HLTH CORP
Form SC 13E3/A
October 15, 2008

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 13E-3
(Rule 13e-100)
TRANSACTION STATEMENT UNDER SECTION 13(e) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 13e-3 THEREUNDER
(AMENDMENT NO. 1)

HLTH Corporation
(Name of Issuer)
HLTH Corporation
WebMD Health Corp.
(Names of Person(s) Filing Statement)
Common Stock, par value $0.0001 per share
(Title of Class of Securities)
40422Y101
(CUSIP Number of Class of Securities)

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(Name, Address, and Telephone Numbers of Person Authorized to Receive Notices and Communications on Behalf of the Person(s) Filing Statement)

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This statement is filed in connection with (check the appropriate box):

a. þ The filing of solicitation materials or an information statement subject to Regulation 14A, Regulation 14C or Rule 13e-3(c) under the Securities Exchange Act of 1934.

b. þ The filing of a registration statement under the Securities Act of 1933.

c. o A tender offer.

d. o None of the above.

Check the following box if the soliciting materials or information statement referred to in checking box (a) are preliminary copies: þ

Check the following box if the filing is a final amendment reporting the results of the transaction: ¨

CALCULATION OF REGISTRATION FEE

Transaction Valuation*	**Amount of Filing Fee****
$2,989,005,157	$117,468

***Calculated solely for purposes of determining the filing fee.** The filing fee is based on the product of (i) $12.29, the average of the high and low prices for shares of HLTH Common Stock as reported on the Nasdaq Global Select Market on August 19, 2008, multiplied by (ii) 243,206,278 shares of HLTH Common Stock, representing an estimate of the maximum number of shares potentially outstanding immediately prior to the effective time of the merger, including certain shares issuable upon exercise of outstanding options to purchase HLTH Common Stock and upon conversion of outstanding HLTH convertible notes.

**The payment of the filing fee was calculated in accordance with Exchange Act Rule 0-11(b) by multiplying the transaction value of $2,989,005,157 by 0.00003930.

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

Amount Previously Paid:	$117,468
Form(s) or Registration No.:	Schedule 13E-3
Filing Party:	HLTH Corporation and WebMD Health Corp.
Date(s) Filed:	August 26, 2008

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INTRODUCTION

This Amendment No. 1 to Rule 13e-3 Transaction Statement on Schedule 13E-3 (this Transaction Statement) is being filed with the Securities and Exchange Commission (the SEC) pursuant to Section 13(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act), by WebMD Health Corp., a Delaware corporation (WebMD), and HLTH Corporation, a Delaware corporation (HLTH). HLTH is the parent company of WebMD, currently owning approximately 84% of the combined issued and outstanding Common Stock of WebMD through its ownership of all outstanding shares of WebMD Class B Common Stock. HLTH Common Stock and WebMD Class A Common Stock are both publicly traded and listed on The Nasdaq Global Select Market. The holders of WebMD Class A Common Stock currently hold approximately 16% of WebMD s combined issued and outstanding Common Stock, but have approximately 3.8% of the combined voting power of the outstanding shares because the WebMD Class B Common Stock has five votes per share, while the WebMD Class A Common Stock has one vote per share. WebMD and HLTH are sometimes referred to herein collectively as the Filing Persons of this Transaction Statement.

This Transaction Statement relates to the Agreement and Plan of Merger, dated February 20, 2008, as amended by those certain amendments to the agreement and plan of merger, dated May 6, 2008 and September 12, 2008, between WebMD and HLTH (the Merger Agreement). Pursuant to the Merger Agreement, HLTH will merge into WebMD, with WebMD continuing as the surviving company. Although HLTH is the parent company of, and controls WebMD, HLTH is considered the subject company for purposes of this Schedule 13E-3 because its equity securities are the ones being converted in the merger and, accordingly, would no longer be outstanding following the merger. The WebMD Board of Directors appointed a special committee, comprised of independent members of the WebMD Board of Directors who are not on the HLTH Board of Directors, to consider and negotiate the terms of the merger on behalf of the holders of WebMD Class A Common Stock.

In connection with the merger, WebMD s Class B Common Stock will cease to be outstanding and WebMD s certificate of incorporation will be amended and restated to eliminate the dual class structure of its shares. In addition, each outstanding share of HLTH Common Stock will be converted into the right to receive 0.1979 shares of WebMD Common Stock and $6.63 in cash, subject to increase to a maximum of $6.89 depending on whether HLTH sells certain auction rate securities that it owns before the completion of the merger and, if so, the amount of the proceeds that it receives. If HLTH s Porex business has not been sold at the time the merger occurs, WebMD may issue up to $250.0 million in 11% pay-in-kind redeemable subordinated notes (the Merger Notes) to the HLTH stockholders in lieu of a portion of the cash consideration that otherwise would be payable in the merger. The Merger Notes would be subject to mandatory redemption by WebMD from the proceeds of the divestiture of the Porex business. The redemption price would be equal to the principal amount of the notes to be redeemed plus accrued but unpaid interest through the date of the redemption.

If the merger is completed, holders of WebMD Class A Common Stock immediately before the merger will hold approximately 20% of WebMD s issued and outstanding Common Stock immediately following the merger (based on shares outstanding as of October 8, 2008) and will also have approximately 20% of the voting power of the issued and outstanding WebMD Common Stock, since there will no longer be a dual class structure. The remaining shares of WebMD Common Stock will be owned following the merger by holders of HLTH Common Stock immediately prior to the merger.

Concurrently with the filing of this Transaction Statement, WebMD and HLTH are filing with the SEC Amendment No. 1 to a joint proxy statement/prospectus on Form S-4 relating to the Annual Meeting of Stockholders of WebMD and the Annual Meeting of Stockholders of HLTH, each to be held on December 5, 2008. At the respective Annual Meetings, the stockholders of WebMD and HLTH will each be asked to consider and vote on, among other proposals, a proposal seeking adoption of the Merger Agreement and approval of the transactions contemplated by that agreement, including the merger.

The cross references below are being supplied pursuant to General Instruction G to Schedule 13E-3 and show the location in the preliminary joint proxy statement/prospectus of the information required to be included in response to the items of Schedule 13E-3. The information contained in the preliminary joint proxy statement/prospectus, including all exhibits and annexes thereto, is incorporated in its entirety herein by this reference, and the responses to each Item in this Transaction Statement are qualified in their entirety by the

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information contained in the preliminary joint proxy statement/prospectus and the annexes thereto. As of the date hereof, the joint proxy statement/prospectus is in preliminary form and is subject to completion or amendment. All information contained in this Transaction Statement concerning any of the Filing Persons has been provided by such Filing Person.

Item 1: Summary Term Sheet.

The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Questions and Answers
Summary

Item 2: Subject Company Information.

(a) (b) Name and Address; Securities. The information set forth in the preliminary joint proxy statement/prospectus under the following caption is incorporated herein by reference:

Summary HLTH

(c) (d) Trading Market and Price; Dividends. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary HLTH
Market Price and Dividend Information

(e) Prior Public Offerings. None.

(f) Prior Stock Purchases. The information set forth in the preliminary joint proxy statement/prospectus under the following caption is incorporated herein by reference:

Recent Transactions in HLTH Common Stock Transactions by HLTH

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Item 3: Identity and Background of Filing Persons.

(a) (c) Name and Address; Business and Background of Entities; Business and Background of Natural Persons. WebMD is an affiliate of HLTH because WebMD and HLTH share certain officers and directors and HLTH owns a controlling interest in WebMD. HLTH is the subject company with respect to the Rule 13e-3 transaction. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary WebMD
Summary HLTH
Information About the Companies WebMD
Information About the Companies HLTH
HLTH Directors and Executive Officers
WebMD Directors and Executive Officers

Item 4: Terms of the Transaction.

(a) Material Terms. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Questions and Answers
Summary Terms of the Merger
Summary Reasons for the Merger
Summary Anticipated Accounting Treatment of the Merger
Special Factors HLTH s Purposes and Reasons for the Merger
Special Factors WebMD s Purposes and Reasons for the Merger
Special Factors Certain Effects of the Merger
Special Factors Anticipated Accounting Treatment of the Merger
The Merger Agreement
Comparison of Stockholder Rights
The HLTH Annual Meeting Vote and Quorum Required
The WebMD Annual Meeting Vote and Quorum Required

(c) Different Terms. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary Treatment of HLTH s Convertible Notes in the Merger
Special Factors Approval of the Merger
Effect of the Merger on HLTH s Convertible Notes
The Merger Agreement Effect on Capital Stock; Merger Consideration; Exchange of Certificates

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(d) Appraisal Rights. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Questions and Answers
Summary Dissenters Rights
Special Factors Dissenters Rights

(e) Provisions for Unaffiliated Security Holders. There are no provisions in connection with this transaction to grant unaffiliated security holders access to the corporate files of HLTH or WebMD or to obtain counsel or appraisal services at the expense of HLTH or WebMD.

(f) Eligibility for Listing or Trading. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary Listing of WebMD Common Stock
Special Factors Listing of WebMD Common Stock
Description of Merger Notes

Item 5: Past Contacts, Transactions, Negotiations and Agreements.

(a) Transactions. The information contained in (a) the Quarterly Report of WebMD on Form 10-Q for the quarter ended March 31, 2008 under (i) the caption Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations Transactions with HLTH and (ii) Note 4 to the Notes to Consolidated Financial Statements, (b) the Quarterly Report of WebMD on Form 10-Q for the quarter ended June 30, 2008 under (i) the caption Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations Transactions with HLTH and (ii) Note 4 to the Notes to Consolidated Financial Statements, (c) the Annual Report of WebMD on Form 10-K for the fiscal year ended December 31, 2007 under (i) the caption Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Transactions with HLTH and (ii) Note 5 to the Notes to Consolidated Financial Statements and (d) the Annual Report of WebMD on Form 10-K for the fiscal year ended December 31, 2006 under (i) the caption Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Transactions with Emdeon and (ii) Note 4 to the Notes to Consolidated Financial Statements is incorporated herein by reference. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Certain Relationships and Related Transactions of HLTH
Certain Relationships and Related Transactions of WebMD

(b) (c) Significant Corporate Events; Negotiations or Contacts. The information set forth in the preliminary joint proxy statement/prospectus under the following caption is incorporated herein by reference:

Special Factors Background of the Merger

(e) Agreements Involving the Subject Company s Securities. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Special Factors Background of the Merger
Special Factors Interests of Certain Persons in the Merger

Item 6: Purposes of the Transaction and Plans or Proposals.

(b) (c) Use of Securities Acquired; Plans. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Questions and Answers
Summary Terms of the Merger
Special Factors Background of the Merger
Special Factors Certain Effects of the Merger
Effect of the Merger on HLTH s Convertible Notes
The Merger Agreement Effect on Capital Stock; Merger Consideration; Exchange of Certificates

Item 7: Purposes, Alternatives, Reasons and Effects in a Going-Private Transaction.

(a) (c) Purposes; Alternatives; Reasons. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary Recommendations of the WebMD Special Committee and the Boards of Directors

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Summary Reasons for the Merger
Special Factors Background of the Merger
Special Factors HLTH s Purposes and Reasons for the Merger
Special Factors WebMD s Purposes and Reasons for the Merger
Special Factors Recommendation of the HLTH Board of Directors
Special Factors Recommendations of the WebMD Special Committee and the Board of Directors
Special Factors Opinions of Financial Advisors

(d) Effects. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Questions and Answers
Special Factors Certain Effects of the Merger
Special Factors Material U.S. Federal Income Tax Consequences of the Merger
The Merger Agreement Effect on Capital Stock; Exchange of Certificates
Description of WebMD Capital Stock

Item 8: Fairness of the Going-Private Transaction.

(a) (b) Fairness; Factors Considered in Determining Fairness. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary Reasons for the Merger
Summary Recommendations of the WebMD Special Committee and the Boards of Directors
Special Factors Background of the Merger
Special Factors HLTH s Purposes and Reasons for the Merger
Special Factors WebMD s Purposes and Reasons for the Merger
Special Factors Recommendation of the HLTH Board of Directors
Special Factors Recommendations of the WebMD Special Committee and the Board of Directors
Special Factors Opinions of Financial Advisors

(c) Approval of Security Holders. This 13e-3 transaction is not structured so that approval of at least a majority of unaffiliated security holders of WebMD is required. All HLTH stockholders will have the opportunity to vote on the approval of the merger.

(d) Unaffiliated Representative. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary Recommendations of the WebMD Special Committee and the Boards of Directors
Special Factors Background of the Merger
Special Factors Recommendation of the HLTH Board of Directors
Special Factors Recommendations of the WebMD Special Committee and the Board of Directors
Special Factors Opinions of Financial Advisors

(e) Approval of Directors. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary Recommendations of the WebMD Special Committee and the Boards of Directors
Special Factors Background of the Merger
Special Factors Recommendation of the HLTH Board of Directors
Special Factors Recommendations of the WebMD Special Committee and the Board of Directors

(f) Other offers. None.

Item 9: Reports, Opinions, Appraisals, and Negotiations.

(a) (b) Report, Opinion or Appraisal; Preparer and Summary of the Report, Opinion, or Appraisal. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Special Factors Background of the Merger
Special Factors Opinions of Financial Advisors

(c) Availability of Documents. The information set forth in the preliminary joint proxy statement/prospectus under the following caption is incorporated herein by reference:

Where You Can Find More Information

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Item 10: Source and Amounts of Funds or Other Consideration.

(a) (c) Source of Funds; Conditions; Expenses. The information set forth in the preliminary joint proxy statement/prospectus under the following caption is incorporated herein by reference:

Special Factors Sources of Funds, Fees and Expenses

(d) Borrowed Funds. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary Terms of the Merger

The Merger Agreement Effect on Capital Stock; Merger Consideration; Exchange of Certificates

Description of Merger Notes

Item 11: Interest in Securities of the Subject Company.

(a) Securities Ownership. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Security Ownership of Certain HLTH Beneficial Owners and HLTH Management

Security Ownership of Certain WebMD Beneficial Owners and WebMD Management

(b) Securities Transactions. The information set forth in the preliminary joint proxy statement/prospectus under the following caption is incorporated herein by reference:

Recent Transactions in HLTH Common Stock Transactions by Directors and Officers of HLTH and WebMD

Item 12: The Solicitation or Recommendation.

(d) Intent to Tender or Vote in a Going-Private Transaction. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Questions and Answers

The HLTH Annual Meeting Vote and Quorum Required

(e) Recommendations of Others. None.

Item 13: Financial Statements.

(a) (b) Financial Information; Pro Forma Information. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary HLTH Ratio of Earnings to Fixed Charges

Selected Historical Consolidated Financial Data of HLTH

Unaudited Pro Forma Condensed Consolidated Financial Statements

Comparative Share Data

Annex B-1: HLTH Corporation 2007 Annual Report Financial Statements

Item 14: Persons/Assets, Retained, Employed, Compensated or Used.

(a) (b) Solicitations or Recommendations; Employees and Corporate Assets. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary Recommendations of the WebMD Special Committee and the Boards of Directors

Summary Interests of Certain Persons in the Merger

Special Factors Background of the Merger

Special Factors Recommendation of the HLTH Board of Directors

Special Factors Recommendations of the WebMD Special Committee and the Board of Directors

Special Factors Interests of Certain Persons in the Merger

Special Factors Opinions of Financial Advisors

Special Factors Sources of Funds, Fees and Expenses

The HLTH Annual Meeting Solicitation of Proxies

The WebMD Annual Meeting Solicitation of Proxies

Item 15: Additional Information.

(b) Other Material Information. The information set forth in the preliminary joint proxy statement/prospectus, including all annexes thereto, is incorporated in its entirely herein by this reference.

Item 16: Exhibits. See the attached Exhibit Index on page E-1, which is incorporated herein by reference.

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SIGNATURES

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: October 14, 2008

HLTH CORPORATION

By: /s/ Lewis H. Leicher

Lewis H. Leicher
Senior Vice President

WEBMD HEALTH CORP.

By: /s/ Lewis H. Leicher

Lewis H. Leicher
Senior Vice President

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EXHIBIT INDEX

Exhibit Number	Description
(a)	Preliminary joint proxy statement/prospectus of WebMD and HLTH (incorporated by reference to the Registration Statement on Form S-4 filed by WebMD, as amended (Registration No. 333-153194))
(b)(1)	Loan Agreement, dated as of May 6, 2008, between Citigroup Global Markets Holdings Inc. and HLTH Corporation (incorporated by reference to Exhibit 10.1 to HLTH s Quarterly Report on Form 10-Q for the quarter ended June 30, 2008)
(b)(2)	Loan Agreement, dated as of May 6, 2008, between Citigroup Global Markets Inc. SB and WebMD Health Corp. (incorporated by reference to Exhibit 10.1 to WebMD s Quarterly Report on Form 10-Q for the quarter ended June 30, 2008)
(c)(1)	Opinion of Raymond James & Associates, Inc., dated February 20, 2008 (included as Annex F to Exhibit (a))
(c)(2)	Presentation of Raymond James & Associates, Inc., dated February 20, 2008
(c)(3)	Opinion of Morgan Joseph & Co. Inc., dated February 20, 2008 (included as Annex G to Exhibit (a))
(c)(4)	Presentation of Morgan Joseph & Co. Inc., dated February 20, 2008
(d)(1)	Agreement and Plan of Merger, dated as of February 20, 2008, between WebMD and HLTH (included as Annex A-1 to Exhibit (a))
(d)(2)	Amendment No. 1 to Agreement and Plan of Merger, dated as of May 6, 2008, between WebMD and HLTH (included as Annex A-2 to Exhibit (a))
(d)(3)	Amendment No. 2 to Agreement and Plan of Merger, dated as of September 12, 2008, between WebMD and HLTH (included as Annex A-3 to Exhibit (a))
(f)	Section 262 of the Delaware General Corporation Law (included as Annex D to Exhibit (a))
(g)	None