



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

FORM 10-K/A
Amendment No. 3

to

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

For the fiscal year ended December 31, 2011

OR

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

Commission file number 0-15946

EBIX, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

77-0021975
(I.R.S. Employer
Identification Number)

5 Concourse Parkway, Suite 3200
Atlanta, Georgia
(Address of principal executive offices)

30328
(Zip Code)

Registrant's telephone number, including area code: (678) 281-2020

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
Title of each class
Common Stock, par value \$0.10 per share
Listed on the NASDAQ Global Capital Market

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes No



Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of March 15, 2012, the number of shares of Common Stock outstanding was 36,444,178. As of June 30, 2011 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of Common Stock held by non-affiliates, based upon the last sale price of the shares as reported on the NASDAQ Global Capital Market on such date, was approximately \$564,509,202 (for this purpose, the Company has assumed that directors, executive officers and holders of more than 10% of the Company's common stock are affiliates).



Explanatory Note

The purpose of this third amendment to our Annual Report on Form 10-K for the year ended December 31, 2011, originally filed with the Securities and Exchange Commission on March 15, 2012 (the “Original Report”), as first amended on July 6, 2012 (the “First Amendment”), then and again amended on November 15, 2012 (the “Second Amendment”), is solely to provide the entire context of Item 8 “Financial Statements and Supplementary Data” to the changes made in the First Amendment. This amendment should be read in conjunction with the Company’s full 2011 Annual Report on Form 10-K. A brief summary of the additional disclosure provided in third amended filing is as follows:

- Part II Item 8 “Financial Statements and Supplementary Data” as previously amended, has now been expanded to include the auditor’s report, audited financial statements, and the notes to the financial statements from the Original Report with the changes made in the First Amendment.



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PART II

Item 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Ebix, Inc.:

We have audited the accompanying consolidated balance sheets of Ebix, Inc. and subsidiaries (the Company) as of December 31, 2011 and 2010, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2011. These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and schedule are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ebix, Inc. and subsidiaries at December 31, 2011 and 2010 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related consolidated financial statement schedule for the years ended December 31, 2011, 2010 and 2009 when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated December 7, 2012 expressed an unqualified opinion thereon.

Cherry, Bekaert & Holland, L.L.P.

Atlanta, Georgia

December 7, 2012



Ebix, Inc. and Subsidiaries
Consolidated Statements of Income

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
	(In thousands, except per share amounts)		
Operating revenue:	\$ 168,969	\$ 132,188	\$ 97,685
Operating expenses:			
Costs of services provided	33,589	29,599	21,274
Product development	19,208	13,607	11,362
Sales and marketing	13,642	6,372	5,040
General and administrative	26,268	24,065	16,798
Amortization and depreciation	7,514	6,038	3,955
Total operating expenses	100,221	79,681	58,429
Operating income	68,748	52,507	39,256
Interest income	557	519	199
Interest expense	(759)	(902)	(1,070)
Other non-operating income	647	6,319	89
Foreign exchange gain	4,302	1,211	1,358
Income before income taxes	73,495	59,654	39,832
Income tax provision	(2,117)	(635)	(1,010)
Net income	\$ 71,378	\$ 59,019	\$ 38,822
Basic earnings per common share*	\$ 1.89	\$ 1.69	\$ 1.24
Diluted earnings per common share*	\$ 1.75	\$ 1.51	\$ 1.03
Basic weighted average shares outstanding*	37,742	34,845	31,398
Diluted weighted average shares outstanding*	40,889	39,018	38,014

* Adjusted for all periods presented to reflect the effect of the 3-for-1 stock split dated January 4, 2010; see Note 2



Ebix, Inc. and Subsidiaries
Consolidated Balance Sheets

	December 31, 2011	December 31, 2010
	(In thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,696	\$ 23,397
Short-term investments	1,505	6,300
Trade accounts receivable, less allowances of \$1,719 and \$1,126, respectively	31,133	26,028
Deferred tax asset, net	2,981	—
Other current assets	4,502	5,057
Total current assets	63,817	60,782
Property and equipment, net	8,834	7,806
Goodwill	259,218	180,602
Intangibles, net	38,386	22,574
Indefinite-lived intangibles	30,453	30,552
Deferred tax asset, net	9,412	—
Other assets	1,062	984
Total assets	\$ 411,182	\$ 303,300
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 18,719	\$ 15,344
Accrued payroll and related benefits	5,034	4,536
Short term debt	6,667	5,000
Current portion of convertible debt, net of discount of \$0 and \$56, respectively	—	4,944
Current portion of long term debt and capital lease obligation	165	426
Deferred revenue	16,460	8,610
Current deferred rent	266	—
Other current liabilities	2,468	225
Total current liabilities	49,779	39,085
Revolving line of credit	31,750	25,000
Other long term debt and capital lease obligation, less current portion	8,468	205
Deferred tax liability, net	—	3,534
Put option liability	—	537
Deferred revenue	328	126
Long term deferred rent	939	554
Other liabilities	3,803	2,991
Total liabilities	95,067	72,032
Commitments and Contingencies, Note 7		
Stockholders' equity:		
Convertible Series D Preferred stock, \$.10 par value, 500,000 shares authorized, no shares issued and outstanding at December 31, 2011 and 2010	—	—
Common stock*, \$.10 par value, 60,000,000 shares authorized, 36,418,385 issued and 36,377,876 outstanding at December 31, 2011 and 36,057,791 issued and 36,017,282 outstanding at December 31, 2010	3,638	3,602
Additional paid-in capital	179,518	153,221
Treasury stock* (40,509 shares as of December 31, 2011 and December 31, 2010 respectively)	(76)	(76)
Retained earnings	137,559	67,642
Accumulated other comprehensive income (loss)	(4,524)	6,879
Total stockholders' equity	316,115	231,268
Total liabilities and stockholders' equity	\$ 411,182	\$ 303,300

* Adjusted for all periods presented to reflect the effect of the 3-for-1 stock split dated January 4, 2010; see Note 2

See accompanying notes to consolidated financial statements.



Ebix, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity and Comprehensive Income

	Common Stock*			Treasury Stock	Additional Paid-in Capital*	Retained Earnings	Accumulated Other Comprehensive	Total	Comprehensive Income
	Issued Shares	Amount	Treasury Stock Shares				(Loss) Income		
(In thousands, except share amounts)									
Balance, January 1, 2009	30,019,365	\$ 981	(179,235)	\$ (1,178)	\$ 111,641	\$ (30,199)	\$ (11,103)	\$ 70,142	
Net income						38,822		38,822	\$ 38,822
Cumulative translation adjustment							11,452	11,452	11,452
Comprehensive income									\$ 50,274
Exercise of stock options	302,163	10			1,555			1,565	
Deferred compensation and amortization related to options and restricted stock					1,369			1,369	
Repurchase of common stock	(48,672)	(2)	(31,950)	(205)	(298)			(505)	
Retirement of treasury stock	(170,676)		170,676	1,307	(1,307)				
Conversion of principal and interest on Convertible promissory notes	2,790,186	93			22,262			22,355	
Effect 3-1 stock split		2,295			(2,295)				
Imputed interest on issuance of convertible debt					534			534	
Shares subscribed for business acquisitions	1,488,984	50			24,950			25,000	
Vesting of restricted stock	93,258	16			(7)			9	
Balance, December 31, 2009	34,474,608	3,443	(40,509)	(76)	158,404	8,623	349	170,743	
Net income						59,019		59,019	59,019
Cumulative translation adjustment							6,530	6,530	6,530
Comprehensive income									\$ 65,549
Exercise of stock options	1,252,785	125			1,111			1,236	
Deferred compensation and amortization related to options and restricted stock					1,850			1,850	
Repurchase of common stock	(669,978)	(67)			(10,583)			(10,650)	
Settlement on conversion of convertible debt	760,040	76			1,636			1,712	
APIC adjustment for stock options					828			828	
Vesting of restricted stock	240,336	25			(25)				
Balance, December 31, 2010	36,057,791	3,602	(40,509)	(76)	153,221	67,642	6,879	231,268	
Net income						71,378		71,378	71,378
Cumulative translation adjustment							(11,403)	(11,403)	(11,403)
Comprehensive income									\$ 59,975
Exercise of stock options	69,509	8			43			51	
Repurchase of common stock	(3,510,973)	(351)			(63,308)			(63,659)	
Settlement on conversion of convertible debt					(1,851)			(1,851)	
Deferred compensation and amortization related to options and restricted stock					2,205			2,205	
Shares subscribed for business acquisition	3,650,914	365			87,111			87,476	
APIC adjustment for stock options					2,111			2,111	
Vesting of restricted stock	151,144	14			(14)				
Dividends paid						\$ (1,461)		\$ (1,461)	
Balance, December 31, 2011	36,418,385	\$ 3,638	(40,509)	\$ (76)	\$ 179,518	\$ 137,559	\$ (4,524)	\$ 316,115	

* Adjusted for all periods presented to reflect the effect of the 3-for-1 stock split dated January 4, 2010; see Note 2

See accompanying notes to consolidated financial statements.



Ebix, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
	(In thousands)		
Cash flows from operating activities:			
Net income	\$ 71,378	\$ 59,019	\$ 38,822
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	7,514	6,038	3,955
Provision for doubtful accounts	976	1,143	321
Provision for deferred taxes	(5,083)	(1,752)	(2,615)
Unrealized foreign exchange gain on forward contracts	2,346	(1,304)	(500)
Unrealized foreign exchange gain	(5,795)	(598)	—
Unrealized gain on put option	(537)	(6,059)	(89)
Share-based compensation	2,205	1,850	1,369
Debt discount amortization on convertible debt	21	327	—
Reduction of acquisition earn-out contingent liability	(2,847)	(1,500)	—
Changes in current assets and liabilities, net of acquisitions:			
Accounts receivable	(2,903)	(3,018)	(8,619)
Other assets	1,647	(955)	(577)
Accounts payable and accrued expenses	1,525	(356)	1,127
Accrued payroll and related benefits	(532)	165	587
Deferred rent	(261)	(125)	27
Other liabilities	836	(61)	109
Deferred revenue	796	(35)	(40)
Net cash provided by operating activities	71,286	52,779	33,877
Cash flows from investing activities:			
Investment in ADAM, net of cash acquired	3,529	—	—
Investment in MCN, net of cash acquired	(381)	(2,931)	—
Investment in Trades Monitor, net of cash acquired	—	(2,749)	—
Investment in Connective Technologies, net of cash acquired	—	(1,337)	—
Investment in USIX, net of cash acquired	—	(7,131)	—
Investment in e-Trek, net of cash acquired	—	(1,011)	—
Investment in IDS, net of cash acquired	—	—	(1,000)
Investment in Health Connect Systems, net of cash acquired	(17,945)	—	—
Investment in Periculum, net of cash acquired	—	(6)	(200)
Investment in Acclamation, net of cash acquired	—	—	(85)
Investment in Confirmnet, net of cash acquired	(184)	(2,975)	(3,279)
Purchases of marketable securities	(3,098)	(11,507)	(4,133)
Maturities of marketable securities	7,600	7,006	3,870
Investment in Facts, net of cash acquired	(12)	(11)	(6,215)
Investment in Peak Performance, net of cash acquired	—	—	(7,894)
Investment in EZ Data, net of cash acquired	—	—	(25,362)
Capital expenditures	(2,829)	(1,754)	(3,129)
Net cash used in investing activities	(13,320)	(24,406)	(47,427)
Cash flows from financing activities:			
Proceeds from / (Repayment) to line of credit, net	6,750	1,900	(1,846)
Proceeds from term loan	16,250	10,157	—
Proceeds from the issuance of convertible debt	—	—	25,000
Principal payments on term loan obligation	(6,407)	(5,000)	—
Repurchase of common stock	(63,659)	(10,650)	(505)
Settlement on conversion of convertible debt	(6,761)	(22,521)	—
Payments of long term debt	—	—	(742)
Payments for capital lease obligations	(300)	(804)	(293)
Proceeds from exercise of common stock options	51	1,236	1,565
Dividends paid	(1,461)	—	—
Net cash provided (used) by financing activities	(55,537)	(25,682)	23,179
Effect of foreign exchange rates on cash and cash equivalents	(2,130)	1,479	123



Net change in cash and cash equivalents	299	4,170	9,752
Cash and cash equivalents at the beginning of the year	23,397	19,227	9,475
Cash and cash equivalents at the end of the year	\$ 23,696	\$ 23,397	\$ 19,227
Supplemental disclosures of cash flow information:			
Interest paid	\$ 710	\$ 526	\$ 1,125
Income taxes paid	3,796	2,396	4,752

See accompanying notes to consolidated financial statements.



Ebix, Inc. and Subsidiaries

Supplemental schedule of noncash financing activities:

Effective February 7, 2011, Ebix acquired ADAM for aggregate consideration in the approximate amount of \$88.4 million. Under the terms of the merger agreement, ADAM shareholders received, at a fixed exchange ratio, 0.3122 shares of Ebix common stock for every share of ADAM common stock. Ebix issued approximately 3.65 million shares of Ebix common stock with a fair value of \$87.5 million as part of the purchase consideration.

During 2010 Whitebox VSC, Ltd and IAM Mini-Fund 14 Limited elected to fully convert all of their August 26, 2009 Convertible Promissory Notes. The Company settled these conversion elections by paying \$20 million in cash with respect to the principal component, paying \$2.5 million in cash for a portion of the conversion spread (that being the excess of the conversion value over the related original principal component), and issuing 283,378 shares of Ebix common stock for the remainder of the conversion spread.

During the year ended December 31, 2010 Whitebox VSC, Ltd., converted the remaining \$4.4 million of outstanding principal and accrued interest in the amount of \$62 thousand regarding their July 11, 2008 Convertible Promissory Note into 476,662 shares of Ebix common stock.

During the year ended December 31, 2009 the holder of the convertible notes, Whitebox VSC, Ltd., converted \$22.3 million of principal and accrued interest into 2,790,186 shares of the Company's common stock.

During the year ended December 31, 2009 the Company issued shares of common stock valued at \$25.0 million in connection with the acquisition of E-Z Data.

See accompanying notes to consolidated financial statements.



Note 1: Description of Business and Summary of Significant Accounting Policies

Description of Business—Ebix, Inc. and subsidiaries (“Ebix” or the “Company”) is an international supplier of on-demand software and e-commerce solutions to the insurance industry. Ebix provides various application software products for the insurance industry ranging from carrier systems, agency systems and exchanges to custom software development for all entities involved in the insurance and financial industries. Products include data exchanges, carrier systems, agency systems, and feature fully customizable and scalable on-demand software designed to improve the way insurance professionals manage all aspects of distribution, including: marketing, sales, service, accounting and management. The Company has its headquarters in Atlanta, Georgia and also operated in eight other countries during 2011 including Australia, Canada, China, India, Japan, New Zealand, Singapore, and Brazil. International revenue accounted for 29%, 29% and 25% of total revenue in 2011, 2010 and 2009, respectively.

The Company’s revenues are derived from four product channels. Presented in the table below is the breakout of our revenue streams for each of those product channels for the years ended December 31, 2011, 2010 and 2009.

<i>(dollar amounts in thousands)</i>	For the Year Ended		
	December 31,		
	2011	2010	2009
Exchanges	\$130,638	\$ 94,212	\$60,764
Broker Systems	18,006	13,841	11,599
Business Process Outsourcing (“BPO”)	14,944	15,586	14,698
Carrier Systems	5,381	8,549	10,624
Totals	\$168,969	\$132,188	\$97,685

Summary of Significant Accounting Policies

Basis of Presentation—The consolidated financial statements include the accounts of Ebix and its wholly-owned subsidiaries which include:

- Ebix.com, International, Inc., a Delaware corporation
- Ebix International, LLC, a Delaware limited liability company
- Ebix Insurance Agency, Inc., an Illinois corporation
- EbixLife Inc., a Utah corporation
- Finetre Corporation, an Indiana corporation
- Ebix BPO Division — San Diego, a California corporation
- Jenquest, Inc., a California corporation
- Acclamation Systems, Inc., a Pennsylvania corporation
- FACTS Services Inc., a Florida corporation
- E-Z Data, Acquisition Sub, LLC, a California limited liability company
- Peak Performance Solutions, Inc., a Delaware limited liability company
- ADAM, Inc., a Georgia corporation
- Agency Solutions.com, LLC (d.b.a. HealthConnect Systems), a Delaware limited liability company
- Ebix Software India Private Limited
- Ebix Software India SEZ, Private Limited
- Premier Ebix Exchange Software Private Ltd.
- Ebix Australia Pty., Ltd.
- Ebix Australia (VIC) Pty. Ltd.
- Ebix Exchange-Australia PTY LTD
- Ebix New Zealand
- Ebix New Zealand Holdings
- Ebix Singapore PTE LTD
- Ebix Latin America, LLC, a Georgia limited liability company
- EIH Holdings AB, a Swedish business corporation
- EIH Holdings KB, a Swedish business partnership
- Ebix Asia Holdings Inc., a Mauritius business corporation.
- USIX Technology, S.A., a Brazilian corporation
- MCN Technology & Consulting, Ltda., a Brazilian limited liability company.



The effect of inter-company balances and transactions has been eliminated.

Use of Estimates—The preparation of consolidated financial statements in conformity with generally accepted accounting principles (“GAAP”) in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and reported amounts of revenue and expenses during the reporting periods. Management has made material estimates primarily with respect to revenue recognition and deferred revenue, accounts receivable, acquired intangible assets, and the provision for income taxes. Actual results may be materially different from those estimates.

Reclassification—Certain of the prior year balances including the note thereto have been reclassified to conform to the current year presentation.

Segment Reporting—Since the Company, from the perspective of its chief operating decision maker, allocates resources and evaluates business performance as a single entity that provides software and related services to a single industry on a worldwide basis, the Company reports as a single segment. The applicable enterprise-wide disclosures are included in Note 16.

Cash and Cash Equivalents—The Company considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents. Such investments are stated at cost, which approximates fair value. The Company does maintain cash balances in banking institutions in excess of federally insured amounts and therefore is exposed to the related potential credit risk associated with such cash deposits.

Short-term Investments—The Company’s short-term investments consist of certificates of deposits with established commercial banking institutions with readily determinable fair values. Ebix accounts for investments that are reasonably expected to be realized in cash, sold or consumed during the year as short-term investments that are available-for-sale. The carrying amount of investments in marketable securities approximates fair value. The carrying value of our short-term investments was \$1.5 million and \$6.3 million at December 31, 2011 and 2010, respectively.

Fair Value of Financial Instruments—The Company follows the relevant GAAP guidance regarding the determination and measurement of the fair value of financial instruments in which fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The guidance describes the following three levels of inputs that may be used in the methodology to measure fair value:

- **Level 1** — Quoted prices available in active markets for identical investments as of the reporting date;
- **Level 2** — Inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date; and,
- **Level 3** — Unobservable inputs, which are to be used in situations where there is little or no market activity for the asset or liability and wherein the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

As of December 31, 2011 the Company has the following financial instruments to which it had to consider fair values and had to make fair assessments:

- Foreign currency hedges for which the fair values are measured as a Level 2 instrument.
- Common share-based put option for which the fair value was measured as Level 2 instrument.
- Short-term investments for which the fair values are measured as a Level 1 instrument.
- Contingent accrued earn-out business acquisition consideration liabilities.



Additional information regarding the Company's assets and liabilities that are measured at fair value on a recurring basis is presented in the following table:

Descriptions	Balance at December 31, 2011	Fair Values at Reporting Date Using*		
		Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(In thousands)				
Assets				
Available-for-sale securities:				
Commercial bank certificates of deposits	\$ 1,505	\$ 1,505	\$ —	\$ —
Total assets measured at fair value	<u>\$ 1,505</u>	<u>\$ 1,505</u>	<u>\$ —</u>	<u>\$ —</u>
Liabilities				
Derivatives:				
Foreign exchange contracts (a)	\$ 2,346	\$ —	\$ 2,346	\$ —
Contingent accrued earn-out acquisition consideration (b)	7,590	—	—	7,590
Total liabilities measured at fair value	<u>\$ 9,936</u>	<u>\$ —</u>	<u>\$ 2,346</u>	<u>\$ 7,590</u>

- (a) The market valuation approach is applied and the valuation inputs include foreign currency exchange spot rates, forward premiums, forward foreign currency exchange rates, term, and maturity dates
- (b) The income valuation approach is applied and the valuation inputs include the contingent payment arrangement terms, projected cash flows, rate of return, and probability assessments.
- * During the year ending December 31, 2011 there were no transfers between fair value levels 1, 2 or 3.

For the Company's assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3), the following table provides a reconciliation of the beginning and ending balances for each category therein, and gains or losses recognized during the year.



Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	<u>Contingent Liability for Accrued Earn-out Acquisition Consideration</u> (in thousands)
Beginning balance at January 1, 2011	\$ 8,693
Total remeasurement adjustments:	
(Gains) or losses included in earnings **	(2,846)
(Gains) or losses recorded against goodwill	(1,177)
Foreign currency translation adjustments ***	(205)
Acquisitions and settlements	
Business acquisitions	3,506
Settlements	(381)
Ending balance at December 31, 2011	<u>\$ 7,590</u>
The amount of total (gains) or losses for the year included in earnings or changes to net assets, attributable to changes in unrealized (gains) or losses relating to assets or liabilities still held at year-end.	<u>\$ (2,671)</u>

** recorded as an adjustment to reported general and administrative expenses

*** recorded as a component of other comprehensive income within stockholders' equity

The Company believes the carrying amount of its commercial line of credit, term loan, and capital lease obligations are a reasonable estimate of their fair value due to the short remaining maturity of these items and/or their fluctuating interest rates.

Revenue Recognition and Deferred Revenue—The Company derives its revenues primarily from professional and support services, which includes revenue generated from subscription and transaction fees pertaining to services delivered over our exchanges or from our application service provider (“ASP”) platforms, software development projects and associated fees for consulting, implementation, training, and project management provided to customers using our systems, and business process outsourcing revenue (“BPO”). Sales and value-added taxes are not included in revenues, but rather are recorded as a liability until the taxes assessed are remitted to the respective taxing authorities.

In accordance with the Financial Accounting Standards Board (“FASB”), GAAP, and Securities and Exchange Commission Staff Accounting (“SEC”) accounting guidance on revenue recognition the Company considers revenue earned and realizable when: (a) persuasive evidence of the sales arrangement exists, (b) the arrangement fee is fixed or determinable, (c) service delivery or performance has occurred, (d) customer acceptance has been received, if contractually required, and (e) collectability of the arrangement fee is probable. The Company typically uses signed contractual agreements as persuasive evidence of a sales arrangement. We apply the provisions of the relevant FASB accounting pronouncements related to all transactions involving the license of software where the software deliverables are considered more than inconsequential to the other elements in the arrangement. For contracts that contain multiple deliverables, we analyze the revenue arrangements in accordance with the appropriate authoritative guidance, which provides criteria governing how to determine whether goods or services that are delivered separately in a bundled sales arrangement should be considered as separate units of accounting for the purpose of revenue recognition. Deliverables are accounted for separately if they meet all of the following criteria: a) the delivered item has value to the customer on a stand-alone basis; b) there is objective and reliable evidence of the fair value of the undelivered items; and c) if the arrangement includes a general right of return relative to the delivered items, the delivery or performance of the undelivered items is probable and substantially controlled by the Company.



The Company begins to recognize revenue from license fees for its ASP products upon granting customer access to the respective processing platform. Transaction services fee revenue for this use of our exchanges or ASP platforms is recognized as the transactions occur and are generally billed in arrears. Revenues from BPO arrangements, which include data entry and call center services, and insurance certificate creation and tracking services, are recognized as the services are performed. Service fees for hosting arrangements are recognized over the requisite service period. Revenue derived from the licensing of third party software products in connection with sales of the Company's software licenses is recognized upon delivery together with the Company's licensed software products. Fees for training, data conversion, installation, and consulting services fees are recognized as revenue when the services are performed. Revenue for maintenance and support services are recognized ratably over the term of the support agreement.

Software development arrangements involving significant customization, modification or production are accounted for in accordance with the appropriate technical accounting guidance issued by the FASB using the percentage-of-completion method. The Company recognizes revenue using periodic reported actual hours worked as a percentage of total expected hours required to complete the project arrangement and applies the percentage to the total arrangement fee.

Deferred revenue includes payments or billings that have been received or made prior to performance and, in certain cases, cash collections and pertain to maintenance and support, initial setup or registration fees under hosting agreements, and software license fees received in advance of delivery and acceptance. Approximately \$8.3 million and \$5.0 million of deferred revenue were included in accounts receivable at December 31, 2011 and 2010, respectively.

Accounts Receivable and the Allowance for Doubtful Accounts Receivable—Reported accounts receivable as of December 31, 2011 include \$31.1 million of trade receivables net of the \$1.7 million estimated allowance for doubtful accounts receivable. Included in accounts receivable is \$5.2 million of unbilled receivables. There was approximately \$8.3 million of deferred revenue included in accounts receivable, billed and unbilled, at December 31, 2011. At December 31, 2010 the Company had \$26.0 million of trade accounts receivable net of the \$1.1 million estimated allowance for doubtful accounts receivable, and included \$4.6 million of unbilled receivables. There was approximately \$5.0 million of deferred revenue included in accounts receivable, billed and unbilled, at December 31, 2010. Management specifically analyzes accounts receivable and historical bad debts, write-offs, customer concentrations, customer credit-worthiness, current economic trends, and changes in our customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. Bad debt expense was \$1.0 million, \$1.2 million, and \$321 thousand for the year ended December 31, 2011, 2010, and 2009 respectively.

Costs of Services Provided—Costs of services provided consist of data processing costs, customer support costs including personnel costs to maintain our proprietary databases, costs to provide customer call center support, hardware and software expense associated with transaction processing systems and exchanges, telecommunication and computer network expense, and occupancy costs associated with facilities where these functions are performed. Depreciation expense is not included in costs of services provided.

Goodwill and Indefinite-Lived Intangible Assets— Goodwill represents the cost in excess of the fair value of the identifiable net assets from the businesses that we acquire. In accordance with the relevant FASB accounting guidance, goodwill is tested for impairment at the reporting unit level on an annual basis or on an interim basis if an event occurred or circumstances change that would indicate that fair value of a reporting unit decreased below its carrying value. Potential impairment indicators include a significant change in the business climate, legal factors, operating performance indicators, competition, and the sale or disposition of a significant portion of the business. In 2011 the Company is applying the new guidance concerning goodwill impairment evaluation. In accordance with this new technical guidance the Company first assessed certain qualitative factors to determine whether the existence of events or circumstances would indicate that it is more likely than not that the fair value of any of our reporting units was less than their than its carrying amount. If after assessing the totality of events or circumstances, we were to determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then we would not perform the two-step quantitative impairment testing described further below.



The aforementioned two-step quantitative testing process involves comparing the reporting unit carrying values to their respective fair values; we determine fair value of our reporting units by applying the discounted cash flow method using the present value of future estimated net cash flows. If the fair value of a reporting unit exceeds its carrying value, then no further testing is required. However, if a reporting unit's fair value were to be less than its carrying value, we would then determine the amount of the impairment charge, if any, which would be the amount that the carrying value of the reporting unit's goodwill exceeded its implied value. Projections of cash flows are based on our views of growth rates, operating costs, anticipated future economic conditions and the appropriate discount rates relative to risk and estimates of residual values. We believe that our estimates are consistent with assumptions that marketplace participants would use in their estimates of fair value. The use of different estimates or assumptions for our projected discounted cash flows (e.g., growth rates, future economic conditions, discount rates and estimates of terminal values) when determining the fair value of our reporting units could result in different values and may result in a goodwill impairment charge. We perform our annual goodwill impairment evaluation and testing as of September 30 each year. During the years ended December 31, 2011, 2010, and 2009, we had no impairment of our reporting unit goodwill balances.

During 2011 the Company recorded \$60.1 million of goodwill in connection with the recent acquisitions of ADAM, Inc. ("ADAM") acquired in February 2011 and \$20.4 million of goodwill in connection with the acquisition of Health Connect Systems ("HCS") acquired in November 2011. Also during 2011 the Company recognized a net reduction in the amount of \$257 thousand in regards to adjustments to recorded goodwill in connection with business acquisitions made during the years 2008 to 2010. During 2010 the Company recorded \$19.2 million of goodwill in connection with the acquisitions of MCN Technology & Consulting ("MCN"), Trades Monitor Australia Pty ("Trades Monitor"), Connective Technologies, Inc. ("Connective Technologies"), E-Trek Solutions PTE Ltd, ("E-Trek"), and USIX Technology, S.A.

Changes in the carrying amount of goodwill for the year ended December 31, 2011 and 2010 are as follows:

	December 31, 2011	December 31, 2010
(In thousands)		
Beginning Balance	\$ 180,602	\$ 157,245
Additions	80,259	19,211
Foreign currency translation adjustments	(1,643)	4,146
Ending Balance	<u>\$ 259,218</u>	<u>\$ 180,602</u>

The Company's indefinite-lived assets are associated with the estimated fair value of the contractual customer relationships existing with the property and casualty insurance carriers in Australia using our property and casualty ("P&C") data exchange and with ten corporate customers using our client relationship management ("CRM") platform in the United States. Prior to these underlying business acquisitions Ebix had pre-existing contractual relationships with these carriers and corporate clients. The contracts are renewable at little or no cost, and Ebix intends to continue to renew these contracts indefinitely and has the ability to do so. The proprietary technology supporting the P&C data exchange and CRM platform, and used to deliver services to these carriers and corporate clients, cannot feasibly be effectively replaced in the foreseeable future, and accordingly the cash flows forthcoming from these customers are expected to continue indefinitely. With respect to the determination of the indefinite life, the Company considered the expected use of these intangible assets, historical experience in renewing or extending similar arrangements, and the effects of competition, and concluded that there were no indications from these factors to suggest that the expected useful life of these customer relationships would be finite. The Company concluded that no legal, regulatory, contractual, or competitive factors limited the useful life these intangible assets and therefore their life was considered to be indefinite, and accordingly the Company expects these customer relationships to remain the same for the foreseeable future. The fair values of these indefinite-lived intangible assets were based on the analysis of discounted cash flow ("DCF") models extended out fifteen to twenty years. In that indefinite-lived does not imply an infinite life, but rather means that the subject customer relationships are expected to extend beyond the foreseeable time horizon, we utilized fifteen to twenty year DCF projections, as the valuation models that were applied consider a fifteen to twenty year time frame to be an indefinite period. Indefinite-lived intangible assets are not amortized, but rather are tested for impairment annually. We perform our annual impairment testing of indefinite-lived intangible assets as of September 30th of each year. During the years ended December 31, 2011, 2010, and 2009, we had no impairments to the recorded balances of our indefinite-lived intangible assets. We perform the impairment test for our indefinite-lived intangible assets by comparing the asset's fair value to its carrying value. An impairment charge is recognized if the asset's estimated fair value is less than its carrying value.



Purchased Intangible Assets—Purchased intangible assets represent the estimated fair value of acquired intangible assets from the businesses that we acquire in the U.S. and foreign countries in which we operate. These purchased intangible assets include customer relationships, developed technology, informational databases, and trademarks. We amortize these intangible assets on a straight-line basis over their estimated useful lives, as follows:

<u>Category</u>	<u>Life (yrs)</u>
Customer relationships	4-20
Developed technology	3-12
Trademarks	5-15
Non-compete agreements	5
Database	10

Intangible assets as of December 31, 2011 and December 31, 2010 are as follows:

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
	<u>(In thousands)</u>	
Intangible assets:		
Customer relationships	\$ 40,289	\$ 24,001
Developed technology	11,640	9,343
Trademarks	2,188	218
Non-compete agreements	418	418
Backlog	140	140
Database	207	213
Total intangibles	54,882	34,333
Accumulated amortization	(16,496)	(11,759)
Intangibles, net	<u>\$ 38,386</u>	<u>\$ 22,574</u>
Indefinite-lived intangibles:		
Customer/territorial relationships	<u>\$ 30,453</u>	<u>\$ 30,552</u>

Income Taxes—The Company follows the asset and liability method of accounting for income taxes pursuant to the pertinent guidance issued by the FASB. Deferred income taxes are recorded to reflect the tax consequences on future years of differences between the tax basis of assets and liabilities, and operating loss and tax credit carry forwards, and their financial reporting amounts at each period end using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. In assessing the realizability of the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. A valuation allowance is recorded for the portion of the deferred tax assets that are not expected to be realized based on the levels of historical taxable income and projections for future taxable income over the periods in which the temporary differences will be deductible.

The Company follows the provisions of FASB accounting guidance on accounting for uncertain income tax positions. The guidance utilizes a two-step approach for evaluating tax positions. Recognition (“Step 1”) occurs when an enterprise concludes that a tax position, based solely on its technical merits is more likely than not to be sustained upon examination. Measurement (“Step 2”) is only addressed if Step 1 has been satisfied. Under Step 2, the tax benefit is measured at the largest amount of benefit, determined on a cumulative probability basis that is more likely than not to be realized upon final settlement. As used in this context, the term “more likely than not” is interpreted to mean that the likelihood of occurrence is greater than 50%.

Foreign Currency Translation—The functional currency of the Company’s foreign subsidiaries is generally the local currency of the country in which the subsidiary operates. The assets and liabilities of foreign subsidiaries are translated into U.S. dollars at the rates of exchange at the balance sheet dates. Income and expense accounts are translated at the average exchange rates in effect during the period. Gains and losses resulting from translation adjustments are included as a component of other comprehensive income in the accompanying consolidated balance sheets. Foreign exchange transaction gains and losses that are derived from transactions denominated in a currency other than the subsidiary’s functional currency are included in the determination of net income.



Advertising—Advertising costs are expensed as incurred. Advertising costs amounted to \$1.0 million, \$973 thousand, and \$548 thousand in 2011, 2010 and 2009, respectively, and are included in sales and marketing expenses in the accompanying consolidated statements of income.

Sales Commissions—Certain sales commission paid with respect to subscription-based revenues are deferred and subsequently amortized into operating expenses ratably over the term of the related customer subscription contracts. As of December 31, 2011 and 2010, \$402 thousand and \$100 thousand, respectfully, of sales commissions were deferred and included in other current assets on the accompanying consolidated balance sheet. During the year ended December 31, 2011 the Company amortized \$465 thousand of previously deferred sales commissions and included this expense in sales and marketing costs on the accompanying consolidated income statement.

Property and Equipment—Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the assets’ estimated useful lives. Leasehold improvements are amortized over the shorter of the expected life of the improvements or the remaining lease term. Repairs and maintenance are charged to expense as incurred and major improvements that extend the life of the asset are capitalized and depreciated over the expected remaining life of the related asset. Gains and losses resulting from sales or retirements are recorded as incurred, at which time related costs and accumulated depreciation are removed from the Company’s accounts. Fixed assets acquired in acquisitions are recorded at fair value. The estimated useful lives applied by the Company for property and equipment are as follows:

Asset Category	Life (yrs)
Computer equipment	5
Furniture, fixtures and other	7
Buildings	30
Leasehold improvements	Life of the lease

Recent Accounting Pronouncements

The following is a summary brief discussion of recently released accounting pronouncements that are pertinent to the Company’s business:

In June 2011, the FASB issued new financial reporting guidance regarding the reporting of “other comprehensive income, or (OCI)”. This guidance revises the manner in which entities present comprehensive income in their financial statements. The new guidance requires entities to report components of comprehensive income in either (1) a continuous statement of comprehensive income, or (2) two separate but consecutive statements. Under the two-statement approach, the first statement would include components of net income, which is consistent with the income statement format used currently, and the second statement would include components of OCI. Under either method, entities must display adjustments for items that are reclassified from OCI to net income in both net income and OCI. The new reporting guidance does not change the items that must be reported in OCI. This new reporting standard is effective for interim and annual periods beginning after December 15, 2011, however, the FASB recently decided to defer the effective date for the part of this new guidance that would require adjustments of items out of accumulated other income to be presented as components of both net income and other comprehensive income in financial statements. Those changes would have been effective for annual and interim periods beginning on or after December 15, 2011, but are now deferred until FASB can adequately evaluate the costs and benefits of this presentation requirement. After adoption, the guidance must be applied retrospectively for all periods presented in the financial statements. The Company will adopt this new guidance promptly when required, however we do not expect that it will have a material impact on our financial position or operating results as the only element of comprehensive income relevant to Ebix is in regards to cumulative foreign currency translation adjustments.

In September 2011, the FASB issued new technical guidance regarding an entity’s evaluation of goodwill for possible impairment. Under this new guidance an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If after assessing the totality of events or circumstances, an entity determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step quantitative impairment test is unnecessary. This new technical guidance was effective for fiscal years beginning after December 15, 2011. Early adoption was permitted for annual and interim goodwill impairment evaluations performed as of a date before September 2011, if an entity’s financial statements for the most recent annual or interim period have not yet been issued. The Company elected to adopt early and accordingly applied this new guidance to its 2011 annual impairment evaluation of goodwill.



In December 2010, the Emerging Issues Task Force of the FASB reached consensus regarding the disclosure of pro forma information for business combinations. This new guidance addressed the diversity in practice concerning the interpretation of the pro forma revenue and earnings disclosure requirements for business combinations. The guidance specifies that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination had occurred as of the beginning of the comparable prior annual reporting period only. The amendments also expand the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments affect any public entity that enters into business combinations that are material on an individual or aggregate basis. The new guidance was applicable to business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after December 15, 2010. The Company adopted this new guidance in 2011 and applied it to the disclosures regarding our recent acquisitions of ADAM, completed in February 2011, and Health Connect, completed in November 2011.

In January 2010, the FASB issued new guidance regarding disclosures about fair value measurements. The guidance requires additional disclosures and clarifies some existing disclosure requirements about fair value measurement as set forth in earlier related guidance. Specifically this new guidance requires a reporting entity to disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers; and for fair value measurements using significant unobservable inputs, a reporting entity should present separately information about purchases, sales, issuances, and settlements. Also a reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. This new guidance was effective for interim and annual reporting periods beginning after December 15, 2009. The Company adopted and applied this technical guidance in 2010.

In September 2009, FASB issued amended revenue recognition guidance related to revenue arrangements with multiple deliverables. This new pronouncement: (a) provides application guidance on whether multiple deliverables exist in an arrangement with a customer, and if so, how the arrangement consideration should be separated and allocated; (b) requires an entity to allocate revenue using estimated selling prices of deliverables if vendor-specific objective evidence (“VSOE”) or third party evidence (“TPE”) of selling prices is not available; and, (c) eliminates the use of the “residual method” to allocate revenue. This guidance was to be applied on a prospective basis for revenue arrangements entered into in fiscal years beginning on or after June 15, 2010, with earlier application permitted. Alternatively, an entity can elect to adopt new guidance on a retrospective basis. The Company adopted this new guidance in 2011 and its adoption did not have a material impact on the Company’s consolidated results of operation.

Also in September 2009, the FASB issued new guidance related to certain revenue arrangements that include software elements and provides guidance on determining whether software deliverables in an arrangement that include tangible products are within the scope of existing software revenue guidance. This guidance is to be applied on a prospective basis for revenue arrangements entered into in fiscal years beginning on or after June 15, 2010, with earlier application permitted. Alternatively, an entity can elect to adopt new guidance on a retrospective basis. The Company adopted this new guidance in 2011 and its adoption did not have a material impact on the Company’s consolidated results of operation.

Note 2: Earnings per Share and Stock Splits

The basic and diluted earnings per share (“EPS”), and the basic and diluted weighted average shares outstanding for all periods presented in the accompanying Consolidated Statements of Income have been adjusted to reflect the retroactive effect of the Company’s three-for-one stock split dated January 4, 2010.

	For the year ended December 31,		
	(In thousands, except per share amounts)		
<u>Earnings per share:</u>	2011	2010	2009
Basic earnings per common share	\$ 1.89	\$ 1.69	\$ 1.24
Diluted earnings per common share	\$ 1.75	\$ 1.51	\$ 1.03
Basic weighted average shares outstanding	37,742	34,845	31,398
Diluted weighted average shares outstanding	40,889	39,018	38,014



To calculate diluted earnings per share, interest expense related to convertible debt excluding imputed interest, was added back to net income as follows:

	For the year ended December 31,		
	(in thousands)		
	2011	2010	2009
Net income	\$71,378	\$59,019	\$38,822
Convertible debt interest (excludes imputed interest)	—	10	466
Net income for diluted earnings per share purposes	\$71,378	\$59,029	\$39,288
Diluted shares outstanding *	40,889	39,018	38,014
Diluted earnings per common share *	\$ 1.75	\$ 1.51	\$ 1.03

*** Adjusted to reflect the effect of the 3-for-1 stock split dated January 4, 2010**

Basic EPS is equal to net income divided by the weighted average number of shares of common stock outstanding for the period. Diluted EPS takes into consideration common stock equivalents which for the Company consist of stock options, restricted stock, and convertible debt. With respect to stock options, diluted EPS is calculated as if the Company had additional common stock outstanding from the beginning of the year or the date of grant or issuance, net of assumed repurchased shares using the treasury stock method. With respect to convertible debt, diluted EPS is calculated as if the debt instrument had been converted at the beginning of the reporting period or the date of issuance, whichever is later. Diluted EPS is equal to net income plus interest expense on convertible debt, divided by the combined sum of the weighted average number of shares outstanding and common stock equivalents. At December 31, 2011 there were 90,000 potentially issuable shares with respect to stock options which could dilute EPS in the future but which were excluded from the diluted EPS calculation because presently their effect is anti-dilutive. Diluted shares outstanding determined as follows for each years ending December 31, 2011, 2010, and 2009.

	For the year ended December 31,		
	2011	2010	2009
Basic wtd. avg. shares outstanding	37,741,927	34,845,126	31,398,263
Incremental shares for common stock equivalents	3,147,516	4,173,187	6,616,094
Diluted shares outstanding	40,889,443	39,018,313	38,014,357

On October 10, 2009 the Company’s Board of Directors approved a 3-for-1 stock split on shares of its common stock (“the “2010 Stock Split”) in the form of a stock dividend. The 2010 Stock Split was effective as of January 4, 2010 for all shares outstanding as of the close of business on December 21, 2009 (the record date). As a result of the 2010 Stock Split, every share of the Company’s common stock was converted into three shares of the Company’s common stock. Each stockholder’s percentage ownership in the Company and proportional voting power remains unchanged after the 2010 Stock Split. Furthermore, as a result of the 2010 Stock Split approximately 23.0 million additional shares of common stock were issued and the Company’s issued and outstanding common stock increased to approximately 34.5 and 34.4 million shares, respectively. The issuance of the additional shares has been accounted for as a stock dividend by the transfer of approximately \$2.3 million from additional paid-in capital to common stock. Shares reserved for issuance under the Company’s 1996 Incentive Compensation Program, as amended and restated in 2006, and for the Company’s outstanding convertible promissory notes issued in August 2009 were similarly adjusted.

Note 3: Business Acquisitions

The Company’s business acquisitions are accounted for under the purchase method of accounting in accordance with the FASB’s accounting guidance on the accounting for business combinations. Accordingly, the consideration paid by the Company for the businesses it purchases is allocated to the assets and liabilities acquired based upon their estimated fair values as of the date of the acquisition. The excess of the purchase price over the estimated fair values of assets acquired and liabilities assumed is recorded as goodwill. Recognized goodwill pertains to the value of the expected synergies to be derived from combining the operations of the businesses we acquire including the value of the acquired workforce.



The Company's consistent practice is that immediately after a business acquisitions made all functions including infrastructure, sales and marketing, administrative, product development, are integrated tightly to ensure that efficiencies are maximized and redundancies eliminated. The company integrates all and where appropriate centralizes certain key functions such as product development, information technology, marketing, sales, administration after an acquisition, to also ensure that the Company can rapidly leverage cross-selling opportunities and to realize cost efficiencies. While doing so, the Company's resources and infrastructure is leveraged to work across multiple functions making it neither practical nor feasible to accurately and separately track and disclose the earnings from the business combinations we have executed after they have been acquired.

2011 Acquisitions

Health Connect Systems. — Effective November 15, 2011, Ebix acquired Health Connect Systems, Inc. ("Health Connect"). Health Connect, with operations based out of Fresno, California, is leading online Exchange for buyers and sellers of health insurance and employee benefits. Ebix acquired all of the outstanding stock of Health Connect for aggregate cash consideration in the amount of \$18.0 million, which was funded with internal resources using available cash reserves. The former shareholders of Health Connect retain the right to earn up to an additional \$4.0 million if certain incremental revenue targets are achieved over the two-year anniversary date subsequent to the effective date of the acquisition. In summary in regards to the Health Connect acquisition the Company recorded goodwill in the amount of \$20.4 million, and definite lived assets with respect to acquired customer relationships in the amount of \$1.2 million and acquired developed technology in the amount of \$256 thousand.

ADAM, Inc. —Effective February 7, 2011 Ebix closed the merger of Atlanta, Georgia based ADAM, Inc. ("ADAM") with a wholly owned subsidiary of Ebix. Under the terms of the merger agreement, all of the ADAM shareholders received, at a fixed exchange ratio, 0.3122 shares of Ebix common stock for each share of ADAM common stock. Ebix issued approximately 3.65 million shares of Ebix common stock with a fair value of \$87.5 million pursuant to the merger agreement. This issuance of shares increased the Company's diluted common share count to approximately 42.07 million shares as of acquisition date. In addition Ebix paid approximately \$944 thousand in cash for unexercised ADAM stock options. ADAM is a leading provider of health information and benefits technology solutions in the United States. \$23.1 million of Adam's operating revenues recognized since February 7, 2011 are included in the Company's revenues reported in its consolidated statement of income for the year ended December 31, 2011. The revenue derived from ADAM's portfolio of products and services is included in the Company's Exchange division. The Company accounted for this acquisition by recording \$15.4 million of intangible assets pertaining to customer relationships, \$2.1 million of intangible assets pertaining to acquired technology, and \$2.0 million of intangible assets pertaining to acquired trademarks and the remaining portion of the purchase price consideration paid to goodwill in the amount of \$60.1 million.

2010 Acquisitions

During the year ended December 31, 2010, Ebix completed several relatively small business acquisitions which are detailed further in the following paragraphs.

During the Company's third quarter ending September 30, 2010, Ebix: (a) acquired all of the stock of Brazilian-based USIX Technology, S.A. ("USIX"), a provider of broker systems and related services for insurance carriers across Latin America; and, (b) acquired all of the stock of Singapore based E-Trek Solutions PTE Ltd, ("E-Trek") a provider of underwriting and claims processing services for the insurance industry in Singapore.

During the Company's second quarter ending June 30, 2010, Ebix: (a) acquired all of the assets of Houston, Texas based Connective Technologies, Inc. ("Connective Technologies") a premier provider of on-demand software solutions for property and casualty insurance carriers in the United States; and, (b) acquired all of the stock of Australian based Trades Monitor a provider of insurance related software services for the Australian insurance industry.

During the Company's first quarter ending March 31, 2010, Ebix acquired all of the stock of Brazilian based MCN Technology & Consulting ("MCN") a provider of software development and consulting services for insurance companies, insurance brokers, and financial institutions in Brazil.

The aggregate net cash consideration paid by Ebix for all of these acquisitions was \$15.2 million and the former shareholders or owners of the acquired companies retained the right to earn up to an additional \$12.9 million if certain incremental revenue targets were achieved over the two-year anniversary date subsequent to their respective effective dates of the acquisition. The Company had originally accrued \$8.7 million upon analysis of the fair value of the contingent liabilities and the expected performance of the operating units. Since then \$381 thousand of the accrued earnout liability has been paid, and as of December 31, 2011 \$7.6 million of the estimated contingent liability remains included in the Company's consolidated balance sheet. The results of operations for each of the business combinations described in the preceding paragraphs have been included in the Company's consolidated financial statements as of and since each of their respective effective dates of the acquisition.



2009 Acquisitions

E-Z Data, Inc. — Effective October 1, 2009, the Company acquired E-Z Data, Inc. (“E-Z Data”), with principal offices in Pasadena, CA, a provider of on-demand customer relationship management (“CRM”) solutions for insurance companies, brokers, agents, investment dealers, and financial advisers. The Company acquired the business operations and intellectual property of E-Z Data for an aggregate purchase price of \$50.53 million paid to E-Z Data’s shareholders consisting of cash consideration in the amount of \$25.53 million paid at closing and \$25.00 million in shares of our common stock valued at the average market closing price for the three most recent days prior to September 30, 2009. Furthermore, under the terms of the agreement the E-Z Data sellers held a put option exercisable during the thirty-day period immediately following the two-year anniversary date of the business acquisition, which if exercised would have enabled them to sell the underlying shares of common stock back to the Company at a price of \$15.11 per share, which represented a 10% discount off of the per-share value established on the effective date of the closing of the acquisition. This put option is described in more detail in Note 11. The Company funded the cash portion of the purchase price using the proceeds from the Company’s two convertible promissory notes issued in August 2009. The Company added the E-Z Data’s product line to its Exchange division. In summary in regards to the E-Z Data acquisition the Company recorded goodwill in the amount of \$43.8 million, an indefinite-life intangible asset of \$14.2 million with respect to existing contractual relationships with corporate clients, definite lived intangible assets with respect to acquired retail customer relationships in the amount of \$3.8 million, \$418 thousand with respect and to non-compete agreements, and \$2.3 million with respect to acquired developed technology.

Peak Performance Solutions, Inc. — Effective October 1, 2009, Ebix acquired Peak Performance Solutions, Inc. (“Peak”). Pursuant to the terms of the stock purchase agreement, the Company paid Peak’s shareholders \$8.0 million in cash for all of Peak’s outstanding stock. Peak, with operations based out of Columbus, OH, provides comprehensive, end-to-end insurance software and technology solutions to insurance companies and self-insured entities for workers’ compensation claims processing, risk management administration, and managed care tracking. The acquisition agreement also provided for additional contingent consideration up to an amount of \$1.5 million if certain revenue targets were achieved over the one-year period subsequent to the effective date of the acquisition. At the acquisition date management estimated that the full \$1.5 million earn out would be achieved and paid out, and therefore the amount was accrued and included in the original purchase price allocation. The Company funded this acquisition with internal resources using available cash reserves. In summary in regards to the Peak acquisition the Company recorded goodwill in the amount of \$7.5 million, and intangible assets with respect to acquired customer relationships in the amount of \$2.1 million and acquired developed technology in the amount of \$509 thousand. During 2010 the Company recognized a \$1.5 million reduction to reported general and administrative expenses associated with the reversal of the previously recorded contingent liability earnout obligation because during the subsequent 2010 earnout period the defined revenue targets were not achieved by the Peak operations.

Facts Services, Inc. — Effective May 1, 2009, Ebix, Inc. acquired Facts Services, Inc. (“Facts”), a Miami, Florida based provider of fully automated software solutions for health care payers specializing in claims processing, employee benefits, and managed care. Facts’ products are available in either an ASP or self-hosted model. The Company paid the Facts shareholders \$7.0 million for all of Facts’ stock. The Company included Facts’ operations with its Pittsburgh health services division operating under the name of EbixHealth, which includes operating results of Facts starting with the second quarter of 2009. Ebix financed this acquisition with internal resources using available cash reserves. The Company recognized \$4.7 million of goodwill and \$2.2 million of intangible assets, primarily customer relationships in connection with the acquisition of Facts.



The following table summarizes the net assets acquired as a result of the acquisitions that occurred during 2011 and 2010:

(In thousands)	December 31,	
	2011	2010
Current assets	\$ 9,710	\$ 1,511
Property and equipment	1,626	411
Intangible assets	20,970	5,028
Deferred tax asset, (net)	9,294	—
Goodwill	80,516	19,194
Total assets acquired	122,116	26,144
Less: liabilities assumed	(15,696)	(10,427)
Net assets acquired	<u>\$106,420</u>	<u>\$ 15,717</u>

The following table summarizes the separately identified intangible assets acquired as a result of the acquisitions that occurred during 2011 and 2010:

Intangible asset Category	December 31,			
	2011		2010	
	Fair Value (in thousands)	Weighted Average Useful Life (in years)	Fair Value (in thousands)	Weighted Average Useful Life (in years)
Customer relationships	\$ 16,594	11.7	\$ 3,778	13.2
Developed technology	2,406	5.3	1,058	7.6
Non-compete agreements	—	—	192	10
Trademarks	1,970	13.4	—	—
Total acquired intangible assets	<u>\$ 20,970</u>	<u>11.2</u>	<u>\$ 5,028</u>	<u>11.9</u>

Estimated aggregate future amortization expense for the intangible assets recorded as part of the business acquisitions described above and other prior acquisitions is as follows:

<i>Estimated Amortization Expenses (in thousands):</i>	
For the year ended December 31, 2012	\$ 4,741
For the year ended December 31, 2013	4,687
For the year ended December 31, 2014	4,380
For the year ended December 31, 2015	3,713
For the year ended December 31, 2016	3,395
For the years ended after December 31, 2017	17,470
	<u>\$38,386</u>

The Company recorded \$4.8 million, \$3.7 million, and \$2.4 million of amortization expense related to acquired intangible assets for the year ended December 31, 2011, 2010, and 2009, respectively.



Note 4: Pro Forma Financial Information (re: 2011 and 2010 acquisitions)

This unaudited pro forma financial information is provided for informational purposes only and does not project the Company's results of operations for any future period:

	<u>As Reported 2011</u>	<u>Pro Forma 2011 (unaudited)</u>	<u>As Reported 2010</u>	<u>Pro Forma 2010 (unaudited)</u>
	(In thousands)			
Revenue	\$ 168,969	\$ 179,052	\$ 132,188	\$ 174,254
Net Income	\$ 71,378	\$ 72,086	\$ 59,019	\$ 62,533
Basic EPS*	\$ 1.89	\$ 1.89	\$ 1.69	\$ 1.62
Diluted EPS*	\$ 1.75	\$ 1.75	\$ 1.51	\$ 1.47

* Adjusted to reflect the effect of the 3-for-1 stock split dated January 4, 2010; see Note 2.

The preceding unaudited pro forma financial information for the year 2011 includes twelve months of pro forma financial results from the acquisitions of ADAM and Health Connect as if these acquisitions had been made on January 1, 2010, whereas the Company's reported financial statements for the year 2011 include only approximately eleven months of financial results for ADAM, and approximately two months of financial results for Health Connect.

Similarly, the unaudited pro forma financial information for the year 2010 includes twelve months of pro forma financial results from the acquisitions of ADAM, Health Connect, MCN, Trades Monitor, Connective Technologies, E-Trek, and USIX as if these acquisitions had been made on January 1, 2010, whereas the Company's reported financial statements for the year 2010 include only the following actual financial results: none for ADAM and Health Connect, eleven months for MCN; nine months for Trades Monitor; seven months for Connective Technologies; six months for E-Trek and, four months for USIX.

Note 5: Commercial Bank Financing Facility

On April 20, 2011 the Company entered into a seventh amendment to a credit agreement (the "Seventh Amendment") with Bank of America, N.A. ("BOA"), as administrative agent, which further amended the initial credit agreement dated February 12, 2010, as previously amended. The Seventh Amendment increased the existing revolving credit facility from \$25 million to \$35 million with its term ending on April 20, 2014, and the \$10 million secured term loan was increased to \$20 million and now amortizes over a three year period with quarterly principal and interest payments that commenced on June 30, 2011 and a final payment of all remaining outstanding principal and accrued interest due on April 20, 2014. The entire credit facility has a variable interest rate currently set at LIBOR plus 1.50%. The Company deferred the origination costs in connection with this expanded and amended credit facility, and is amortizing these costs into interest expense over the three-year life of the credit agreement. As of December 31, 2011 the Company's Consolidated Balance Sheet includes \$148 thousand of remaining deferred financing costs.

The revolving credit facility is used by the Company to fund working capital requirements primarily in support of current operations, expanding operations and associated growth, and strategic business acquisitions. The underlying financing agreement contains financial covenants regarding the Company's annualized EBITDA, fixed charge coverage ratio, and leverage ratio, as well as certain restrictive covenants pertaining to such matters incurring new debt, the aggregate amount of repurchases of the Company's equity shares, and the consummation of new business acquisitions. The Company currently is in compliance with all such financial and restrictive covenants, and there have been no violations thereof or in the event of noncompliance, appropriate waivers having been obtained.

Originally in February 2010 the Company entered into the initial credit facility with BOA. The financing was comprised of a two-year, \$25 million secured revolving credit facility, and a \$10 million secured term loan which amortized over a two year period with quarterly principal and interest payments that commenced on March 31, 2010 and a final payment of all remaining outstanding principal and accrued interest that was to be due on February 12, 2012. The interest rate applicable to the entire BOA credit facility was LIBOR plus 1.50%.

At December 31, 2011 the outstanding balance on the revolving line of credit was \$31.8 million and the facility carried an interest rate of 1.75%. This balance is included in long-term liabilities section of the Consolidated Balance Sheet. During the twelve months ending December 31, 2011 the average and maximum outstanding balance on the revolving line of credit was \$20.9 million and \$34.8 million, respectively, and the weighted average interest rate was 1.74%.

At December 31, 2010 the outstanding balance on the revolving line of credit was \$25.0 million and the facility carried an interest rate of 1.77%. This balance was included in the long-term liabilities section of the Consolidated Balance Sheets. During the twelve month period ending December 31, 2010 the average and maximum outstanding balance on the revolving line of credit was \$18.7 million and \$25.0 million respectively, and the weighted average interest rate was 1.78%.



At December 31, 2011, the outstanding balance on the term loan was \$15.0 million of which \$6.7 million is due within twelve months. This term loan also carried an interest rate of 1.75%. During the twelve months ended December 31, 2011 payments in the aggregate amount of \$6.3 million were made against the term loan and the weighted average interest rate was 1.74%. The balance of the term loan is included in the respective current and long-term liabilities section of the Consolidated Balance Sheets.

At December 31, 2010 the outstanding balance on the term loan was \$5.0 million and it carried an interest rate of 1.77%. During the twelve months ended December 31, 2010 payments in the aggregate amount of \$5.0 million were made against the term loan, and the weighted average interest rate was 1.78%. The balance of the term loan was included in the current liabilities section of the Consolidated Balance Sheets.

Note 6: Convertible Debt

The counterparties to our convertible debt arrangements are and were significant shareholders of the Company's common stock.

In August 2009 the Company entered into a Convertible Note Purchase Agreement with the Rennes Foundation in an original amount of \$5.0 million, which amount is convertible into shares of common stock at a conversion price of \$16.66 per share (the "Note"). The Note had a 0.0% stated interest rate and no warrants were issued. The Note was to be payable in full at its maturity date of August 25, 2011. The Company applied imputed interest on this convertible note using an interest rate of 1.75% and discounted their carrying value accordingly. During the twelve months ending December 31, 2011 the Company recognized \$21 thousand of interest expense on the Note. With respect to this convertible note, and in accordance with its terms, as was understood between the Company and the holder, upon a conversion election by the holder, the Company had to satisfy the related original principal balance in cash and could satisfy the conversion spread (that being the excess of the conversion value over the related original principal component) in either cash or stock at option of the Company. On April 18, 2011, the Rennes Foundation elected to fully convert the Note. The Company settled this conversion election by paying \$5.00 million in cash with respect to the principal component, and paying \$1.8 million in cash with respect to the conversion spread. The Company also recognized a pre-tax gain in the amount of \$108 thousand with respect to the settlement of this convertible debt.

Also in August 2009 the Company issued two convertible promissory notes raising a total of \$20.0 million. Specifically the Company entered into a Convertible Note Purchase Agreement with Whitebox in an original amount of \$19.0 million, which amount was convertible into shares of common stock at a conversion price of \$16.00 per share. The note had a 0.0% stated interest rate and no warrants were issued. The note was to be payable in full at its maturity date of August 26, 2011. Also at this time the Company entered into a Convertible Note Purchase Agreement with IAM Mini-Fund 14 Limited, a fund managed by Whitebox, in an original amount of \$1.0 million, which amount was convertible into shares of common stock at a conversion price of \$16.00 per share. The note had a 0.0% stated interest rate and no warrants were issued. The note was to be payable in full at its maturity date of August 26, 2011. The Company also applied imputed interest on these convertible notes using an interest rate of 1.75% and discounted their carrying value accordingly. During the twelve months ending December 31, 2010 the Company recognized \$328 thousand of interest expense in regards to these notes. With respect to each of these convertible notes, and in accordance with the terms of the notes, as understood between the Company and each of the holders, upon a conversion election by the holder the Company was to satisfy the related original principal balance in cash and could satisfy the conversion spread (that being the excess of the conversion value over the related original principal component) in either cash or stock at option of the Company. On November 10, 2010 Whitebox VSC, Ltd and IAM Mini-Fund 14 Limited elected to fully convert all of the remaining Convertible Promissory Notes. The Company settled these conversion elections by paying \$20 million in cash with respect to the principal component, paying \$2.5 million in cash for a portion of the conversion spread, and issuing 283,378 shares of Ebix common stock for the remainder of the conversion spread. The Company also recognized a pre-tax gain in the amount of \$24 thousand with respect to the settlement of this convertible debt.



In regards to the convertible promissory notes issued in August 2009 and discussed in the preceding paragraphs the Company followed the FASB accounting guidance related to the accounting for convertible debt instruments that may be partially or wholly settled in cash upon conversion. This guidance requires an entity to account separately for the liability and equity components of these types of convertible debt instruments in a manner that reflects the Company's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. This guidance requires bifurcation of the debt and equity components, re-classification of the then derived equity component, and then accretion of the resulting discount on the debt as part of interest expense recognized in the income statement. The application of this accounting guidance with respect to these convertible debt instruments resulted in the Company recording \$24.2 million as the carrying amount of the debt component, and \$852 thousand as debt discount and the carrying amount for the equity component. The bifurcation of these convertible debt instruments was based on the calculated fair value of similar debt instruments at August 2009 that did not have a conversion feature and associated equity component. The annual interest rate determined for such similar debt instruments in August 2009 was 1.75%. The resulting discount was amortized to interest expense over the two year term of the convertible notes. We recognized non-cash interest expense of \$21 thousand and \$328 thousand during years ended December 31, 2011 and 2010, respectively, as related to the amortization of the discount on the liability component. For federal income tax purposes, the issuance of the convertible notes is considered to be an issuance of debt with an original issue discount and the amortization of this discount in future periods is not deductible for tax purposes. Therefore, upon issuance of the debt, we recorded an adjustment of \$318 thousand to increase our deferred tax liabilities (included in other liabilities) and a corresponding reduction of the related equity component which is included in additional paid-in capital. Because the principal amount of the convertible notes must be settled in cash upon conversion, the convertible notes will only impacted diluted earnings per share when the average price of our common stock exceeded the conversion price, and then only to the extent of the incremental shares associated with the conversion spread. We included the effect of the additional shares that could have been issued from conversion in our diluted net income per share calculation using the treasury stock method.

The Company also previously had a \$15.0 million convertible note with Whitebox, originally dated July 11, 2008. On February 3, 2010, Whitebox fully converted the remaining principal on the \$15 million note in the amount of \$4.39 million and accrued interest in the amount of \$62 thousand into 476,662 shares of the Company's common stock.

As of December 31, 2011 the Company has no remaining convertible debt obligations.

Note 7: Commitments and Contingencies

Contingencies—Between July 14, 2011 and July 21, 2011, securities class action complaints were filed against the Company and certain of its officers in the United States District Court for the Southern District of New York and in the United States District Court for the Northern District of Georgia. The complaints assert claims against (i) the Company and the Company's CEO and CFO for alleged violations of Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder and (ii) the Company's CEO and CFO as alleged controlling persons. The complaints generally allege false statements in earnings reports, SEC filings, press releases, and other public statements that allegedly caused the Company's stock to trade at artificially inflated prices. Plaintiff seeks an unspecified amount of damages. The New York action has been transferred to Georgia and has been consolidated with the Georgia action, now styled In re: Ebix, Inc. Securities Litigation, Civil Action No. 1:11-CV-02400-RSW (N.D. Ga.). In September 2011, a related derivative complaint was filed against the Company and each of its Directors in the Superior Court of Fulton County, Georgia, styled Nauman v. Raina, et al., Civil Action File No. 2011-cv-205276. The derivative action has been stayed pending resolution of the Defendants' Motion to Dismiss in the federal action. A Consolidated Amended Complaint ("CAC") was filed by Plaintiffs on November 28, 2011, in the federal action. On January 12, 2012, the Company filed a Motion to Dismiss the CAC, which raises various defenses that the CAC fails to state a claim. Plaintiffs filed their Response on February 23, 2012. The Company believes that the complaints are legally insufficient.

In the normal course of business, the Company is involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate likely disposition of these matters will not have a material adverse effect on the Company's business, consolidated financial position, results of operations or liquidity.

Lease Commitments—The Company leases office space under non-cancelable operating leases with expiration dates ranging through 2018, with various renewal options. Capital leases range from three to five years and are primarily for computer equipment. There were multiple assets under various individual capital leases at December 31, 2011 and 2010.



Commitments for minimum rentals under non-cancellable leases and debt obligations as of December 31, 2011 were as follows:

Year	Debt	Capital Leases (in thousands)	Operating Leases
2012	\$ 6,667	\$ 198	\$ 4,196
2013	6,667	128	3,489
2014	33,416	20	2,615
2015	—	—	1,594
2016	—	—	1,347
Thereafter	—	—	3,246
Total	\$ 46,750	\$ 346	\$ 16,487
Less: amount representing interest	—	(46)	
Present value of obligations under capital leases	—	\$300	
Less: current portion	(6,667)	(165)	
Long-term obligations	\$ 40,083	\$ 135	

Rental expense for office facilities and certain equipment subject to operating leases for 2011, 2010 and 2009 was \$4.6 million, \$4.0 million and \$2.7 million, respectively.

Sublease income for 2011, 2010 and 2009 was \$0, \$145 thousand, \$141 thousand, respectively.

Self Insurance—For most of the Company’s U.S. employees, the Company is currently self-insured for its health insurance and has a stop loss policy that limits the individual liability to \$100 thousand per person and the aggregate liability to 125% of the expected claims based upon the number of participants and historical claims. As of December 31, 2011 and 2010, the amount accrued on the Company’s consolidated balance sheet was \$384 thousand and \$269 thousand, respectively. The maximum potential estimated cumulative liability for the annual contract period, which ends in September 2012, is \$2.5 million.

Note 8: Share-based Compensation

Stock Options—The Company accounts for compensation expense associated with stock options issued to employees, Directors, and non-employees based on their fair value, which is calculated using an option pricing model, and is recognized over the service period, which is usually the vesting period. At December 31, 2011, the Company has one equity based compensation plan. No stock options were granted to employees during 2011, 2010 and 2009; however, options were granted to Directors in 2011, 2010 and 2009. Stock compensation expense of \$537 thousand, \$444 thousand and \$216 thousand was recognized during the years ending December 31, 2011, 2010 and 2009, respectively, on outstanding and unvested options.

The fair value of options granted during is estimated on the date of grant using the Black-Scholes option pricing model. The following table includes the weighted- average assumptions used in estimating the fair values and the resulting weighted-average fair value of stock options granted in the periods presented:

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Weighted average fair values of stock options granted	\$ 20.58	\$ 21.70	\$ 17.58
Expected volatility	59.0%	54.9%	63.2%
Expected dividends	.74%	— %	— %
Weighted average risk-free interest rate	.33%	.72%	1.16%
Expected life of stock options	3.5 years	3.5 years	3.5 years



A summary of stock option activity for the years ended December 31, 2011, 2010 and 2009 is as follows:

	<u>Within Plans</u>	<u>Outside Plan</u>	<u>Weighted Average Exercise Price</u> (in thousands)	<u>Weighted Average Remaining Contractual Term (Years)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding at December 31, 2008	4,718,808	5,625	\$ 1.47	3.71	\$30,680
Granted	135,000	—	\$ 17.58		
Exercised	(302,163)	—	\$ 5.18		
Canceled	(9,009)	—	\$ 8.39		
Outstanding at December 31, 2009	<u>4,542,636</u>	<u>5,625</u>	\$ 1.69	2.91	\$66,344
Granted	45,000	—	\$ 21.70		
Exercised	(1,247,160)	(5,625)	\$ 4.99		
Canceled	—	—	\$ —		
Outstanding at December 31, 2010	<u>3,340,476</u>	<u>—</u>	\$ 2.22	2.51	\$71,638
Granted	45,000	—	\$ 20.58		
Exercised	(69,509)	—	\$ 0.73		
Canceled	(792)	—	\$ 0.72		
Outstanding at December 31, 2011	<u>3,315,175</u>	<u>—</u>	\$ 2.51	1.56	\$64,959
Exercisable at December 31, 2011	<u>3,135,170</u>	<u>—</u>	\$ 1.66	1.56	\$64,072

The aggregate intrinsic value for stock options outstanding and exercisable is defined as the difference between the market value of the Company's stock as of the end of the period and the exercise price of the stock options. The total intrinsic value of stock options exercised during 2011, 2010 and 2009 was \$941 thousand, \$5.7 million, \$2.0 million, respectively.

Cash received from option exercises under all share-based payment arrangements for the years ended December 31, 2011, 2010 and 2009, was \$51 thousand, \$1.2 million and \$1.5 million, respectively.

A summary of non-vested options and changes for the years ended December 31, 2011, 2010 and 2009 is as follows:

	<u>Non-Vested Number of Shares</u>	<u>Weighted Average Exercise Price</u>
Non-vested balance at December 31, 2008	270,000	\$ 7.13
Granted	135,000	\$ 17.58
Vested	(101,100)	\$ 7.08
Canceled	—	\$ —
Non-vested balance at December 31, 2009	<u>303,900</u>	\$ 11.79
Granted	45,000	\$ 21.70
Vested	(101,210)	\$ 10.61
Canceled	—	\$ —
Non-vested balance at December 31, 2010	<u>247,690</u>	\$ 14.07
Granted	45,000	\$ 20.58
Vested	(112,685)	\$ 11.71
Canceled	—	\$ —
Non-vested balance at December 31, 2011	<u>180,005</u>	\$ 17.17



The following table summarizes information about stock options outstanding by price range as of December 31, 2011:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price
\$0.38-\$0.74	2,324,542	1.15	\$ 0.61	2,324,542	\$ 0.61
\$1.50-\$1.75	480,375	2.28	\$ 1.74	480,375	\$ 1.74
\$2.17-\$2.36	54,000	4.39	\$ 2.27	54,000	\$ 2.27
\$6.98-\$7.27	231,258	1.56	\$ 7.14	197,503	\$ 7.12
\$17.58-\$21.70	225,000	3.54	\$ 19.00	78,750	\$ 18.17
	<u>3,315,175</u>	<u>1.56</u>	<u>\$ 2.51</u>	<u>3,135,170</u>	<u>\$ 1.66</u>

Restricted Stock—Pursuant to the Company’s restricted stock agreements, the restricted stock generally vests in three equal annual installments. The restricted stock also vests with respect to any unvested shares upon the applicable employee’s death, disability or retirement, the Company’s termination of the employee other than for cause, or for a change in control of the Company. A summary of the status of the Company’s non-vested restricted stock grant shares is presented in the following table:

	Shares	Weighted-Average Grant Date Fair Value
Non vested at December 31, 2008	299,142	\$ 6.56
Granted	236,616	\$ 8.17
Vested	(130,446)	\$ 5.69
Forfeited	—	\$ —
Non vested at December 31, 2009	<u>405,312</u>	\$ 7.79
Granted	50,371	\$ 16.05
Vested	(241,215)	\$ 7.59
Forfeited	(4,183)	\$ 8.22
Non vested at December 31, 2010	<u>210,285</u>	\$ 9.98
Granted	103,469	\$ 23.33
Vested	(150,267)	\$ 9.51
Forfeited	(18,406)	\$ 8.79
Non vested at December 31, 2011	<u>145,081</u>	\$ 20.13

As of December 31, 2011 there was \$2.2 million of total unrecognized compensation cost related to non-vested share based compensation arrangements granted under the 2006 and 2010 Incentive Compensation Program. That cost is expected to be recognized over a weighted-average period of 1.93 years. The total fair value of shares vested during the years ended December 31, 2011, 2010 and 2009 was \$1.4 million, \$1.8 million and \$742 thousand, respectively.

In the aggregate the total compensation expense recognized in connection with the restricted grants was \$1.7 million, \$1.4 million and \$1.2 million, during each of the years ending December 31, 2011, 2010 and 2009, respectively.

As of December 31, 2011 the Company has 5.9 million shares of common stock reserved for stock option and restricted stock grants.



Note 9: Income Taxes

Income before income taxes consisted of:

	Year Ended December 31, 2011	Year Ended December 31, 2010 (In thousands)	Year Ended December 31, 2009
Domestic	\$ 12,043	\$ 13,694	\$ 14,501
Foreign	61,452	45,960	25,331
Total	\$ 73,495	\$ 59,654	\$ 39,832

The income tax provision (benefit) consisted of:

	Year Ended December 31, 2011	Year Ended December 31, 2010 (In thousands)	Year Ended December 31, 2009
Current:			
Federal	\$ 1,237	\$ 527	\$ 1,176
State	822	362	758
Foreign	2,990	1,409	3,992
	<u>\$ 5,049</u>	<u>\$ 2,298</u>	<u>\$ 5,926</u>
Deferred:			
Federal	3,699	1,215	(126)
State	44	(148)	(444)
Foreign	(1,755)	(430)	(1,546)
	<u>1,988</u>	<u>637</u>	<u>(2,116)</u>
Provision for income taxes from ongoing operations at effective tax rate	<u>\$ 7,037</u>	<u>\$ 2,935</u>	<u>\$ 3,810</u>
Discrete Items:			
Release of valuation allowance	(6,625)	(2,300)	(2,800)
Windfall expense related to stock compensation	1,938	—	—
Enhanced R&D deduction—foreign operations	(233)	—	—
Provision for income taxes from discrete items	<u>(4,920)</u>	<u>(2,300)</u>	<u>(2,800)</u>
Total provision for income taxes	\$ 2,117	\$ 635	\$ 1,010



The income tax provision at the Federal statutory rate differs from the effective rate because of the following items:

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Statutory tax rate	35.0%	35.0%	34.0%
Tax impact of foreign subsidiaries	(5.6)%	(2.5)%	(11.6)%
State income taxes, net of federal benefit	0.8%	0.6%	1.2%
Uncertain tax matters	0.2%	— %	5.1%
Tax holiday—India (Permanent Difference)	(15.1)%	(19.9)%	(15.1)%
Passive income exemption—Sweden (Permanent Difference)	(3.0)%	(3.7)%	(3.9)%
Other permanent differences	(1.0)%	(5.0)%	(0.7)%
Other	(1.8)%	0.3%	0.6%
Effective tax rate from ongoing operations	<u>9.5%</u>	<u>4.8%</u>	<u>9.6%</u>
Discrete Items:			
Release of valuation allowance	(9.0)%	(3.7)%	(7.1)%
Windfall expense related to stock compensation	2.6%	— %	— %
Enhanced R&D deduction—foreign operations	(0.2)%	— %	— %
Effective tax rate after discrete items	<u>2.9%</u>	<u>1.1%</u>	<u>2.5%</u>

Current deferred income tax assets and liabilities and long-term deferred tax assets and liabilities are presented on a net basis separately in the December 31, 2011 and 2010 accompanying Consolidated Balance Sheets. The individual balances in current and long-term deferred tax assets and liabilities are as follows:

	2011	2010
	(In thousands)	
Current deferred income tax assets	\$ 3,277	\$ 922
Long-term deferred income tax assets, net of valuation allowance	28,865	11,050
Total deferred income tax assets	32,142	11,972
Current deferred income tax liabilities	(297)	(422)
Long-term deferred income tax liabilities	(19,452)	(14,591)
Net deferred income tax asset/(liability)	<u>\$ 12,393</u>	<u>\$ (3,041)</u>



Deferred income taxes reflect the impact of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by the applicable local jurisdiction tax laws. Temporary differences and carry forwards which comprise the deferred tax assets and liabilities as of December 31, 2011 and 2010 were as follows:

	December 31, 2011		December 31, 2010	
	Deferred		Deferred	
	Assets	Liabilities	Assets	Liabilities
	(In thousands)			
Depreciation and amortization	\$ 331	\$ 277	\$ 334	\$ —
Share-based compensation	549	—	842	—
Accruals and prepaids	2,009	297	1,068	422
Bad debts	720	—	422	—
Discount on convertible debt	—	—	—	143
Acquired intangible assets	933	19,175	1,008	14,448
Net operating loss carryforwards	22,237	—	10,827	—
Tax credit carryforwards	5,363	—	4,097	—
	32,142	19,749	18,598	15,013
Valuation allowance	—	—	(6,626)	—
Total deferred taxes	<u>\$32,142</u>	<u>\$19,749</u>	<u>\$11,972</u>	<u>\$15,013</u>

During the year ending December 31, 2011, the Company recognized certain discrete items that effected consolidated income tax expense. Specifically the Company released the remaining valuation allowances held against deferred tax assets associated with tax net operating losses carry forwards obtained from earlier business acquisitions. The valuation allowances were released based on analysis of the levels of taxable income being generated by these business units, available prudent and feasible tax planning strategies, and an analysis of the relevant income tax regulations. As a result of the release of the valuation allowances the Company recognized a tax benefit of \$6.6 million. Also included in recognized discrete items was a \$1.9 million income tax expense pertaining to charges associated with windfall gains realized from tax deductions in connection with exercised stock options and vested restricted stock grants, and a \$233 thousand income tax benefit from certain enhanced research and development tax deductions realized in our foreign operations.

As of December 31, 2011, the Company has remaining available domestic net operating loss (“NOL”) carry-forwards of \$57.5 million (net of \$11.1 million utilized to offset domestic taxable income for 2011), which are available to offset future federal and certain state income taxes. Approximately \$39.0 million of these these remaining NOL carry-forwards were obtained in connection with the recent acquisition of ADAM in February 2011. Portions of these remaining NOL’s will expire in during the years 2020 through 2027.

The Company’s consolidated world-wide effective tax rate is relatively low because of the effect of conducting operating activities in certain foreign jurisdiction with low tax rates and where a significant portions of our taxable income resides. Furthermore, the Company’s world-wide product development operations and intellectual property ownership has been centralized into our India and Singapore subsidiaries, respectively. Our operations in India benefit from a tax holiday which will continue through 2015; as such local India taxable income, other than passive interest and rental income, is not taxed. After the tax holiday expires taxable income generated by our India operations will be taxed at 50% of the normal 33.99% corporate tax rate for a period of five years. This tax holiday had the effect of reducing tax expense by \$11.1 million \$0.27 per diluted share in 2011. The Company also has a relatively low income tax rate in Singapore in which our operations are taxed at a 10% marginal tax rate as a result of concessions granted by the local Singapore Economic Development Board for the benefit of in-country intellectual property owners. The concessionary 10% income tax rate will expire after 2015, at which time our Singapore operations will be subject to the prevailing corporate tax rate in Singapore, which is currently 17%, unless the Company reaches a subsequent agreement to extend the incentive period and the then applicable concessionary rate. The concession granted by the EDB improved net income by \$1.1 million or \$0.027 per diluted share in 2011. The pre-tax income from and the applicable statutory tax rates in each jurisdiction in which the Company had operations for the year ending December 31, 2011 was as follows:

	United States	Canada	Latin America	Australia	Singapore	New Zealand	India	Sweden	Total
Pre-tax income	\$12,043	\$ 831	\$1,260	\$ 2,734	\$18,084	\$ 488	\$31,715	\$6,340	\$73,495
Statutory tax rate	35.0%	30.5%	34.0%	30.0%	10.0%	30.0%	— %	— %	



The income from the Company’s operations in India are subject to a 19.94% Minimum Alternative Tax (“MAT”). The tax paid under the MAT provisions is carried forward for a period of seven years and set off against future tax liabilities computed under the regular corporate income tax provisions using the statutory 33.99% corporate income tax rate. During the year ended December 31, 2011, the Company paid \$1.8 million in MAT. The accompanying Consolidated Balance Sheets as of December 31, 2011 includes a long-term deferred tax asset in the amount of \$6.7 million associated with cumulative future MAT tax credit entitlement.

The Company has not recognized a deferred U.S. tax liability and associated income tax expense for the undistributed earnings of its foreign subsidiaries which we consider indefinitely invested because those foreign earnings will remain permanently reinvested in those subsidiaries to fund ongoing operations and growth. If those earnings were not considered indefinitely invested, approximately \$48.2 million of deferred U.S. income taxes would have been provided.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With the exception of NOL carryforwards, the Company is no longer subject to U.S. federal or state tax examinations by tax authorities for years before 2007 due to the expiration of the statute of limitations. Regarding our foreign operations as of December 31, 2011, the tax years that remain open and possibly subject to examination by the tax authorities in those jurisdictions are Australia (2005 to 2011), Singapore and Brazil (2007 to 2011), New Zealand (2008 to 2011), and India (2009 to 2011).

The Company follows the provisions of FASB accounting guidance on accounting for uncertain income tax positions. Accordingly liabilities are recognized for a tax position, where based solely on its technical merits, it is believed to be more likely than not fully sustainable upon examination. This liability is included in other long-term liabilities in the accompanying Consolidated Balance Sheets. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	(in thousands)
Balance at January 1, 2011	\$ 2,980
Additions for tax positions related to current year	1,949
Additions for tax positions of prior years	307
Reductions for tax position of prior years	(2,056)
Balance at December 31, 2011	<u>\$ 3,180</u>

The Company recognizes interest accrued and penalties related to unrecognized tax benefits as part of income tax expense. As of December 31, 2011 approximately \$754 thousand of estimated interest and penalties is included in other long-term liabilities in the accompanying Consolidated Balance Sheets.

Note 10: Stock Repurchases

Effective June 30, 2011 The Board of Directors of Ebix, Inc. unanimously approved an increase in the size of the Company’s authorized share repurchase plan to acquire up to \$100 million of the Company’s current outstanding shares of common stock. Under the terms of the Board’s authorization, the Company retains the right to repurchase up to \$100 million in shares but does not have to repurchase this entire amount. The repurchase plan’s terms have been structured to comply with the SEC’s Rule 10b-18, and are subject to market conditions and applicable legal requirements. The program does not obligate the Company to acquire any specific number of shares and may be suspended or terminated at any time. All purchases will be on the open market and are expected to be funded from existing cash. Treasury stock is recorded at its acquired cost. During 2011 the Company repurchased 3,510,973 shares of its common stock under this plan for total consideration of \$63.7 million. During 2010 the Company repurchased 669,978 shares of its common stock for total consideration of \$10.6 million.



Note 11: Derivative Instruments

The Company uses derivative instruments that are not designated as hedges under the FASB accounting guidance related to the accounting for derivative instruments and hedging activity, to hedge the fluctuations in foreign exchange rates for certain balance sheet accounts such as intercompany receivables. As of December 31, 2011 the Company has six-month and one-year foreign currency hedge contracts maturing March 2012 with a notional value totaling \$22.0 million. The inputs used in the valuation of the hedge contracts included the USD/INR foreign currency exchange spot rates in effect at the inception date of the contract, forward premiums, forward foreign currency exchange rates, term, and contract maturity date.

The intended purpose of these hedging instruments is to offset the income statement impact of recorded foreign exchange transaction gains and losses resulting from U.S. dollar denominated invoices issued by our Indian subsidiary whose functional currency is the Indian rupee. The change in the fair value of these derivatives was recorded in foreign exchange gains (losses) in the consolidated statements of income and was \$(2.6) million, \$1.3 million, \$498 thousand for years ended December 31, 2011, 2010, and 2009, respectively. As of December 31, 2011 the aggregate fair value of these derivative instruments, which are included in other current liabilities, in the Company consolidated balance sheet was \$2.3 million. The Company has classified the foreign currency hedge, which is measured at fair value on a recurring basis, as a level 2 instrument (i.e. wherein fair value is determined based on observable inputs other than quoted market prices) which we believe is the most appropriate level within the fair value hierarchy based on the inputs used to determine its the fair value at the measurement date.

In connection with the acquisition of E-Z Data effective October 1, 2009, Ebix issued a put option to the sellers which was exercisable during the thirty-day period immediately following the two-year anniversary date of the business acquisition, and which if exercised would have enabled them to sell the underlying shares of common stock back to the Company for \$15.11 per share, which represented a 10% discount off of the per-share value established on the effective date of the closing of Ebix's acquisition of E-Z Data. In accordance with the relevant authoritative accounting literature a portion of the total purchase consideration was allocated to this put liability based on its initial fair value which was determined to be \$6.6 million using a Black-Scholes model. The inputs used in the valuation of the put option included term, stock price volatility, current stock price, exercise price, and the risk free rate of return. For the years ended December 31, 2011, 2010, and 2009 the fair value of the put option was recalculated and was determined to have dropped \$537 thousand, \$6.1 million, and \$89 thousand, respectively, which amount is appropriately shown as other non-operating income in the Consolidated Statement of Income for the years then ended. As of October 31, 2011 the put option expired unexercised. The Company has classified the put option as a level 2 instrument.

Note 12: Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2011 and December 31, 2010, consisted of the following:

	2011	2010
	(In thousands)	
Trade accounts payable	\$ 2,925	\$ 2,569
Accrued professional fees	215	108
Acquisition earnout payable	7,590	8,911
Income taxes payable	4,389	1,686
Sales taxes payable	3,206	2,005
Other accrued liabilities	394	65
Total	\$18,719	\$15,344



Note 13: Other Current Assets

Other current assets at December 31, 2011 and December 31, 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
	(In thousands)	
Prepaid expenses	\$2,712	\$1,930
Foreign currency hedges	—	1,304
Sales taxes receivable from customers	984	1,004
Deferred tax assets (net)	—	500
Cash bond	—	319
Stop loss insurance reimbursement on medical claims	364	—
Other	442	—
Total	<u>\$4,502</u>	<u>\$5,057</u>

Note 14: Property and Equipment

Property and equipment at December 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
	(In thousands)	
Computer equipment	\$ 9,902	\$ 8,140
Buildings	3,362	2,992
Land	67	80
Leasehold improvements	1,745	1,565
Furniture, fixtures and other	3,853	2,996
	18,929	15,773
Less accumulated depreciation and amortization	<u>(10,095)</u>	<u>(7,967)</u>
	<u>\$ 8,834</u>	<u>\$ 7,806</u>

Depreciation expense was \$2.7 million, \$2.4 million and \$1.6 million, in 2011, 2010 and 2009, respectively.

Note 15: Cash Option Profit Sharing Plan and Trust

The Company maintains a 401(k) Cash Option Profit Sharing Plan, which allows participants to contribute a percentage of their compensation to the Profit Sharing Plan and Trust up to the Federal maximum. The Company's contributions to the Plan were \$318 thousand \$284 thousand and \$226 thousand for the years ending December 31, 2011, 2010 and 2009, respectively.



Note 16: Geographic Information

The Company operates with one reportable segment whose results are regularly reviewed by the Company's chief operating decision maker as to performance and allocation of resources. The following enterprise wide information is provided. The following information relates to the primary geographic locations in which the Company conducts its operations. External customer revenues in the tables below were attributed to an particular country based on whether the customer had a direct contract with the Company which was executed in that particular country for the sale of the Company's products/services with an Ebix subsidiary located in that country. (all amounts in thousands):

Year Ended December 31, 2011

	<u>United States</u>	<u>Canada</u>	<u>Latin America</u>	<u>Australia</u>	<u>Singapore</u>	<u>New Zealand</u>	<u>India</u>	<u>Total</u>
External Revenues	\$120,780	\$ 836	\$10,504	\$31,991	\$ 2,943	\$1,915	\$ —	\$168,969
Long-lived assets	\$258,347	\$ —	\$14,179	\$ 1,286	\$63,866	\$ 233	\$8,376	\$346,287

Year Ended December 31, 2010

	<u>United States</u>	<u>Canada</u>	<u>Latin America</u>	<u>Australia</u>	<u>Singapore</u>	<u>New Zealand</u>	<u>India</u>	<u>Total</u>
External Revenues	\$ 93,719	\$ 707	\$ 4,874	\$27,253	\$ 4,156	\$1,479	\$ —	\$132,188
Long-lived assets	\$151,355	\$ —	\$18,478	\$ 1,525	\$67,781	\$ 40	\$3,339	\$242,518



Year Ended December 31, 2009

	<u>United States</u>	<u>Canada</u>	<u>Latin America</u>	<u>Australia</u>	<u>Singapore</u>	<u>New Zealand</u>	<u>India</u>	<u>Total</u>
External Revenues	\$ 73,431	\$ —	\$ —	\$21,120	\$ 1,877	\$1,257	\$ —	\$ 97,685
Long-lived assets	\$152,346	\$ —	\$ —	\$ 1,621	\$59,085	\$ 42	\$2,558	\$215,652



Item 9A: CONTROLS AND PROCEDURES



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

The Board of Directors and Stockholders of Ebix, Inc.:

We have audited Ebix, Inc.'s internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Ebix, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also includes performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of HealthConnect Systems, which are included in the 2011 consolidated financial statements of Ebix, Inc. and which constituted approximately 0.6% of Ebix consolidated revenues for the year ended December 31, 2011. Our audit of internal control over financial reporting of Ebix, Inc. also did not include an evaluation of the internal control over financial reporting of HealthConnect Systems.

In our opinion, Ebix, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Ebix, Inc. as of December 31, 2011 and 2010, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2011, and the related consolidated financial statement schedule as of December 31, 2011, 2010, and 2009 and our report dated December 7, 2012 expressed an unqualified opinion thereon.

Cherry, Bekaert & Holland, L.L.P.
Atlanta, Georgia
December 7, 2012



SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized.

EBIX, INC.
(Registrant)

By: /s/ ROBIN RAINA
Robin Raina
*Chairman of the Board, President and
Chief Executive Officer*
Principal Executive Officer

Date: December 7, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ ROBIN RAINA</u> (Robin Raina)	Chairman of the Board, President, and Chief Executive Officer (principal executive officer)	December 7, 2012 December 7, 2012
<u>/s/ ROBERT F. KERRIS</u> (Robert F. Kerris)	Senior Vice President and Chief Financial Officer (principal financial and accounting officer)	December 7, 2012 December 7, 2012
<u>/s/ HANS U. BENZ</u> (Hans U. Benz)	Director	December 7, 2012 December 7, 2012
<u>/s/ PAVAN BHALLA</u> (Pavan Bhalla)	Director	December 7, 2012 December 7, 2012
<u>/s/ NEIL D. ECKERT</u> (Neil D. Eckert)	Director	December 7, 2012 December 7, 2012
<u>/s/ ROLF HERTER</u> (Rolf Herter)	Director	December 7, 2012 December 7, 2012
<u>/s/ HANS UELI KELLER</u> (Han Ueli Keller)	Director	December 7, 2012 December 7, 2012



EXHIBIT INDEX

- Exhibits
- 2.1 Stock Purchase Agreement dated February 23, 2004 by and among the Company and the shareholders of LifeLink Corporation (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated February 23, 2004 (the "February 2004 8-K")) and incorporated herein by reference.
 - 2.2 Secured Promissory Note, dated February 23, 2004, issued by the Company (incorporated by reference to Exhibit 2.2 of the February 2004 8-K and incorporated herein by reference).
 - 2.3 Purchase Agreement, dated June 28, 2004, by and between Heart Consulting Pty Ltd. And Ebix Australia Pty Ltd. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated July 14, 2004 (the "July 14, 2004 8-K")) and incorporated herein by reference.
 - 2.4 Agreement, dated July 1, 2004, by and between Heart Consulting Pty Ltd. and Ebix, Inc. (incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K dated July 14, 2004 (the "July 14, 2004 8-K")) and incorporated herein by reference.
 - 2.5 Agreement Plan of Merger by and among Ebix, Finetre and Steven F. Piaker, as shareholders' Representative dated September 22, 2006 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on 8-K/A dated October 2, 2006) and incorporated herein by reference.
 - 2.6 Asset Purchase Agreement, dated May 9, 2006, by and among Ebix, Inc., Infinity Systems Consulting, Inc. and the Shareholders of Infinity Systems Consulting, Inc. (incorporated here by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K/A dated May 9, 2006) and incorporated herein by reference.
 - 2.7 Agreement and Plan of Merger dated October 31, 2007 by and among Ebix, Inc., Jenquest, Inc. IDS Acquisition Sub. and Robert M. Ward as Shareholder Representative (incorporated here by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K/A dated November 7, 2007) and incorporated herein by reference.
 - 2.8 Stock Purchase Agreement by and among Ebix, Inc., Acclamation Systems, Inc., and Joseph Ott (incorporated here by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated August 5, 2008 and incorporated herein by reference).
 - 2.9 Stock Purchase Agreement by and amongst Ebix, Inc., ConfirmNet Corporation, Ebix Software India Private Limited, ConfirmNet Acquisition Sub, Inc., and Craig Irving, as Shareholders' Representative (incorporated here by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated November 12, 2008 and incorporated herein by reference.)
 - 2.10 Agreement and Plan of Merger, dated September 30, 2009, by and amongst Ebix, E-Z Data, and Dale Okuno and Dilip Sontakey, as Sellers (incorporated here by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated October 6, 2009 and incorporated herein by reference.)
 - 2.11 IP Asset Purchase Agreement, dated September 30, 2009, by and amongst Ebix Singapore PTE LTD., Ebix, Inc., E-Z Data, and Dale Okuno and Dilip Sontakey, as Shareholders dated September 30, 2009 (incorporated here by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K dated October 6, 2009 and incorporated herein by reference.)
 - 2.12 Agreement and Plan of Merger, dated August 29, 2010, by and amongst Ebix Inc., A.D.A.M., Inc., and Eden Acquisition Sub, Inc (incorporated here by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated August 31, 2010 and incorporated herein by reference.)
 - 3.1 Certificate of Incorporation, as amended, of Ebix, Inc. (filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and incorporated herein by reference).
 - 3.2 Bylaws of the Company (filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and incorporated herein by reference).
 - 10.1 Delphi Information Systems, Inc. 1983 Stock Incentive Plan, as amended (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-1 (No. 33-45153) and incorporated herein by
 - 10.2 Delphi Information Systems, Inc. Cash Option Profit Sharing Plan (filed as Exhibit 4.2 to the Company's Registration Statement on Form S-8 (No. 33-19310) and incorporated herein by reference).
 - 10.3 Delphi Information Systems, Inc. 1989 Stock Purchase Plan (included in the prospectus filed as part of the Company's Registration Statement on Form S-8 (No. 33-35952) and incorporated herein by reference).
 - 10.4 Delphi Information Systems, Inc. Non-Qualified Stock Option Plan for Directors (filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1992 and incorporated herein by reference).



- 10.5 Delphi Information Systems, Inc. 1996 Stock Incentive Plan (filed as Exhibit 4.3 to the Company's Registration Statement on Form S-8 (File No. 333-23261) and incorporated herein by reference).
- 10.6 Lease agreement effective October, 1998 between the Company and 485 Properties LLC relating to premises at Five Concourse Parkway, Atlanta, Georgia (filed as Exhibit 10.16 to the Company's Transition Report on Form 10-K for the transition period from April 1, 1998 to December 31, 1998 and incorporated herein by reference).
- 10.7 Delphi Information Systems, Inc. 1998 Non-Employee Director's Stock Option Plan (filed as Exhibit A to the Company's proxy statement dated August 12, 1998 and incorporated herein by reference).
- 10.8 Delphi Information Systems, Inc. 1999 Stock Purchase Plan (filed as Exhibit 10.33 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 and incorporated herein by reference).
- 10.9 Severance agreement, between the Company and Richard J. Baum, dated as of October 4, 2000 (filed as Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 and incorporated herein by reference).
- 10.10 Sublease agreement dated October 11, 2000, between the Company and Eric Swallow and Deborah Swallow, relating to the premises at 2055 N. Broadway, Walnut Creek, CA. (filed as Exhibit 10.27 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000 and incorporated herein by reference).
- 10.11 First amendment to lease agreement dated June 26, 2001, between the Company and PWC Associates, relating to premises of Building Two of the Parkway Center, Pittsburgh, PA. (filed as Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 and incorporated herein by reference).
- 10.13 Share Exchange and Purchase Agreement between the Company and Brit Insurance Holdings PLC (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001 and incorporated herein by reference).
- 10.14 Registration Rights Agreement between the Company and Brit Holdings Limited (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001 and incorporated herein by reference).
- 10.15 Share Purchase Agreement dated January 16, 2004, by and between Ebix, Inc. and CF Epic Insurance and General Fund (filed as Exhibit 99.1 to the Company's S-3 (No. 333-112616), and incorporated herein by reference).
- 10.16 Second Amendment to the Lease Agreement dated June 3, 2003 between the Company and 485 Properties, LLC relating to the premises at Five Concourse Parkway, Atlanta, Georgia (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003 and incorporated herein by reference).
- 10.17 Ebix, Inc. 1996 Stock Incentive Plan as amended by the first, second, third and fourth amendments thereto (incorporated by reference to Exhibit 10.18 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004 and incorporated herein by reference).
- 10.18 Amended and Restated Revolving Line of Credit from LaSalle Bank, National Association, Amended and Restated Loan and Security Agreement and Pledge Agreement dated April 21, 2004 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 and incorporated herein by reference).
- 10.19 First Amendment to the Loan and Security Agreement, dated July 1, 2004, between Ebix, Inc. and LaSalle National Bank (incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004 and incorporated herein by reference).
- 10.2 Second Amendment to Loan and Security Agreement between Ebix, Inc. and the Company, effective as of December 31, 2004, between Ebix, Inc. and LaSalle National Bank. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 23, 2005 and incorporated herein by reference).
- 10.21 Third Amendment to Loan and Security Agreement between Ebix, Inc. and the Company, effective as of October 20, 2005, between Ebix, Inc. and LaSalle National Bank (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2005 and incorporated herein by reference).
- 10.22 Second Amended and Restated Loan and Security Agreement, dated August 31, 2006 between Ebix, Inc. and LaSalle National Bank.(incorporated by reference to Exhibit 2.2 on Form 10-Q for the quarter ended September 30, 2006 and incorporated herein by reference).



- 10.23 Lease agreement dated January 1, 2002, between LifeLink Building LLC and LifeLink Corporation (which was acquired by Ebix, Inc. in February 2004), relating to the premises at The LifeLink Building located at 1918 Prospector Drive, Park City, UT 84060 (incorporated by reference to Exhibit 10.23 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004 and incorporated herein by reference).
- 10.24 Form of Restricted Stock Agreement under the Company's 1996 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 7, 2005 and incorporated herein by reference). +
- 10.25 Stock Purchase Agreement, dated April 28, 2005, by and between Ebix, Inc. and Craig Wm. Earnshaw (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated April 28, 2005 and incorporated herein by reference).
- 10.26 Share Purchase Agreement made and entered into as of June 1, 2007, by and among Ebix, Inc. and Luxor Capital Partners, LP, a Delaware limited partnership and Luxor Capital Partners Offshore, Ltd, a Cayman Islands exempted company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 6, 2007 and incorporated herein by reference).
- 10.27 Secured Convertible Note Purchase effective as of December 18, 2007, by and between Ebix, Inc., and Whitebox VSC Ltd., a limited partnership organized under the laws of the British Virgin Islands, (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated December 26, 2007 and incorporated herein by reference).
- 10.28 2.5% Convertible Secured Promissory Note dated December 18, 2007 by Ebix, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated December 26, 2007 and incorporated herein by reference).
- 10.29 Share Purchase Agreement made and extended into as of April 2, 2008 by and among Ebix, Inc. and Rennes Foundation (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 14, 2008).
- 10.3 Share Purchase Agreement made and entered into as of April 7, 2008 by and among Ebix, Inc. and Ashford Capital Management, Inc. (incorporated by reference to Exhibit 10.30 to the Company's Current Report on Form 8-K filed April 14, 2008).
- 10.31 Stock Purchase Agreement made and entered into as of April 16, 2008 by and among Ebix, Inc. and Brit Insurance Holdings, Inc. (incorporated by reference to Exhibit 10.31 to the Company's Form 8-K filed April 17, 2008).
- 10.32 Secured Convertible Note Purchase effective as of July 11, 2008, by and between Ebix, Inc., and Whitebox VSC Ltd., a limited partnership organized under the laws of the British Virgin Islands (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated July 16, 2008 and incorporated herein by reference).
- 10.33 2.5% Convertible Secured Promissory Note dated July 11, 2008 by Ebix, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated July 16, 2008 and incorporated herein by reference).
- 10.34 Amendment to Secured Promissory Note Dated December 18, 2008 entered into as of June 25, 2008 between Ebix, Inc., and Whitebox VSC Ltd., a limited partnership organized under the laws of the British Virgin Islands (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated July 1, 2008 and incorporated herein by reference).
- 10.35 Acquisition Bonus Agreement by and between Ebix, Inc., and Robin Raina dated as of July 15, 2009 (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K dated July 21, 2009 and incorporated herein by reference).
- 10.36 Third Amendment to the Second Amended and Restated Loan and Security Agreement between Ebix, Inc. and Bank of America Corporation dated August 27, 2009 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated August 28, 2009 and incorporated herein by reference).
- 10.37 Second Amendment to Secured Promissory Note Due December 18, 2009 between Ebix, Inc. and Whitebox VSC, Ltd dated August 24, 2009 (incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K dated August 28, 2009 and incorporated herein by reference).
- 10.38 Amendment to Secured Promissory Note Due July 11, 2010 between Ebix, Inc. and Whitebox VSC, Ltd. Dated August 24, 2009 (incorporated by reference to Exhibit 2.3 to the Company's Current Report on Form 8-K dated August 28, 2009 and incorporated herein by reference).
- 10.39 Convertible Note Purchase Agreement by and between Ebix, Inc. and Whitebox VSC, Ltd dated August 26, 2009 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated August 28, 2009 and incorporated herein by reference).



- 10.4 Convertible Promissory Note by and between Ebix, Inc. and Whitebox VSC, Ltd dated August 26, 2009 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated August 28, 2009 and incorporated herein by reference).
- 10.41 Convertible Note Purchase Agreement by and between Ebix, Inc. and IAM Mini-Fund 14 Limited dated August 26, 2009 (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated August 28, 2009 and incorporated herein by reference).
- 10.42 Convertible Promissory Note by and between Ebix, Inc. and IAM Mini-Fund 14 Limited dated August 26, 2009 (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K dated August 28, 2009 and incorporated herein by reference).
- 10.43 Convertible Note Purchase Agreement by and between Ebix, Inc. and the Rennes Foundation dated August 25, 2009 (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K dated August 28, 2009 and incorporated herein by reference).
- 10.44 Credit Agreement, dated as of February 12, 2010, by and among Ebix, Inc., as borrower, certain subsidiaries of Ebix, Inc., as guarantors, the lenders party thereto from time to time, Bank of America, N.A., as administrative agent (incorporated here by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 18, 2010) and incorporated herein by reference.
- 10.45 Seventh Amendment to Credit Agreement, dated as of April 20, 2011, by and among Ebix, Inc., as borrower, certain subsidiaries of Ebix, Inc., as guarantors, the lenders party thereto from time to time, Bank of America, N.A., as administrative agent (incorporated here by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated April 21, 2011) and incorporated herein by reference.
- 14.1 Ebix, Inc. Code of Ethics for Senior Financial Officers (incorporated by reference to Exhibit 14.1 to the Company's Registration Statement on Form S-1 dated November 4, 2008) and incorporated herein by reference.
- 21.1** Subsidiaries of the Company.
- 23.1* Consent of Cherry, Bekaert and Holland L.L.P.
- 31.1* Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002).
- 31.2* Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002).
- 32.1* Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2* Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101** XBRL (Extensible Business Reporting Language) - The following materials from Ebix, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Stockholders' Equity and Comprehensive Income (Loss), (iv) the Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements which were tagged as blocks of text.

* Filed herewith

** Previously filed as an exhibit to the Company's Annual Report on Form 10-K filed on March 15, 2012, for the Company's fiscal year 2011



Exhibit 23.1



CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements (Form S-1 Nos. 333-144538 and 333-150371; Form S-3 Nos. 333- 112616,333-64368,333-12781,33-62427 and 333-16.3459; and Form S-8 Nos. 333-128086, 333-64664, 333-59242, 333-46066, 333-23261, and 33-62901) of our reports dated December 7, 2012 included in this Annual Report on Form 10-K/A of Ebix, Inc. and subsidiaries (the Company) relating to the consolidated balance sheets of the Company as of December 31, 2011 and 2010, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows and the related consolidated financial statement schedule for each of the three years in the period ended December 31, 2011, and the effectiveness of internal control over financial reporting for the Company as of December 31, 2011.

Cherry, Bekaert & Holland, L.L.P.
Atlanta, Georgia
December 7, 2012



Exhibit 31.1

**Certification Pursuant to Section 302
of the Sarbanes-Oxley Act of 2002
for the Chief Executive Officer**

I, Robin Raina, certify that:

1. I have reviewed this annual report on Form 10-K/A of Ebix, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 7, 2012

By: /s/ Robin Raina
Robin Raina
Chief Executive Officer
(Principal Executive Officer)



Exhibit 31.2

**Certification Pursuant to Section 302
of the Sarbanes-Oxley Act of 2002
for the Chief Executive Officer**

I, Robert Kerris, certify that:

1. I have reviewed this annual report on Form 10-K/A of Ebix, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 7, 2012

By: /s/ Robert Kerris

Robert Kerris
Chief Financial Officer
(Principal Financial Officer)



Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Robin Raina, state and attest that:

- (1) I am the Chief Executive Officer of Ebix, Inc. (the "Registrant").
- (2) I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley

Act of 2002, that the Annual Report on Form 10-K of the Registrant for the year ended December 31, 2011 (the "periodic report") containing financial statements fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of the Registrant as of, and for, the periods presented.

Name: /s/ Robin Raina
Title: Chief Executive Officer
Date: December 7, 2012



Exhibit 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert Kerris, state and attest that:

- (1) I am the Chief Financial Officer of Ebix, Inc. (the "Registrant").
- (2) I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley

Act of 2002, that the Annual Report on Form 10-K of the Registrant for the year ended December 31, 2011 (the "periodic report") containing financial statements fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of the Registrant as of, and for, the periods presented.

Name: /s/ Robert Kerris
Title: Chief Financial Officer
Date: December 7, 2012