

HLTH CORP  
Form DEFM14A  
September 15, 2009

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
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HLTH CORPORATION

(Name of Registrant as Specified In Its Charter)

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

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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**669 River Drive, Center 2  
Elmwood Park, New Jersey 07407**

**111 Eighth Avenue  
New York, New York 10011**

To the Stockholders of HLTH Corporation and WebMD Health Corp.:

On June 17, 2009, HLTH Corporation and WebMD Health Corp. entered into an agreement and plan of merger. This joint proxy statement/prospectus describes the merger contemplated by that agreement, including the reasons the merger was proposed, the negotiation process that led to the merger and other background information. We are sending you this joint proxy statement/prospectus and related materials in connection with the solicitation of proxies by the boards of directors of WebMD and HLTH for use at their Annual Meetings of Stockholders to be held on October 23, 2009. At the Annual Meetings, the stockholders of WebMD and HLTH will each be asked to consider and vote on a proposal to approve the merger of HLTH and WebMD, as well as the other proposals to be considered at the Annual Meetings. These proposals are discussed in greater detail in the remainder of this joint proxy statement/prospectus. **We urge you to carefully read this joint proxy statement/prospectus, and the documents incorporated by reference into it. In particular, see Risk Factors beginning on page 28.**

If the merger is approved by stockholders of HLTH and WebMD and the other conditions specified in the merger agreement are met:

HLTH will merge into WebMD, with WebMD continuing as the surviving company and HLTH will cease to exist as a separate entity;

each outstanding share of HLTH Common Stock will be converted into 0.4444 shares of WebMD Common Stock;

the WebMD Class B Common Stock held by HLTH will be canceled; and

holders of WebMD Class A Common Stock will continue to own their existing shares, which will not be affected by the merger, except that such shares will no longer be referred to as Class A and except as otherwise described in this joint proxy statement/prospectus.

Because of HLTH's ownership of a controlling interest in WebMD, the WebMD Board of Directors formed a special committee to consider possible transactions between the companies. Each of the members of the special committee is an independent director and none of its members serves as a director of HLTH. The special committee retained its own financial and legal advisors and, with the assistance of those advisors, negotiated the terms and conditions of the merger with HLTH. After this negotiation, and upon receipt of the opinion of Morgan Joseph & Co. Inc., an independent investment banking firm retained by the special committee, that the merger consideration to be received by holders of HLTH Common Stock is fair, from a financial point of view, to the holders of WebMD Class A Common Stock (other than HLTH and the officers and directors of HLTH, WebMD and their respective affiliates), the special committee unanimously recommended to the WebMD Board of Directors that the merger be approved and that the WebMD board recommend that holders of WebMD Class A Common Stock vote in favor of the merger. Based on the recommendation of the special committee, the WebMD Board of Directors approved the merger and recommends that holders of WebMD Class A Common Stock vote FOR the proposal to approve the merger at the WebMD Annual Meeting.

The HLTH Board of Directors believes that the merger is fair to and in the best interests of the stockholders of HLTH and recommends that HLTH's stockholders vote FOR the proposal to approve the merger at the HLTH Annual

Meeting.

In the merger agreement, HLTH has agreed to vote all of the shares of WebMD Class B Common Stock that it holds in favor of approving the merger. Since HLTH controls approximately 96% of the voting power of all the outstanding WebMD Common Stock, it can cause the merger to be approved by WebMD without the vote of any other stockholder. However, HLTH and WebMD cannot complete the merger unless a majority of the outstanding shares of HLTH Common Stock approves it.

All HLTH and WebMD stockholders are cordially invited to attend their company's Annual Meeting in person. However, to ensure your representation at the applicable Annual Meeting, you are urged to complete, sign, date and return the enclosed proxy card in the enclosed postage-prepaid envelope as promptly as possible.

Martin J. Wygod  
*Chairman of the Board and Acting Chief Executive Officer,  
HLTH Corporation*

Wayne T. Gattinella  
*Chief Executive Officer and President,  
WebMD Health Corp.*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger, approved or disapproved of the transaction, passed upon the merits or fairness of the transaction or determined if this joint proxy statement/prospectus is adequate, accurate or complete. Any representation to the contrary is a criminal offense.**

This joint proxy statement/prospectus is dated September 14, 2009 and is first being mailed to stockholders on or about September 18, 2009.

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**SOURCES OF ADDITIONAL INFORMATION**

**This joint proxy statement/prospectus includes information also set forth in documents filed by WebMD and HLTH with the SEC, and those documents include information about each company that is not included in or delivered with this document. This joint proxy statement/prospectus also incorporates by reference important business and financial information about WebMD and HLTH from documents filed by WebMD and HLTH with the SEC that are not included in or delivered with this document. You can obtain any of those documents filed with the SEC from WebMD or HLTH, as the case may be, or through the SEC at the SEC's web site. The address of that site is <http://www.sec.gov>. Stockholders of WebMD or HLTH may obtain documents filed with the SEC or documents incorporated by reference in this document, when available, free of cost, by directing a request to the appropriate company at:**

**HLTH Corporation  
669 River Drive, Center 2  
Elmwood Park, New Jersey 07407  
Attention: Investor Relations  
Telephone Number: (201) 414-2002**

**WebMD Health Corp.  
111 Eighth Avenue  
New York, New York 10011  
Attention: Investor Relations  
Telephone Number: (212) 624-3817**

**If you would like to request documents, in order to ensure timely delivery, you must do so at least five business days before the date of the Annual Meetings. This means you must request this information no later than September 18, 2009. WebMD or HLTH, as the case may be, will mail properly requested documents to requesting stockholders by first class mail, or another equally prompt means, within one business day after receipt of such requests.**

You should rely only on the information contained or incorporated by reference into this joint proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this joint proxy statement/prospectus. This joint proxy statement/prospectus is dated September 14, 2009. You should not assume that the information contained in, or incorporated by reference into, this joint proxy statement/prospectus is accurate as of any date other than that date, except to the extent that such information is contained in an additional document filed with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, between the date of this joint proxy statement/prospectus and the date of the HLTH and WebMD annual meetings and is incorporated by reference herein. Neither the mailing of this joint proxy statement/prospectus to HLTH or WebMD stockholders nor the issuance by WebMD of WebMD Common Stock in connection with the merger will create any implication to the contrary.

**This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this document regarding HLTH has been provided by HLTH and information contained in this document regarding WebMD has been provided by WebMD.**

**See Where You Can Find More Information on page 255.**

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**WEBMD HEALTH CORP.  
111 Eighth Avenue  
New York, New York 10011**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD OCTOBER 23, 2009**

To the Stockholders of WebMD Health Corp.:

NOTICE IS HEREBY GIVEN that an Annual Meeting of Stockholders of WebMD Health Corp. will be held at 9:30 a.m., Eastern time, on October 23, 2009, at The Ritz-Carlton New York, Battery Park, Two West Street, New York, New York 10004, for the following purposes:

1. To consider and vote on a proposal to adopt the agreement and plan of merger, dated as of June 17, 2009, between HLTH Corporation and WebMD, and to approve the transactions contemplated by that agreement, including the merger.
2. To elect three Class I directors, each to serve a three-year term expiring at the Annual Meeting of Stockholders in 2012 or until his successor is elected and has qualified or his earlier resignation or removal.
3. To consider and vote on a proposal to ratify and approve an amendment to WebMD's Amended and Restated 2005 Long-Term Incentive Plan to increase the number of shares of WebMD Common Stock issuable under that Plan by 1,100,000 shares, to a total of 15,600,000 shares.
4. To consider and vote on a proposal to ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm to serve as WebMD's independent auditor for the fiscal year ending December 31, 2009.
5. To consider and transact such other business as may properly be brought before the Annual Meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on September 8, 2009 will be entitled to vote at this meeting. The stock transfer books will not be closed.

All stockholders are cordially invited to attend the Annual Meeting in person. However, to ensure your representation at the Annual Meeting, you are urged to complete, sign, date and return the enclosed proxy card in the enclosed postage-prepaid envelope as promptly as possible.

By Order of the Board of Directors  
of WebMD Health Corp.

Douglas W. Wamsley  
*Executive Vice President,  
General Counsel and Secretary*

New York, New York

September 14, 2009

**YOUR VOTE IS IMPORTANT.**

**WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING,  
PLEASE COMPLETE, SIGN, DATE AND RETURN YOUR PROXY.**

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**HLTH CORPORATION  
669 River Drive, Center 2  
Elmwood Park, New Jersey 07407-1361**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD OCTOBER 23, 2009**

To the Stockholders of HLTH Corporation:

NOTICE IS HEREBY GIVEN that an Annual Meeting of Stockholders of HLTH Corporation will be held at 9:30 a.m., Eastern time, on October 23, 2009, at The Ritz-Carlton New York, Battery Park, Two West Street, New York, New York 10004, for the following purposes:

1. To consider and vote on a proposal to adopt the agreement and plan of merger, dated as of June 17, 2009, between WebMD Health Corp. and HLTH, and to approve the transactions contemplated by that agreement, including the merger.
2. To elect three Class II directors, each to serve a three-year term expiring at the Annual Meeting of Stockholders in 2012 or until his successor is elected and has qualified or his earlier resignation or removal.
3. To consider and vote on a proposal to ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm to serve as HLTH's independent auditor for the fiscal year ending December 31, 2009, in the event that the merger is not completed.
4. To consider and transact such other business as may properly be brought before the Annual Meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on September 8, 2009 will be entitled to vote at this meeting. The stock transfer books will not be closed.

All stockholders are cordially invited to attend the Annual Meeting in person. However, to ensure your representation at the Annual Meeting, you are urged to complete, sign, date and return the enclosed proxy card in the enclosed postage-prepaid envelope as promptly as possible.

By Order of the Board of Directors  
of HLTH Corporation

Charles A. Mele  
*Executive Vice President,  
General Counsel and Secretary*

Elmwood Park, New Jersey  
September 14, 2009

**YOUR VOTE IS IMPORTANT.**

**WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING,  
PLEASE COMPLETE, SIGN, DATE AND RETURN YOUR PROXY.**

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Annex B-2: HLTH Corporation 2008 Annual Report – Management’s Discussion and Analysis of Financial Condition and Results of Operations

Annex B-3: HLTH Corporation 2008 Annual Report – Performance Graph

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Annex C-1: WebMD Health Corp. 2008 Annual Report – Financial Statements

Annex C-2: WebMD Health Corp. 2008 Annual Report – Management’s Discussion and Analysis of Financial Condition and Results of Operations

Annex C-3: WebMD Health Corp. 2008 Annual Report – Performance Graph

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**FORWARD-LOOKING STATEMENTS**

This joint proxy statement/prospectus contains both historical and forward-looking statements. All statements, other than statements of historical fact, are or may be, forward-looking statements. For example, the following types of statements are, or may be, forward-looking statements:

projections, predictions, expectations, estimates or forecasts of the financial or operational performance of HLTH, WebMD or the combined company or of the value of assets or liabilities of HLTH, WebMD or the combined company;

HLTH's, WebMD's or the combined company's objectives, plans or goals; and

conditions or events following the completion of the proposed merger of HLTH and WebMD.

These forward-looking statements reflect management's current expectations concerning future results and events and can generally be identified by the use of expressions such as may, will, should, could, would, likely, predict, continue, future, estimate, believe, expect, anticipate, intend, plan, foresee, and other similar words or phrases as statements in the future tense.

Examples of forward-looking statements in this joint proxy statement/prospectus include, but are not limited to, statements regarding:

expected benefits from the merger;

HLTH's and WebMD's ability to satisfy the conditions and terms of the merger, and to execute the merger in the estimated timeframe, if at all;

expected governance of WebMD upon completion of the merger; and

the anticipated tax consequences of the merger.

Forward-looking statements are not guarantees of future performance. They involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be different from any future results, performance and achievements expressed or implied by these statements. Factors that may cause actual results to differ materially from those contemplated by the forward-looking statements include, among others, those disclosed in the section entitled "Risk Factors" and in other reports filed by WebMD and HLTH with the SEC and incorporated by reference in this joint proxy statement/prospectus.

The forward-looking statements included in this joint proxy statement/prospectus are made only as of the date of this joint proxy statement/prospectus. Except as required by applicable law or regulation, neither WebMD nor HLTH undertake any obligation to update any forward-looking statements to reflect subsequent events or circumstances.

**2008 ANNUAL REPORTS TO STOCKHOLDERS**

Annexes B-1 through B-4 of this joint proxy statement/prospectus constitute portions of the 2008 Annual Report required to be distributed with this joint proxy statement/prospectus to stockholders of HLTH. Annexes C-1 through C-5 of this joint proxy statement/prospectus constitute portions of the 2008 Annual Report required to be distributed

with this joint proxy statement/prospectus to stockholders of WebMD. For 2008, the companies will not be distributing stand-alone Annual Report documents. The Annexes, together with other information contained in this joint proxy statement/prospectus, contain all of the information that HLTH and WebMD would have included in their respective Annual Reports, but in a format that they believe is more useful to stockholders of both HLTH and WebMD in connection with this year's Annual Meetings.

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**QUESTIONS AND ANSWERS**

**The Annual Meetings of Stockholders**

**Q: When and where are the Annual Meetings of Stockholders?**

A: Both the HLTH Annual Meeting and the WebMD Annual Meeting will take place on October 23, 2009, at 9:30 a.m., at The Ritz-Carlton New York, Battery Park, Two West Street, New York, New York 10004.

\* \* \* \* \*

**The Merger**

**Q: What will HLTH stockholders receive in the merger?**

A: If the merger is completed, each outstanding share of HLTH Common Stock will be converted into 0.4444 shares of WebMD Common Stock.

WebMD will not issue any fractional shares of WebMD Common Stock in exchange for shares of HLTH Common Stock. Instead, each holder of a fractional share interest will be paid an amount in cash (without interest) equal to the fractional share interest multiplied by the closing price of a share of WebMD Class A Common Stock on the Nasdaq Global Select Market on the last trading day immediately preceding the effective time of the merger. For more information on the treatment of fractional shares, see The Merger Agreement Effect on Capital Stock; Merger Consideration; Exchange of Certificates Exchange of Certificates.

**Q: What will happen to shares of WebMD Common Stock in the merger?**

A: If the merger is completed, the shares of WebMD Class B Common Stock, all of which are held by HLTH, will be canceled. Holders of WebMD Class A Common Stock will continue to own their existing shares, which will not be converted or cancelled in the merger. However, since there will no longer be any WebMD Class B Common Stock outstanding following the effective time of the merger, the merger agreement provides for the certificate of incorporation of WebMD to be amended at the time of the merger to reflect there being only one class of WebMD Common Stock outstanding, all shares of which will have the same rights, and it will no longer be referred to as Class A after the merger. Based on 9.7 million shares of WebMD Class A Common Stock and 104.0 million shares of HLTH Common Stock outstanding as of August 31, 2009, there would be approximately 55.9 million shares of WebMD Common Stock outstanding on a pro forma basis, giving effect to the merger as of that date. The only further changes being made to WebMD's certificate of incorporation merely give effect, at the time of the merger, to provisions of the existing certificate of incorporation that would automatically have become effective whenever HLTH ceased to own a majority of the voting power of WebMD's outstanding Common Stock. For a description of the changes to be made to the certificate of incorporation of WebMD in connection with the merger, see Description of WebMD Capital Stock Amendments to Amended WebMD Charter and Amended and Restated By-laws.

**Q: What will happen to HLTH in the merger?**

A: Upon effectiveness of the merger, the separate corporate existence of HLTH will cease and WebMD will continue as the surviving company in the merger and will succeed to and assume all the rights and obligations of

HLTH.

**Q: Why was the merger proposed?**

A: The key goals for the merger include allowing HLTH's stockholders to participate directly in the ownership of WebMD, while eliminating HLTH's controlling interest in WebMD and the inefficiencies associated with having two separate public companies, increasing the ability of WebMD to raise capital and to obtain financing, and enhancing the liquidity of WebMD Common Stock by significantly increasing the public float. The boards of directors of HLTH and WebMD both believe that, as a result of the negotiations between HLTH and a special committee of the WebMD Board of Directors, which we refer to

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as the WebMD Special Committee, the merger agreement provides for a transaction that meets these goals and is fair to the holders of WebMD Class A Common Stock. The Board of Directors of HLTH also believes that the terms of the merger are fair to the holders of HLTH Common Stock. A detailed discussion of the background of, and reasons for, the merger are described in The Merger Background of the Merger, The Merger HLTH s Purposes and Reasons for the Merger and The Merger WebMD s Purposes and Reasons for the Merger.

**Q: Are there risks I should consider in deciding whether to vote for the merger?**

A: Yes. A description of some of the risks that should be considered in connection with the merger are included in this joint proxy statement/prospectus under the heading Risk Factors.

**Q: Why did the WebMD Board of Directors appoint a Special Committee to negotiate with HLTH?**

A: Because of HLTH s ownership of a controlling interest in WebMD, the Board of Directors of WebMD formed the WebMD Special Committee to consider and negotiate a possible transaction between the two companies to be proposed by HLTH. Each of the members of the WebMD Special Committee is an independent director and none of its members serves as a director of HLTH. The WebMD Special Committee retained its own financial and legal advisors and, with the assistance of those advisors, negotiated the terms and conditions of the merger with HLTH.

**Q: Do the boards of directors of HLTH and WebMD recommend voting FOR the proposals to adopt the merger agreement and approve the merger at the Annual Meetings?**

A: Yes. Based on the recommendation of the WebMD Special Committee s financial advisor, a copy of which is attached to this joint proxy statement/prospectus as Annex F, the Board of Directors of WebMD approved the merger agreement and the transactions contemplated thereby and declared the merger agreement advisable, and recommends that holders of WebMD Class A Common Stock vote FOR the proposal to adopt the merger agreement and approve the transactions contemplated thereby, including the merger, at the WebMD Annual Meeting.

Additionally, taking into consideration the fairness opinion of its financial advisor, a copy of which is attached to this joint proxy statement/prospectus as Annex E, the Board of Directors of HLTH also approved the merger agreement and the transactions contemplated thereby and declared the merger agreement advisable, and recommends that HLTH stockholders vote FOR the proposal to adopt the merger agreement and approve the transactions contemplated thereby, including the merger, at the HLTH Annual Meeting.

Pursuant to an engagement letter dated November 7, 2007 between HLTH and Raymond James, HLTH paid Raymond James a fee of \$100,000 upon delivery of its fairness opinion to the HLTH Board of Directors in connection with the merger. The engagement letter also provides that Raymond James will be paid a \$1,000,000 fee if the merger is completed. HLTH also previously paid a retainer fee of \$50,000 and an opinion fee of \$500,000 to Raymond James in connection with the terminated 2008 merger transaction between HLTH and WebMD. HLTH negotiated this fee structure so that it would not have to pay the additional \$1,000,000 fee if the merger were not consummated. At the time HLTH s Board of Directors requested delivery of a fairness opinion from Raymond James in connection with the merger, HLTH s Board understood the potential incentives to issue a fairness opinion created by the applicable fee structure. However, HLTH s Board believed that Raymond James would apply appropriate professional judgment in connection with its delivery of such opinion, regardless of the fee structure.

**Q:**

**How do HLTH s and WebMD s directors and executive officers intend to vote on the proposal to adopt the merger agreement and approve the merger at the Annual Meetings?**

A: As of September 8, 2009, which is the record date for both the HLTH and WebMD Annual Meetings, the directors and executive officers of HLTH held and are entitled to vote, in the aggregate, shares of HLTH Common Stock representing approximately 8.4% of the outstanding shares, and the directors and executive officers of WebMD held and are entitled to vote, in the aggregate, shares of WebMD Class A Common Stock representing approximately 0.4% of the aggregate voting power of the outstanding shares of WebMD Common Stock. HLTH and WebMD each believe that its directors and executive officers intend to vote all of their

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shares of HLTH Common Stock and WebMD Class A Common Stock FOR the proposal to adopt the merger agreement and approve the merger at the respective Annual Meetings. In addition, HLTH has agreed in the merger agreement to vote the WebMD Class B Common Stock it owns, which represents approximately 96% of the combined voting power of all WebMD Common Stock, in favor of the merger.

**Q: When do you expect to complete the merger?**

A: If HLTH and WebMD receive the required stockholder approvals at their respective Annual Meetings to be held on October 23, 2009, they expect to complete the merger shortly after those meetings.

**Q: How will the combined company's business be different?**

A: The combined company will consist of WebMD's business and may also include HLTH's Porex business, which HLTH is currently in the process of divesting. HLTH currently has no operating businesses other than Porex and WebMD.

**Q: What will be the composition of the Board of Directors of WebMD and HLTH following the merger?**

A: Immediately following the merger, the directors of HLTH who are not currently directors of WebMD will become directors of WebMD and, together with WebMD's existing directors, those directors will constitute the Board of Directors of the surviving corporation until their respective successors are duly elected and qualified or until their earlier resignation or removal.

**Q: What will happen to HLTH stock options and shares of HLTH restricted stock?**

A: In addition to providing for the merger consideration to be paid to HLTH stockholders, the Merger Agreement contains provisions for the treatment of HLTH stock options and HLTH restricted stock. At the time of the merger, HLTH stock options and shares of HLTH restricted stock will be treated as follows:

*Stock Options:* All outstanding stock options of HLTH will be assumed by WebMD without any further action on the part of HLTH or the option holders. These assumed options will become options to acquire WebMD Common Stock. The new exercise price and number of shares of WebMD Common Stock subject to the assumed options will be determined based on the exchange ratio. For a more detailed description, see "The Merger Interests of Certain Persons in the Merger Treatment of Grants Under HLTH and WebMD Equity Plans HLTH Stock Options."

*Restricted Stock:* Each outstanding share of restricted stock of HLTH will be converted into 0.4444 shares of restricted WebMD Common Stock. For a more detailed description, see "The Merger Interests of Certain Persons in the Merger Treatment of Grants Under HLTH and WebMD Equity Plans HLTH Restricted Stock Awards."

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

A: The merger is intended to constitute a reorganization