

# SECURITIES AND EXCHANGE COMMISSION

## FORM 425

Filing under Securities Act Rule 425 of certain prospectuses and communications in connection with business combination transactions

Filing Date: **2005-05-02**  
SEC Accession No. **0001104659-05-019493**

([HTML Version](#) on [secdatabase.com](#))

### SUBJECT COMPANY

#### EBIX INC

CIK: **814549** | IRS No.: **770021975** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **425** | Act: **34** | File No.: **000-15946** | Film No.: **05788357**  
SIC: **7373** Computer integrated systems design

Mailing Address	Business Address
3501 ALGONQUIN ROAD ROLLING MEADOWS IL 60008	3501 ALGONQUIN RD STE 500 ROLLING MEADOWS IL 60008 8475063100

### FILED BY

#### EBIX INC

CIK: **814549** | IRS No.: **770021975** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **425**  
SIC: **7373** Computer integrated systems design

Mailing Address	Business Address
3501 ALGONQUIN ROAD ROLLING MEADOWS IL 60008	3501 ALGONQUIN RD STE 500 ROLLING MEADOWS IL 60008 8475063100

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

---

**FORM 8-K**

---

**CURRENT REPORT  
Pursuant to Section 13 OR 15(d) of  
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) **April 28, 2005**

---

**EBIX, INC.**

(Exact name of registrant as specified in its charter)

---

**Delaware**  
(State or other jurisdiction  
of incorporation)

**0-15946**  
(Commission File Number)

**77-0021975**  
(IRS Employer  
Identification No.)

**1900 East Golf Road**  
**Schaumburg, Illinois**  
(Address of principal executive offices)

**60173**  
(Zip Code)

**(847) 798-3047**  
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

---

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

---

---

**Item 1.01. Entry into a Material Definitive Agreement.**

On April 28, 2005, Ebix, Inc. (the "Company") entered into a Stock Purchase Agreement (the "Stock Purchase Agreement") with Craig Wm. Earnshaw ("Earnshaw"). A copy of the Stock Purchase Agreement is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

On April 28, 2005, pursuant to the Stock Purchase Agreement, the Company repurchased 200,000 shares of the Company's common stock (the "Shares") previously issued to Earnshaw, for an aggregate purchase price of \$2,700,000, or \$13.50 per share. Earnshaw acquired the Shares as a portion of the consideration the Company paid in connection with its acquisition of all of the outstanding capital stock of LifeLink Corporation in February 2004. At the time of the acquisition the 200,000 shares were valued at \$3,000,000 in the aggregate, or \$15.00 per share. In connection with the acquisition the Company granted Earnshaw the right to require the Company to repurchase the Shares from Earnshaw at a fixed price of \$13.50 per share during the one-month period commencing August 23, 2005 (the "Put Right").

The Company and Earnshaw agreed in the Stock Purchase Agreement to accelerate the repurchase of the Shares subject to the Put Right. No further shares of the Company's common stock remain subject to the Put Right, which is of no further force or effect following the repurchase of the Shares by the Company.

This summary description of the transaction does not purport to be complete and is qualified in its entirety by reference to the Stock Purchase Agreement filed as Exhibit 10.1 hereto.

**Item 2.02. Results of Operation and Financial Condition.**

On April 29, 2005, the Company issued a press release describing its results of operations for the fiscal quarter ended March 31, 2005. A copy of the press release is attached hereto as Exhibit 99.1.

The information in this Item 2.02 of Form 8-K and Exhibit 99.1 attached hereto shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits.**

(c) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Stock Purchase Agreement, dated April 28, 2005, by and between Ebix, Inc. and Craig Wm. Earnshaw.
99.1	Press Release issued April 29, 2005.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EBIX, INC.

By: /s/ Richard J. Baum  
Richard J. Baum  
Executive Vice President –  
Finance and Administration,  
Chief Financial Officer and Secretary

3

---

**Exhibit Index**

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
10.1	Stock Purchase Agreement, dated April 28, 2005, by and between Ebix, Inc. and Craig Wm. Earnshaw.
99.1	Press Release issued April 29, 2005.

4

---

## STOCK PURCHASE AGREEMENT

This **STOCK PURCHASE AGREEMENT** (this "Agreement") is made as of April 28, 2005, by and between Ebix, Inc., a Delaware corporation (the "Company") and Craig Wm. Earnshaw, an individual ("Earnshaw").

**WHEREAS**, pursuant to that certain Stock Purchase Agreement, dated February 23, 2004, by and among Ebix, Inc. and the shareholders of LifeLink Corporation (the "Stock Purchase Agreement"), Earnshaw acquired two hundred thousand (200,000) shares of common stock of the Company (the "Company Shares");

**WHEREAS**, pursuant to Section 4.8 of the Stock Purchase Agreement, Earnshaw has the right (the "Put Right") at any time during the one month period commencing August 23, 2005 to require the Company to purchase of the remaining Company Shares then held by Earnshaw, at a price equal to \$2,700,000 minus the aggregate purchase price received by Earnshaw with respect to all sales of Company Shares prior to the date of exercise of the Put Right; and

**WHEREAS**, the Company desires to permit Earnshaw to exercise the Put Right prior to August 23, 2005, and to purchase and redeem the Shares, and Earnshaw desires to exercise the Put Right and sell the Company Shares to the Company, in accordance with the terms of this Agreement (the "Sale").

**NOW THEREFORE**, in consideration of the mutual covenants of the parties set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Sale and Purchase of Company Shares.** Simultaneously upon the execution, and subject to the terms and conditions, of this Agreement, Earnshaw shall sell, convey, transfer and deliver all right, title and interest in and to the Shares, free and clear of all Liens (as defined below), to the Company and the Company shall purchase the Shares from Earnshaw for an aggregate purchase price of two million seven hundred thousand dollars (\$2,700,000.00) (the "Purchase Price"). Each of Earnshaw and the Company hereby acknowledges and agrees that the Sale constitutes full and complete satisfaction of Earnshaw's right to the Put Option (as such term is defined in the Shares Purchase Agreement), and that the Put Option shall be null and void and of no further force or effect following the consummation of the Sale pursuant to the terms of this Agreement.

2. **Deliveries.** Upon the execution of this Agreement by the Company and Earnshaw, (a) Earnshaw shall deliver to the Company the certificates evidencing the Company Shares, duly endorsed in blank or accompanied by duly executed stock transfer powers, and (b) the Company shall pay the Purchase Price for the Company Shares to Earnshaw by wire transfer of immediately available funds pursuant to wiring instructions provided in writing by Earnshaw.

3. **Warranties and Representations of Earnshaw.** Earnshaw hereby represents and warrants to the Company as follows:

(a) Title to Company Shares. Earnshaw is the sole record and beneficial owner of the Company Shares free and clear of any claims, liens, charges or

---

encumbrances whatsoever (collectively, “Liens”), and has good and marketable title to the Company Shares owned by him, and has full right, power and authority to sell the Company Shares to the Company as provided herein. There are no agreements, arrangements, rights or commitments of any character relating to the sale, purchase, redemption or other transfer of the Company Shares to be sold, assigned, conveyed, transferred and delivered by Earnshaw to the Company hereunder. Earnshaw has sole voting power and sole power of disposition and sole power to agree to all of the matters set forth in this Agreement, in each case with respect to all of the Company Shares, with no limitations, qualifications or restrictions on such rights and powers, and Earnshaw has not granted and will not grant such rights and powers to any other person or entity.

(b) Transaction Not a Breach. Neither the execution and delivery of this Agreement nor its performance will conflict with or result in the breach of any of the terms or conditions of or constitute a default under any contract, agreement, commitment, indenture, mortgage, note, bond, license or other instrument or obligation to which Earnshaw is a party or by which Earnshaw may be bound or affected.

(c) Purchase Price. Earnshaw is familiar with the operations, assets, condition (financial and other) and future prospects of the Company and considers the Purchase Price to be a fair and reasonable valuation of the Company Shares as of the date hereof.

4. **Representations and Warranties of the Company.** The Company hereby represents and warrants to Earnshaw that the execution, delivery and performance of this Agreement by the Company has been duly and properly authorized by all requisite action in accordance with applicable laws and the Articles of Incorporation and Bylaws of the Company.

5. **Miscellaneous.**

(a) Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (i) such provision will be fully severable, (ii) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (iii) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (iv) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

(b) Amendment; Waiver. This Agreement may be amended, or any provision of this Agreement may be waived only in a writing signed by the parties hereto. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a continuing waiver or as a waiver of any other breach.

(c) Further Assurances. Each party will execute all documents and take such other actions as any other party may reasonably request in order to consummate the transactions provided for herein and to accomplish the purposes of this Agreement.

(d) Counterparts. This Agreement may be executed simultaneously in two (2) or more counterparts, including counterparts bearing a facsimile signature copy, each of which shall be deemed an original but all of which together shall constitute one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other. The parties hereto intend that a facsimile signature copy on this Agreement shall have the same force and effect as an original signature.

(e) **Governing Law**. **This Agreement shall be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Agreement shall be governed by, the internal laws of the State of Illinois, without giving effect to provisions thereof regarding conflict of laws.**

(f) Survival. All representations, warranties, covenants and agreements made herein shall survive the consummation of the transactions contemplated by this Agreement.

(g) Binding Effect. This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns, but will not be assignable or delegable by either party hereto without the prior written consent of the other party hereto.

(h) No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction will be applied against any party hereto.

*[end of document; signature page follows]*

IN WITNESS WHEREOF, the parties have executed this Stock Purchase Agreement as of the date first above written.

**EBIX, INC.**

By: \s\ Richard J. Baum  
Name: Richard J. Baum  
Title: Chief Financial Officer

\s\ Craig Wm. Earnshaw  
Craig Wm. Earnshaw



**FOR IMMEDIATE RELEASE****EBIX FIRST QUARTER NET INCOME INCREASES 140 PERCENT;  
REPORTS RECORD DILUTED EPS OF \$0.33**

ATLANTA, GA – April 29, 2005 – Ebix, Inc. (NASDAQ: EBIX), a leading international developer and supplier of software and e-commerce solutions to the insurance industry, today reported financial results for the first quarter (Q1 '05) ended March 31, 2005. Ebix also announced it will host its first quarterly conference call and webcast at 10:00 a.m. EDT on Tuesday, May 3 (details below). Both the call and webcast are open to the general public.

**Telephone: via 800-633-8556.** Please call five minutes in advance.

**Live Webcast/Replay:** available at <http://www.ebix.com> and archived for 30 days.

For the quarter, Ebix' s total revenue rose 50% to \$5.9 million, compared to \$3.9 million during the first quarter of 2004. Service revenue, which comprised 97% of total revenue, grew 54% during the three-month period compared to the same period of the prior year. As anticipated, software license revenue continued to decline during Q1 '05 as Ebix has shifted its strategic focus over the last few years to sell services, with the software forming a component of its services offering.

The Company achieved a 119% year-over-year increase in operating income to \$1.2 million in the 2005 first quarter compared to \$0.6 million in the first quarter of 2004. Ebix also reported a 140% increase in net income to \$1.1 million, or \$0.33 per diluted share, in the first quarter of 2005 versus net income of \$0.4 million or \$0.15 per diluted share, in the first quarter of 2004. First quarter 2005 results were based on 3.2 million weighted average shares outstanding during the period, as compared to 2.9 million weighted average diluted shares outstanding during the comparable three-month period in 2004.

“We are pleased with the results – particularly as they reflect an overall strong performance by most of our domestic and international divisions, namely Consulting, BPO, Lifelink and International services,” stated Ebix President and Chief Executive Officer Robin Raina.

Mr. Raina added: “Our recent repurchase of 200,000 shares from the original Lifelink owners is another positive sign which reflects our optimism in the business. The transaction was significant both in terms of our ability to fund that repurchase from within as well as its future benefit to our reported earnings per share for the remainder of 2005.”

“As a pragmatic management team, we understand that good results need to be consistent,” Mr. Raina said. “Accordingly, we intend to make strong efforts to continue to grow both revenue and EPS in a proportionate and stable manner over the long term. We believe we are off to a strong start in this regard for 2005.”

---

**About Ebix**

Ebix, Inc. is a leading international supplier of software and e-commerce solutions to the insurance industry. Ebix provides a series of 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.

Ebix strives to work collaboratively with clients to develop innovative technology strategies and solutions that address specific business challenges. Ebix combines the newest technologies with its capabilities in consulting, systems design and integration, IT and business process outsourcing, applications software, and Web and application hosting to meet the individual needs of organizations.

With bases in Singapore, Australia, the US, New Zealand, India and Canada, Ebix employs insurance and technology professionals who provide products, support and consultancy to more than 3,000 customers on six continents. Ebix's focus on quality has enabled it to be awarded Level 4 status of the Carnegie Mellon Software Engineering Institute's Capability Maturity Model (CMM). Ebix has also earned ISO 9001:2000 certification for both its development and call center units in India. For more information, visit the Company's Web site at [www.ebix.com](http://www.ebix.com).

**Safe Harbor for Forward-Looking Statements under the Private Securities Litigation Reform Act of 1995** – This press release contains various forward-looking statements and information that are based on management's beliefs, as well as assumptions made by, and information currently available to management, including statements regarding future economic performance and financial condition, liquidity and capital resources, acceptance of the Company's products by the market and management's plans and objectives. The Company has tried to identify such forward looking statements by use of words such as "expects," "intends," "anticipates," "plans," "believes," "will," "should," and similar expressions, but these words are not the exclusive means of identifying such statements. Such statements are subject to various risks, uncertainties and other factors which could cause actual results to vary materially from those expressed in, or implied by, the forward looking statements. Such risks, uncertainties and other factors include the extent to which the Company's new products and services can be successfully developed and marketed, the integration and other risks associated with recent and future acquisitions, the willingness of independent insurance agencies to outsource their computer and other processing needs to third parties, the Company's ability to continue to develop new products to effectively address market needs in an industry characterized by rapid technological change, the Company's dependence on the insurance industry (and in particular independent agents), the highly competitive and rapidly changing automation systems market, the Company's ability to effectively protect its applications software and other proprietary information, the Company's ability to attract and retain quality management, and software, technical sales and other personnel, the potential negative impact on the Company's outsourcing business in India from adverse publicity and possible governmental regulation, the risks of disruption of the Company's Internet connections or internal service problems, the possibly adverse effects of a substantial increase in volume of traffic on the Company's website, mainframe and other servers, possible security breaches on the Company's website and the possible effects of insurance regulation on the Company's business. Certain of these, as well as other, risks, uncertainties and other factors, are described in more detail in Ebix's periodic filings with the Securities and Exchange Commission, including the company's annual report on form 10-K for the year ended December 31, 2004, included under "Item 1. Business–Risk Factors." Except as expressly required by the federal securities laws, the Company undertakes no obligation to update any such factors or to publicly update any of the forward-looking statements contained herein to reflect future events or developments or changed circumstances or for any other reason.

(financial tables follow)

**Ebix, Inc. and Subsidiaries**  
**Consolidated Balance Sheets**  
(In thousands, except share amounts)

	March 31, 2005	December 31, 2004
	(Unaudited)	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 6,913	\$ 5,843
Restricted cash	3,000	3,000

Accounts receivable, less allowance of \$11 and \$13, respectively	3,430	3,256
Other current assets	560	587
<b>Total current assets</b>	<b>13,903</b>	<b>12,686</b>
Property and equipment, net	1,614	1,450
Capitalized software, net	–	–
Goodwill	12,540	12,669
Intangibles	3,999	4,234
Other assets	321	296
<b>Total assets</b>	<b>\$ 32,377</b>	<b>\$ 31,335</b>

#### LIABILITIES AND STOCKHOLDERS' EQUITY

##### Current liabilities:

Line of credit	\$ 3,500	\$ 3,500
Accounts payable and accrued expenses	1,617	1,781
Accrued payroll and related benefits	1,663	1,522
Current portion of long term debt	1,092	977
Current portion of capital lease obligations	–	–
Deferred revenue and deposit liabilities	3,490	2,989
<b>Total current liabilities</b>	<b>11,362</b>	<b>10,769</b>
Long term debt, less current portion	2,304	2,796
Redeemable Common Stock	4,241	4,262

##### Stockholders' equity:

Convertible Series D Preferred stock, \$.10 par value, 500,000 shares authorized, no shares issued and outstanding	–	–
Common stock, \$.10 par value, 10,000,000 shares authorized, 2,912,491 and 2,911,154, respectively shares issued and outstanding, respectively	291	291
Additional paid-in capital	92,689	92,717
Deferred compensation	(368)	(376)
Accumulated deficit	(78,943)	(80,011)
Accumulated other comprehensive income	801	887
<b>Total stockholders' equity</b>	<b>14,470</b>	<b>13,508</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 32,377</b>	<b>\$ 31,335</b>

(Cash flows follow)

**Ebix, Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
(In thousands)  
(unaudited)

	Quarter Ended March 31,	
	2005	2004
<b>Cash flows from operating activities:</b>		
Net income	1,068	446

<b>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</b>		
Depreciation and amortization	329	201
Stock-based compensation	(32)	40
Provision for doubtful accounts	3	23
<b>Changes in assets and liabilities:</b>		
Accounts receivable	(177)	(1,035)
Other assets	3	(72)
Accounts payable and accrued expenses	(58)	72
Accrued payroll and related benefits	141	(205)
Deposit liabilities and deferred revenue	501	298
Net cash provided by (used in) operating activities	<u>1,778</u>	<u>(232)</u>
<b>Cash flows from investing activities:</b>		
Investment in LifeLink	-	(4,634)
Capital expenditures	(276)	(103)
Net cash used in investing activities	<u>(276)</u>	<u>(4,737)</u>
<b>Cash flows from financing activities:</b>		
Proceeds for the issuance of common stock, net of issuance costs	-	2,977
Proceeds from the exercise of stock options	12	
Payments of capital lease obligations	(500)	(30)
Net cash provided by (used in) financing activities	(488)	2,947
Effect of foreign exchange rates on cash	56	68
Net change in cash and cash equivalents	1,070	(1,954)
Cash and cash equivalents at the beginning of the period	5,843	7,915
Cash and cash equivalents at the end of the period	<u>\$ 6,913</u>	<u>\$ 5,961</u>

**Supplemental disclosures of cash flow information:**

Interest paid	\$ 47	\$ 2
Income taxes paid	\$ 86	\$ 84

**Supplemental schedule of noncash investing activities:**

During the first quarter of 2004, the Company purchased all of the capital stock of LifeLink Corporation for consideration which included 200,000 shares of common stock valued at \$3,000,000, cash of \$5,000,000, and a note payable of \$2,226,000. The Company also capitalized approximately \$128,000 of transaction costs in conjunction with the acquisition.

(Income Statement follows)

**Ebix, Inc. and Subsidiaries**  
**Consolidated Statements of Income**  
(In thousands, except per share amounts)

Three Months Ended March 31,	
2005	2004

<b>Revenue:</b>		
Software	\$ 202	\$ 227
Services and other (Including revenues from related parties of \$878and \$953, respectively)	5,702	3,707
<b>Total revenue</b>	<b>5,904</b>	<b>3,934</b>
<b>Operating expenses:</b>		
Services and other costs	1,406	1,163
Product development	794	560
Sales and marketing	478	273
General and administrative	1,689	1,186
Amortization and depreciation	329	201
<b>Total operating expenses</b>	<b>4,696</b>	<b>3,383</b>
<b>Operating income</b>	<b>1,208</b>	<b>551</b>
Interest income	82	27
Interest expense	(102)	(2)
Foreign exchange gain (loss)	(9)	10
Income before income taxes	1,179	586
Income tax expense	(111)	(140)
Net income	\$ 1,068	\$ 446
Basic earnings per common share	\$ 0.37	\$ 0.17
Diluted earnings per common share	\$ 0.33	\$ 0.15
Basic weighted average shares outstanding	2,912	2,586
Diluted weighted average shares outstanding	3,224	2,917

# # #

**CONTACT:**

Robin Raina, President/CEO  
Ebix, Inc.  
678/281-2020

David C. Collins or Robert L. Rinderman  
Jaffoni & Collins Incorporated  
212/835-8500 or EBIX@jcir.com