



Ebix to Acquire Atlanta Based, Leading Health Technology Services Company A.D.A.M.

Combined Company will have a Powerful Health Information and Services Exchange for Employers, Benefits Brokers, Hospitals, Healthcare Organizations and Consumers

Ebix Expects the Merger to be Immediately Accretive and Generate 15 cents of Additional Diluted EPS in Year One



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**Press Release** Source: Ebix, Inc. On Monday August 30, 2010, 8:30 am EDT

ATLANTA--(BUSINESS WIRE)--Ebix, Inc. (NASDAQ: [EBIX - News](#)), a leading international supplier of On-Demand software and E-commerce services to the insurance industry, today announced that it has signed a merger agreement with Atlanta based A.D.A.M., Inc. (NASDAQ: [ADAM - News](#)), a leading provider of health information and benefits technology solutions in the United States. Ebix will acquire A.D.A.M. on a debt-free basis for aggregate merger consideration of \$66 million.

Under the terms of the merger agreement, unanimously approved by both Boards of Directors, A.D.A.M. shareholders will receive 0.3122 of Ebix common stock for each share of A.D.A.M. common stock in a tax-free reorganization, subject to certain adjustments specified in the merger agreement. The exchange ratio of 0.3122 is based on a \$19.06 agreed value of Ebix common stock for purposes of the merger agreement. Upon the closing of the transaction, A.D.A.M. shareholders will own approximately 7 percent of the combined company.

Ebix Chairman of the Board, President & CEO Robin Raina said, "This is a move that accelerates our health insurance strategy and that we believe positions us to win by offering even greater value to our customers and partners. In addition to the strategic benefits of combining two highly complementary Atlanta based organizations and product families, we believe we can create substantial shareholder value through significant cost structure improvements and access to new growth opportunities. At a particularly challenging time for the health insurance industry, we believe that this combination vaults the combined company into a powerful role with respect to employers, brokers, carriers and health insurance organizations -- together we expect to shape the health insurance industry for years to come."

Robin added, "We expect the transaction to be accretive in the short and long term both. We expect the merger to deliver at least 15 cents in increased diluted EPS in the first 12 months after closing. This transaction will provide new cross selling opportunities on both sides while helping take A.D.A.M. services across the world. This deal is a strategic step forward to establish Ebix as a Health Information Exchange and is likely to be followed by other strategic steps in coming months and years."

A.D.A.M. Chairman of the Board, Bob Cramer said, "We are excited to be merging the two companies to create a leading health information and services exchange player in the United States, at a critical time in the health industry. We believe that the combined operations will help our customers by bringing broader solutions to them, leveraging both companies' commitment to world-class service levels, and because this will reduce the burden of public company costs incurred by Adam on a standalone basis. We believe the merger will allow for continuing investment in developing leading edge products in A.D.A.M.'s core markets."

The consummation of the Merger is subject to the approval of A.D.A.M. shareholders, customary regulatory approval, including the expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and other customary closing conditions. The transaction is expected to close later this year.

Complementary Strengths and Synergies

The merger of Ebix and A.D.A.M. unites two Atlanta based software services companies with complementary services in the health information and insurance services sectors. Key business strengths of the combination include:

- Health information exchange that puts the power of various consumer health products and over 18,000-search engine optimized assets to work on hospital websites across the world.
- End-to-end health and employee benefit software services on an SAAS based On-Demand Platform that integrates all functions ranging from benefit portals, enrollment, claims adjudication, accounting, broker systems, cobra, and hour-glass banking to the entire back end processing of a health insurance transaction.
- Top rated, proven e-Learning solutions recognized for ease-of-use, flexibility and scalability.
- A world-class service and support organization benefiting from the best practices and infrastructure investments of both companies.
- A stronger presence in the health information and insurance markets utilizing Ebix's international footprint.
- Cross-selling opportunities to sell each other's complementary services to existing clients of the two companies.
- Both companies have strong recurring revenue streams, with the merger creating a combined Company with 75% plus recurring revenue streams.
- Both companies are based in Atlanta, which should facilitate integration and make cost synergies even more achievable.
- Substantial cost synergies given that A D A M will no longer incur costs as a public company

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