviewed the purchase prices paid and calculated the ratio of aggregate value to next 12 months, or NTM, estimated EBITDA based on publicly available information in the following 20 selected transactions in the healthcare information technology and processing or information services sectors with transaction values of greater than $1 billion:

Selected Healthcare IT and Processing / Information Services Precedent Transactions

Acquiror	Target	Announcement Date
Ingenix, Inc.	Executive Health Resources, Inc.	08/04/10
Allscripts Misys Healthcare Solutions, Inc.	Eclipsys Corporation	06/09/10
Altegrity, Inc.	Kroll, Inc.	06/07/10
MSCI Inc.	RiskMetrics Group, Inc.	03/01/10
Dell Inc.	Perot Systems Corporation	09/21/09
The First American Corporation	First Advantage Corporation	06/26/09
WebMD Health Corp.	HLTH Corporation	06/18/09
Fidelity National Information Services, Inc.	Metavante Technologies, Inc.	04/01/09
Misys Plc	Allscripts Healthcare Solutions, Inc.	03/18/08
Reed Elsevier Group plc	ChoicePoint, Inc.	02/20/08
Fiserv, Inc.	CheckFree Corporation	08/02/07
Fidelity National Information Services, Inc.	eFunds Corporation	06/26/07
The Thomson Corporation	Reuters Group plc	05/15/07
Equifax Inc.	TALX Corporation	02/14/07
M & F Worldwide Corp.	John H. Harland Company	12/20/06
McKesson Corporation	Per-Se Technologies, Inc.	11/06/06
General Electric Company	IDX Systems Corporation	09/29/05
Fidelity National Information Services, Inc.	Certegy Inc.	09/15/05
Bank of America Corporation	National Processing, Inc.	07/13/04
Marsh & McLennan Companies, Inc.	Kroll Inc.	05/18/04

Based on its review of these selected transactions, utilizing public filings and other publicly available information, Morgan Stanley applied a representative range of financial multiples of NTM estimated EBITDA of 8.0x to 12.5x derived from the selected transactions to the Company s NTM estimated Adjusted EBITDA (as of June 30, 2011) based on the street case. The following table reflects the resulting approximate per share equity value reference range for Emdeon Class A common stock implied by this analysis, as compared to the per share merger consideration:

Implied Per Share Equity Value Reference Range	Per Share Merger Consideration
$14.00 - $25.00	$19.00

Morgan Stanley also reviewed the premiums paid in acquisition transactions announced from 1990 to June 30, 2011 with transaction values of greater than $1 billion involving U.S.-based public target companies. Morgan Stanley reviewed the premium paid to the target company s closing stock price four weeks prior to the announcement date for each transaction. In certain cases, the premium was based on the target company s unaffected closing stock price if there was information or speculation in the public domain regarding a transaction prior to the formal announcement date. Morgan Stanley applied a selected premium range of 30% to

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50% derived from such transactions to the unaffected closing stock price of Emdeon Class A common stock on July 26, 2011 of $13.18 per share. The following table reflects the resulting approximate per share equity value reference range for Emdeon Class A common stock implied by this analysis, as compared to the per share merger consideration:

Implied Per Share Equity Value Reference Range	Per Share Merger Consideration
$17.00 - $20.00	$19.00

No company or transaction utilized in these analyses is identical to the Company or the merger. In evaluating the selected precedent transactions, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of the Company, such as the impact of competition on the business of the Company or the industry generally, industry growth and the absence of any material adverse change in the financial condition and prospects of the Company or the industry or in the financial markets in general, which could affect the public trading value of the companies and the value of the transactions selected for comparison. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using selected transaction data.

Illustrative Leveraged Buyout Analysis

Morgan Stanley performed a hypothetical leveraged buyout analysis to determine the prices at which a financial sponsor might effect a leveraged buyout of the Company. Morgan Stanley assumed a transaction date of September 30, 2011 and a ratio of total debt to last 12 months Adjusted EBITDA at the transaction date of 6.5x. Morgan Stanley also assumed a subsequent exit transaction by the financial sponsor at December 31, 2015 with a valuation of the Company realized by the financial sponsor in such subsequent exit transaction equal to the entry aggregate value to NTM Adjusted EBITDA ratio and the Company s estimated total debt and cash and cash equivalents balances as of December 31, 2015. In preparing its analysis, Morgan Stanley relied upon the street case and management case. The implied acquisition price per share paid by the financial sponsor was based on a target range of internal rates of return for the financial sponsor between September 30, 2010 and December 31, 2015 of 17.5% to 25.0%. The following table reflects the resulting approximate per share equity value reference ranges for Emdeon Class A common stock implied by this analysis based on both the street case and management case, as compared to the per share merger consideration:

Implied Per Share Equity Value Reference Ranges Based on:		Per Share
Street Case	Management Case	Merger Consideration
$14.00 - $18.00	$15.00 - $21.00	$ 19.00

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Discounted Cash Flow Analysis.

Morgan Stanley performed a discounted cash flow analysis, which is designed to provide an implied value of a company by calculating the present value of the estimated future cash flows and terminal value of the company. Morgan Stanley calculated a range of implied equity values per share for Emdeon Class A common stock based on estimates of future cash flows for calendar years 2011 through 2015. In preparing its analysis, Morgan Stanley relied upon the street case and management case. Morgan Stanley first calculated the estimated unlevered free cash flows of the Company for the period from September 30, 2011 to December 31, 2015 by treating the Company s projected stock-based compensation as a cash expense. Morgan Stanley then calculated a terminal value for the Company by assuming a perpetuity growth rate of 2.5% to 3.0% of unlevered free cash flows. These values were then discounted to present value as of September 30, 2011 assuming a range of discount rates of between 8.5% and 9.5%. The following table reflects the resulting approximate per share equity value reference ranges for Emdeon Class A common stock implied by this analysis based on both the street case and management case, as compared to the per share merger consideration:

Implied Per Share Equity Value Reference Ranges Based on:		Per Share
Street Case	Management Case	Merger Consideration
$16.00 - $21.00	$15.00 - $20.00	$ 19.00

Hypothetical Discounted Equity Value

Morgan Stanley calculated a hypothetical discounted equity value, which is designed to provide insight into an illustrative potential future price of a company s common equity as a function of the company s future earnings and an assumed stock price to NTM adjusted net income multiple. The resulting theoretical equity value is subsequently discounted to present value to arrive at an estimate of the company s illustrative potential future stock price. Morgan Stanley calculated ranges of implied equity values per share for Emdeon Class A common stock as of September 30, 2011 by applying a selected range of multiples of 12.5x to 17.5x to the Company s NTM adjusted net income as of September 30, 2012, September 30, 2013 and September 30, 2014 based on both the street case and management case. Morgan Stanley then discounted that equity value to September 30, 2011 using an assumed cost of equity of 10.0%. The following table reflects the resulting approximate per share equity value reference ranges for Emdeon Class A common stock implied by this analysis based on both the street case and management case, as compared to the per share merger consideration:

Implied Per Share Equity Value Reference Ranges Based on:		Per Share
Street Case	Management Case	Merger Consideration
$14.00 - $20.00	$15.00 - $20.00	$ 19.00

Morgan Stanley also evaluated a dividend recapitalization case in which it assumed that the Company issued incremental debt such that the ratio of debt to last 12 months Adjusted EBITDA as of September 30, 2011 was 4.5x and that the proceeds from the debt issuance were distributed as a dividend to stockholders and grown at an assumed cost of equity of 10.0%. The following table reflects the resulting approximate per share equity value reference ranges for Emdeon Class A common stock implied by this analysis based on both the street case and management case, as compared to the per share merger consideration:

Implied Per Share Equity Value Reference Ranges Based on:		Per Share
Street Case	Management Case	Merger Consideration
$16.00 - $21.00	$16.00 - $21.00	$ 19.00

General

Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Morgan Stanley believes that selecting any portion of its analyses, without considering all analyses as a whole, would create an incomplete view of the process underlying its analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley s view of the actual value of the Company. In performing its analyses, Morgan Stanley made numerous assumptions with respect to industry performance, general business, regulatory, economic, market and financial conditions and other matters. Many of these assumptions are beyond the control of the Company. Any estimates contained in Morgan Stanley s analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

Morgan Stanley conducted the analyses described above in connection with its opinion to the board of directors as to the fairness from a financial point of view of the $19.00 per share merger consideration to be received by the holders of shares of Emdeon Class A common stock (other than excluded holders) pursuant to the merger agreement. These analyses do not purport to be appraisals or to reflect prices at which the Emdeon Class A common stock might actually trade.

The per share merger consideration was determined through negotiations between the Company and The Blackstone Group and was approved by the board of directors. Morgan Stanley acted as financial advisor to the board of directors during these negotiations. Morgan Stanley did not, however, recommend any specific merger consideration to the board of directors or that any specific merger consideration constituted the only appropriate consideration for the merger.

Morgan Stanley s opinion and its presentation to the board of directors was one of many factors taken into consideration by the board of directors in its evaluation of the proposed merger. Consequently, the analyses as described above should not be viewed as determinative of the opinion of the board of directors with respect to the merger consideration or of whether the board of directors would have been willing to recommend a different merger consideration.

Morgan Stanley acted as financial advisor to the board of directors in connection with the merger and will receive a fee currently estimated to be approximately $14.0 million for its services, which fee is contingent upon the closing of the merger. In addition to such fee, the Company has agreed to reimburse Morgan Stanley for its expenses incurred in performing its services, including fees, disbursements and other charges of counsel. The Company also has agreed to indemnify Morgan Stanley and its affiliates, their respective officers, directors, employees and agents and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including certain liabilities under the federal securities laws, related to or arising out of Morgan Stanley s engagement. In the two years prior to the date of its opinion, Morgan Stanley provided financial advisory and financing services unrelated to the proposed merger to the Company, The Blackstone Group, General Atlantic and Hellman & Friedman and/or related entities and received fees in connection with such services. Morgan Stanley and certain of its affiliates provided financial advisory or financing services to The Blackstone Group, General Atlantic and Hellman & Friedman and certain of their respective majority-owned affiliates and their affiliated investment funds respective majority-owned portfolio companies (other than the Company) identified by The Blackstone Group, General Atlantic or Hellman & Friedman, as applicable, for which services Morgan Stanley and such affiliates received aggregate fees during the two-year period prior to delivery of Morgan Stanley s opinion on August 3, 2011 of approximately $31.0 million (in the case of such Blackstone entities), approximately $30.0 million (in the case of such General Atlantic entities) and approximately $7.0 million (in the case of such Hellman & Friedman entities). Parent and Merger Sub have

informed the Company that, in addition to the financial advisory and financing services described above, Morgan Stanley and certain of its affiliates also provided certain other financial services to The Blackstone Group and certain of its majority-owned affiliates and its affiliated investment funds majority-owned portfolio companies for which Morgan Stanley and such affiliates received aggregate fees during the last two completed calendar years in excess of $25 million. Morgan Stanley also may seek to provide such services to The Blackstone Group, General Atlantic and Hellman & Friedman in the future and expects to receive fees for the rendering of these services.

Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Its securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of the Company, The Blackstone Group, or any other company, or any currency or commodity, that may be involved in this transaction, or any related derivative instrument. In addition, Morgan Stanley, its affiliates, directors or officers, including individuals working with the Company in connection with this transaction, may have committed and may commit in the future to invest in private equity funds managed by The Blackstone Group, General Atlantic, Hellman & Friedman or any of their respective affiliates.

Opinion of UBS Securities LLC

On August 3, 2011, at a meeting of the board of directors held to evaluate the proposed merger, UBS delivered to the board of directors an oral opinion, which opinion was confirmed by delivery of a written opinion dated August 3, 2011, to the effect that, as of that date and based on and subject to various assumptions, matters considered and limitations described in its opinion, the $19.00 per share merger consideration to be received by holders of Emdeon Class A common stock (other than excluded holders) was fair, from a financial point of view, to such holders.

The full text of UBS opinion describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by UBS. This opinion is attached as Appendix D and is incorporated into this Proxy Statement by reference. Holders of Emdeon common stock are encouraged to read UBS opinion carefully in its entirety. UBS opinion was provided for the benefit of the board of directors (in its capacity as such) in connection with, and for the purpose of, its evaluation of the $19.00 per share merger consideration from a financial point of view and did not address any other aspect of the merger. The opinion did not address the relative merits of the merger as compared to other business strategies or transactions that might be available with respect to the Company or the Company s underlying business decision to effect the merger. The opinion does not constitute a recommendation to any stockholder as to how to vote or act with respect to the merger. The following summary of UBS opinion is qualified in its entirety by reference to the full text of UBS opinion.

In arriving at its opinion, UBS, among other things:

- reviewed certain publicly available business and financial information relating to the Company;
- reviewed certain internal financial information and other data relating to the Company s business and financial prospects that were not publicly available, including financial forecasts and estimates prepared by Emdeon s management that the board of directors directed UBS to utilize for purposes of its analysis;
- conducted discussions with members of the Company s senior management concerning the Company s business and financial prospects;
- reviewed publicly available financial and stock market data with respect to certain other companies UBS believed to be generally relevant;
- compared the financial terms of the merger with the publicly available financial terms of certain other transactions UBS believed to be generally relevant;

- reviewed current and historical market prices of Emdeon Class A common stock;

- reviewed a draft dated August 3, 2011 of the merger agreement; and

- conducted such other financial studies, analyses and investigations, and considered such other information, as UBS deemed necessary or appropriate.

In connection with its review, with the board of directors consent, UBS assumed and relied upon, without independent verification, the accuracy and completeness in all material respects of the information provided to or reviewed by UBS for the purpose of its opinion. In addition, with the board of directors consent, UBS did not make any independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of the Company, and was not furnished with any such evaluation or appraisal. With respect to the financial forecasts and estimates referred to above, UBS assumed, at the board of directors direction, that such forecasts and estimates had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the Company s management as to the future financial performance of the Company. UBS opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information available to UBS as of, the date of its opinion.

At the board of directors direction, UBS was not asked to, and it did not, offer any opinion as to the terms, other than the $19.00 per share merger consideration to the extent expressly specified in UBS opinion, of the merger agreement or related documents, the form of the merger or any matters relating to EBS Units that are not held by the Company and corresponding shares of Emdeon Class B common stock, including, without limitation, any aspect or implication of the Rollover Investment, the consideration payable for EBS Units pursuant to rollover and other arrangements entered into by affiliates of Hellman & Friedman or tax receivable agreements or arrangements relating to EBS Units. In addition, UBS expressed no opinion as to the fairness of the amount or nature of any compensation to be received by any officers, directors or employees of any parties to the merger, or any class of such persons, relative to the $19.00 per share merger consideration. In rendering its opinion, with the board of directors consent, UBS assumed that (i) the final executed form of the merger agreement would not differ in any material respect from the draft that UBS reviewed, (ii) the parties to the merger agreement would comply with all material terms of the merger agreement, including the Rollover Investment, and (iii) the merger would be consummated in accordance with the terms of the merger agreement without any adverse waiver or amendment of any material term or condition of the merger agreement. UBS also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger would be obtained without any material adverse effect on the Company or the merger. In connection with its engagement, UBS was not requested to, and it did not, participate in the negotiation or structuring of the merger. UBS was not authorized to, and it did not, solicit indications of interest in a transaction with the Company from any party; however, the Company s senior management advised UBS that indications of interest in a transaction with the Company were solicited from selected third parties by the Company and certain of its representatives and that discussions with certain of these parties were held by the Company and such representatives prior to the date of UBS opinion. Except as described in this summary, the Company imposed no other instructions or limitations on UBS with respect to the investigations made or the procedures followed by UBS in rendering its opinion. The issuance of UBS opinion was approved by an authorized committee of UBS.

In connection with rendering its opinion to the board of directors, UBS performed a variety of financial and comparative analyses which are summarized below. The following summary is not a complete description of all analyses performed and factors considered by UBS in connection with its opinion. The preparation of a financial opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. With respect to the selected public companies analysis and the selected transactions analysis summarized below, no company or transaction used as a comparison was identical to the Company or the merger. These analyses necessarily involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading or acquisition values of the companies concerned.

UBS believes that its analyses and the summary below must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of

the processes underlying UBS analyses and opinion. UBS did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis for purposes of its opinion, but rather arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole.

The estimates of the future performance of the Company provided by the Company s management in or underlying UBS analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than those estimates. In performing its analyses, UBS considered industry performance, general business and economic conditions and other matters, many of which were beyond the Company s control. Estimates of the financial value of companies do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold or acquired.

The $19.00 per share merger consideration was determined through negotiation between the board of directors and The Blackstone Group and the decision by the Company to enter into the merger was solely that of the board of directors. UBS opinion and financial analyses were only one of many factors considered by the board of directors in its evaluation of the merger and should not be viewed as determinative of the views of the board of directors or management with respect to the merger or the $19.00 per share merger consideration.

The following is a brief summary of the material financial analyses performed by UBS and reviewed with the board of directors on August 3, 2011 in connection with UBS opinion relating to the proposed merger. **The financial analyses summarized below include information presented in tabular format. In order for UBS financial analyses to be fully understood, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of UBS financial analyses.**

Emdeon Financial Analysis

Selected Public Companies Analysis. UBS compared selected financial and stock market data of the Company with corresponding data of the following four publicly traded revenue and payment cycle management companies in the healthcare services industry:

- Accretive Health, Inc.
- athenahealth, Inc.
- HMS Holdings Corp.
- MedAssets, Inc.

UBS reviewed, among other things, the enterprise values of the selected companies, calculated as equity market value based on closing stock prices on August 2, 2011, plus debt at book value, preferred stock at liquidation value and minority interests at book value, less cash and cash equivalents, as a multiple of latest 12 months and estimated calendar years 2011 and 2012 earnings before interest, taxes, depreciation and amortization, referred to as EBITDA, as adjusted to exclude one-time gains or losses and stock-based compensation expenses, referred to as Adjusted EBITDA. UBS also reviewed the closing stock prices of the selected companies on August 2, 2011 as a multiple of latest 12 months and estimated calendar years 2011 and 2012 earnings per share, referred to as EPS, as adjusted to exclude one-time gains or losses, transaction-related amortization, capitalized software amortization and stock-based compensation expenses, referred to as adjusted EPS. In addition, UBS reviewed latest 12 months and estimated calendar years 2011 and 2012 adjusted EPS divided by estimated long-term growth rates per Institutional Brokers Estimate System, referred to as PEG. UBS then compared Adjusted EBITDA, adjusted EPS and PEG multiples derived for the selected companies with corresponding multiples implied for the Company based on closing prices of Emdeon Class A common stock on July 26, 2011 (the last trading day prior to the publication of certain news reports that The Blackstone Group was in negotiations to acquire the Company) and August 2, 2011 and based on the $19.00 per share merger consideration. Financial data of the selected companies were based on publicly available research analysts estimates, public filings and other publicly available information. The Company s latest 12 months income statement data (as of March 31, 2011) were based on the Company s public filings and balance sheet data (as of June 30, 2011) and other

estimated financial data were based on internal estimates of the Company s management. This analysis indicated the following implied high, mean, median and low multiples for the selected companies (implied multiples that were negative or greater than 50.0x were excluded as not meaningful), as compared to corresponding multiples implied for the Company:

	Implied Multiples for Selected Companies				Implied Multiples for the Company Based on Closing Stock Price on:		Implied Multiples for the Company Based on $19.00 Per Share
	High	Mean	Median	Low	July 26, 2011	August 2, 2011	Merger Consideration
Enterprise Value as Multiple of Adjusted EBITDA:							
Latest 12 Months	32.2x	20.3x	19.6x	9.2x	8.6x	9.4x	11.2x
2011E	36.4x	23.3x	24.0x	8.8x	7.8x	8.5x	10.1x
2012E	24.1x	17.3x	18.7x	8.0x	7.2x	7.8x	9.3x
Closing Stock Price as Multiple of Adjusted EPS:							
Latest 12 Months	14.3x	12.0x	12.0x	9.7x	14.1x	16.0x	20.3x
2011E	34.4x	23.4x	23.4x	12.4x	12.9x	14.7x	18.6x
2012E	43.1x	27.3x	28.6x	10.4x	12.1x	13.7x	17.4x
PEG Multiple:							
Latest 12 Months	0.6x	0.5x	0.5x	0.4x	1.0x	1.1x	1.4x
2011E	2.1x	1.5x	1.7x	0.5x	0.9x	1.0x	1.3x
2012E	1.6x	1.1x	1.3x	0.4x	0.8x	1.0x	1.2x

Selected Transactions Analysis. UBS reviewed financial data of the following eight selected transactions involving companies operating principally in revenue and payment cycle management for the healthcare services industry:

Announcement Date	Acquiror	Target
09/14/10	MedAssets, Inc.	The Broadlane Group
09/07/10	Emdeon	Chamberlin Edmonds & Associates, Inc.
11/05/09	TPG Capital, L.P./Canada Pension Plan Investment Board	IMS Health Incorporated
04/29/08	MedAssets, Inc.	Accuro Healthcare Solutions, Inc.
04/11/08	Apax Partners, L.P.	The TriZetto Group, Inc.
02/08/08	General Atlantic and Hellman & Friedman	Emdeon Business Services
11/06/06	McKesson Corporation	Per-Se Technologies, Inc.
09/26/06	General Atlantic	Emdeon Business Services (52% equity interest)

UBS reviewed, among other things, transaction values in the selected transactions calculated as the purchase price paid for the target company s equity, plus debt at book value, preferred stock at liquidation value and minority interests at book value, less cash and cash equivalents, as multiples of, to the extent publicly available, latest 12 months and estimated one-year and two-year forward sales and Adjusted EBITDA. UBS also reviewed purchase prices paid for the target company s equity in the selected transactions as a multiple of, to the extent publicly available, latest 12 months and estimated one-year and two-year forward net income as adjusted to exclude one-time gains or losses, transaction-related amortization, capitalized software amortization and stock-based compensation expenses, referred to as adjusted net income. UBS then compared these multiples derived for the selected transactions with corresponding multiples implied for the Company based on the $19.00 per share

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merger consideration. Financial data of the selected transactions were based on publicly available information at the time of announcement of the relevant transaction. The Company s latest 12 months income statement data (as of March 31, 2011) were based on the Company s public filings and balance sheet data (as of June 30, 2011) and other estimated financial data were based on internal estimates of the Company s management. This analysis indicated the following implied high, mean, median and low multiples for the selected transactions (implied multiples that were negative or greater than 50.0x were excluded as not meaningful), as compared to corresponding multiples implied for the Company:

	Implied Multiples for Selected Transactions				Implied Multiples for the Company Based on $19.00 Per Share Merger Consideration
	High	Mean	Median	Low	
Enterprise Value as Multiple of Sales:					
Latest 12 Months	5.2x	2.9x	2.7x	1.4x	3.0x
One-Year Forward	2.5x	2.2x	2.5x	1.7x	2.7x
Two-Year Forward	2.3x	2.0x	2.3x	1.5x	2.5x
Enterprise Value as Multiple of Adjusted EBITDA:					
Latest 12 Months	18.5x	13.3x	12.3x	8.5x	11.2x
One-Year Forward	11.3x	10.1x	10.6x	8.5x	10.1x
Two-Year Forward	9.3x	8.9x	8.9x	8.3x	9.3x
Diluted Market Value as Multiple of Adjusted Net Income:					
Latest 12 Months	36.3x	22.6x	23.6x	8.2x	20.3x
One-Year Forward	28.7x	22.8x	26.2x	13.5x	18.6x
Two-Year Forward	22.6x	18.0x	18.0x	13.3x	17.4x

Discounted Cash Flow Analysis. UBS performed a discounted cash flow analysis of the Company utilizing financial forecasts and estimates relating to the Company prepared by the Company s management. UBS calculated a range of implied present values (as of July 31, 2011) of (i) the standalone unlevered, after-tax free cash flows that the Company was forecasted to generate from August 1, 2011 through the fiscal year ending December 31, 2015, (ii) terminal values for the Company based on the Company s estimated Adjusted EBITDA for the fiscal year ending December 31, 2016 and (iii) the Company s estimated net operating loss carry forwards as of March 31, 2011 expected by the Company s management to be utilized by the Company to reduce future federal income taxes payable by the Company. Implied terminal values were derived by applying to the Company s estimated Adjusted EBITDA for the fiscal year ending December 31, 2016 a range of Adjusted EBITDA terminal value multiples of 7.5x to 8.5x. Present values of cash flows, terminal values and net operating loss carry forwards were calculated using discount rates ranging from 9.5% to 10.5%. The discounted cash flow analysis resulted in a range of implied present values of approximately $17.25 to $20.45 per outstanding share of Emdeon Class A common stock, as compared to the $19.00 per share merger consideration.

Miscellaneous

Under the terms of UBS engagement, the Company has agreed to pay UBS for its financial advisory services in connection with the merger an aggregate fee currently estimated to be approximately $4.2 million, a portion of which was payable in connection with UBS opinion and approximately $3.2 million of which is contingent upon consummation of the merger. In addition, the Company has agreed to reimburse UBS for its reasonable expenses, including fees, disbursements and other charges of counsel, and to indemnify UBS and related parties against liabilities, including liabilities under federal securities laws, relating to, or arising out of, its engagement.

In the past, UBS and its affiliates have provided services unrelated to the proposed merger to the Company, The Blackstone Group, General Atlantic and Hellman & Friedman, for which UBS and its affiliates received

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compensation, including, during the past two years, having acted as (i) joint book-running manager for the Company IPO and (ii) financial advisor in connection with certain acquisition or disposition transactions, and in various capacities in connection with certain financings, undertaken by The Blackstone Group, General Atlantic and Hellman & Friedman through various entities. Affiliates of UBS also have been and/or currently are participants in credit facilities of various The Blackstone Group, General Atlantic and Hellman & Friedman entities, for which such affiliates of UBS received and continue to receive fees and interest payments. UBS and certain of its affiliates provided financial advisory or financing services to The Blackstone Group, General Atlantic and Hellman & Friedman and certain of their respective majority-owned affiliates and their affiliated investment funds respective majority-owned portfolio companies (other than the Company) identified by The Blackstone Group, General Atlantic or Hellman & Friedman, as applicable, for which services UBS and such affiliates received aggregate fees during the period from January 1, 2009 through the delivery of UBS opinion on August 3, 2011 of approximately $25.0 million (in the case of such Blackstone entities), approximately $7.0 million (in the case of such General Atlantic entities) and approximately $17.0 million (in the case of such Hellman & Friedman entities). In addition, UBS and its affiliates currently are invested in certain investment funds of The Blackstone Group unrelated to the proposed merger. In the ordinary course of business, UBS and its affiliates may hold or trade, for their own accounts and the accounts of their customers, securities of the Company, The Blackstone Group and certain affiliates of The Blackstone Group, General Atlantic and Hellman & Friedman and, accordingly, may at any time hold a long or short position in such securities.

The Company selected UBS as its financial advisor in connection with the merger because UBS is an internationally recognized investment banking firm with substantial experience in similar transactions and because of UBS familiarity with the Company and its business. UBS is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities and private placements.

Purposes and Reasons of the Company for the Merger

The Company s purpose for engaging in the merger is to enable its stockholders to receive $19.00 per share of Emdeon Class A common stock, which represents (i) a premium of approximately 43.0% over the Company s average closing stock price for the 30 trading days ended Wednesday, July 26, 2011, (ii) a premium of approximately 44.2% over the Company s closing stock price on Wednesday, July 26, 2011, the last trading day prior to the publication of certain news reports that The Blackstone Group was in negotiations to acquire the Company and (iii) a premium of approximately 16.9% over the Company s closing stock price on Wednesday, August 3, 2011, the last trading day prior to the announcement of the merger agreement on Thursday, August 4, 2011. The Company has determined to undertake the merger at this time based on the conclusions, determinations and reasons of the board of directors described in detail above under Special Factors Background of the Merger beginning on page 32 and Special Factors Recommendation of the Company s Board of Directors; Fairness of the Merger beginning on page 45.

Purposes and Reasons of the Blackstone Filing Persons for the Merger

Under a possible interpretation of the SEC rules governing going-private transactions, the Blackstone Filing Persons may be deemed to be affiliates of the Company and, therefore, may be required to express their reasons for the merger to the Company s unaffiliated stockholders, as defined in Rule 13e-3 of the Exchange Act. The Blackstone Filing Persons are making the statements included in this section solely for the purpose of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act. For Merger Sub, the purpose of the merger is to effectuate the transactions contemplated by the merger agreement. For Sponsor and Parent, the purpose of the merger is to acquire control of the Company, in a transaction in which the unaffiliated stockholders will be cashed out for $19.00 per share, so Sponsor and Parent, along with the H&F Equityholders and any third parties to which Sponsor or the H&F Equityholders syndicate their respective equity commitments at or prior to the effective time of the merger in accordance with the interim investors agreement, will bear the rewards and risks of the ownership of the Company after shares of Emdeon Class A common stock cease to be publicly traded. For Sponsor, an additional purpose of the merger is to acquire from affiliates of the GA Equityholders the right to receive payments under the Investors Tax Receivable Agreements. See Special

Factors Tax Receivable Arrangements Transfer Agreement beginning on page 91. While the Blackstone Filing Persons have not completed or entered into any acquisition or merger agreement at this time, the Blackstone Filing Persons expect to continue to explore the possibility of making additional acquisitions in the healthcare information technology industry. The Blackstone Filing Persons have no current plans, proposals or negotiations which relate to or would result in an extraordinary corporate transaction involving the Company s corporate structure, business or management, such as a merger, reorganization, liquidation, relocation of any operations, or sale or transfer of a material amount of assets, or the incurrence of any indebtedness except as described in this Proxy Statement. The Blackstone Filing Persons expect, however, that in anticipation of and following the proposed merger, the Blackstone Filing Persons will continuously evaluate and review the Company s business and operations, including exploring the possibility of making additional acquisitions in the healthcare information technology industry. The Blackstone Filing Persons reserve the right, however, to make any changes deemed appropriate in light of such evaluation and review or in light of future developments.

Positions of the Blackstone Filing Persons Regarding the Fairness of the Merger

Under a possible interpretation of the SEC rules governing going-private transactions, each of the Blackstone Filing Persons may be deemed to be affiliates of the Company and, therefore, may be required to express their beliefs as to the fairness of the merger to the unaffiliated stockholders of the Company. The Blackstone Filing Persons are making the statements included in this section solely for the purpose of complying with such requirement. The Blackstone Filing persons believe that the merger (which is the Rule 13e-3 transaction for which a Schedule 13E-3 Transaction Statement has been filed with the SEC) is fair to the Company s unaffiliated stockholders on the basis of the factors described under Special Factors Recommendation of the Company s Board of Directors; Fairness of the Merger and the additional factors described below.

The Blackstone Filing Persons attempted to negotiate the terms of a transaction that would be most favorable to them, and not to the stockholders of the Company, and, accordingly, did not negotiate the merger agreement with a goal of obtaining terms that were fair to such stockholders. None of the Blackstone Filing Persons believes that it has or had any fiduciary duty to the Company or its stockholders, including with respect to the merger and its terms. The stockholders of the Company were, as described elsewhere in this Proxy Statement, represented by the board of directors that negotiated with the Sponsor on their behalf, with the assistance of the Company s legal and financial advisors.

The Blackstone Filing Persons did not participate in the deliberations of the board of directors regarding, or receive advice from the Company s or the board of directors legal or financial advisors as to, the substantive or procedures fairness of the merger. The Blackstone Filing Persons have not performed, or engaged a financial advisor to perform any valuation or other analysis for the purposes of assessing the fairness of the merger to the Company s unaffiliated stockholders. However, based on each Blackstone Filing Person s knowledge and analysis of available information regarding the Company, as well as discussions with members of the Company s senior management regarding the Company and its business and the factors considered by, and findings of, the board of directors discussed in this Proxy Statement in the sections entitled Special Factors Recommendation of the Company s Board of Directors; Fairness of the Merger (which findings the Blackstone Filing Persons adopt), the Blackstone Filing Persons believe that the merger is substantively fair to the Company s unaffiliated stockholders. In particular, the Blackstone Filing Persons considered the following:

- the price of $19.00 per share to be paid in respect of each share of Emdeon Class A common stock, which purchase price represents (i) approximately a 44.2% premium to the closing price of the Emdeon Class A common stock on July 26, 2011, the last trading day prior to certain news reports that The Blackstone Group was in discussions with the Company; (ii) a premium of approximately 43.0% over the average closing price of Emdeon Class A common stock for the 30 trading days ended Wednesday, July 26, 2011, and (iii) a premium of approximately 16.9% over the closing price of Emdeon Class A common stock on Wednesday, August 3, 2011, the last trading day prior to the announcement of the merger agreement on Thursday, August 4, 2011;

- the current and historical market prices for the Emdeon Class A common stock, including those set forth in the table in the section captioned Markets and Market Price, which has not closed over $19.00 since the Company IPO;

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- the Emdeon Class A common stock traded as low as $9.95 during the 52 weeks prior to the announcement of the execution of the merger agreement;

- the per share price of $19.00 represents an enterprise valuation of the Company of approximately 10.1x 2011E Adjusted EBITDA;

- the fact that the consideration to be paid in the proposed merger is all cash, which provides certainty of value and liquidity to the unaffiliated stockholders and allows the unaffiliated stockholders not to be exposed to the risks and uncertainties relating to the prospects of the Company (including the prospects described in management s projections summarized under Special Factors Projected Financial Information beginning on page 75);

- the fact that (i) Parent will be required to pay to the Company a reverse termination fee of $80.0 million or $153.0 million if the merger agreement is terminated under certain circumstances, (ii) the Company will not need to prove damages as a condition to receiving such reverse termination fee and (iii) Sponsor has guaranteed Parent s obligation to pay such reverse termination fee.

In addition, since July 26, 2011, the last trading day prior to certain news reports that The Blackstone Group was in discussions with the Company, the broader market has traded down significantly (e.g. the S&P 500 Index is down approximately 14.36% as of August 18, 2011).

The Blackstone Filing Persons did not consider liquidation value as a factor because it considers the Company to be a viable going concern business and the trading history of the Emdeon Class A common stock to generally be an indication of its value as such. In addition, due to the fact that the Company is being sold as a going concern, the Blackstone Filing Persons did not consider the liquidation value of the Company relevant to a determination as to whether the proposed merger is fair to the Company s unaffiliated stockholders as the Blackstone Filing Persons believed the value of the Company s assets that might be realized in a liquidation would be significantly less than its going concern value. Further, the Blackstone Filing Persons did not consider net book value a material indicator of the value of the Company because it believed that net book value reflects historical costs and not the value of the Company as a going concern. The Company s net book value per diluted share was $8.91 as of June 30, 2011, which is substantially below the per share merger consideration.

The Blackstone Filing Persons believe that the merger is procedurally fair to the Company s unaffiliated stockholders based upon the following factors:

- the fact that the board of directors unanimously approved and declared advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, and declared that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement;

- the fact that the unaffiliated directors, in a separate vote taken at a time when the directors designated by Hellman & Friedman had recused themselves from the board of directors meeting, unanimously approved and declared advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, and declared that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement;

- the recognition by the unaffiliated directors that they, collectively representing a majority of the board of directors, had the authority not to approve the merger or any other transaction;

- the fact that each of the Outside Directors voted to approve and declare advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, and declare that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement;

$19.00 per share cash consideration and the other terms and conditions of the merger agreement resulted from extensive negotiations between Parent and its advisors, on the one hand, and the board of directors and its advisors, on the other hand;

the board of directors ability to (i) respond to takeover proposals and (ii) terminate the merger agreement for a superior proposal prior to adoption of the merger agreement by the Company s stockholders, in each case, subject to certain conditions in the merger agreement, including in the case of a termination of the merger agreement, the payment of a termination fee of $65.0 million by the Company; and

the availability of appraisal rights to the unaffiliated stockholders who comply with all of the required procedures under the DGCL for exercising appraisal rights, which allows such holders to seek appraisal of the fair value of their stock as determined by the Delaware Court of Chancery.

The foregoing discussion of the information and factors considered and given weight by the Blackstone Filing Persons in connection with the fairness of the merger agreement and the merger is not intended to be exhaustive but is believed to include all material factors considered by them. The Blackstone Filing Persons did not find it practicable to, and did not, quantify or otherwise attach relative weights to the foregoing factors in reaching their position as to the fairness of the merger agreement and the merger. Rather, the Blackstone Filing Persons made the fairness determinations after considering all of the foregoing as a whole. The Blackstone Filing Persons believe these factors provide a reasonable basis upon which to form their belief that the merger is fair to the Company s unaffiliated stockholders. This belief should not, however, be construed as a recommendation to any Company stockholder to adopt the merger agreement. The Blackstone Filing Persons do not make any recommendation as to how stockholders of the Company should vote their shares of Emdeon common stock relating to the merger.

Purposes and Reasons of the H&F Equityholders for the Merger

Under a possible interpretation of the SEC rules governing going-private transactions, one or more of the H&F Equityholders may be deemed to be affiliates of the Company and, therefore, required to express their reasons for the merger to the Company s unaffiliated stockholders, as defined in Rule 13e-3 of the Exchange Act. The H&F Equityholders are making the statements included in this section solely for the purpose of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act. For the H&F Equityholders, the purpose of the merger is to enable Parent to acquire control of the Company, in a transaction in which the unaffiliated stockholders will be entitled to receive $19.00 per share of Emdeon Class A common stock. In connection with the merger, the H&F Equityholders will also be entitled to have a significant portion of their shares of Emdeon Class A common stock and EBS Units exchanged into the right to receive the same $19.00 per share of Emdeon Class A common stock or EBS Unit, as the case may be. In addition, the H&F Equityholders will maintain a significant portion of their investment in the Company through their respective commitments to make a rollover equity investment in Parent. See Special Factors Financing of the Merger Rollover Commitment; Unit Purchase Agreement, beginning on page 82. As a result, Parent will bear the rewards and risks of the ownership of the Company after shares of Emdeon Class A common stock cease to be publicly traded. In addition, following the merger, (i) Parent will directly or indirectly own 100% of the capital stock of the Company, (ii) Sponsor will own approximately 72.5% of Parent and (iii) the H&F Equityholders will collectively own approximately 27.5% of Parent. These ownership percentages are subject to change as a result of each of Sponsor s and the H&F Equityholders respective equity commitments being reduced by any amounts syndicated to third parties at or prior to the effective time of the merger in accordance with the interim investors agreement. See Special Factors Certain Effects of the Merger; Plans for the Company beginning on page 71.

Positions of the H&F Equityholders Regarding the Fairness of the Merger

Under a possible interpretation of the rules of the SEC governing going private transactions, one or more of the H&F Equityholders may be deemed to be affiliates of the Company and, therefore, required to express their position regarding the fairness of the merger to the Company s unaffiliated stockholders, as defined in

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Rule 13e-3 of the Exchange Act. The H&F Equityholders are making the statements included in this section solely for the purpose of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act. The views of the H&F Equityholders should not be construed as a recommendation to any Emdeon stockholder as to how that stockholder should vote on the proposal to adopt the merger agreement or any other matter set forth in this Proxy Statement.

Messrs. Philip U. Hammarskjold and Allen R. Thorpe are directors of the Company and affiliated with the H&F Equityholders. None of the H&F Equityholders nor such affiliated director designees of the H&F Equityholders participated in the separate deliberation process of the board of directors, nor did they undertake any independent evaluation of the fairness of the merger or engage a financial advisor for such purpose. Nevertheless, the H&F Equityholders believe that the proposed merger is substantively and procedurally fair to the unaffiliated stockholders on the basis of the factors discussed below.

The H&F Equityholders believe that the proposed merger is substantively fair to the unaffiliated stockholders based on the following factors:

- the $19.00 per share to be paid in respect of each share of Emdeon Class A common stock, which purchase price represents (i) a premium of approximately 44.2% over the closing price of Emdeon Class A common stock on Wednesday, July 26, 2011, the last trading day prior to the publication of certain news reports that The Blackstone Group was in negotiations to acquire the Company, (ii) a premium of approximately 43.0% over the average closing price of Emdeon Class A common stock for the 30 trading days ended Wednesday, July 26, 2011, and (iii) a premium of approximately 16.9% over the closing price of Emdeon Class A common stock on Wednesday, August 3, 2011, the last trading day prior to the announcement of the merger agreement on Thursday, August 4, 2011;

- the current and historical market prices for the Emdeon Class A common stock, including those set forth in the table in the section captioned Markets and Market Price, which has not closed over $19.00 since the Company IPO;

- the Emdeon Class A common stock traded as low as $9.95 during the 52 weeks prior to the announcement of the execution of the merger agreement;

- the fact that the consideration to be paid in the proposed merger is all cash, which provides certainty of value and liquidity to the unaffiliated stockholders and allows the unaffiliated stockholders not to be exposed to the risks and uncertainties relating to the prospects of the Company;

- the possibility that it could take a considerable period of time before, and that there could be significant uncertainty as to whether, the trading price of Emdeon Class A common stock would reach and sustain a trading price of at least equal to the per share merger consideration of $19.00, as adjusted for present value;

- the fact that the consideration per share to be paid to the H&F Equityholders in the merger (excluding the equity of Parent to be issued to the H&F Equityholders in consideration of the Rollover Investment) is the same as the consideration to be paid to the unaffiliated stockholders;

- the fact that, after the Company s discussions with multiple strategic parties and Parent regarding a potential acquisition of the Company, Parent was the only party that proposed to acquire the Company pursuant to a transaction structured with an acceptable amount of antitrust risk as determined by the board of directors, including the Outside Directors, and Parent was the only party that proposed to acquire the Company with fully committed debt and equity financing after completing due diligence;

the fact that the unaffiliated directors determined that the merger agreement, the merger and the transactions contemplated by the merger agreement are fair to and in the best interests of the Company and its unaffiliated stockholders;

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the significant concessions made by affiliates of the GA Equityholders, collectively the largest stockholders of the Company, to transfer to affiliates of The Blackstone Group and forgo contractual payments of considerable value that their affiliates were entitled to under the Investors Tax Receivable Agreements in order to secure the per share merger consideration of $19.00 for all of the Company s stockholders;

the significant concessions made by affiliates of the H&F Equityholders regarding modifications to the Investors Tax Receivable Agreements and by the H&F Equityholders to roll over approximately 50% of their equity interests in the Company, in each case, to secure the per share merger consideration of $19.00 for all of the Company s stockholders;

the likelihood that the merger would be completed based on, among other things (not in any relative order of importance):

- the H&F Equityholders belief that the debt and equity financing required for the merger will be obtained, given (i) the fact that Parent had obtained commitments for such debt and equity financing, (ii) the limited number and nature of the conditions to such debt and equity financing, (iii) the reputation of the financing sources and (iv) the obligation of Parent to use reasonable best efforts to obtain such debt and equity financing;
- the absence of a financing condition in the merger agreement;
- the likelihood and anticipated timing of completing the merger in light of the scope of the closing conditions;
- the fact that no significant antitrust or other regulatory issue exists and that the required antitrust approval is expected to be obtained;
- the fact that (i) Parent will be required to pay to the Company a reverse termination fee of $80.0 million or $153.0 million if the merger agreement is terminated under certain circumstances, (ii) the Company will not need to prove damages as a condition to receiving such reverse termination fee and (iii) Sponsor has guaranteed Parent s obligation to pay such reverse termination fee;
- the Company s right to seek specific performance of Parent s obligations under the merger agreement, including, under certain circumstances, specific performance of Parent s obligations to cause (i) Sponsor to make the cash equity contribution to Parent pursuant to the equity commitment letter and (ii) the H&F Equityholders to make the Rollover Investment pursuant to the Rollover Letter and the interim investors agreement;
- the reputation of The Blackstone Group and The Blackstone Group s ability to complete large acquisition transactions; and
- Sponsor s execution of a limited guarantee in favor of the Company guaranteeing, subject to the limitations described therein, the payment of certain payment obligations that may be owed by Parent pursuant to the merger agreement, including the payment of any reverse termination fee that may become payable following termination of the merger agreement by the Company in specified circumstances, subject to an overall cap of $163.0 million;

the other terms of the merger agreement and the related agreements, including:

- the board of directors ability to withhold, withdraw, qualify or modify its recommendation that the Company s stockholders vote to adopt the merger agreement, subject to certain conditions in the merger agreement;

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- the board of directors ability to (i) respond to takeover proposals and (ii) terminate the merger agreement for a superior proposal prior to adoption of the merger agreement by the Company s stockholders, in each case, subject to certain conditions in the merger agreement, including in the case of a termination of the merger agreement, the payment of a termination fee of $65.0 million by the Company;

- the termination fee of $65.0 million payable by the Company to Parent under certain circumstances, including as described above, in connection with a termination of the merger agreement, which the board of directors concluded was reasonable in the context of termination fees payable in comparable transactions and considering the overall terms of the merger agreement, including the per share merger consideration of $19.00;

- the board of directors ability to terminate the merger agreement if the Company s stockholders do not adopt the merger agreement, subject to paying an expense reimbursement of up to $10.0 million;

- the inclusion of provisions whereby, subject to certain limited consent rights with respect to modifications of the merger agreement that would be materially adverse to the H&F Equityholders or disproportionally adverse to the H&F Equityholders relative to an affiliate of The Blackstone Group, an affiliate of The Blackstone Group, rather than the H&F Equityholders, controls the material decisions relating to Parent and Merger Sub prior to, and in connection with, the consummation of the Merger;

- the fact that the voting agreements entered into by the GA Equityholders and H&F Equityholders with Parent will terminate automatically if (i) the merger agreement is terminated for any reason, including a termination of the merger agreement for a superior proposal prior to adoption of the merger agreement by the Company s stockholders, or (ii) the board of directors withholds, withdraws, qualifies or modifies its recommendation in respect of the merger and the merger agreement in a manner adverse to Parent; and

- the availability of appraisal rights under the DGCL to the unaffiliated stockholders who comply with all of the required procedures under the DGCL, which allows such holders to seek appraisal of the fair value of their shares of Emdeon common stock as determined by the Delaware Court of Chancery.

In addition, since July 26, 2011, the last trading day prior to certain news reports that The Blackstone Group was in discussions with the Company, the broader market has traded down significantly (e.g. the S&P 500 Index is down approximately 14.36% as of August 18, 2011).

The H&F Equityholders also believed that sufficient procedural safeguards were and are present to ensure the fairness of the merger and to permit the board of directors to represent effectively the interests of the Company s unaffiliated stockholders. These procedural safeguards include, but are not limited to, the following:

the fact that the unaffiliated directors, in a separate vote taken at a time when the directors designated by Hellman & Friedman had recused themselves from the board of directors meeting, unanimously approved and declared advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, and declared that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement;

the recognition by the unaffiliated directors that they, collectively representing a majority of the board of directors, had the authority not to approve the merger or any other transaction;

the fact that each of the Outside Directors voted to approve and declare advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, and declare that it is fair to and in the best interests of the Company and the unaffiliated stockholders of the Company that the Company enter into the merger agreement and consummate the merger on the terms and subject to the conditions set forth in the merger agreement;

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the fact that the Outside Directors are not employees of the Company or any of its subsidiaries, are not affiliated with the H&F Equityholders, and have no financial interest in the merger that is different from that of the unaffiliated stockholders (other than the acceleration of options to acquire shares of Emdeon common stock, restricted stock units and EBS Units held by certain of the directors);

the fact that the board of directors, including the unaffiliated directors and Outside Directors, met regularly to discuss the Company s strategic alternatives;

the fact that the board of directors was advised by Morgan Stanley and UBS, as financial advisors, and Paul, Weiss as legal advisor, each an internationally recognized firm selected by the board of directors;

the fact that the Outside Directors were separately advised by King & Spalding, as legal advisor, an internationally recognized firm selected by the Outside Directors;

the fact that the Outside Directors met separately with King & Spalding during the course of negotiations with The Blackstone Group to review the Company s process for considering the proposed merger and the proposed agreements among affiliates of The Blackstone Group, the GA Equityholders and the H&F Equityholders regarding modifications to the Investors Tax Receivable Agreements;

the significant concessions made by affiliates of the GA Equityholders, collectively the largest stockholders of the Company, to transfer to affiliates of The Blackstone Group and forgo contractual payments of considerable value that their affiliates were entitled to under the Investors Tax Receivable Agreements in order to secure the per share merger consideration of $19.00 for all of the Company s stockholders;

the significant concessions made by affiliates of the H&F Equityholders regarding modifications to the Investors Tax Receivable Agreements and by the H&F Equityholders to roll over approximately 50% of their equity interests in the Company, in each case, to secure the per share merger consideration of $19.00 for all of the Company s stockholders;

the other terms of the merger agreement and the related agreements, including:

- the board of directors ability to withhold, withdraw, qualify or modify its recommendation that the Company s stockholders vote to adopt the merger agreement, subject to certain conditions in the merger agreement;
- the board of directors ability to (i) respond to takeover proposals and (ii) terminate the merger agreement for a superior proposal prior to adoption of the merger agreement by the Company s stockholders, in each case, subject to certain conditions in the merger agreement, including in the case of a termination of the merger agreement, the payment of a termination fee of $65.0 million by the Company;
- the termination fee of $65.0 million payable by the Company to Parent under certain circumstances, including as described above, in connection with a termination of the merger agreement, which the board of directors concluded was reasonable in the context of termination fees payable in comparable transactions and considering the overall terms of the merger agreement, including the per share merger consideration of $19.00;

- the board of directors ability to terminate the merger agreement if the Company s stockholders do not adopt the merger agreement, subject to paying an expense reimbursement of up to $10.0 million;

- the inclusion of provisions whereby (i) Parent will be required to pay to the Company a reverse termination fee of $80.0 million or $153.0 million if the merger agreement is terminated under certain circumstances, (ii) the Company will not need to prove damages as a condition to receiving such reverse termination fee and (iii) Sponsor has guaranteed Parent s obligation to pay such reverse termination fee;

- the inclusion of provisions whereby, subject to certain limited consent rights with respect to modifications of the merger agreement that would be materially adverse to the H&F Equityholders

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or disproportionally adverse to the H&F Equityholders relative to an affiliate of The Blackstone Group, an affiliate of The Blackstone Group, rather than the H&F Equityholders, controls the material decisions relating to Parent and Merger Sub prior to, and in connection with, the consummation of the Merger;

- the fact that the voting agreements entered into by the GA Equityholders and H&F Equityholders with Parent will terminate automatically if (i) the merger agreement is terminated for any reason, including a termination of the merger agreement for a superior proposal prior to adoption of the merger agreement by the Company s stockholders, or (ii) the board of directors withholds, withdraws, qualifies or modifies its recommendation in respect of the merger and the merger agreement in a manner adverse to Parent;

the consideration per share to be paid to the H&F Equityholders in the merger (excluding the equity of Parent to be issued to the H&F Equityholders in consideration of the Rollover Investment) is the same as the consideration to be paid to the unaffiliated stockholders;

the fact that the board of directors received separate opinions of the Company s financial advisors, dated August 3, 2011, as to the fairness, from a financial point of view and as of the date of the opinion, of the $19.00 per share merger consideration to be received by holders of Emdeon Class A common stock (other than excluded holders) pursuant to the merger agreement; and

the availability of appraisal rights under the DGCL to the unaffiliated stockholders who comply with all of the required procedures under the DGCL, which allows such holders to seek appraisal of the fair value of their shares of Emdeon common stock as determined by the Delaware Court of Chancery.

The H&F Equityholders did not consider the Company s net book value to be a factor in determining the substantive fairness of the transaction to the unaffiliated stockholders because it believed that net book value reflects historical costs and not the value of the Company as a going concern. The H&F Equityholders also did not consider the liquidation value as a factor because they consider the Company to be a viable going concern business and the trading history of the Emdeon Class A common stock to generally be an indication of its value as such. In addition, due to the fact that the Company is being sold as a going concern, the H&F Equityholders did not consider the liquidation value of the Company relevant to a determination as to whether the proposed merger is fair to the unaffiliated stockholders as the H&F Equityholders believed the value of the Company s assets that might be realized in a liquidation would be significantly less than its going concern value. The H&F Equityholders did not establish a pre-merger going concern value for Emdeon equity as a public company for the purposes of determining the fairness of the merger consideration to the unaffiliated stockholders given that, following the merger, Emdeon will have a significantly different capital structure, which will result in different opportunities and risks for the business as a more highly leveraged private company. In addition, they did not consider the prices paid by the Company for past purchases of the Company s common stock because no such purchases have been made during the last two years other than in connection with the Company s equity incentive plans. In making their determination as to the substantive fairness of the merger to the unaffiliated stockholders, other than as set forth in Special Factors Background of the Merger above, the H&F Equityholders were not aware of any offers during the prior two years by any person for the merger or consolidation of Emdeon with another company, the sale or transfer of all or substantially all of Emdeon s assets or a purchase of Emdeon s assets that would enable the holder to exercise control of Emdeon.

The foregoing discussion of the information and factors considered and given weight by the H&F Equityholders in connection with the fairness of the merger is not intended to be exhaustive but is believed to include all material factors considered by the H&F Equityholders. The H&F Equityholders did not find it practicable to assign, and did not assign or otherwise attach, relative weights to the individual factors in reaching their position as to the fairness of the merger. Rather, their fairness determinations were made after consideration of all of the foregoing factors as a whole. The H&F Equityholders believe the foregoing factors provide a reasonable basis for their belief that the merger is substantively and procedurally fair to the unaffiliated stockholders.

Certain Effects of the Merger; Plans for the Company

If the merger is completed, all of the equity interests in the Company will be owned by Parent. The H&F Equityholders will hold an indirect equity interest in the Company through the direct equity interest in Parent to be obtained in connection with the Rollover Investment. See Special Factors Financing of the Merger Rollover Commitment; Unit Purchase Agreement beginning on page 82. No current Emdeon stockholder (other than the H&F Equityholders in connection with the Rollover Investment and any third parties to which Sponsor may syndicate its and the H&F Equityholders respective equity commitments at or prior to the merger in accordance with the terms of an interim investors agreement (as described below)) will have any ownership interest in, or be a stockholder of, the Company. As a result, the Company s stockholders (other than the H&F Equityholders in connection with the Rollover Investment) will no longer benefit from any increases in the Company s value, nor will they bear the risk of any decreases in the Company s value. Following the merger, Parent and the H&F Equityholders will benefit from any increases in the value of the Company and also will bear the risk of any decreases in the value of the Company.

If the merger is completed, each share of Emdeon Class A common stock (including each share of Emdeon Class A common stock resulting from the exchange of EBS Units and Emdeon Class B common stock prior to the merger) owned immediately prior to the effective time of the merger, other than as provided below, will be converted into the right to receive $19.00 in cash, without interest and less any applicable withholding taxes. The following shares of Emdeon Class A common stock will not be converted into the right to receive the per share merger consideration in connection with the merger: (i) shares of Emdeon Class A common stock owned by the Company and its wholly-owned subsidiaries, (ii) shares of Emdeon Class A common stock owned by Parent and its subsidiaries, including such shares contributed to Parent by H&F Harrington pursuant to the Rollover Letter under which, and subject to the terms and conditions of which, H&F Harrington has committed to contribute to Parent the amount of shares of Emdeon Class A common stock set forth therein, and (iii) shares of Emdeon Class A common stock whose holders have not voted in favor of adopting the merger agreement and have demanded and perfected their appraisal rights in accordance with Section 262 of the DGCL.

Immediately prior to the effective time of the merger, each stock option issued under the 2009 Equity Plan (excluding any unearned performance-contingent stock options, which shall be forfeited immediately prior to the effective time of the merger), whether or not then exercisable or vested, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) the excess, if any, of $19.00 (which is the per share merger consideration) over the per share exercise price of the applicable stock option and (ii) the aggregate number of shares of Emdeon Class A common stock that may be acquired upon exercise of such stock option (whether vested or unvested) immediately prior to the effective time of the merger. Also at the effective time of the merger, each restricted stock unit that conveys the right to receive shares of Emdeon Class A common stock granted under the 2009 Equity Plan, whether or not the restricted periods have lapsed, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) $19.00 and (ii) the aggregate number of shares of Emdeon Class A common stock in respect of which such restricted stock unit conveyed the right to receive. If the merger is completed, the Emdeon Class A common stock will be delisted from the New York Stock Exchange (and no longer publicly traded) and deregistered under the Exchange Act, and the Company will no longer file periodic reports with the SEC with respect to the Emdeon Class A common stock.

Parent and Merger Sub expect that following completion of the merger, our operations will be conducted substantially as they are currently being conducted. However, following completion of the merger, the Company will have significantly more debt than it currently has. There are no current plans to repay the debt incurred in connection with the merger. The Company has continuously evaluated and reviewed the Company s business and operations, including exploring the possibility of making additional acquisitions in the healthcare information technology industry. However, the Company has no current plans, proposals or negotiations which relate to or would result in an extraordinary corporate transaction involving the Company s corporate structure, business or management, such as a merger, reorganization, liquidation, relocation of any operations, or sale or transfer of a material amount of assets, or the incurrence of any indebtedness, in each case except as described in this Proxy Statement, including under Special Factors Purposes and Reasons of the Blackstone Filing Persons for the Merger.

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Parent does not currently own any interest in the Company. Following consummation of the merger, Parent will directly or indirectly own 100% of the outstanding Emdeon common stock and will have a corresponding interest in our net book value and net earnings. Each stockholder of Parent, including the H&F Equityholders, will have an interest in our net book value and net earnings in proportion to such stockholder s ownership interest in Parent.

From and after the effective time, (i) the directors of Merger Sub immediately prior to the effective time shall be the directors of the surviving corporation until their successors are duly elected and qualified or until their earlier death, resignation or removal in accordance with the surviving charter, the surviving bylaws and applicable law, and (ii) the officers of the Company immediately prior to the merger shall continue to be the officers of the surviving corporation until their successors are duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the surviving certificate of incorporation, the surviving bylaws and applicable law.

At the closing of the merger, Sponsor has agreed to contribute $870.0 million to Parent, directly or indirectly through one or more affiliated entities or other designated co-investors. Also at the closing of the merger, H&F Harrington has agreed to contribute 5,819,849 shares of Emdeon Class A common stock to Parent (the equivalent of an approximately $110.6 million investment based upon the per share merger consideration of $19.00). In addition, the H&F Unitholders have agreed to sell an aggregate amount of 22,586,390 EBS Units to EBS Holdco II, LLC pursuant to the terms, and subject to the conditions, of a unit purchase agreement to be entered into with EBS Holdco II, LLC at the effective time of the merger, in exchange for a per EBS Unit purchase price of $19.00 in cash for approximately 50% of their EBS Units and a pro rata share of the equity of Parent for the remaining approximately 50% of their EBS Units (the equivalent of an approximately $214.6 million investment based upon a per EBS Unit purchase price of $19.00). The H&F Equityholders will receive aggregate proceeds of approximately $325.2 million in connection with the consummation of the merger based on the per share merger consideration of $19.00. EBS Holdco II, LLC is a wholly-owned subsidiary of the Company and, at the effective time of the merger, will be an indirect wholly-owned subsidiary of Parent.

The table below sets forth the interests in our voting shares and the interest in our net book value and net earnings for each of the H&F Equityholders and Parent before and after the merger, based on our historical net book value (including a portion that is attributable to interests in EBS Master held by the Management Members (as defined in Special Factors Tax Receivable Arrangements) and entities controlled by the H&F Equityholders, but excluding any options and restricted stock units issued or granted under the 2009 Equity Plan) as of December 31, 2010 of $1,055.3 million and June 30, 2011 of $1,086.1 million, and our historical net income (including a portion that is attributable to interests in EBS Master held by the Management Members and entities controlled by the H&F Equityholders) for the year ended December 31, 2010 of $33.2 million and for the six months ended June 30, 2011 of $16.5 million, in each case, assuming that no portion of the H&F Equityholders rollover equity commitment is syndicated to co-investors. All dollar figures are in the thousands and rounded to the nearest dollar amount.

	Ownership of the Company Prior to the Merger					Ownership of the Company After the Merger(1)				
	% Ownership	Net earnings for the fiscal year ended December 31, 2010(2)	Net book value as of December 31, 2010(3)	Net earnings for the six-month period ended June 30, 2011(2)	Net book value as of June 30, 2011(3)	% Ownership	Net earnings for the fiscal year ended December 31, 2010(2)	Net book value as of December 31, 2010(3)	Net earnings for the six months ended June 30, 2011(2)	Net book value as of June 30, 2011(3)
Sponsor	0%	$ 0	$ 0	$ 0	$ 0	72.5%	$ 24,046	$ 765,084	$ 11,965	$ 787,429
H&F Equityholders	29.5%	9,784	311,310	4,868	320,402	27.5%	9,121	290,204	4,538	298,680
Parent	0%	0	0	0	0	100%	33,167	1,055,288	16,503	1,086,109
Total	29.5%	$ 9,784	$ 311,310	$ 4,868	$ 320,402	100.0%	$ 33,167	$ 1,055,288	$ 16,503	$ 1,086,109

The table below sets forth the approximate ownership of Parent following completion of the merger (excluding any options and restricted stock units issued or granted under the 2009 Equity Plan any incentive equity plan and assuming that no portion of Sponsor s or the H&F Equityholders respective equity commitments is syndicated to third parties).

	Ownership of Parent After the Merger(1)(4)				
	% Ownership	Net earnings for the fiscal year ended December 31, 2010(2)	Net book value as of December 31, 2010(3)	Net earnings for the six months ended June 30, 2011(2)	Net book value as of June 30, 2011(3)
Sponsor	72.5%	$ 24,046	$ 765,084	$ 11,965	$ 787,429
H&F Equityholders	27.5%	9,121	290,204	4,538	298,680
Total	100.0%	$ 33,167	$ 1,055,288	$ 16,503	$ 1,086,109

(1) Interest in net earnings and net book value of the Company after the merger does not take into account the effect of the transaction (other than the change in ownership percentage) and does not take into account any additional debt that may be incurred by the Company or any resulting interest expense, which would have the effect of decreasing net earnings and net book value of the Company after the merger.
(2) Net earnings includes a portion of the Company s net earnings that is attributable to interests in EBS Master held by the Management Members and entities controlled by the H&F Equityholders.
(3) Net book value includes a portion of the Company s total stockholders equity that is attributable to interests in EBS Master held by the Management Members and by entities controlled by the H&F Equityholders.
(4) Immediately following the merger, (i) Parent will directly or indirectly own 100% of the capital stock of the Company, (ii) Sponsor will own approximately 72.5% of Parent and (iii) the H&F Equityholders will collectively own approximately 27.5% of Parent. These ownership percentages are subject to change as a result of each of Sponsor s and the H&F Equityholders respective equity commitments being reduced by any amounts syndicated to third parties at or prior to the effective time of the merger in accordance with the interim investors agreement.

It is important to note that the portions of our book value and net income that are attributable to interests in EBS Master held by the Management Members and entities controlled by the H&F Equityholders are not attributable to shares of Emdeon Class A common stock and have been included in the disclosure above solely for purposes of disclosing Sponsor s, the H&F Equityholders and Parent s interests in our net book value and net earnings before and after the merger as required by applicable rules under the Exchange Act. Information regarding the net book value and net earnings attributable to shares of Emdeon Class A common stock has been included under Selected Financial Information beginning on page 139.

Alternatives to the Merger

As noted above, in response to indications of interest from certain potential acquirors, the board of directors evaluated potential strategic alternatives, including a potential sale of the Company, with the assistance of the Company s senior management and advisors. The indications of interest had been made independently and not in response to any process initiated by the board of directors or the Company to sell the Company. As noted above, while the board of directors was responding to the indications of interest for, and the inquiries about, the sale of the Company that the Company received from The Blackstone Group and other potential acquirors during the course of 2011, the board of directors also considered the potential benefits to the Company (and the Company s stockholders) of certain strategic alternatives, including, but not limited to, continuing as a stand-alone company, effecting a leveraged recapitalization and/or pursuing other potential mergers and acquisitions and other potential strategic transactions. In considering those alternatives, the board of directors took into account all information that was available to the board of directors, including the information contained in management s projections summarized under Special Factors Projected Financial Information beginning on page 75, as well as the board of directors knowledge and understanding of the business, operations, management, financial condition, earnings and prospects of the Company, including the prospects of the Company as a stand-alone company. For more

information on the process behind the board of directors determination, see Special Factors Background of the Merger beginning on page 32, Special Factors Recommendation of the Company s Board of Directors; Fairness of the Merger beginning on page 45 and Special Factors Purpose and Reasons of the Company for the Merger beginning on page 63. As discussed above, while the Company had received, prior to the date of the merger agreement, certain expressions of interest for, and certain inquiries about, the sale of the Company to a potential acquiror, The Blackstone Group made the only firm offer to acquire the Company that the Company had ever received during the past two years. The H&F Equityholders believe that pursuing the merger is preferable to the strategic alternatives considered by the board of directors, as described above, for the reasons summarized under Special Factors Positions of the H&F Equityholders Regarding the Fairness of the Merger beginning on page 66, as well as for substantially the same reasons as those reasons considered by the board of directors. In addition, the merger provides the H&F Equityholders the best opportunity to achieve the purposes described above under the section captioned Special Factors Purposes and Reasons of the H&F Equityholders for the Merger beginning on page 66.

Effects on the Company if the Merger is not Completed

If the Company s stockholders do not adopt the merger agreement or if the merger is not completed for any other reason, the Company s stockholders will not receive any payment for their shares of Emdeon common stock unless the Company is sold to a third party. Instead, unless the Company is sold to a third party, we will remain a public company, Emdeon Class A common stock will continue to be listed and traded on the New York Stock Exchange, and our stockholders will continue to be subject to similar risks and opportunities as they currently are with respect to their ownership of Emdeon common stock. If the merger is not completed, there is no assurance as to the effect of these risks and opportunities on the future value of your shares of Emdeon common stock, including the risk that the market price of Emdeon Class A common stock may decline to the extent that the current market price of Emdeon Class A common stock reflects a market assumption that the merger will be completed. From time to time, the board of directors will evaluate and review the business operations, properties, dividend policy and capitalization of the Company and, among other things, make such changes as are deemed appropriate and continue to seek to maximize stockholder value. If the Company s stockholders do not adopt the merger agreement or if the merger is not completed for any other reason, there is no assurance that any other transaction acceptable to the Company will be offered or that the business, prospects or results of operations of the Company will not be adversely impacted. Pursuant to the merger agreement, under certain circumstances, the Company is permitted to terminate the merger agreement and recommend an alternative transaction. See The Merger Agreement Termination beginning on page 128.

Under certain circumstances, if the merger is not completed, the Company may be obligated to pay to Parent a termination fee and/or reimburse certain of Parent s expenses. See The Merger Agreement Effect of Termination; Fees and Expenses beginning on page 130.

Projected Financial Information

The Company provided The Blackstone Group certain full year 2011 prospective financial information concerning the Company, including projected revenues, capital expenditures and adjusted earnings before interest, taxes, depreciation and amortization and other items (Adjusted EBITDA). The Blackstone Group also received other financial information related to its due diligence of the Company. The Blackstone Group also had access to publicly available analysts projections for years subsequent to 2011. The Blackstone Group received the following prospective financial information for full year 2011:

- 2011 management operating plan (the 2011 Management Plan), which was the product of the Company s annual planning process for 2011, substantially completed in late 2010 and approved by the board of directors in early 2011;

- May 2011 board of directors forecast (the May 2011 Board Forecast), which was a routine forecast prepared by the Company s management for the board of directors meeting in May 2011; and

- July 2011 board of directors forecast (the July 2011 Board Forecast), which was a routine forecast prepared by the Company s management for the board of directors meeting (which was subsequently cancelled in connection with developments related to the merger) in July 2011.

In addition to the 2011 Management Plan, the 2011 Board Forecast and the July 2011 Board Forecast provided to The Blackstone Group and the Company s financial advisors, the Company also provided to its financial advisors (but not The Blackstone Group) prospective financial information for the years 2012-2016 (the 2012-2016 Projections) concerning the Company, including Adjusted EBITDA.

The summary of the prospective financial information set forth below is included solely to give stockholders access to the information that was made available to The Blackstone Group and the Company s financial advisors, and reviewed by the board of directors, and is not included in this Proxy Statement in order to influence any stockholder to make any investment decision with respect to the merger or any other purpose, including whether or not to seek appraisal rights with respect to the shares of Emdeon common stock.

The prospective financial information was not prepared with a view toward public disclosure, or with a view toward compliance with published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial forecasts, or U.S. generally accepted accounting principles (GAAP). Neither the Company s independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the prospective financial information included below, or expressed any opinion or any other form of assurance on such information or its achievability. The Company s 2011 Management Plan was prepared as part of the Company s annual planning process for 2011 in conjunction with establishing performance targets for 2011 without consideration of certain risk-adjustments. Further, the May 2011 Board Forecast and the July 2011 Board Forecast were prepared by management for purposes of meetings of the board of directors to present a view towards potential full year performance without consideration of certain risk-adjustments.

The prospective financial information reflects numerous estimates and assumptions made by the Company with respect to industry performance, general business, economic, regulatory, market and financial conditions and other future events, as well as matters specific to the Company s business, all of which are difficult to predict and many of which are beyond the Company s control. The prospective financial information reflects subjective judgment in many respects and thus is susceptible to multiple interpretations and periodic revisions based on actual experience and business developments. As such, the prospective financial information constitutes forward-looking information and is subject to risks and uncertainties that could cause actual results to differ materially from the results forecasted in such prospective information, including, but not limited to, the Company s performance, industry performance, general business, economic, regulatory, market and financial conditions, and the various risks set forth in this Proxy Statement and the Company s reports filed with the SEC, which are available without charge at www.sec.gov (see also Where Stockholders Can Find More Information). There can be no assurance that the prospective financial information will be realized or that actual results will not be significantly higher or lower than as set forth in the prospective financial information.

The prospective financial information covers multiple years and such information by its nature becomes less predictive with each successive year. In addition, the prospective financial information will be affected by the Company s ability to achieve strategic goals, objectives and targets over the applicable periods. The assumptions upon which the prospective financial information is based necessarily involve judgments as of the time of their preparation with respect to, among other things, future economic, competitive and regulatory conditions and financial market conditions, all of which are difficult or impossible to predict accurately and many of which are beyond the Company s control. The prospective financial information also reflects assumptions as of the time of their preparation as to certain business decisions that are subject to change. Such prospective information cannot, therefore, be considered a guaranty of future operating results, and this information should not be relied on as such. The inclusion of this information should not be regarded as an indication that the Company, The Blackstone Group, any of their respective financial advisors or anyone who received this information then considered, or now considers, it as necessarily predictive of actual or future events, and this information should not be relied upon as such. None of the Company, The Blackstone Group or any of their affiliates or representatives intends to, and each of them disclaims any obligation to, update, revise or correct the prospective financial information if any of it is or becomes inaccurate (even in the short term).

The prospective financial information does not take into account any circumstances or events occurring after the date they were prepared, including the transactions contemplated by the merger agreement. Further, the prospective financial information does not take into account the effect of any failure of the merger to occur and should not be viewed as accurate or continuing in that context.

The inclusion of the prospective financial information herein should not be deemed an admission or representation by the Company, The Blackstone Group or the board of directors that they are viewed by the Company, The Blackstone Group or the board of directors as material information of the Company, and in fact the Company, The Blackstone Group and the board of directors view the prospective financial information as non-material because of the inherent risks and uncertainties associated with such long-range forecasts. The prospective financial information should be evaluated, if at all, in conjunction with the historical financial statements and other information regarding the Company contained herein and in the Company s public filings with the SEC, which are available without charge at www.sec.gov (see also Where Stockholders Can Find More Information beginning on page 145). Stockholders should be aware that the 2011 Management Plan, May 2011 Board Forecast and the July 2011 Board Forecast were prepared for different purposes than the 2012-2016 Projections provided to the Company s financial advisors and, as a result, may not utilize the same assumptions. In light of the foregoing factors and the uncertainties inherent in the Company s prospective information, stockholders are cautioned not to place undue, if any, reliance on the prospective information included in this Proxy Statement.

2011 Management Plan, May 2011 Board Forecast and July 2011 Board Forecast

The 2011 Management Plan was a product of the Company s annual planning process for 2011 in conjunction with establishing performance targets and, accordingly, did not consider certain risk-adjustments. Additionally, the May 2011 Board Forecast and July 2011 Board Forecast were both prepared for board of directors meetings with a view towards potential full year 2011 performance without consideration of certain risk-adjustments.

The following is a summary of the full year 2011 prospective financial information from the 2011 Management Plan, the May 2011 Board Forecast and July 2011 Board Forecast provided to The Blackstone Group and the Company s financial advisors ($ in millions):

	2011 Management Plan	May 2011 Board Forecast	July 2011 Board Forecast
Revenue	$ 1,146	$ 1,153	$ 1,150
Equity-Based Compensation	$ 20	$ 21	$ 23
Adjusted EBITDA	$ 310	$ 304	$ 305
Capital Expenditures	$ 47	$ 58	N/A
Net Cash provided by Operating Activities	N/A	$ 220	N/A

2012-2016 Projections

Although management does not routinely prepare long-term projections during its annual operations, in July 2011, management of the Company prepared the 2012-2016 Projections, which were reviewed by the board of directors and provided to the Company s financial advisors.

The following is a summary of the 2012-2016 Projections ($ in millions) provided to the Company s financial advisors:

	2012	2013	2014	2015	2016
Revenue	$ 1,222	$ 1,299	$ 1,390	$ 1,487	$ 1,597
Adjusted EBITDA	$ 330	$ 355	$ 382	$ 416	$ 446
Equity-Based Compensation	$ 24	$ 26	$ 28	$ 30	$ 32
Depreciation and Amortization	$ 153	$ 156	$ 149	$ 147	$ 145
Capital Expenditures	$ 58	$ 62	$ 66	$ 71	$ 76
Increase in Working Capital	$ 8	$ 9	$ 11	$ 12	$ 13

Certain of the prospective financial information set forth above under the headings Special Factors Projected Financial Information 2011 Management Plan, May 2011 Board Forecast and July 2011 Board Forecast and Special Factors Projected Financial Information 2012-2016 Projections, including non-GAAP Adjusted EBITDA, may be considered non-GAAP financial measures. The Company provided this information to The Blackstone Group and the Company s financial advisors because the Company believed it could be useful in evaluating, on a prospective basis, the Company s potential operating performance and cash flow. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-GAAP financial measures as used by the Company may not be comparable to similarly titled amounts used by other companies. A reconciliation of the differences between Adjusted EBITDA and GAAP operating income for 2010, the 2011 Management Plan, the May 2011 Board Forecast, the July 2011 Board Forecast and the 2012-2016 Projections is summarized below:

	Year Ended December 31, 2010	2011 Management Plan	May 2011 Board Forecast	July 2011 Board Forecast	2012 - 2016 Projections 2012	2013	2014	2015	2016
	(In millions)								
Operating Income	$ 118	$ 135	$ 130	$ 128	$ 152	$ 172	$ 205	$ 240	$ 269
Depreciation and Amortization	125	153	150	149	153	156	149	147	145
Equity-Based Compensation	17	20	21	23	24	26	28	30	32
Other Adjustments	8	2	3	5	0	0	0	0	0
Adjusted EBITDA	$ 268	$ 310	$ 304	$ 305	$ 330	$ 355	$ 382	$ 416	$ 446

Financing of the Merger

The obligations of Parent and Merger Sub to complete the merger under the merger agreement are not subject to a condition of Parent or Merger Sub obtaining funds to consummate the merger. Parent and Merger Sub have obtained equity and debt financing commitments for the transactions contemplated by the merger agreement, the aggregate proceeds of which, together with the Rollover Investment described below and cash on hand at the closing, will, assuming such financing commitments are funded in accordance with their terms, be sufficient to consummate the merger and the other transactions contemplated by the merger agreement, including the payment by Parent of the per share merger consideration and all related fees and expenses, to refinance certain indebtedness of the Company, including indebtedness under the First Lien Credit Agreement and the Second Lien Credit Agreement, each dated as of November 16, 2006 (as amended, restated, supplemented, or modified from time to time prior to the closing date) among Emdeon Business Services LLC, certain subsidiaries of the Company, Citibank, N.A., as administrative agent and collateral agent, the lenders party thereto, and the other agents party thereto (the Existing Credit Agreements), and to pay any other amounts required to be paid at the closing date of the merger in connection with the consummation of the transactions contemplated by the merger agreement.

Equity Financing

On August 3, 2011, Sponsor entered into an equity commitment letter with Parent pursuant to which Sponsor committed to capitalize Parent, at the closing of the merger, with an aggregate equity contribution not to exceed $870.0 million in cash (the Equity Commitment), which amount may be reduced to the extent that Parent does not require the full amount of such equity commitment to consummate the merger and such reduction does not prevent or materially impair or delay the consummation of the merger and the other transactions contemplated by the merger agreement. The Equity Commitment is conditioned upon (i) the execution and delivery of the merger agreement by the Company, (ii) the satisfaction of all of Parent s and Merger Sub s conditions to closing the merger set forth in the merger agreement (other than those conditions, that by their nature, are to be satisfied at the closing of the merger (but subject to their satisfaction at the closing of the merger) or the failure of which to be satisfied is attributable primarily to any breach by Parent or Merger Sub of their respective representations, warranties, covenants or agreements contained in the merger agreement), (iii) the debt financing having been funded or would be funded at the closing of the merger if the equity financing and the Rollover Investment were

made on such date and (iv) the concurrent consummation of the merger. The Equity Commitment will terminate upon the earliest to occur of (A) the closing of the merger (at which time Sponsor s obligations will be discharged), (B) the termination of the merger agreement and (C) the Company or any of its controlled affiliates asserting a claim under the limited guarantee (as described below) or against Sponsor in connection with the merger (other than claims relating to breach of the confidentiality agreement, dated June 22, 2011 between an affiliate of Parent and the Company, seeking specific performance against Parent or Merger Sub under the merger agreement or against Sponsor to the extent permitted by the limited guarantee, against Parent pursuant to certain provisions in the merger agreement relating to payment of the Company s costs and expenses or against Parent in respect of certain claims for indemnification and/or payment of the reverse termination fee if asserted in the alternative to any claim for specific performance). The Company has the right to enforce the commitment of Sponsor as a third party beneficiary to the extent the Company is granted specific performance under the merger agreement to cause the Equity Commitment to be funded.

The foregoing summary of the equity commitment letter does not purport to be complete and is qualified in its entirety by reference to the equity commitment letter. A copy of the equity commitment letter is attached as exhibit (b)(1) to the statement on Schedule 13E-3 filed by the Company and the filing persons listed thereon with the SEC on August 22, 2011.

Debt Financing

On August 3, 2011, Parent and Merger Sub received a debt commitment letter from Bank of America, N.A. (Bank of America), Merrill Lynch, Pierce, Fenner & Smith Incorporated (Merrill Lynch), Barclays Bank PLC (Barclays Bank), Barclays Capital, the investment banking division of Barclays Bank (Barclays Capital) and Citigroup Global Markets Inc., Citibank, N.A., Citigroup USA, Inc., Citicorp North America, Inc. and/or any of their affiliates (Citi and, together with Bank of America, Merrill Lynch, Barclays Bank and Barclays Capital, the Commitment Parties), pursuant to which and subject to the conditions set forth therein each of Bank of America, Barclays Bank and Citi (each an Initial Lender and collectively, the Initial Lenders) committed severally to provide to Parent 33 1/3% of a $1,325.0 million senior secured credit facility, consisting of a $125.0 million senior secured revolving credit facility (the Revolving Facility) and $1,200.0 million in aggregate principal amount of senior secured term loans (the Term Facility and, together with the Revolving Facility, the Senior Facilities). In addition, to the extent Parent does not receive up to $750.0 million of gross proceeds from the issuance of senior unsecured notes (Senior Notes) on the closing date of the merger, the borrower under the senior facilities (the Borrower, which refers to Merger Sub or the Company, and, after the consummation of the merger, the surviving corporation) may elect and the Initial Lenders have committed severally to provide to Merger Sub 33 1/3% of up to $750.0 million (minus the amount of gross proceeds from any Senior Notes issuance) of senior unsecured increasing rate loans (the Senior Bridge Loans) under a new senior unsecured credit facility (the Senior Bridge Facility and, together with the Senior Facilities, the Facilities).

The Term Facility will be available in a single drawing on the closing date. The letters of credit and the proceeds of loans under the Revolving Facility (except as set forth below) will be available for working capital and general corporate purposes after the closing of the merger. Loans under the Revolving Facility will be made available on the closing date (i) in an aggregate principal amount of up to $50.0 million (A) to finance the Transactions and certain fees and expenses related to the Transactions (including to fund original issue discount or upfront fees in connection with the Senior Facilities other than as required to be funded under the flex provisions in the debt facility fee letter) and (B) for working capital needs and (ii) to fund any or all original issue discount or certain upfront fees in connection with the Senior Facilities required to be funded under the flex provisions in the debt facility fee letter or in connection with the issuance of the Senior Notes or any other securities on the closing date. Letters of credit may be issued on the closing date to backstop or replace letters of credit outstanding on the closing date (including by grandfathering such existing letters of credit in the Revolving Facility) or for other general corporate purposes.

The debt commitment letter expires on the earlier of (i) any valid termination of the merger agreement and (ii) 11:59 p.m. on February 9, 2012.

The Initial Lenders commitments to provide the debt financing are subject to, among other things:

- the execution and delivery of definitive documentation with respect to the applicable Facilities consistent with the debt commitment letter (including the term sheets) and the applicable specified documentation principles;

- the accuracy of (i) certain specified representations and warranties made by the Borrower and guarantors in the definitive documentation of the applicable debt facilities and (ii) such representations and warranties made by the Company in the merger agreement as are material to the interests of the lenders, but only to the extent that Parent has the right to terminate its obligations under the merger agreement as a result of a breach of such representations and warranties;

- the consummation of the merger (without any amendments to the merger agreement or any waivers thereof in any material respect that are materially adverse to the lenders (in their capacity as such) without the consent of the Commitment Parties (such consent not to be unreasonably withheld or delayed)) substantially simultaneously with the initial borrowing under any of the Facilities; provided that any reduction in the purchase price for the merger will not be deemed to be materially adverse to the lenders to the extent (i) 67% of such reduction is applied to reduce the amount of commitments in respect of the Senior Bridge Loans and (ii) 33% of such reduction is applied to reduce the amount of the equity contribution;

- since December 31, 2010 and through August 3, 2011, there not having occurred a Company Material Adverse Effect (as defined in the merger agreement as in effect on August 3, 2011 and without giving effect to certain actions which are to be excluded from the definition of Company Material Adverse Effect with the written consent, waiver or at the written request of Parent, unless the lead arrangers have consented to such written consent, waiver or request by Parent); except (i) as disclosed in Company s SEC Reports (as defined in the merger agreement) filed with the SEC on or after August 11, 2009 and prior to August 3, 2011, other than any disclosures contained under the captions Risk Factors or Forward-Looking Statements to the extent that such disclosures are general in nature or cautionary, predictive or forward-looking in nature and (ii) as set forth in the corresponding section of the disclosure letter delivered by the Company to Parent before execution of the merger agreement;

- since August 3, 2011, there not having occurred a Company Material Adverse Effect (as defined in the bullet point directly above);

- the consummation of the equity contribution prior to or substantially simultaneously with the initial borrowings under the Term Facility, in an amount at least equal to 33% of the sum of (i) the aggregate gross proceeds received from the loans borrowed under the Term Facility, excluding any gross proceeds received from any increase in the loans under the Term Facility, to fund original issue discount or upfront fees, (ii) the aggregate gross proceeds received from the loans borrowed under the Revolving Facility, excluding any loans to fund original issue discount or upfront fees or working capital needs, (iii) the aggregate gross proceeds received from Senior Notes issued and/or gross proceeds received from the Senior Bridge Loans borrowed, as applicable, (iv) the aggregate principal amount of any other indebtedness for borrowed money incurred to fund any portion of (or assumed in connection with) the transactions related to the merger and (v) the amount of cash contribution and rollover equity, in each case on the closing date;

- all indebtedness under the Existing Credit Agreements shall have been paid in full, and all commitments, security interests and guaranties in connection therewith shall have been terminated and released;

- the delivery of certain audited, unaudited and pro forma financial statements;

the delivery of customary closing documents (including, among other things, customary legal opinions, customary evidence of authority, customary officer s certifications, good standing certificates (to the

- extent applicable) in the respective jurisdictions of the Borrower and the guarantors) and the delivery of a solvency certificate from the chief financial officer, chief accounting officer or other officer with equivalent duties of the Borrower in substantially the form attached to the debt commitment letter;

- the delivery of documentation and other information about the Borrower and guarantors required under applicable know your customer and anti-money laundering rules and regulations (including the PATRIOT Act) requested in writing at least 15 days prior to the date of initial funding under the Senior Facilities and consummation of the merger;

- with respect to the Senior Facilities, execution and delivery, of documents and instruments required to perfect the security interest in the collateral and, if applicable, be in the proper form for filing (it being understood that, to the extent any collateral (other than certain specified assets) cannot be provided or perfected on the closing date after commercially reasonable efforts to do so or without undue burden or expense, the provision and/or perfection of such collateral will not constitute a condition precedent to the availability of the Facilities on the closing date, but will be required to be provided and/or perfected within 90 days after the closing date (subject to extensions in the reasonable discretion of the Agent);

- as a condition to the availability of the Senior Bridge Facility, the delivery by the Borrower to the Commitment Parties of (i) a customary preliminary offering memorandum containing all customary information (other than a description of notes and information customarily provided by the Commitment Parties or their counsel), including financial statements, pro forma financial statements, business and other financial data of the type and form customarily included in private placements pursuant to Rule 144A promulgated under the Securities Act (including information required by Regulation S-X and Regulation S-K under the Securities Act, which is understood not to include consolidating and other financial statements and data that would be required by Section 3-10 and 3-16 of Regulation S-X and Item 402 of Regulation S-K and information regarding executive compensation and related party disclosure related to SEC Release Nos. 33-8732A, 34-54302A and IC-27444A) and (ii) drafts of customary comfort letters (which shall provide negative assurance comfort) by independent auditors of the Company which such auditors are prepared to issue upon completion of customary procedures;

- as a condition to the availability of the Senior Bridge Facility, the expiration of the marketing period of 15 consecutive business days ending on the business day immediately prior to closing date (excluding certain specified days) following the receipt of the offering memorandum and comfort letter referred to in the immediately preceding bullet to seek placement of the Senior Notes with qualified purchasers thereof; and

- payment of specified fees and expenses due to the Commitment Parties, to the extent invoiced before a specified date.

The Initial Lenders commitments to provide the debt financing are not conditioned upon a successful syndication of any of the Facilities with other financial institutions. No Commitment Party may assign all or any portion of its commitments hereunder until after the closing date and, unless agreed to in writing by Parent and Merger Sub, each Commitment Party shall retain exclusive control over all rights and obligations with respect to its commitments, including all rights with respect to consents, modifications, waivers and amendments.

The foregoing summary of the debt commitment letter does not purport to be complete and is qualified in its entirety by reference to the debt commitment letter. A copy of the debt commitment letter is attached as exhibit (b)(2) to the statement on Schedule 13E-3 filed by the Company and the filing persons listed thereon with the SEC on August 22, 2011.

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Rollover Commitment; Unit Purchase Agreement

On August 3, 2011, pursuant to the Rollover Letter, (i) H&F Harrington committed to contribute, at the closing of the merger and immediately prior to the consummation of the merger, an aggregate amount of 5,819,849 shares of Emdeon Class A common stock to Parent and (ii) the H&F Unitholders collectively committed (on a several basis) to enter into, at the effective time of the merger, a unit purchase with EBS Holdco II, LLC, pursuant to which, immediately after the effective time of the merger, the H&F Unitholders will sell 22,586,390 EBS Units in the aggregate to EBS Holdco II, LLC in accordance with the terms and subject to the conditions of such unit purchase agreement. EBS Holdco II, LLC is a wholly-owned subsidiary of the Company and, at the effective time of the merger, will be an indirect wholly-owned subsidiary of Parent. Pursuant to the Rollover Letter, H&F Harrington will receive in exchange for its Emdeon Class A common stock contributed to Parent a pro rata share of the equity of Parent, assuming that the value of each share of contributed stock is equal to the per share merger consideration of $19.00, provided that under no circumstances will H&F Harrington be obligated to contribute and deliver more than 5,819,849 shares of Emdeon Class A common stock to Parent. Pursuant to the unit purchase agreement, the H&F Unitholders will each receive a per EBS Unit purchase price of $19.00 in cash for approximately 50% of their EBS Units, and the remaining approximately 50% of their EBS Units will be exchanged for a pro rata share of the equity of Parent, based on a value for each EBS Unit of $19.00. The percentage of EBS Units to be exchanged for cash as opposed to equity of Parent will be adjusted to give effect to any equity syndication of Sponsor s and/or the H&F Equityholders equity commitments to co-investors conducted by Sponsor prior to the effective time of the merger. The commitment of H&F Harrington under the Rollover Letter is conditioned on (A) the satisfaction or waiver by Parent of all of its and Merger Sub s conditions to closing the merger set forth in the merger agreement, (B) the substantially simultaneous funding by Sponsor, together with any co-investors, of the equity commitments described above under Special Factors Financing of the Merger Equity Financing, beginning on page 78, and (C) the substantially simultaneous consummation of the merger in accordance with the terms of the merger agreement. In addition, H&F Harrington shall not be obligated to contribute its shares of Emdeon Class A common stock to Parent pursuant to the Rollover Letter if the aggregate amount of funded indebtedness of Parent and its subsidiaries is less than $1.65 billion or the aggregate cash equity commitment to Parent by Sponsor is less than $550.0 million. The commitment of the H&F Unitholders to enter into the unit purchase agreement is conditioned on the consummation of the merger pursuant to the merger agreement. The Company has the right to enforce the commitment of H&F Harrington under the Rollover Letter as a third party beneficiary to the extent the Company is granted specific performance under the merger agreement to cause the Equity Commitment to be funded. See The Merger Agreement Effect of Termination; Fees and Expenses Specific Performance, beginning on page 132.

The foregoing summary of the Rollover Letter and the form of unit purchase agreement does not purport to be complete and is qualified in its entirety by reference to the Rollover Letter and the form of unit purchase agreement. Copies of the Rollover Letter and the form of unit purchase agreement are attached as exhibits (d)(2) and (d)(7) to the statement on Schedule 13E-3, respectively, filed by the Company and the filing persons listed thereon with the SEC on August 22, 2011.

Interim Investors Agreement

Parent, Sponsor and each of the H&F Equityholders entered into an interim investors agreement on August 3, 2011. The interim investors agreement provides for, among other things, the following:

Restrictions on Actions under the Merger Agreement. Sponsor has agreed to cause Parent not to amend the merger agreement in a manner that is materially adverse to the H&F Equityholders or disproportionately adverse to the H&F Equityholders relative to Sponsor without the prior written approval of the H&F Equityholders.

Restrictions on Terminating the Debt Commitment Letter. Sponsor has agreed to cause Parent and Merger Sub not to terminate the debt commitment letter without the prior written approval of the H&F Equityholders, unless Parent has obtained replacement financing subject to maintaining a minimum amount of funded indebtedness (as described below), which financing is approved by Sponsor.

Syndication of Equity Commitments. Sponsor is permitted to syndicate its and the H&F Equityholders respective equity commitments to third party co-investors. The first $200.0 million of syndicated equity will reduce Sponsor s cash equity commitment, the next $85.0 million will reduce the H&F Equityholders rollover equity commitment and the next $120.0 million will reduce Sponsor s cash equity commitment. Any co-investor to whom a portion of Sponsor s or the H&F Equityholders respective equity commitments are so syndicated will be required to become a party to the interim investors agreement. No such syndication will relieve Sponsor or the H&F Equityholders of their respective equity commitments pursuant to the equity commitment letter or the Rollover Letter.

Minimum Funded Indebtedness and Cash Equity Commitment. The interim investors agreement provides for a minimum funded indebtedness of Parent and its subsidiaries of $1.65 billion and a minimum aggregate cash equity commitment to Parent by Sponsor of $550.0 million.

Back-Stop Guarantees. The interim investors agreement provides that certain co-investors may agree to commit to provide back-stop guarantees pursuant to which such co-investors would be obligated to pay a portion of any amounts payable by Sponsor under the limited guarantee. No such back-stop guarantee will relieve Sponsor of its obligations under the limited guarantee. In addition, none of the H&F Equityholders nor any of their affiliates, partners, members, directors, officers, employees and other specified persons (i) shall be obligated to, or otherwise have any liability with respect to, any guarantee obligations of the Sponsor, any back-stop guarantee obligations of any co-investors, or any reverse termination fee payable by Parent or Merger Sub to the Company and/or (ii) will be entitled to receipt of any termination fee payable by the Company to Parent and/or Merger Sub.

Fees and Expenses. If the merger is consummated, Parent has agreed to, and to cause the surviving corporation to, pay the reasonable and documented, third party, out-of-pocket expenses (including attorneys fees) incurred by Sponsor, the H&F Equityholders and any co-investor that becomes a party to the interim investors agreement relating to transactions contemplated by the merger agreement. Sponsor and H&F Equityholders will share future monitoring fees pro rata based upon their equity ownership of the surviving corporation. In addition, an affiliate of The Blackstone Group will be entitled to an advisory fee of up to $10 million, which will be payable by Parent or its subsidiaries, at the closing of the merger.

Tax Receivable Agreements. Parent has agreed to cause the surviving corporation to enter into the amended and restated tax receivable agreements described below in connection with the closing of the merger.

Unit Purchase Agreement. The H&F Equityholders and Parent have agreed to cause the H&F Unitholders and EBS Holdco II LLC, a wholly-owned subsidiary of the Company, respectively, to enter the unit purchase agreement described above under Special Factors Financing of the Merger Rollover Commitment; Unit Purchase Agreement beginning on page 82 at the effective time of the merger.

The foregoing summary of the interim investors agreement does not purport to be complete and is qualified in its entirety by reference to the interim investors agreement. A copy of the interim investors agreement is attached as exhibit (d)(3) to the statement on Schedule 13E-3 filed by the Company and the filing persons listed thereon with the SEC on August 22, 2011.

Limited Guarantee

In connection with the merger agreement, Sponsor has executed a limited guarantee in favor of the Company to guarantee, subject to the limitations described therein, certain obligations of Parent pursuant to the merger agreement. Under the limited guarantee, Sponsor has guaranteed the payment of any reverse termination fee that may become payable by Parent following a termination of the merger agreement by the Company in specified circumstances, all accrued interest and costs of enforcement with respect thereto and certain expense

reimbursement and indemnification obligations of Parent in connection with the Company s cooperation with the debt financing, subject to an overall cap of $163.0 million.

The limited guarantee will terminate as of the earliest to occur of (i) the consummation of the closing of the merger, (ii) the first anniversary after the date of the limited guarantee (unless the Company has made a claim under the limited guarantee prior to such date, in which case the relevant date shall be the date that such claim is finally settled, satisfied or otherwise resolved in a final judicial determination or by agreement of the parties to the limited guarantee) and (iii) the time at which all obligations under the limited guarantee equal to $163.0 million have been paid in full.

The foregoing summary of the limited guarantee does not purport to be complete and is qualified in its entirety by reference to the limited guarantee.

Interests of the Company s Directors and Executive Officers in the Merger

In considering the recommendation of the board of directors, you should be aware that certain directors and executive officers of Emdeon have interests in the merger, including those described below and as described in Advisory Vote on Golden Parachute Compensation beginning on page 134, that are different from or in addition to your interests as a stockholder and that may present actual or potential conflicts of interest. The members of the board of directors were aware of such interests and considered them, among other matters, when deciding to approve the merger.

Indemnification of Directors and Officers; Directors and Officers Insurance

Parent has agreed to maintain, and cause the surviving corporation to maintain, for at least six years following the effective time of the merger the current policies of directors and officers liability insurance or policies of at least the same coverage and amounts containing terms and conditions that are no less advantageous with respect to claims arising out of or relating to events which occurred before or at the effective time of the merger (including in connection with the negotiation and execution of the merger agreement and the consummation of the merger). Such policies shall not have an annual premium in excess of 250% of the last annual premium being paid by the Company prior to the date of the merger agreement. In lieu of Parent purchasing such policy after the effective time of the merger, the Company may, prior to the effective time of the merger, purchase a tail directors and officers liability policy covering the aforementioned matters at a cost not to exceed 250% of the last annual premium paid by the Company prior to the date of the merger agreement and if the Company elects to do so prior to the effective time of the merger, the surviving corporation shall maintain such policy for six years. In addition, for a period of six years after the effective time of the merger, Parent and the surviving corporation have agreed to indemnify each present and former director, officer or employee of the Company or any of its subsidiaries against all costs or expenses (including legal fees and disbursements), judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement in connection with any action, arbitration, litigation, suit or other civil or criminal proceeding or governmental investigation, including liabilities arising out of or relating to all acts and omissions arising out of or relating to their services as directors or officers and employees of the Company or its subsidiaries occurring prior to the effective time, whether asserted or claimed before or after the effective time of the merger.

Merger Proceeds in Respect of Equity Awards

Merger Proceeds in Respect of Stock Options and Restricted Stock Units

In connection with entering into the merger agreement, the compensation committee of the board of directors approved the accelerated vesting, to be effective immediately prior to the consummation of the merger, of unvested stock options and restricted stock units in respect of Emdeon Class A common stock outstanding immediately prior to the consummation of the merger (excluding unearned performance-contingent options,

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which shall be forfeited immediately prior to the effective time of the merger). Pursuant to the terms of the agreements governing the options and restricted stock units, those unvested awards would otherwise have become vested on the one-year anniversary of the merger or earlier termination of the holder s employment without cause or for good reason.

In accordance with the merger agreement, immediately prior to the effective time of the merger, each outstanding stock option issued under the 2009 Equity Plan (excluding unearned performance-contingent options which shall be forfeited immediately prior to the effective time of the merger), whether or not then exercisable or vested, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) the excess of $19.00 (which is the per share merger consideration) over the per share exercise price of the applicable stock option and (ii) the aggregate number of shares of Emdeon Class A common stock that may be acquired upon exercise of such stock option (whether vested or unvested). The merger agreement also provides at the effective time of the merger, each restricted stock unit granted under the 2009 Equity Plan, whether or not the restricted periods have lapsed, will be cancelled and converted into the right to receive an amount in cash equal to, without interest and less applicable withholding taxes, the product of (i) $19.00 and (ii) the number of shares of Emdeon Class A common stock in respect of which such restricted stock unit conveyed the right to receive.

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The following table sets forth, as of August 16, 2011 (the latest date practicable prior to the filing of this Proxy Statement) and assuming the merger occurred on such date, for each of the Company s executive officers and directors, the approximate cash proceeds that each of them will receive at the completion of the merger (without accounting for any applicable withholding taxes) in exchange for in-the-money options and restricted stock units, including those that are currently unvested and would become vested in connection with the merger.

Stock Options and Restricted Stock Units

Name	Principal Position	Number of Shares Underlying Vested In-The-Money Options (#)	Cash Received in respect of Vested In-The-Money Stock Options ($)	Number of Shares Underlying Unvested In-The-Money Options (#)	Cash Received in respect of Unvested In-The-Money Options ($)	Restricted Stock Units (#)	Cash Received in respect of Restricted Stock Units ($)	Total Payments in Respect of Options and Restricted Stock Units ($)
Executive Officers								
George I. Lazenby, IV	Chief Executive Officer	313,081	$ 1,064,272	323,291	$ 1,042,983	34,500	$ 655,500	$ 2,762,755
Tracy L. Bahl	Executive Chairman	189,177	$ 662,120	365,708(1)	$ 1,279,978			$ 1,942,098
Bob A. Newport, Jr.	Chief Financial Officer	129,301	$ 439,222	165,076	$ 542,570	21,375	$ 406,125	$ 1,387,917
J. Philip Hardin	Executive Vice President Provider Services	110,869	$ 380,770	106,185	$ 351,832	10,625	$ 201,875	$ 934,477
Mark Lyle	Senior Vice President, Pharmacy Services	44,800	$ 151,952	104,400	$ 354,856	13,750	$ 261,250	$ 768,058
Gregory T. Stevens	Executive Vice President, General Counsel & Secretary	281,590	$ 973,445	242,045	$ 814,798	19,500	$ 370,500	$ 2,158,743
Gary D. Stuart	Executive Vice President Payer Services	128,695	$ 440,737	144,598	$ 481,005	15,625	$ 296,875	$ 1,218,617
All Executive Officers as a Group			$ 4,112,518		$ 4,868,022		$ 2,192,125	$ 11,172,665
Non-Employee Directors								
Dinyar S. Devitre	Director	5,000	$ 17,500	5,000	$ 17,500	5,685	$ 108,015	$ 143,015
Mark F. Dzialga	Director	20,000	$ 70,000	20,000	$ 70,000			$ 140,000
Philip U. Hammarskjold(2)	Director	20,000	$ 70,000	20,000	$ 70,000			$ 140,000
Jim D. Kever	Director	5,000	$ 17,500	5,000	$ 17,500	5,685	$ 108,015	$ 143,015
Jonathan C. Korngold	Director	20,000	$ 70,000	20,000	$ 70,000			$ 140,000
Philip M. Pead	Director	5,000	$ 17,500	5,000	$ 17,500	5,685	$ 108,015	$ 143,015
Allen R. Thorpe(2)	Director	20,000	$ 70,000	20,000	$ 70,000			$ 140,000
TOTAL:			**$ 4,445,018**		**$ 5,200,522**		**$ 2,516,170**	**$ 12,161,710**

(1) Mr. Bahl holds 108,339 unvested stock options subject to vesting based on his continued service, for which vesting will be accelerated and which stock options will be cashed out in the merger. Mr. Bahl also holds 643,422 unvested and unearned performance-contingent stock options that are subject to vesting based on a combination of performance results for fiscal years 2011 and 2012 and his continued service. 257,369 of those performance-contingent stock options will become earned and 386,053 will be forfeited in accordance with their terms as a result of the merger. The 257,369 earned options will be 50% vested by their terms and vesting will be accelerated for the balance; all earned performance-contingent stock options will be cashed out in the merger.

(2) Held by the individual for the benefit of H&F Harrington and HFCP Domestic.

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Merger Proceeds in Respect of EBS Units

In connection with entering into the merger agreement, the compensation committee of the board of directors, acting on behalf of Emdeon in its capacity as the managing member of EBS Master, approved the accelerated vesting, to be effective immediately prior to the consummation of the merger, of unvested EBS Units (and corresponding shares of Emdeon Class B common stock) (excluding unearned performance-contingent EBS Units, which shall be forfeited immediately prior the consummation of the merger). Pursuant to the terms of the agreements governing the EBS Units (and corresponding shares of Emdeon Class B common stock) those unvested awards would otherwise have become vested on the one-year anniversary of the merger or earlier termination of the holder s employment without cause or for good reason.

In accordance with the merger agreement prior to the effective time of the merger each EBS Unit (excluding unearned performance-contingent EBS Units, which shall be forfeited as of immediately prior to the merger), whether vested or unvested, together with each corresponding share of Emdeon Class B common stock, held by members of management and directors of the Company will be exchanged for one share of Emdeon Class A common stock.

The following table sets forth, as of August 16, 2011 (the latest day practicable prior to the filing of this Proxy Statement) and assuming the merger occurred on such date, for each of the Company s executive officers and directors, the approximate cash proceeds that each of them will receive at the completion of the merger (without accounting for any applicable withholding taxes) in exchange for the shares of Emdeon Class A common stock issuable upon the exchange of EBS Units (and corresponding shares of Emdeon Class B common stock), including those that are currently unvested and would become vested in connection with the merger.

EBS Units (and Emdeon Class B Common Stock)

Name	Vested EBS Units[1] (#)	Cash Received in Respect of Exchanged Vested EBS Units ($)	Unvested EBS Units[1] (#)	Cash Received in Respect of Exchanged Unvested EBS Units ($)	Total Payments in Respect of Exchanged EBS Units[3] ($)
Executive Officers					
George I. Lazenby, IV	375,591	$ 7,136,229	134,919	$ 2,563,461	$ 9,699,690
Tracy L. Bahl[2]	48,664	$ 924,622	111,830[2]	$ 2,124,764	$ 3,049,386
Bob A. Newport, Jr	109,685	$ 2,084,015	45,312	$ 860,928	$ 2,944,943
J. Philip Hardin	94,224	$ 1,790,256	39,186	$ 744,534	$ 2,534,790
Mark Lyle					
Gregory T. Stevens	64,404	$ 1,223,676	44,961	$ 854,259	$ 2,077,935
Gary D. Stuart	150,965	$ 2,868,335	55,183	$ 1,048,477	$ 3,916,812
All Executive Officers as a Group		$ 16,027,133		$ 8,196,423	$ 24,223,556
Non-Employee Directors					
Dinyar S. Devitre	7,239	$ 137,541			$ 137,541
Mark F. Dzialga					
Philip U. Hammarskjold					
Jim D. Kever	7,239	$ 137,541			$ 137,541
Jonathan C. Korngold					
Philip M. Pead	7,239	$ 137,541			$ 137,541
Allen R. Thorpe					
TOTAL:		$ 16,439,756		$ 8,196,423	$ 24,636,179

(1) Includes a corresponding number of shares of Emdeon Class B common stock.
(2) Mr. Bahl holds 29,199 unvested EBS Units (and corresponding shares of Emdeon Class B common stock) subject to vesting based on his continued service, for which vesting will be accelerated and which EBS Units (and Emdeon Class B common stock) will be exchanged for an equal number of shares of Emdeon Class A common stock immediately prior to the effective time of the merger. Mr. Bahl also holds 206,578 unvested and unearned performance-contingent EBS Units (and corresponding shares of Emdeon Class B common stock) subject

to

vesting based on a combination of performance results for fiscal years 2011 and 2012 and his continued service. 82,631 of those performance-contingent EBS Units (and corresponding shares of Emdeon Class B common stock), will become earned and 123,947 will be forfeited in accordance with their terms as a result of the merger. The 82,631 earned EBS Units (and corresponding shares of Emdeon Class B common stock) will be 50% vested by their terms, and vesting will be accelerated for the balance. All earned performance-contingent EBS Units (and corresponding shares of Emdeon Class B common stock) will be exchanged for an equal number of shares of Emdeon Class A common stock immediately prior to the effective time of the merger.

(3) The amounts reported above do not include payments that may be required to be made under the Management Tax Receivable Agreement (as defined in Special Factors Tax Receivable Arrangements) that arise in connection with the exchange of EBS Units (and corresponding shares of Class B common stock). See Special Factors Tax Receivable Arrangements Existing Tax Receivable Agreements beginning on page 90. See also, Advisory Vote on Golden Parachute Compensation beginning on page 134.

For additional information regarding the nature of each director s and executive officer s beneficial ownership of Emdeon common stock, see Security Ownership of Certain Beneficial Owners and Management beginning on page 141.

Employee-Related Interests

In addition to the other rights and interests in the merger described in this section, the Company s executive officers are entitled to receive the same benefits under the merger agreement as all other employees of the Company. In this regard, Parent has agreed to honor the Company s current employment and severance agreements after the effective time (and all of the executive officers are party to employment agreements with the Company or one of its affiliates that provide for severance upon involuntary termination of employment other than for cause and, in some cases, in the event of resignation for good reason), to maintain certain levels of compensation and benefits to the Company s employees for one year after the merger and to recognize service with the Company prior to the merger for purposes of employees participation in the Company s or Parent s benefit plans after the merger. A more complete description of the benefits provided to the Company s employees under the merger agreement is under the heading The Merger Agreement Covenants of Parent and/or Merger Sub Employee Matters beginning on page 123. For additional information regarding severance arrangements with the Company s named executive officers, see Advisory Vote on Golden Parachute Compensation beginning on page 134.

New Management Arrangements

As of the date of this Proxy Statement, Parent has not entered into any employment agreements with any of the Company s executive officers (or other employees of the Company) and, except for the accelerated vesting of stock options, restricted stock units and EBS Units (and corresponding shares of Emdeon Class B common stock) as described above, the Company has not amended or modified any existing employment agreements or other arrangements with its executive officers in connection with the merger. Parent or its affiliates may pursue agreements, arrangements or understandings with the Company s executive officers, which may include cash, stock and co-investment opportunities and Parent or its affiliates may initiate negotiations of these arrangements, arrangements and understandings regarding employment with, or the right to participate in the equity of, the surviving corporation or Parent on a going-forward basis following the completion of the merger, however, in each case, there is no present contractual obligation to do so and neither Parent nor its affiliates has initiated any such negotiation as of the date of this Proxy Statement.

Transaction Related Bonuses

On July 31, 2011, the compensation committee of the board of directors approved a transaction bonus pool (in an aggregate amount of up to $3.5 million) that may be paid to employees, including executive officers, upon

consummation of the merger, in recognition of their efforts in connection with the completion of the merger. The individuals eligible to receive a transaction bonus and the amount and other terms of each transaction bonus have not yet been determined and will be determined subject to reasonable consultation with Parent.

Investors Tax Receivable Agreements

As described below, in connection with and upon consummation of the merger, the GA Equityholders will retain the rights to certain distributions from the Tax Receivable Entity (as defined in Special Factors Tax Receivable Arrangements) relating to certain tax benefit payments from the Company. Messrs. Korngold and Dzialga are directors of the Company and are affiliated with the GA Equityholders. See Special Factors Tax Receivable Arrangements beginning on page 90.

In addition, as described below, in connection with the merger and the other transactions contemplated by the merger agreement, the Company will enter into amended and restated tax receivable agreements with the Tax Receivable Entity as of the closing of the merger. The Tax Receivable Entity is currently controlled by the H&F Equityholders and the GA Equityholders and following the consummation of the merger, will be controlled by the H&F Equityholders and Sponsor. Each of Messrs. Thorpe and Hammarskjold are directors of the Company and are affiliated with the H&F Equityholders. Messrs. Korngold and Dzialga are directors of the Company and are affiliated with the GA Equityholders. See Special Factors Tax Receivable Arrangements beginning on page 90.

Management Tax Receivable Agreement

The Company may propose amendments to the Management Tax Receivable Agreement similar to the amendments discussed above for the Investors Tax Receivable Agreements as of the closing of the merger; however, there is no present contractual obligation to do so. See Special Factors Tax Receivable Arrangements beginning on page 90. In the absence of such amendments, the consequence of the exchange of EBS Units (and corresponding shares of Emdeon Class B common stock) in accordance with the merger agreement, including previously unvested EBS Units (and corresponding shares of Emdeon Class B common stock) held by certain members of our senior management and board of directors (collectively, the Management Members), including the Company s named executive officers, will be determined under their existing tax receivable agreement with the Company. See Special Factors Tax Receivable Arrangements Existing Tax Receivable Agreements beginning on page 90.

Additional information about merger related compensation and benefits payable to the Company s named executed officers is set forth under Advisory Vote on Golden Parachute Compensation beginning on page 134.

Intent to Vote in Favor of the Merger

Our directors and executive officers have informed us that, as of the date of this Proxy Statement, they intend to vote all of the shares of Emdeon common stock owned directly by them in favor of the adoption of the merger agreement. As of [ ], 2011, the record date for the Special Meeting, our directors and current executive officers directly owned, in the aggregate, [ ] shares of Emdeon common stock entitled to vote at the Special Meeting, or collectively approximately [ ]% of the outstanding shares of Emdeon common stock entitled to vote at the Special Meeting.

Voting Agreements

Concurrently with the execution and delivery of the merger agreement, the GA Equityholders, on the one hand, and the H&F Equityholders, on the other hand (which are together referred to as the Voting Agreement Equityholders), have entered into separate voting agreements with Parent that cover an aggregate of approximately 72.0% of the outstanding shares of Emdeon common stock. Under the terms of its applicable voting agreement, each of the Voting Agreement Equityholders has agreed to vote, or cause to be voted, its

shares of Emdeon common stock (i) in favor of the adoption of the merger agreement, (ii) in favor of any related proposal in furtherance of the merger and the transactions contemplated by the merger agreement, (iii) against any action or proposal that would result in a material breach of any material representation, warranty, covenants or agreement of either the Company contained in the merger agreement, or the applicable Voting Agreement Equityholder under its applicable voting agreement and (iv) against any takeover proposal.

The Voting Agreement Equityholders further agreed in each of their respective voting agreements with Parent not to (i) transfer beneficial ownership of any of their shares of Emdeon common stock unless such transfer is made in compliance with the voting agreement (including certain customary permitted transferee exceptions), (ii) enter into any other voting agreement, voting trust or similar arrangement with respect to each such Voting Agreement Stockholder s shares of Emdeon common stock or (iii) grant any proxy, consent or power of attorney with respect to each such Voting Agreement Stockholder s shares of Emdeon common stock. The Voting Agreement Equityholders further agreed not to solicit any takeover proposals or take any other action that the Company is prohibited from taking pursuant to the no-solicitation restrictions of the Company in the merger agreement as described under The Merger Agreement Covenants of the Company No Solicitation of Takeover Proposals; Fiduciary Out beginning on page 120.

The voting agreements were entered into by the Voting Agreement Equityholders solely in their capacity as stockholders of the Company, and the voting agreements do not limit or affect any actions taken by any officer or director of the Company solely in his or her capacity as a director or officer of the Company.

Each of the voting agreements will terminate automatically at the earliest of (i) the effective time of the merger, (ii) the termination of the merger agreement in accordance with its terms, (iii) any withdrawal or modification of, or any amendment to, the recommendation in respect of the merger and the merger agreement by the board of directors in a manner adverse to Parent, (iv) the making of any material change, by amendment, waiver or other modification to any provision of the merger agreement that (x) reduces the amount, changes the form or imposes any restrictions or additional conditions on the receipt of the merger consideration to the applicable Voting Agreement Equityholders that are party to the applicable voting agreements or (y) is otherwise materially adverse to the applicable Voting Agreement Equityholders that are party to the applicable voting agreement, and (v) February 9, 2012.

The foregoing summary of the voting agreements does not purport to be complete and is qualified in its entirety by reference to the voting agreements. Copies of the voting agreements are attached as exhibits (d)(4) and (d)(5) to the statement on Schedule 13E-3 filed by the Company and the filing persons listed thereon with the SEC on August 22, 2011.

Tax Receivable Arrangements

Existing Tax Receivable Agreements

In connection with the Company IPO, the Company entered into two tax receivable agreements (each an Investors Tax Receivable Agreement) with an entity (the Tax Receivable Entity) controlled by the H&F Equityholders and the GA Equityholders. One Investors Tax Receivable Agreement generally provides for the payment by the Company to the Tax Receivable Entity of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that the Company actually realizes in periods after the Company IPO as a result of (i) any step-up in tax basis in EBS Master s assets resulting from the purchases by the Company and its subsidiaries of EBS Units prior to the Company IPO, (ii) tax benefits related to imputed interest deemed to be paid by the Company as a result of this tax receivable agreement and (iii) loss carryovers from periods (or portions thereof) generated prior to the Company IPO.

The other Investors Tax Receivable Agreement generally provides for the payment by the Company to the Tax Receivable Entity of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or

franchise tax that the Company actually realizes in periods after the Company IPO as a result of (i) any step-up in tax basis in EBS Master s assets resulting from (A) exchanges by the H&F Unitholders of EBS Units (along with the corresponding shares of Emdeon Class B common stock) for cash or shares of Emdeon Class A common stock or (B) payments under this tax receivable agreement to the Tax Receivable Entity and (ii) tax benefits related to imputed interest deemed to be paid by the Company as a result of this tax receivable agreement.

The Company also entered into a tax receivable agreement with the Management Members (the Management Tax Receivable Agreement, and together with the Investors Tax Receivable Agreements, the Tax Receivable Agreements), which generally provides for the payment by the Company to the Management Members of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that the Company actually realizes in periods after the Company IPO as a result of (i) any step-up in tax basis in EBS Master s assets resulting from (A) purchases by the Company and its subsidiaries of EBS Units from the Management Members using a portion of the proceeds from the Company IPO, (B) exchanges by the Management Members of EBS Units (along with the corresponding shares of Emdeon Class B common stock) for cash or shares of Emdeon Class A common stock or (C) payments under this tax receivable agreement to the Management Members and (ii) tax benefits related to imputed interest deemed to be paid by the Company as a result of this tax receivable agreement.

The Tax Receivable Agreements provide that, upon certain mergers, asset sales, or other forms of business combination or certain other changes of control, obligations of the Company or its successor with respect to tax benefits would be based on certain assumptions, including that the Company or its successor would have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and tax basis and other benefits covered by the Tax Receivable Agreements. As a result, upon a change of control, the Company could be required to make payments under the Tax Receivable Agreements that are greater than or less than the specified percentage of the Company s actual cash tax savings.

The Company has the right to terminate the Tax Receivable Agreements at any time with respect to amounts payable under the Tax Receivable Agreements and with respect to all of the EBS Units held by the H&F Unitholders and the Management Members. If the Company terminates the Tax Receivable Agreements, the Company s obligations under the Tax Receivable Agreements will be accelerated and will become due and payable upon such termination, with the amount so payable being calculated using a discount rate equal to the lesser of LIBOR plus 100 basis points and 6.5% per annum and assumptions as to income tax rates and as to the Company s ability to utilize the tax benefits covered by the applicable Tax Receivable Agreement (including the assumption that the Company will have sufficient taxable income). These payments could be substantial and could exceed the Company s actual cash tax savings to which the Tax Receivable Agreements relate.

In addition, rights to receive payments under the Tax Receivable Agreements may be terminated by the Tax Receivable Entity or the Management Members, as applicable, upon certain changes in tax law. In the event of such a termination, the Tax Receivable Entity or the Management Members would have the right, subject to the delivery of an appropriate tax opinion and certain other conditions, to require the Company to pay a lump sum amount in lieu of the periodic payments otherwise provided under the agreements. That lump sum amount would be calculated by increasing the portion of the tax savings retained by the Company to 30% (from 15%) and by calculating a present value for the total amount that would otherwise be payable under the agreements, using a specified discount rate and assumptions as to income tax rates and as to the Company s ability to utilize the tax benefits covered by the applicable Tax Receivable Agreement (including the assumption that we will have sufficient taxable income). This lump sum amount may be paid in cash or by a subordinated note.

Transfer Agreement

Affiliates of the GA Equityholders have entered into a transfer agreement pursuant to which the GA Equityholders will, in connection with and upon the consummation of the merger, except to the extent discussed below, transfer and assign to an affiliate of Sponsor all of the GA Equityholders direct and indirect interests in

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the Tax Receivable Entity and will release any right of distributions from the Tax Receivable Entity in respect of future payments from the Company under the Investors Tax Receivable Agreements in respect of periods (or portion thereof) from and after the Closing. The GA Equityholders will retain the rights to distributions from the Tax Receivable Entity in respect of the transferred interests relating to tax benefit payments from the Company (i) in respect of calendar year 2010, subject to a cap of $750,000, and (ii) in respect of any tax periods subsequent to calendar year 2010, subject to a cap of $2.0 million.

The foregoing summary of the transfer agreement does not purport to be complete and is qualified in its entirety by reference to the transfer agreement. A copy of the transfer agreement is attached as exhibit (d)(11) to the statement on Schedule 13E-3 filed by the Company and the filing persons listed thereon with the SEC on August 22, 2011.

Amended and Restated Tax Receivable Agreements

In connection with the merger and the other transactions contemplated by the merger agreement, the Company will enter into amended and restated Investors Tax Receivable Agreements with the Tax Receivable Entity as of the closing of the merger. The amended and restated Investors Tax Receivable Agreements will provide (i) that the merger will be deemed not to result in a change of control under the terms of the existing tax receivable agreements, and (ii) that in the event of a subsequent change of control or initial public offering, any early termination payments under such tax receivable agreements will be calculated at a 10% discount rate, which is significantly higher than the rate provided under the existing tax receivable agreements.

Under the amended and restated Investors Tax Receivable Agreements, the Tax Receivable Entity will not have the right to terminate the amended and restated Investors Tax Receivable Agreements upon a change in law or to require the Company to make a lump sum amount in lieu of the periodic payments otherwise provided under the agreements.

The Company may propose similar amendments to the Management Tax Receivable Agreement as of the closing of the merger, however, there is no present contractual obligation to do so.

The foregoing summary of the amended and restated Tax Receivable Agreements does not purport to be complete and is qualified in its entirety by reference to the forms of amended and restated Tax Receivable Agreements. Copies of the forms of amended and restated Tax Receivable Agreements are attached as exhibits (d)(8), (d)(9) and (d)(10) to the statement on Schedule 13E-3 filed by the Company and the filing persons listed thereon with the SEC on August 22, 2011.

Dividends

Pursuant to the merger agreement, we are prohibited from declaring or paying any dividends following execution of the merger agreement on August 3, 2011.

Appraisal Rights

The summary of the provisions set forth in this section is not a complete statement of your appraisal rights under Delaware law and is qualified in its entirety by reference to the text of Section 262 of the DGCL, a copy of which is attached as Appendix B to this Proxy Statement and is incorporated herein by reference. Stockholders intending to exercise appraisal rights should carefully review Appendix B to this Proxy Statement. Failure to follow any of the statutory procedures precisely may result in a termination or waiver of these rights.

Holders of Emdeon common stock who do not vote in favor of the adoption of the merger agreement and who properly demand and perfect appraisal of their shares will be entitled to appraisal rights in connection with the merger in accordance with Section 262 of the DGCL. In order to exercise and perfect appraisal rights, a record

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holder of shares of Emdeon common stock must follow properly and in a timely manner the statutory procedures of Section 262 of the DGCL. Such holders will be entitled to have their shares of Emdeon common stock appraised by the Delaware Court of Chancery (the Court) and to receive the fair value of such shares in cash as determined by the Court, together with interest, if any, to be paid on the amount determined to be the fair value, in lieu of the consideration that such stockholder would otherwise be entitled to receive pursuant to the merger agreement.

The following is a brief summary and not a complete statement of all applicable requirements of Section 262 of the DGCL, which sets forth the procedures for dissenting from the merger and demanding and perfecting appraisal rights. Failure to follow the procedures set forth in Section 262 of the DGCL precisely could result in the loss of appraisal rights. Under Section 262 of the DGCL, where a merger is to be submitted for approval at a meeting of stockholders, such as the Special Meeting, not less than 20 days prior to the meeting, the corporation must notify each of its stockholders as of the record date for notice of such meeting with respect to shares for which appraisal rights are available that such appraisal rights are available and include in each such notice a copy of Section 262 of the DGCL. This Proxy Statement constitutes such notice to holders of Emdeon common stock concerning the availability of appraisal rights in accordance with Section 262 of the DGCL. A stockholder of record wishing to assert appraisal rights must hold the shares of stock on the date a demand for appraisal rights with respect to such shares is made and must continuously hold such shares through the effective time of the merger. Accordingly, a stockholder who is the record holder of shares of Emdeon common stock on the date the written demand for appraisal is made, but who thereafter transfers such shares prior to the effective time of the merger, will lose any right to appraisal in respect of such shares. Moreover, because of the complexity of the procedures for exercising the right to seek appraisal of shares of Emdeon common stock, if a stockholder considers exercising such rights, such stockholder should seek the advice of legal counsel.

Stockholders who desire to exercise their appraisal rights must satisfy all of the conditions of Section 262 of the DGCL. A written demand for appraisal of shares must be delivered to the Company before the taking of the vote on the merger at the Special Meeting. This written demand for appraisal of shares must be in addition to and separate from a vote against the adoption of the merger agreement, or an abstention or failure to vote in favor of the adoption of the merger agreement. Stockholders electing to exercise their appraisal rights must not vote **FOR** the adoption of the merger agreement. Any proxy or vote against the merger in and of itself will not constitute a demand for appraisal within the meaning of Section 262 of the DGCL.

A demand for appraisal must be executed by or for the stockholder of record. If the shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, the demand must be executed by or for the record owner. If the shares are owned by or for more than one person, as in a joint tenancy or tenancy in common, the demand must be executed by or for all joint owners. An authorized agent, including an agent for two or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner or owners and expressly disclose the fact that, in exercising the demand, he is acting as agent for the record owner or owners. Beneficial owners of shares of Emdeon common stock have no right directly to demand appraisal; such demands must be made through the record holder of such shares. A person having a beneficial interest in Emdeon common stock held of record in the name of another person, such as a broker or nominee, must act promptly to cause the record holder to follow the steps summarized herein and in a timely manner to perfect whatever appraisal rights the beneficial owner may have. A record holder who holds shares as nominee for several beneficial owners may exercise appraisal rights with respect to the shares of Emdeon common stock held for one or more beneficial owners while not exercising such rights with respect to the shares held for other beneficial owners; in such case, the written demand should set forth the number of shares as to which appraisal is sought. If the number of shares of Emdeon common stock is not expressly stated, the demand will be presumed to cover all shares held in the name of the record owner. If Emdeon common stock is held through a broker who in turn holds the Emdeon common stock through a central securities depository nominee such as Cede & Co., a demand for appraisal of such Emdeon common stock must be made by or on behalf of the depository nominee and must identify the depository nominee as record holder.

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A stockholder who elects to exercise appraisal rights should mail or deliver the required written demand to the Company at Emdeon Inc., 3055 Lebanon Pike, Suite 1000, Nashville, Tennessee 37214, Attention: Corporate Secretary.

The demand must reasonably inform the Company of the identity of the holder as well as the holder s intention to demand the appraisal of the shares held by the holder. A stockholder s failure to make the written demand prior to the taking of the vote on the adoption of the merger agreement at the Special Meeting will constitute a waiver of appraisal rights. Within 10 days after the effective time of the merger, the Company must provide notice of the effective time of the merger to all of the Company s stockholders who have complied with Section 262 of the DGCL and have not voted in favor of the adoption of the merger agreement.

Within 120 days after the effective time of the merger (but not thereafter), any stockholder who has satisfied the requirements of Section 262 of the DGCL will be entitled, upon written request, to receive from the Company a statement listing the aggregate number of shares not voted in favor of adoption of the merger agreement and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. The statement must be mailed within 10 days after a written request therefor has been received by the Company or within 10 days after the expiration of the period for delivery of demands for appraisal, whichever is later. A person who is the beneficial owner of shares of Emdeon common stock held either in a voting trust or by a nominee on behalf of such person may, in such person s own name, request from the Company the statement described in this paragraph.

Within 120 days after the effective time of the merger (but not thereafter), either the Company or any stockholder who has complied with Section 262 of the DGCL and who is otherwise entitled to appraisal rights may commence an appraisal proceeding by filing a petition in the Court demanding a determination of the value of the shares of Emdeon common stock owned by stockholders entitled to appraisal rights. If no such petition is filed within such 120-day period, appraisal rights will be lost for all stockholders who had previously demanded appraisal of their shares. The Company has no obligation or present intention to file such a petition if demand for appraisal is made, and holders should not assume that the Company will file a petition. Accordingly, it is the obligation of the holders of Emdeon common stock to initiate all necessary action to perfect their appraisal rights in respect of shares of Emdeon common stock within the time prescribed in Section 262 of the DGCL. A person who is the beneficial owner of shares of Emdeon common stock held either in a voting trust or by a nominee on behalf of such person may, in such person s own name, file such a petition.

Upon the filing of any petition by a stockholder in accordance with Section 262 of the DGCL, service of a copy thereof must be made upon the Company. The Company must, within 20 days after such service, file in the office of the Register in Chancery in which the petition was filed, a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom the Company has not reached agreements as to the value of their shares. The Court may require the stockholders who have demanded an appraisal for their shares (and who hold stock represented by certificates) to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings and the Court may dismiss the proceedings as to any stockholder that fails to comply with such direction.

At the hearing on such petition, the Court shall determine those stockholders who have complied with Section 262 of the DGCL and who have become entitled to appraisal rights thereunder. After the Court determines the holders of Emdeon common stock entitled to appraisal, the appraisal proceeding shall be conducted in accordance with the rules of the Court, including any rules specifically governing appraisal proceedings. Through such proceeding, the Court shall determine the fair value of the shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest, if any, to be paid upon the amount determined to be the fair value. Unless the Court in its discretion determines otherwise for good cause shown, interest from the effective time of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5.0% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective time of the merger and the date of payment of the judgment.

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In determining fair value, the Court will take into account all relevant factors. In *Weinberger v. UOP, Inc.*, the Supreme Court of Delaware discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that proof of value by any techniques or methods that are generally considered acceptable in the financial community and otherwise admissible in court should be considered, and that fair price obviously requires consideration of all relevant factors involving the value of a company. The Supreme Court of Delaware stated that, in making this determination of fair value, the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts that could be ascertained as of the date of the merger that throw any light on future prospects of the merged corporation. Section 262 of the DGCL provides that fair value is to be exclusive of any element of value arising from the accomplishment or expectation of the merger. In *Cede & Co. v. Technicolor, Inc.*, the Supreme Court of Delaware stated that such exclusion is a narrow exclusion that does not encompass known elements of value, but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Supreme Court of Delaware also stated that elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered. Stockholders considering seeking appraisal of their shares should note that the fair value of their shares determined in accordance with Section 262 of the DGCL could be more, or less than, or equal to, the consideration they would receive pursuant to the merger agreement if they did not seek appraisal of their shares.

Stockholders also should be aware that investment banking opinions as to the fairness, from a financial point of view, of the consideration payable in a sale transaction, such as the merger, are not opinions as to, and do not otherwise address, fair value under Section 262 of the DGCL. Although the Company believes that the merger consideration is fair, no representation is made as to the outcome of the appraisal of fair value as determined by the Court. Moreover, the Company does not anticipate offering more than the merger consideration to any stockholder exercising appraisal rights and reserves the right to assert, in any appraisal proceeding, that for purposes of Section 262 of the DGCL, the fair value of a share of Emdeon common stock is less than the merger consideration.

The costs of the appraisal proceeding (which do not include attorneys fees or the fees and expenses of experts) may be determined by the Court and taxed against the parties as the Court deems equitable under the circumstances. Upon application of a dissenting stockholder, the Court may order all or a portion of the expenses incurred by any dissenting stockholder in connection with the appraisal proceeding, including reasonable attorneys fees and the fees and expenses of experts, to be charged pro rata against the value of all shares entitled to appraisal. In the absence of a determination or assessment, each party bears his, her or its own expenses.

Any stockholder who has duly demanded appraisal in compliance with Section 262 of the DGCL will not, after the effective time of the merger, be entitled to vote for any purpose the shares subject to demand or to receive payment of dividends or other distributions on such shares, except for dividends or distributions payable to stockholders of record at a date prior to the effective time of the merger.

At any time within 60 days after the effective time of the merger, any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party will have the right to withdraw his, her or its demand for appraisal and to accept the terms offered in the merger agreement. After this period, a stockholder may withdraw his, her or its demand for appraisal and receive payment for his, her or its shares as provided in the merger agreement only with the Company s written consent. No appraisal proceeding in the Court will be dismissed as to any stockholder without the approval of the Court, and such approval may be conditioned upon such terms as the Court deems just; provided, however, that any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party may withdraw his, her or its demand for appraisal and accept the merger consideration offered pursuant to the merger agreement within 60 days after the effective time of the merger. If the Company does not approve a request to withdraw a demand for appraisal when that approval is required, or, except with respect to any stockholder who withdraws such stockholder s right to appraisal in accordance with the proviso in the immediately preceding sentence, if the Court does not

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approve the dismissal of an appraisal proceeding, the stockholder will be entitled to receive only the appraised value determined in any such appraisal proceeding, which value could be more or less than, or equal to, the consideration being offered pursuant to the merger agreement. If no petition for appraisal is filed with the court within 120 days after the effective time of the merger, stockholders rights to appraisal (if available) will cease. Inasmuch as the Company has no obligation to file such a petition, any stockholder who desires a petition to be filed is advised to file it on a timely basis.

Failure by any stockholder to comply fully with the procedures of Section 262 of the DGCL of the DGCL (as reproduced in Appendix B to this Proxy Statement) may result in termination of such stockholder s appraisal rights. In view of the complexity of Section 262 of the DGCL, stockholders of the Company who may wish to dissent from the merger and pursue appraisal rights should consult their legal advisors.

Material U.S. Federal Income Tax Consequences

Except as specifically described below, the following is a discussion of the material U.S. federal income tax consequences of the merger to certain beneficial owners of Emdeon Class A common stock whose shares of Emdeon Class A common stock are converted into the right to receive cash in the merger, who hold such shares as capital assets (generally, for investment) and who will not own (actually or constructively) any equity interests in the surviving corporation or Parent after the merger. The following discussion is based upon the Internal Revenue Code of 1986, as amended (the Code), U.S. judicial decisions, administrative pronouncements and existing and proposed Treasury regulations, all as in effect as of the date hereof. All of the preceding authorities are subject to change, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those discussed below. The Company has not requested, and will not request, a ruling from the U.S. Internal Revenue Service (the IRS) with respect to any of the U.S. federal income tax consequences described below, and as a result there can be no assurance that the IRS will not disagree with or challenge any of the conclusions the Company has reached and described herein.

This discussion is not a complete analysis or listing of all of the possible tax consequences of the merger and does not address all tax considerations that might be relevant to particular holders in light of their personal circumstances or to persons that are subject to special tax rules. In addition, this discussion of the material U.S. federal income tax consequences does not address the tax treatment of special classes of holders, such as: financial institutions; regulated investment companies; real estate investment trusts; tax-exempt entities; controlled foreign corporations; passive foreign investment companies; retirement plans; insurance companies; persons holding shares of Emdeon Class A common stock as part of a hedging, integrated or conversion transaction, constructive sale or straddle ; persons who acquired Emdeon Class A common stock through the exercise or cancellation of employee stock options or otherwise as compensation for their services; U.S. expatriates; persons subject to the alternative minimum tax; dealers or traders in securities or currencies; or holders whose functional currency is not the U.S. dollar. This discussion also does not address the receipt of cash in connection with the cancellation of restricted stock units or options to purchase shares of Emdeon Class A common stock and does not address any other matters relating to equity compensation or benefit plans.

This discussion does not address any tax consequences other than U.S. federal income tax consequences, including estate and gift tax consequences and consequences under any state, local or non-U.S. laws.

For purposes of this section, the term U.S. holder means a beneficial owner of Emdeon Class A common stock that is: (i) an individual citizen of the United States or a resident of the United States as determined for U.S. federal income tax purposes, (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust (a) if a court within the United States is able to exercise primary jurisdiction over the administration of such trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (b) that has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

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The term non-U.S. holder means a beneficial owner of Emdeon Class A common stock that is, for U.S. federal income tax purposes, an individual, corporation, trust or estate that is not a U.S. holder. The term holder means a U.S. holder or a non-U.S. holder.

If an entity treated as a partnership for U.S. federal income tax purposes is a beneficial owner of Emdeon Class A common stock, the tax treatment of a partner or other owner will generally depend upon the status of the partner (or other owner) and the activities of the entity. If you are a partner (or other owner) of a partnership or other entity classified as a partnership for U.S. federal income tax purposes, you should consult your tax advisor regarding the tax consequences of the merger.

The following discussion is for general information only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder or prospective holder of Emdeon common stock and no opinion or representation with respect to the U.S. federal income tax consequences to any such holder or prospective holder is made. Each holder of Emdeon common stock is urged to consult such holder s tax advisors as to the particular consequences to such holder of the merger under U.S. federal, state and local, and applicable non-U.S. tax laws.

Characterization of the Merger

For U.S. federal income tax purposes, Merger Sub should be disregarded as a transitory entity, and the merger of Merger Sub with and into the Company should be treated as a taxable transaction to holders of Emdeon Class A common stock and should not be treated as a taxable transaction to the Company. We intend to take the position that, as a result of the merger, holders of our Class A common stock should be treated for U.S. federal income tax purposes as if they (a) sold a portion of their stock for cash and (b) had a portion of their stock redeemed by the Company for cash.

Due to the lack of legislative, judicial or other interpretive authority on this matter, it is unclear how the allocation of proceeds between the deemed sale and deemed redemption portions of the transaction should be determined. We intend to take the position that (i) the portion of our Class A common stock that is converted, by reason of the merger, into the cash proceeds provided directly or indirectly by Parent is being sold for cash and (ii) we are redeeming that portion of our Class A common stock that is converted, by reason of the merger, into the cash proceeds provided by the Company, including the cash proceeds of indebtedness incurred by Merger Sub and assumed by the Company, in connection with the merger. There can be no assurance, however, that the IRS will agree with such allocation.

U.S. Holders

Exchange of Emdeon Class A Common Stock for Cash. The exchange of shares of Emdeon Class A common stock for cash in the merger will be a taxable transaction for U.S. federal income tax purposes. A U.S. holder of Emdeon Class A common stock whose shares are converted into the right to receive cash in the merger generally will recognize capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount of cash received (determined prior to reduction for any applicable withholding taxes) and the U.S. holder s adjusted tax basis in the shares of Emdeon Class A common stock surrendered. Any capital gain or loss generally will be taxed as long-term capital gain or loss if the holding period for the shares of Emdeon Class A common stock surrendered exceeds one year at the effective time of the merger. If the holding period for the shares is one year or less at the effective time of the merger, any capital gain or loss generally will be taxed as short-term capital gain or loss. The deductibility of capital losses is subject to certain limitations. If a U.S. holder acquired different blocks of Emdeon Class A common stock at different times or different prices, such U.S. holder must determine its tax basis and holding period, and gain or loss, separately with respect to each block of Emdeon Class A common stock. If a U.S. holder recognizes a loss that exceeds certain thresholds, such U.S. holder may be required to file a disclosure statement with the IRS.

Information Reporting and Backup Withholding. Under U.S. federal income tax laws, cash payments made pursuant to the merger will generally be required to be reported to a U.S. holder of Emdeon Class A common

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stock and to the IRS unless an exemption applies. Additionally, under the U.S. federal backup withholding tax rules, unless an exemption applies, the paying agent will be required to withhold, and will withhold, 28% of all cash payments to which a U.S. holder of Emdeon Class A common stock is entitled pursuant to the merger agreement unless the U.S. holder provides a tax identification number (social security number or individual tax identification number in the case of an individual or employer identification number in the case of other U.S. holders), certifies that such number is correct, and certifies that no backup withholding is otherwise required, and otherwise complies with such backup withholding rules. Each U.S. holder of Emdeon Class A common stock should complete and sign the Substitute Form W-9 included as part of the letter of transmittal and return it to the paying agent in order to provide the information and certification necessary to avoid backup withholding, unless an exemption applies and is established in a manner satisfactory to the paying agent. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be refunded or credited against the U.S. holder s U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Non-U.S. Holders

Exchange of Emdeon Class A Common Stock for Cash. Any gain realized on the receipt of cash in the merger by a non-U.S. holder generally will not be subject to U.S. federal income tax unless:

- the gain is effectively connected with the conduct of a trade or business of the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment (or, in the case of an individual non-U.S. holder, a fixed base) maintained by the non-U.S. holder in the United States);

- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the merger, and certain other conditions are met; or

- the Company is or has been a United States real property holding corporation under Section 897 of the Code for U.S. federal income tax purposes, at any time during the shorter of the five-year period ending on the effective date of the merger and the non-U.S. holder s holding period for the Emdeon Class A common stock and the non-U.S. holder owned (directly or indirectly) more than five percent of Emdeon Class A common stock at any time during such period.

A non-U.S. holder described in the first bullet point immediately above will generally be subject to tax on the gain derived from the merger in the same manner as if it were a U.S. Holder. In addition, such a non-U.S. holder that is a corporation may be subject to a branch profits tax equal to 30% of its effectively connected earnings and profits or such lower rate as may be specified by an applicable income tax treaty. An individual non-U.S. holder described in the second bullet point immediately above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) on the gain derived from the merger, which may be offset by certain U.S. source capital losses, even though the individual is not considered a resident of the United States. With respect to the third bullet point immediately above, the Company believes it is not and will not have been during the five years preceding the merger a United States real property holding corporation for U.S. federal income tax purposes.

Information Reporting and Backup Withholding. In general, a non-U.S. holder will not be subject to backup withholding or inform