

Glossary

Accretive

Adding to a company's earnings, as in the case of a profitable acquisition.

ACORD (Association for Cooperative Operations Research and Development)

A non-profit insurance organization that develops and maintains standards for sharing information. It allows companies to transact business electronically with agents, brokers and other data partners in the insurance, reinsurance and related financial services industries.

Allegiance Health Services, Inc. (Allegiance Health)

A provider of independent medical examinations (IME's) and related services to the healthcare and insurance industries and self-insured companies in New York State, acquired in January 2004.

Alternative Distribution Channels (ADCs)

"Non-traditional" methods for selling insurance, such as the Internet, banks and quote services.

Attending Physician Statement (APS)

Medical records obtained with written patient authorization for the purpose of underwriting life, health and disability insurance.

Corporate Governance

Issues associated with the management practices, Board structures and personnel policies of companies.

D&D Associates

A leading New York provider of independent medical examination (IME) case management services, acquired in 2002. D&D's services support personal injury protection claims, automobile no-fault liability claims and workers' compensation claims, primarily for property and casualty insurers and claims reviewers.

DBU

The Diversified Business Unit of Hooper Holmes, which provides IME's and related claim management services primarily to automobile no-fault, workers' compensation, disability and general liability insurance markets.

Earnings per Share – Basic

Net income divided by the number of shares outstanding during the period.

Earnings per Share – Diluted

Net income divided by the sum of weighted average number of shares outstanding during the period plus shares assumed to be issued if all outstanding stock options were exercised.

EBITDA

Earnings before interest, taxes, depreciation and amortization.

e-mobile exam™

Hooper Holmes' proprietary wireless exam-data capture program and transmitter.

Goodwill

An intangible asset that provides a competitive advantage, such as a strong brand, reputation, favorable location or high employee morale.

Healthdex Service Group

Hooper Holmes' data gathering service specifically dedicated to the biotech and pharmaceutical industries in support of clinical trials and sales and marketing activities.

Heritage Labs

A subsidiary of Hooper Holmes, Heritage Labs is a full-service, progressive laboratory serving the insurance industry. Heritage assembles collection kits for use by paramedical and other companies, and analyzes blood, urine and oral-fluid samples and transmits the results to the ordering insurance company.

HIBU

The Health Information Business Unit of Hooper Holmes, which ties together all of the paramedical, laboratory, APS and inspection report services required to underwrite life, health and disability insurance.

Independent Medical Exams (IME)

An impartial medical examination performed by an independent physician, usually at the request of an insurer in order to evaluate a claim.

Infolink Services Group

Developed to complement the paramedical services provided by Portamedic®. Products include Inspection Reports and Attending Physician Statements.

Medicals Direct Group

A market leader in the U.K. in providing paramedical examinations and underwriting services to the life insurance industry, acquired in 2002.

Medimax, Inc.

A provider of independent medical examinations (IME's) based in Fairless Hills, Pennsylvania, acquired in October 2003.

The National Medical Examination Network (National Medicals)

A provider of independent medical examination (IME) and screening services in the United Kingdom, acquired by Medicals Direct Group in October 2003.

Online Forms Library

An online catalog of insurance exam forms organized by participating insurer and state, for use by Hooper Holmes' branch employees.

Operating Income

Earnings from the operation of our business services, not including interest expense, interest income and other non-operations related income (expense), net.

Paramedical Exam

A 20 to 30 minute medical exam performed to record an applicant's abbreviated medical history, height and weight measurements, blood pressure and pulse. Depending on the requirements of the ordering insurance company, a urine, blood and/or saliva sample may also be collected.

Portamedic®

Hooper Holmes' health information division, which conducts physical examinations, testing and personal health interviews primarily for the life and health insurance industry.

Portamedic F.A.S.T.™

An imaging solution whereby clients can retrieve, view and print images of APS's, examinations and personal health interviews within 24 hours of completion.

Portamedic Select™

A comprehensive process for gathering the requirements needed to initiate the underwriting process, enabling insurers to issue policies up to 70% faster.

Pro Forma

Description of financial statements that have one or more assumptions or hypothetical conditions built into the data.

Return on Stockholders' Equity

Net income divided by average stockholders' equity; a measure of the rate of return on a common stockholder's investment.

Teledex

Portamedic's telephone-interview division, which obtains medical information from applicants.

Share Repurchase (Stock Buyback)

Program by which a corporation buys back its own shares in the open market—usually done when shares are undervalued. Since it reduces the number of shares outstanding and thus increases earnings per share, it tends to elevate the market value of the remaining shares held by stockholders.

Underwriting

The process by which life and health insurance companies gather information to assess risks in order to make informed decisions as to the issuance of policies to applicants