

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

FORM 10-Q

- QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2003

OR

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

Commission file number 0-15946

ebix.com, Inc.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or organization)

77-0021975

(I.R.S. Employer Identification No.)

**1900 E. GOLF ROAD
SCHAUMBURG, IL**

(Address of principal executive offices)

60173

(Zip Code)

Registrant's telephone number, including area code:

847-789-3047

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 8, 2003, the number of shares of Common Stock outstanding was 2,291,143.

ebix.com, Inc. and Subsidiaries

FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 2003

INDEX

Part I — FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

[Consolidated Balance Sheets at June 30, 2003 \(unaudited\) and December 31, 2002](#) 3

[Consolidated Statements of Operations for the Three and Six Months ended June 30, 2003 and 2002 \(unaudited\)](#) 4

[Consolidated Statements of Cash Flows for the Six Months ended June 30, 2003 and 2002 \(unaudited\)](#) 5

[Notes to Consolidated Financial Statements \(unaudited\)](#) 6

[Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations](#) 10

[Item 3. Quantitative and Qualitative Disclosures About Market Risk](#) 19

[Item 4. Controls and Procedures](#) 19

[PART II — OTHER INFORMATION](#) 19

[Item 6. Exhibits and Reports on Form 8-K](#) 19

[SIGNATURES](#) 20

ebix.com, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except for share amounts)

	<u>June 30,</u> <u>2003</u>	<u>December 31,</u> <u>2002</u>
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,779	\$ 4,993
Accounts receivable, less allowance of \$674 and \$634	2,015	2,863
Other current assets	619	340
Total current assets	<u>9,413</u>	<u>8,196</u>
Property and equipment, net	1,371	1,131
Capitalized software, net	164	218
Other assets	422	421
Total assets	<u>\$ 11,370</u>	<u>\$ 9,966</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,068	\$ 1,727
Accrued payroll and related benefits	538	342
Current portion of long-term debt	106	106
Current portion of capital lease obligations	132	114
Deposit liabilities	5	10
Deferred revenue	3,239	2,869
Total current liabilities	<u>6,088</u>	<u>5,168</u>
Capital lease obligation, less current portion	<u>—</u>	<u>73</u>
Total liabilities	<u>6,088</u>	<u>5,241</u>
Stockholders' equity:		
Convertible Series D Preferred stock, \$.10 par value, 2,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, \$.10 par value, 40,000,000 shares authorized, 2,291,143 shares issued and outstanding	229	229
Additional paid-in capital	88,446	88,441
Deferred compensation	(348)	(366)
Accumulated deficit	(83,314)	(83,920)
Accumulated other comprehensive income	269	341
Total stockholders' equity	<u>5,282</u>	<u>4,725</u>
Total liabilities and stockholders' equity	<u>\$ 11,370</u>	<u>\$ 9,966</u>

See accompanying notes to consolidated financial statements.

ebix.com, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenue:				
Software	\$ 558	\$ 559	\$ 768	\$ 984
Services and other	2,737	2,166	6,139	5,086
Total revenue	<u>3,295</u>	<u>2,725</u>	<u>6,907</u>	<u>6,070</u>
Operating expenses:				
Services and other costs	773	765	1,778	1,726
Product development	430	397	790	1,047
Sales and marketing	499	268	960	783
General and administrative	1,375	1,291	2,539	2,205
Total operating expenses	<u>3,077</u>	<u>2,721</u>	<u>6,067</u>	<u>5,761</u>
Operating income	218	4	840	309
Interest income	20	21	35	40
Interest expense	(5)	(10)	(10)	(24)
Foreign exchange (loss) gain	(8)	2	(57)	(2)
Income before income taxes	225	17	808	323
Income tax expense	(136)	—	(202)	(108)
Net income	<u>\$ 89</u>	<u>\$ 17</u>	<u>\$ 606</u>	<u>\$ 215</u>
Basic net income per common share	\$ 0.04	\$ 0.01	\$ 0.26	\$ 0.09
Diluted net income per common share	\$ 0.04	\$ 0.01	\$ 0.26	\$ 0.09
Basic weighted average shares outstanding	2,291	2,291	2,291	2,291
Diluted weighted average shares outstanding	2,298	2,291	2,293	2,291

See accompanying notes to consolidated financial statements.

ebix.com, Inc.
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2003	2002
Cash flows from operating activities:		
Net income	\$ 606	\$ 215
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	202	180
Stock-based compensation	23	—
Provision for doubtful accounts	40	193
Changes in assets and liabilities:		
Accounts receivable	808	101
Other assets	(280)	(221)
Accounts payable and accrued expenses	341	(761)
Accrued payroll and related benefits	196	(49)
Deposit liabilities and deferred revenue	365	523
Net cash provided by operating activities	2,301	181
Cash flows from investing activities:		
Capital expenditures	(388)	(151)
Net cash used in investing activities	(388)	(151)
Cash flows from financing activities:		
Repayments of debt	—	(9)
Principal payments under capital lease obligations	(55)	(73)
Net cash used in financing activities	(55)	(82)
Effect of foreign exchange rates on cash	(72)	139
Net change in cash and cash equivalents	1,786	87
Cash and cash equivalents at the beginning of the period	4,993	6,167
Cash and cash equivalents at the end of the period	\$ 6,779	\$ 6,254
Supplemental disclosures of cash flow information:		
Interest paid	\$ 10	\$ 21
Income taxes paid	\$ 154	\$ 20

See accompanying notes to consolidated financial statements.

ebix.com, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – These consolidated financial statements are unaudited and reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the results of the interim periods.

These consolidated financial statements should be read in conjunction with the consolidated financial statements, and accompanying notes thereto, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

The results of operations for the current interim period are not necessarily indicative of results to be expected for the entire current year.

Certain prior period amounts have been reclassified to conform to the current presentation.

Summary of significant accounting policies—

Revenue recognition -We apply the provisions of Statement of Position ("SOP") 97-2, "Software Revenue Recognition," as amended by Statement of Position 98-99, "Modification of SOP 97-2, Software Revenue Recognition, With Respect to Certain Transactions," to all transactions involving the sale of software.

The Company recognizes revenue for license fees from its software products upon delivery, provided that the fee is fixed and determinable, acceptance has occurred, collectibility is reasonably assured and persuasive evidence of an arrangement exists. Revenue from third party software is derived from the licensing of third party software products in connection with sales of the Company's software licenses, and is generally recognized upon delivery together with the Company's license revenue. Training, data conversion, installation, and consulting services are generally recognized as revenue when the services are performed and collectibility is reasonably assured. Revenue for maintenance and support service is recognized ratably over the term of the support agreement.

For arrangements containing multiple elements, revenue is recognized on delivered elements when vendor-specific objective evidence (VSOE) of fair value has been established on the undelivered elements, applying the residual method of SOP 98-9. Fair value is determined for each undelivered element based on the price charged for the sale of each element separately. In contracts that contain first year maintenance bundled with software fees, unbundling of maintenance is based on the price charged for renewal maintenance.

For certain contracts where services are deemed essential to the functionality of the software and the software has not been accepted by the customer, the software and related service revenue have been deferred until acceptance has taken place. In addition all costs incurred in connection with these contracts have been expensed, as the Company has been unable to estimate the total costs to achieve customer acceptance.

Revenues related to hosting arrangements, including ebixASP, are recognized ratably over the term of the agreement, including monthly fees as well as any initial registration fees and related custom programming. ebix.mall referral, acceptance and transaction fees are recognized as revenue as the transactions occur and revenue is earned. Revenue is only recognized when collectibility is reasonably assured.

Deferred revenue includes maintenance and support payments or billings that have been received or recorded prior to performance, amounts received under multi-element arrangements in which VSOE of undelivered elements does not exist and initial registration fees and related service fees under hosting agreements. Revenue is recognized when VSOE of the undelivered elements is established, the elements are delivered, or the obligation to deliver the elements is extinguished. Deposit liabilities include cash that has been received related to software products for which customer acceptance has not occurred.

Software arrangements involving significant customization, modification or production are accounted for in accordance with American Institute of Certified Public Accountants Statement of Position 81-1, "Accounting for Performance on Construction-Type and Certain Production-Type Contracts," using the percentage-of-completion method. The Company recognizes revenue using actual

hours worked as a percentage of total expected hours required by the arrangement provided that the fee is fixed and determinable and collection of the receivable is considered probable.

Stock options- At June 30, 2003, the Company had three stock-based employee compensation plans. The Company accounts for stock options issued to employees in accordance with Accounting Principles Board (“APB”) Opinion No. 25, “Accounting for Stock Issued to Employees.” The Company has adopted the disclosure only provisions of Statement of Financial Accounting Standards (“SFAS”) No. 123, “Accounting for Stock-Based Compensation,” for options and warrants issued to employees, as well as the requirement of SFAS No. 148, “Accounting for Stock Based Compensation — Transition and Disclosure.” Under APB Opinion No. 25, compensation expense is based on the difference, if any, on the measurement date, between the estimated fair value of the Company’s stock and the exercise price of options to purchase that stock. Any resulting compensation expense is amortized on a straight-line basis over the vesting period of the options.

The Company applies APB Opinion No. 25 and related Interpretations in accounting for its employee stock-based compensation plans. Had compensation cost for these stock-based compensation plans been determined based on the fair value method prescribed by SFAS No. 123, the Company’s net income (loss) and net income (loss) per share would have been the pro forma amounts indicated below:

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30, 2003</u>	<u>June 30, 2002</u>	<u>June 30, 2003</u>	<u>June 30, 2002</u>
Net income as reported	\$ 89,000	\$ 17,000	\$ 606,000	\$ 215,000
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	—	—	—	—
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(93,000)	(186,000)	(321,000)	(372,000)
Pro forma net income (loss)	\$ (4,000)	\$ (169,000)	\$ 285,000	\$ (157,000)
Basic and diluted earnings per share, as reported	\$ 0.04	\$ 0.01	\$ 0.26	\$ 0.09
Basic and diluted earnings (loss) per share, pro forma	\$ (0.01)	\$ (0.07)	\$ 0.12	\$ (0.07)

Recently Issued Accounting Pronouncements -In November 2002, the Emerging Issues Task Force (“EITF”) reached a consensus on Issue 00-21, addressing how to account for arrangements that involve the delivery or performance of multiple products, services, and/or rights to use assets. Revenue arrangements with multiple deliverables are divided into separate units of accounting if the deliverables in the arrangement meet the following criteria: (1) the delivered item has value to the customer on a standalone basis; (2) there is objective and reliable evidence of the fair value of undelivered items; and (3) delivery of any undelivered item is probable. Arrangement consideration should be allocated among the separate units of accounting based on their relative fair values, with the amount allocated to the delivered item being limited to the amount that is not contingent on the delivery of additional items or meeting other specified performance conditions. The final consensus is applicable to agreements entered into in fiscal periods beginning after June 15, 2003. The provisions of this consensus are not expected to have a significant effect on the Company’s results of operations or financial position.

In April 2003, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*. SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. In particular, SFAS No. 149 clarifies under what circumstances a contract with an initial net investment meets the characteristics of a derivative and when a derivative contains a financing component that warrants special reporting in the statement of cash flows. SFAS No. 149 is generally effective for contracts entered into or modified after June 30, 2003 and is not expected to have a significant effect on the Company’s financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. SFAS No. 150 establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within the scope as a liability (or an asset in some circumstances) because that financial instrument embodies an obligation of the issuer. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. This statement is not expected to have a significant effect on the Company’s financial position or results of operations.

Note 2. STOCK OPTIONS

During the first and second quarters of 2003, the Company did not grant any stock options.

The Company has granted nonstatutory and incentive options outside the Company's stock option plans to purchase up to an aggregate of 32,000 shares, of which options to purchase 16,875 shares were outstanding at June 30, 2003. These options were granted at prices determined by the Board of Directors (at no less than 100 percent of the market price on the date of grant). The options have a four-year vesting period and must be exercised within ten years of the date of the grant. These non-employee options were valued using the fair value method as prescribed by SFAS No. 123, using the following assumptions: volatility of 146%, risk free interest rate of 3.54% and a 10 year term. Options issued prior to 2001 are performance-based awards, with no service commitment and subject to vesting only if the Company's stock price reaches a specified level. Options issued in 2001 vest over 4 years, but vesting accelerates if a performance target is achieved. At June 30, 2003, non-employee options to purchase 11,920 shares were vested. The Company recognized compensation expense of approximately \$17,000 related to these options during the three-month period ended June 30, 2003. The Company recognized a credit to compensation expense of approximately \$2,000 related to these options during the three-month period ended June 30, 2002. The Company recognized compensation expense of approximately \$23,000 and \$0 related to these options during the six-month periods ended June 30, 2003 and June 30, 2002, respectively.

Note 3. EARNINGS PER SHARE

Basic earnings per share ("EPS") is equal to net income divided by the weighted average number of shares of common stock outstanding for the period. Diluted EPS is calculated as if the Company had additional common stock outstanding from the beginning of the year or the date of grant for all common stock equivalents, net of assumed repurchased shares using the treasury stock method. Diluted EPS recognizes the dilutive effect of common stock equivalents and is equal to net income divided by the weighted average of the sum of the number of shares outstanding and common stock equivalents. For the three and six months ended June 30, 2003, the Company's common stock equivalents consisted of stock options. For the three and six months ended June 30, 2002, the Company's common stock equivalents consisted of stock options and warrants. For the three and six months ended June 30, 2003, the effect of the calculation resulted in an increase in the weighted average number of shares outstanding of 7,088 and 1,814, respectively. At June 30, 2003, there were 582,854 shares potentially issuable with respect to stock options which could dilute Basic EPS in the future.

Note 4. COMPREHENSIVE INCOME

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Net income	\$ 89,000	\$ 17,000	\$ 606,000	\$ 215,000
Other comprehensive income – foreign currency translation adjustment	(36,000)	123,000	(72,000)	139,000
Comprehensive income	\$ 53,000	\$ 140,000	\$ 534,000	\$ 354,000

Note 5. RELATED PARTY TRANSACTIONS

On April 27, 2001, the Company consummated the first closing contemplated by an agreement with BRiT Insurance Holdings PLC ("BRiT"). Pursuant to the agreement, ebix issued 280,000 shares of its common stock to BRiT for \$2,800,000. As a result of the first closing, BRiT acquired an approximate 16.4 percent equity ownership interest in the Company, becoming its largest stockholder. On June 29, 2001, the Company consummated a second and final closing with BRiT. Pursuant to this closing, ebix issued 588,000 shares of ebix common stock to BRiT in return for cash consideration of \$4,200,000 and BRiT's transfer to ebix of approximately half of its common stock investment in Insurance Broadcast Systems Inc. ("IBS"), representing a 28 percent equity ownership interest in IBS. This final closing brought BRiT's total cash investment in ebix to \$7,000,000 and increased its equity ownership to approximately 38 percent. The total shares held by BRiT at June 30, 2003 was 930,163, representing an equity ownership of 40.6 percent.

During 2002, the Company entered into various software and service agreements with BRiT. During the first quarter of 2003, approximately \$805,000 was recognized as revenue from BRiT and its affiliates. During the second quarter of 2003,

approximately \$179,000 was recognized as revenue from BRiT and its affiliates. Total accounts receivable from BRiT and its affiliates at June 30, 2003 were \$109,000. During the first quarter of 2002, approximately \$607,000 was recognized as revenue from BRiT and its affiliates. During the second quarter of 2002, approximately \$36,000 was recognized as revenue from BRiT and its affiliates.

Note 6. REVERSE STOCK SPLIT

On October 1, 2002, the Company's common stock began trading on a 1-for-8 reverse split basis. The Company's stockholders approved the reverse split at a special meeting of stockholders held on September 30, 2002. The reverse split was intended to return the Company to compliance with the continued listing standards of the NASDAQ SmallCap Market, in particular the minimum bid price requirement. All 2002 share information in these consolidated financial statements and footnotes has been retroactively adjusted to reflect the reverse stock split.

Item 2 . MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with the unaudited consolidated financial statements and the related notes included in Part 1, Item 1 of this Quarterly Report, and the audited consolidated financial statements and the related notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

Critical Accounting Policies

The Company's "critical accounting policies" are those that require application of management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about matters that are inherently uncertain and may change in future periods. We have identified the following as our critical accounting policies: revenue recognition and estimating the allowance for doubtful accounts receivable. For a discussion of these policies, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies" in the Company's annual report on Form 10-K for the year ended December 31, 2002.

Liquidity and Capital Resources

The Company had cash and cash equivalents of \$6,779,000 at June 30, 2003, compared to \$4,993,000 at December 31, 2002.

During the six months ended June 30, 2003, the Company experienced positive operating cash flow of \$2,301,000. This increase in cash flow from operations resulted primarily from net income for the period of \$606,000, receivables collected of \$808,000, an increase in payables of \$341,000, an increase in deferred revenue of \$370,000 and an increase in accrued payroll and related benefits of \$196,000, partially offset by an increase in other current assets of \$280,000.

Cash used in investing activities of \$388,000 in the first six months of 2003 represented capital expenditures made primarily as a result of the Company's investment in operations in India and the related purchase of assets for that location. Cash used in financing activities of \$55,000 in the first six months of 2003 resulted from the Company's repayment of capital lease obligations.

The Company believes that future revenue growth will come from services associated with development projects, ebixASP, ebixExchange and call center operations. The Company believes its cash balances and funds from operations will be sufficient to meet all of its anticipated cash requirements for at least the next 12 months.

The following summarizes our contractual obligations at June 30, 2003, and the effect such obligations are expected to have on the Company's liquidity and cash in future periods (in thousands):

<u>Contractual Obligations:</u>	<u>Total</u>	<u>Payments Due by Period</u>		
		<u>Less Than 1 Year</u>	<u>1 - 3 Years</u>	<u>After 3 Years</u>
Non-compete note payable	\$ 106	\$ 106	\$ —	\$ —
Non-cancelable operating leases	2,516	600	1,014	902
Non-cancelable capital leases	132	132	—	—
Total contractual cash obligations	<u>\$ 2,754</u>	<u>\$ 838</u>	<u>\$ 1,014</u>	<u>\$ 902</u>

Results of Operations

Three Month Period Ended June 30, 2003 Compared to the Three Month Period Ended June 30, 2002

Total Revenue - The Company's revenue is derived from the licensing and sale of proprietary software and third party software ("Software") and from the sale of professional services and support services ("Services"). Professional services include consulting,

implementation, training and project management provided to the Company's customers with installed systems and those in the process of installing systems. Also included in Services are fees for software license maintenance,

initial registration and ongoing monthly subscription fees for the ebixASP product, and transaction fees generated from the ebix.mall website, as well as software development and call center revenue. Total revenue for the quarter ended June 30, 2003 increased \$570,000, or 21.0%, to \$3,295,000 from \$2,725,000 for the comparable quarter of the prior year.

Software Revenue - Software revenue is comprised of revenue from the sale of ebix (formerly "cd") products, legacy products, and other third party software. Total software revenue for the second quarter of 2003 was approximately equal to that for the second quarter of the prior year. As the Company has changed its focus to e-commerce products and services, the Company expects the substantial majority of future revenue to consist of revenue from Services.

Services Revenue — Total services revenue for the second quarter of 2003 increased \$571,000, or 26.4%, from \$2,166,000 for the comparable quarter of the prior year. This increase was due to increases in call center revenue of \$278,000, hosted ebixASP revenue of \$169,000, consulting revenues of \$319,000, self hosted ebixASP revenue of \$46,000, and ebix.mall revenues of \$30,000 partially offset by a decrease in INS-Site revenue of \$163,000 and decrease in support revenue associated with legacy products of \$108,000.

Support revenue associated with the Company's legacy products is decreasing due to a trend of declining renewals for these older product offerings. The Company expects that future services revenue will be derived from this support, as well as ebixASP registration and monthly fees, software development, conversion, training, call center and all transaction revenues from ebix.mall and ebixExchange (INS-Site).

During the second quarters of 2003 and 2002, approximately \$179,000 and \$36,000, respectively, was recognized as services revenue from BRiT Insurance Holdings PLC ("BRiT") and its affiliates related to call center and development projects. BRiT owns approximately 41% of the Company's common stock as of June 30, 2003.

Services and other costs – Cost of services revenue includes costs associated with support, consulting, implementation and training services. Total services and other costs for the quarter increased \$8,000 or 1.0%, from \$765,000 for the comparable quarter of the prior year. This increase was due to the increase in services revenue. Due to a change in the product mix comprising Services, products with higher costs represent a lower percentage of the total, resulting in approximately the same total costs on higher revenues.

Product Development Expenses – Total product development expenses for the second quarter of 2003 increased \$33,000, or 8.3%, from \$397,000 for the comparable quarter of the prior year. This increase was due to an increase in facility costs.

Sales and Marketing Expenses – Total sales and marketing expenses for the second quarter of 2003 increased \$231,000, or 86.2%, from \$268,000 for the comparable quarter of the prior year. This increase was attributable to increases in facility costs, salary and travel and entertainment costs as a result of an increase in headcount.

General and Administrative Expenses — Total general and administrative expenses for the quarter increased \$84,000, or 6.5%, from \$1,291,000 for the comparable quarter of the prior year. This increase was due to an increase in executive management bonus accruals partially offset by an increase in the allocation of facility costs to other cost centers.

Six Month Period Ended June 30, 2003 Compared to the Six Month Period Ended June 30, 2002

Total Revenue - Total revenue for the six-month period ended June 30, 2003 increased \$837,000, or 13.8%, to \$6,907,000 from \$6,070,000 for the comparable period.

Software Revenue - Total software revenue for the six-month period ended June 30, 2003 decreased \$216,000, or 22.0%, from \$984,000 for the comparable period of the prior year. As the Company has changed its focus to e-commerce products and services, the Company expects the substantial majority of future revenue to consist of services revenue.

Services Revenue — Total services revenue for six-month period ended June 30, 2003 increased \$1,053,000, or 20.7%, from \$5,086,000 for the comparable period of the prior year. This increase was due to increases in call center revenue of \$492,000, self hosted ebixASP revenue of \$339,000, hosted ebixASP revenue of \$361,000, consulting revenues of \$449,000, and ebix.mall revenues of \$30,000 partially offset by a decrease in INS-Site revenue of \$389,000 and decrease in support revenue associated with legacy products of \$229,000.

During the six-month periods ended June 30, 2003 and 2002, approximately \$984,000 and \$643,000, respectively, was recognized as services revenue from BRiT Insurance Holdings PLC (“BRiT”) and its affiliates related to call center and development projects. BRiT owns approximately 41% of the Company’s common stock as of June 30, 2003.

Services and other costs – Cost of services includes costs associated with support, consulting, implementation and training services. Total services and other costs for the six-month period ended June 30, 2003 increased \$52,000 or 3.0%, from \$1,726,000 for the comparable period of the prior year. This increase was due to an increase in services revenue. Due to a

change in the product mix comprising Services, products with higher costs represent a lower percentage of the total, resulting in approximately the same total costs on higher revenues.

Product Development Expenses – Total product development expenses for the six-month period ended June 30, 2003 decreased \$257,000, or 24.5%, from \$1,047,000 for the comparable period of the prior year. The Company has established a wholly owned subsidiary located in Delhi, India. In May 2002, the Company began to redirect product development activities to this subsidiary that were previously outsourced, resulting in lower development costs.

Sales and Marketing Expenses – Total sales and marketing expenses for the six-month period ended June 30, 2003 increased \$177,000, or 22.6%, from \$783,000 for the comparable period of the prior year. This increase was attributable to increases in facility costs, salary and travel and entertainment costs as a result of an increase in headcount

General and Administrative Expenses —Total general and administrative expenses for the six-month period ended June 30, 2003 increased \$334,000, or 15.1%, from \$2,205,000 for the comparable period of the prior year. This increase was due to an increase in executive management bonus accruals, a benefit recorded in first quarter 2002 related to the reversal of a royalty expense and an increase in costs related to the Company's operations in India, which were established in May 2002.

Safe Harbor for Forward-Looking Statements under the Securities Litigation Reform Act of 1995 - This Quarterly Report on Form 10-Q 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," and "believes" and similar expressions, but these words are not the exclusive means of identifying such statements. The forward-looking statements included in this Quarterly Report 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 those discussed in "Risk Factors" below. Except as expressly required by the federal securities laws, the Company undertakes no obligation to update or revise any such factors or any of the forward-looking statements contained herein to reflect changed circumstances or future events or developments or for any other reason.

Risk Factors

You should carefully consider the risks, uncertainties and other factors described below because they could materially and adversely affect our business, financial condition, operating results and prospectus, and/or the market price of our common stock. This risk factors section is written in response to the Securities and Exchange Commission's "plain English" guidelines. In this section, the words "we," "us," "our" and "ours" refer only to the Company and its subsidiaries and not any other person.

Risks Related To Our Business and Our Industry

You may have difficulty evaluating our business because of our limited history of operating Internet and call center businesses.

Although our predecessor began operations in 1976, we did not begin any Internet operations until September 1999 and did not begin generating revenues from these operations until the fourth quarter of 2000. We did not begin any call center operations or begin generating revenues from these operations until the first quarter of 2003. Accordingly, we have a limited history in operating our Internet and call center businesses on which you can evaluate our company and prospects. We cannot be certain that our Internet and call center business strategies will be successful, because these strategies are new. Our early-stage Internet and call center operations will be particularly susceptible to the risks and uncertainties described in these risk factors and likely to incur the expenses associated with addressing them. Our prospects must be considered in light of the risks, uncertainties, expenses and difficulties frequently encountered by companies in a transitional stage of development, particularly companies in new and rapidly evolving markets, such as electronic commerce, and using new and unproven business models.

Because the support revenue that we have traditionally relied upon has been steadily declining, it is important that new sources of revenue continue to be developed.

Our revenue from the support services we offer in connection with our legacy software products has been decreasing significantly over the course of the past few years. This decline can be attributed to the fact that many of our support clients are not renewing their support agreements with us, in many cases because they are no longer using our legacy software. Even if they are continuing to use our legacy software, our support clients may choose not to renew their support agreements if their legacy software products no longer require support or they use third party support. In addition, some of the clients who use our support services have reduced the level of support that we provide them, which in turn reduces our support revenue. This downward trend in our support revenue makes us particularly dependent upon our other sources of revenue. The new product lines and service offerings of our business are producing revenue but at a slower growth rate due to current economic conditions.

One customer currently provides a significant percentage of our total revenue.

Revenues from one customer, BRiT Insurance Holdings PLC, which owns approximately 41% of our common stock, represented approximately 15% of our total revenue in 2002 and approximately 14% in the six months ended June 30, 2003. If revenues from this customer were to discontinue, our operating results could be adversely affected.

Adverse insurance industry economics could adversely effect our revenues.

We are dependent on the insurance industry, which may be adversely effected by current economic and world conditions.

Our operating results may fluctuate dramatically.

Our quarterly operating results may fluctuate significantly in the future due to a variety of factors that could affect our revenues or our expenses in any particular quarter. You should not rely on our results of operations during any particular quarter as an indication of our results for a full year or any other quarter. Factors that may affect our quarterly results include:

- Changes in insurance agents' and carriers' consumer acceptance of Internet commerce.
- Loss of a significant insurance agent, carrier or broker relationship or the merger of any of our participating insurance carriers with one another.

- Technical difficulties for our e-commerce services that hamper an agent's ability to run its agency system hosted by us.

Our operating expenses are based in part on our expectations of our future revenues and are relatively fixed in the short term. We may be unable to adjust spending quickly enough to offset any unexpected revenue shortfall.

We could be subject to civil fines and penalties as a result of the SEC's investigation of our financial reporting.

On August 11, 2000, we were advised that the SEC had issued a formal Order of Investigation and subpoenaed documents relating to our financial reporting since April 1, 1997, including, in particular, revenue recognition, software development cost capitalization, royalty costs and classification of cash receipts. We have submitted documents to the SEC upon the SEC's request as part of the investigation. It is possible that the SEC could impose civil fines and penalties against us. An adverse finding against us by the SEC could negatively impact our stock price. In addition, we expect to continue to incur expenses associated with responding to this investigation, regardless of its outcome, and this investigation may divert the efforts and attention of our management team from normal business operations.

We cannot predict our future capital needs and we may not be able to secure additional financing when we need it.

We may need to raise additional funds in the future to fund more aggressive brand promotion or more rapid expansion, to develop new or enhanced services, to respond to competitive pressures or to make acquisitions. Any required additional financing may not be available on terms favorable to us, or at all. If adequate funds are not available on acceptable terms, we may be unable to meet our business or strategic objectives or compete effectively. If additional funds are raised by our issuing equity or equity-linked securities, stockholders may experience dilution of their ownership interests, and the newly issued securities may have rights superior to those of our common stock. If additional funds are raised by our issuing debt, we may be subject to limitations on our activities.

Any acquisitions that we undertake could be difficult to integrate, disrupt our business, dilute stockholder value and harm our operating results.

We may acquire or make investments in complementary businesses, technologies, services or products if appropriate opportunities arise. The process of integrating any acquired business, technology, service or product into our business and operations may result in unforeseen operating difficulties and expenditures. Integration of an acquired company also may consume much of our management's time and attention that could otherwise be available for ongoing development of our business. Moreover, the anticipated benefits of any acquisition may not be realized. Furthermore, we may be unable to identify, negotiate or finance future acquisitions successfully. Future acquisitions could result in potentially dilutive issuances of equity securities or the incurrence of debt, contingent liabilities or amortization expenses related to intangible assets.

We may not be able to continue to develop new products to effectively adjust for rapid technological changes.

To be successful, we must adapt to rapidly changing technological and market needs, by continually enhancing our website and introducing new products and services to address our users' changing demands.

Our segment in the internet market place is characterized by:

- rapidly changing technology;
- evolving industry standards;
- frequent new product and service introductions;
- shifting distribution channels; and
- changing customer demands.

Our future success will depend on our ability to adapt to this rapidly evolving marketplace. We could incur substantial costs if we need to modify our services or infrastructure in order to adapt to changes affecting our market, and we may be unable to adapt to these changes.

The markets for our products are highly competitive and are likely to become more competitive, and our competitors may be able to respond more quickly to new or emerging technology and changes in customer requirements.

We operate in highly competitive markets. In particular, the online insurance distribution market, like the broader electronic commerce market, is rapidly evolving and highly competitive. Our software business also experiences some competition from certain large hardware suppliers that sell systems and systems' components to independent agencies and from small, independent or freelance developers and suppliers of software, who sometimes work in concert with hardware vendors to supply systems to independent agencies. Our Internet business may also face indirect competition from insurance carriers that have subsidiaries which perform in-house agency and brokerage functions.

Some of our current competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, marketing and other resources than we do. In addition, we believe we will face increasing competition as the online financial services industry develops and evolves. Our current and future competitors may be able to:

- undertake more extensive marketing campaigns for their brands and services;
- devote more resources to website and systems development;
- adopt more aggressive pricing policies; and
- make more attractive offers to potential employees, online companies and third-party service providers.

If we are unable to protect our intellectual property, our reputation and competitiveness in the marketplace may be materially damaged.

We regard our intellectual property in general and our software in particular as critical to our success. It may be possible for third parties to copy aspects of our products or, without authorization, to obtain and use information which we regard as trade secrets. Existing copyright law affords only limited practical protections, and our software is unpatented.

If we infringe on the proprietary rights of others, we may be at a competitive disadvantage, and any related litigation could be time consuming and costly.

Third parties may claim that we have violated their intellectual property rights. To the extent that we violate a patent or other intellectual property right of a third party, we may be prevented from operating our business as planned, and we may be required to pay damages, to obtain a license, if available, or to use a non-infringing method, if possible, to accomplish our objectives. Any of these claims, with or without merit, could subject us to costly litigation and divert the attention of key personnel.

We depend on the continued service of our senior management and our ability to attract and retain other key personnel .

Our future success is substantially dependent on the continued service and continuing contributions of our senior management and other key personnel, particularly Robin Raina, our President and Chief Executive Officer, and Richard J. Baum, our Executive Vice President—Finance & Administration, Chief Financial Officer and Secretary. The loss of the service of any of our executive officers or other key employees could harm our business. We have no long-term employment agreements with any of our key personnel, nor do we maintain key man life insurance policies on any of our key employees.

Our future success depends on our continuing to attract, retain and motivate highly skilled employees. If we are not able to attract and retain new personnel, our business will be harmed. Competition for personnel in our industry is intense. We may be unable to retain our key employees or attract, assimilate or retain other highly qualified employees in the future.

Our international operations are subject to a number of risks that could affect our income and growth.

We market our software internationally and plan to expand our Internet services to locations outside of the United States. In addition, commencing in 2002 we began development activities, call center services, and other operations in India. Our international

operations may not produce enough revenue to justify our investments in establishing them and are subject to other inherent risks, including:

- the impact of recessions in foreign economies on the level of consumers' insurance shopping and purchasing behavior;
- greater difficulty in collecting accounts receivable;
- difficulties and costs of staffing and managing foreign operations;
- reduced protection for intellectual property rights in some countries;
- seasonal reductions in business activity during the summer months in Europe and other parts of the world;
- burdensome regulatory requirements, other trade barriers and differing business practices;
- fluctuations in exchange rates;
- potentially adverse tax consequences; and
- political and economic instability.

Furthermore, our entry into additional international markets could require significant management attention and financial resources, which could lessen our ability to manage our existing business effectively.

Laws and regulations that govern the insurance industry could expose us or the agents, brokers and carriers who participate in our online marketplace to legal penalties.

We perform functions for licensed insurance agents, brokers and carriers and are, therefore, required to comply with a complex set of rules and regulations that often vary from state to state. These rules and regulations can be difficult to comply with and are ambiguous and open to interpretation. If we fail to properly interpret and/or comply with these rules and regulations, we, the insurance agents, brokers or carriers doing business with us, our officers, or agents with whom we contract could be subject to various sanctions, including censure, fines, cease-and-desist orders, loss of license or other penalties. This risk, as well as other laws and regulations affecting our business and changes in the regulatory climate or the enforcement or interpretation of existing law, could expose us to additional costs, including indemnification of participating insurance agents, brokers or carriers for their costs, and could require changes to our business or otherwise harm our business. Furthermore, because the application of online commerce to the consumer insurance market is relatively new, the impact of current or future regulations on our business is difficult to anticipate. To the extent that there are changes in the rules and regulations regarding the manner in which insurance is sold, our business could be adversely affected.

Risks Related to Our Conduct of Business on The Internet

Any disruption of our internet connections could affect the success of our internet based products .

Any system failure, including network, software or hardware failure, that causes an interruption in our network or a decrease in responsiveness of our website could result in reduced user traffic and reduced revenue. Continued growth in Internet usage could cause a decrease in the quality of Internet connection service. Websites have experienced service interruptions as a result of outages and other delays occurring throughout the Internet network infrastructure. In addition, there have been several incidents in which individuals have intentionally caused service disruptions of major e-commerce websites. If these outages, delays or service disruptions occur frequently in the future, usage of our website could grow more slowly than anticipated or decline, and we may lose revenues and customers.

If the computer hardware operations that host our website were to experience a system failure, the performance of our website would be harmed. These systems are also vulnerable to damage from fire, floods, earthquakes, acts of terrorism, power loss, telecommunications failures, break-ins and similar events. Our property and business interruption insurance coverage may not be adequate to compensate us for all losses that may occur. In addition, our users depend on Internet service providers, online service providers and other website operators for access to our website. Each of these providers has experienced significant outages in the past, and could experience outages, delays and other difficulties due to system failures unrelated to our systems.

Concerns regarding security of transactions or the transmission of confidential information over the Internet or security problems we experience may prevent us from expanding our business or subject us to legal exposure.

If we do not offer sufficient security features in our online product and service offerings, our products and services may not gain market acceptance, and we could be exposed to legal liability. Despite the measures that we may take, our infrastructure will be potentially vulnerable to physical or electronic break-ins, computer viruses or similar problems. If a person circumvents our security measures, that person could misappropriate proprietary information or disrupt or damage our operations. Security breaches that result in access to confidential information could damage our reputation and subject us to a risk of loss or liability. We may be required to make significant expenditure, to protect against or remedy security breaches. Additionally, if we are unable to adequately address our customers' concerns about security, we may have difficulty selling our goods and services.

Uncertainty in the marketplace regarding the use of Internet users' personal information, or proposed legislation limiting such use, could reduce demand for our services and result in increased expenses.

Concern among consumers and legislators regarding the use of personal information gathered from Internet users could create uncertainty in the marketplace. This could reduce demand for our services, increase the cost of doing business as a result of litigation costs or increased service delivery costs, or otherwise harm our business. Legislation has been proposed that would limit the users of personally identifiable information of Internet users gathered online or require online services to establish privacy policies. Many state insurance codes limit the collection and use of personal information by insurance agencies, brokers and carriers or insurance service organizations. Moreover, the Federal Trade Commission has settled a proceeding against one online service that agreed in the settlement to limit the manner in which personal information could be collected from users and provided to third parties.

Future government regulation of the Internet could place financial burdens on our businesses.

Because of the Internet's popularity and increasing use, new laws and regulations directed specifically at e-commerce may be adopted. These laws and regulations may cover issues such as the collection and use of data from website visitors, including the placing of small information files, or "cookies," on a user's hard drive to gather information, and related privacy issues; pricing; taxation; telecommunications over the Internet; content; copyrights; distribution; domain name piracy; and quality of products and services. The enactment of any additional laws or regulations, including international laws and regulations, could impede the growth of our revenue from our Internet operations and place additional financial burdens on our business.

Risks Related To Our Common Stock

The price of our common stock may be extremely volatile.

In some future periods, our results of operations may be below the expectations of public market investors, which could negatively affect the market price of our common stock. Furthermore, the stock market in general has recently experienced extreme price and volume fluctuations. We believe that, in the future, the market price of our common stock could fluctuate widely due to variations in our performance and operating results or because of any of the following factors which are, in large part, beyond our control:

- announcements of new services, products, technological innovations, acquisitions or strategic relationships by us or our competitors;
- trends or conditions in the insurance, software and Internet markets;
- changes in market valuations of our competitors; and
- general political, economic and market conditions.

In addition, the market prices of securities of technology companies, including our own, have been volatile and have experienced fluctuations that have often been unrelated or disproportionate to operating performance. As a result, you may not be able to sell shares of our common stock at or above the price at which you purchase them. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against that company. If any securities litigation is initiated against us, we could incur substantial costs and our management's attention and resources could be diverted from our business.

The significant concentration of ownership of our common stock will limit your ability to influence corporate actions.

The concentration of ownership of our common stock may have the effect of delaying, preventing or deterring a change in control of ebix.com, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of ebix.com and may affect the market price of our common stock. At June 30, 2003, BRiT Insurance Holdings plc held approximately 41% of our outstanding common stock and, together with our executive officers and directors, beneficially owned in excess of 50% of our outstanding common stock. As a result, those stockholders, if they act together are able to control all matters requiring stockholder approval, including the election of all directors and approval of significant corporate transactions and amendments to our certificate of incorporation. These stockholders may use their ownership position to approve or take actions that are adverse to your interests or prevent the taking of actions that are consistent with your interests.

We may issue equity securities in the future whose terms and rights are superior to those of our common stock.

Our certificate of incorporation authorizes the issuance of up to 2,000,000 shares of preferred stock. No shares of preferred stock are currently outstanding. However, shares of preferred stock may be issued by our board of directors from time to time in one or more series for the consideration, and with the rights and preferences, as our board of directors decides. Any shares of preferred stock that we may issue in the future could be given voting and conversion rights that could dilute the voting power and equity of holders of shares of our common stock and have preferences over the common stock with respect to dividends and in liquidation.

Provisions in our charter and Delaware law may discourage takeover attempts which could preclude our stockholders from receiving a change of control premium.

Our certificate of incorporation could make it more difficult for a third party to acquire control of us because it gives our Board of Directors the ability to issue shares of preferred stock with rights as they deem appropriate without stockholder approval. In addition, Delaware law contains an anti-takeover provision that could have the effect of delaying or preventing a change in control that stockholders may consider favorable. This provision prohibits us from engaging in a business combination with any significant stockholder for a period of three years from the date the person became a significant stockholder unless specific conditions are met.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in the Company's market risk during the six months ended June 30, 2003. For additional information on market risk, refer to the "Quantitative and Qualitative Disclosures About Market Risk" section of the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

Item 4. CONTROLS AND PROCEDURES

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2003, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in the reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Any control system, no matter how well designed and operated, can provide only reasonable (not absolute) assurance that its objectives will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Part II — OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- 10.1 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.
- 31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002).
- 32.2 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 Sabanes-Oxley Act of 2002 (furnished herewith).
- 32.2 Certification of Chief Financial Officer Pursuant to Section 906 of the Sabanes-Oxley Act of 2002 (furnished herewith).

(b) Reports on Form 8-K

The Company filed a current report on Form 8-K dated April 3, 2003 (pursuant to Sections 7, 9 and 12 thereof) to report year end results issued by the Company.

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 thereunto duly authorized.

ebix.com, Inc.

Date: August 13, 2003

By

/s/ RICHARD J. BAUM

Richard J. Baum

Executive Vice President — Finance & Administration, Chief
Financial Officer (principal financial and accounting officer), and
Secretary

EXHIBIT INDEX

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
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SECOND AMENDMENT TO LEASE AGREEMENT

THIS SECOND AMENDMENT TO LEASE AGREEMENT (hereinafter referred to as this "Second Amendment") is entered into this 3rd day of June, 2003, by and between **485 PROPERTIES, LLC**, a Delaware limited liability company (hereinafter referred to as "Landlord"), and **EBIX.COM, INC.** a Delaware corporation, f/k/a Delphi Information Systems, Inc. (hereinafter referred to as "Tenant"),

WITNESSETH:

WHEREAS, Landlord and Tenant, entered into that certain Lease Agreement, dated October 20, 1998 (hereinafter referred to as the "Office Lease"), as amended by that certain First Amendment to Lease Agreement between Landlord and Tenant, dated February 10, 2000 (hereinafter referred to as the "First Amendment"; the Office Lease, as amended by the First Amendment, is hereinafter sometimes referred to as the "Lease"), pursuant to which Tenant leased certain premises known as Suite 2850 on the twenty-eighth (28th) floor and Suite 3200 on the thirty-second (32nd) floor of the building presently known as "Corporate Center V" located at Five Concourse Parkway, Atlanta, Georgia 30328 (hereinafter referred to as the "Building"), which premises are more particularly described in the Lease (hereinafter referred to as the "Premises");

WHEREAS, Landlord and Tenant desire to amend the Lease to extend further the term of the Lease and to provide for certain other related matters, as are more particularly set forth herein.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree to amend the Lease as follows:

1. Defined Terms. Capitalized terms used herein, unless otherwise defined herein, shall have the meanings given such terms in the Lease .
 2. Term. The Term of the Lease is hereby extended for a period (hereinafter referred to as the "Extension Period") of seven (7) years and five (5) months, commencing June 1, 2003 (hereinafter sometimes referred to as the "Effective Date") and continuing through to and including a new term expiration date of October 31, 2010 (the "New Term Expiration Date").
 3. Terms of the Lease. The lease of the Premises during the Extension Period shall be pursuant to all of the terms and conditions of the Lease as in effect from time to time; provided, however, that Landlord and Tenant hereby agree that, from and after the Effective Date, the Lease shall be modified as follows:
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a. Paragraph 2. Rent. Notwithstanding anything to the contrary in the Lease, effective as of the Effective Date, Monthly Rental for the Premises shall be payable to Landlord at P.O. Box 402862, Atlanta, Georgia 30384-2862 or at such other place Landlord designates, without demand, deduction or setoff, in the following amounts:

<u>Period</u>	<u>Base Rental Per Rentable Square Foot Per Annum</u>	<u>Annual Rental</u>	<u>Monthly Rental</u>
06/01/03-05/31/04	\$ 20.50	\$ 200,920.56	\$ 16,743.38
06/01/04-05/31/05	\$ 21.01	\$ 205,919.04	\$ 17,159.92
06/01/05-05/31/06	\$ 21.54	\$ 211,113.60	\$ 17,592.80
06/01/06-05/31/07	\$ 22.07	\$ 216,308.04	\$ 18,025.67
06/01/07-05/31/08	\$ 22.63	\$ 221,796.60	\$ 18,483.05
06/01/08-05/31/09	\$ 23.19	\$ 227,285.16	\$ 18,940.43
06/01/09-05/31/10	\$ 23.77	\$ 232,969.80	\$ 19,414.15
06/01/10-10/31/10	\$ 24.37	\$ 238,850.40	\$ 19,904.20

b. Paragraph 3. Reimbursement for Increases in Operating Expenses and Taxes. On and after the Effective Date, Tenant, in addition to Monthly Rental payable with respect to the Premises, shall pay, as additional rental, Tenant's Share with respect to the Premises of increases in the Operating Costs for any calendar year during the term of the Lease, as modified hereby (commencing with calendar year 2004), over the "Initial Operating Costs," which for this purpose only shall be the actual Operating Costs for calendar year 2003, as adjusted pursuant to the terms of the Lease. Notwithstanding the foregoing, Tenant shall remain obligated to pay additional rental under Paragraph 3 of the Lease for the portion of calendar year 2003 falling prior to the Effective Date, the same as if Initial Operating Costs had not been adjusted pursuant to this Paragraph 3.b.

4. Tenant Improvements.

a. Tenant agrees to accept the Premises in its "AS IS" condition, and Landlord shall have no obligation to perform any work with respect to the Premises, or to provide any allowances with respect thereto, except as otherwise hereinafter expressly provided in this Paragraph 4. Any alterations or refurbishment to the Premises ("Tenant Improvements") shall be performed subject to and in accordance with the provisions of this Paragraph 3 and Exhibit C-1 to the First Amendment. The terms and conditions of said Exhibit C-1 to the First Amendment shall apply to the Premises as if the Premises were the "First Amendment Expansion Area" under said Exhibit C-1 except for the following revisions;

- (i) Tenant shall provide to Architect all specifications, information and documents necessary to enable Architect to prepare the Tenant Space Plans as soon as reasonably possible (but in no event later than June 3, 2003) (subsection 1 Section 2.01);

(ii) Within five (5) working days after receipt of all items, described in subparagraph (i) above, Architect shall prepare and deliver to Tenant the Tenant Space Plans (subsection 2 Section 2.01);

(iii) The prospective bidders for the engagement as “Contractor” under Article 5, subsection A, shall be (1) Raven Construction, (2) Schoppman Freese, and (3) KR Whitwer;

(iv) Landlord designates Stacey Milam as Landlord’s Agent under Section 6.01;

(v) The “Allowance” shall be revised as set forth below; and

(vi) The following sentence shall be inserted at the end of Paragraph 2 of Section 4.02:

“Such fees and costs may be funded out of the Allowance, to the extent available.”

b. Tenant acknowledges that the Premises was previously improved for occupancy, and all improvements existing on the date of this Second Amendment shall be left in place by Landlord and shall be available for reuse or shall be demolished by Tenant as part of the Tenant Improvement Costs with respect to the Premises for which Tenant is responsible under the Lease and this Second Amendment. Notwithstanding the foregoing or anything to the contrary contained herein, Landlord shall provide an Allowance to Tenant for the purpose of paying a portion of the Tenant Improvements Costs respecting the Premises in the amount of up to One Hundred Ninety-Six Thousand Twenty and No/100 Dollars (\$196,020.00) in total (and not per square foot). Landlord agrees to contribute said amount toward the Tenant Improvement Costs in accordance with the provisions of Section 4.01 of said Exhibit C-1 (the Tenant Improvement Costs shall include, without limitation, (i) the space designer fees for Tenant Improvements and (ii) construction supervision fees as provided in said Exhibit C-1). Tenant shall pay to Landlord the amount of any excess Tenant’s Costs in the manner provided in Section 4.3 of said Exhibit C-1. If any portion of the Refurbishment Allowance has not been advanced by Landlord on or before November 30, 2003, (such date to be extended by one (1) day for each day of delay not resulting from a Tenant Delay) the unused and remaining portion shall be retained by Landlord, and Tenant shall have no right to such unexpended Refurbishment Allowance.

c. In order to induce Landlord to deliver the Premises to Tenant prior to the installation of the Tenant Improvements and to complete installation of the Tenant Improvements during Tenant’s occupancy of the Premises, Landlord and Tenant hereby agree as follows:

(i) Landlord shall deliver the Premises to Tenant in its “AS-IS” condition on the Commencement Date. Tenant acknowledges that Landlord and Landlord’s

agents have made no representations or warranties with respect to the Premises and no warranties shall be implied under any applicable rule of law.

(ii) The Tenant Improvements shall be designed and installed in accordance with the provisions of this Paragraph 3 and Exhibit C-1 to the First Amendment. Tenant expressly acknowledges that, at Tenant's request and in reliance on this Paragraph 4, Landlord has agreed to grant Tenant occupancy of the Premises prior to completion of the Tenant Improvements, and that completion of the Tenant Improvements during Tenant's occupancy of the Premises may result in the inconvenience of Tenant or the interference with the conduct of Tenant's business in the Premises. Tenant hereby accepts such consequences and assumes all risks associated therewith.

(iii) Landlord shall have the right to recapture some or all of the space within the Premises on a temporary basis for the construction and installation of the Tenant Improvements. Landlord shall coordinate any such recapture with Tenant in order to mitigate any inconvenience to Tenant resulting therefrom. During the construction of the Tenant Improvements, Tenant shall cooperate with Landlord in providing Landlord, its agents, employees and contractors, with access to the Premises for construction and installation of the Tenant Improvements. Notwithstanding such recapture, there shall be no adjustment to or abatement of the Base Rental and other charges under the Lease.

(iv) Tenant acknowledges and agrees that Landlord, its agents, employees and contractors may experience delays and additional costs and expenses (such as, by way of example and not limitation, overtime charges) in the construction and installation of the Tenant Improvements due to Tenant's occupancy of the Premises and that any such delay shall be deemed a delay caused by Tenant and any such additional costs and expenses shall be paid by Tenant to Landlord in accordance with the provisions of this Paragraph 3 and Exhibit C-1 to the First Amendment.

(v) Tenant hereby indemnifies and agrees to hold Landlord, its agents, employees and contractors harmless from and against any and all liabilities, claims, demands, allegations, assessments, losses, costs, damages and expenses of any nature whatsoever (including, but without limiting the generality of the foregoing, attorneys' fees and court costs) that Landlord may incur, sustain or suffer or which may be asserted or charged against Landlord arising out of, pertaining to or in any way connected with Landlord's completion of the Tenant Improvements other than any such liabilities, claims, demands, losses, costs, damages or expenses arising out of injury to or death of any person or damage to any property as a result of the negligence or willful misconduct of Landlord or its agents, employees or contractors (individually a "Claim" or collectively "Claims"). Tenant acknowledges that Landlord may discover, incur or suffer from Claims which were unknown or unanticipated as of the date of this Lease and that Tenant is assuming

the risk of such unknown and unanticipated Claims and agrees that this paragraph applies to such unknown and unanticipated Claims.

d. Notwithstanding anything in this Paragraph 4 to the contrary, Landlord and Tenant hereby acknowledge and agree that the Tenant Improvements to the First Amendment Expansion Area were substantially completed and all costs and expenses therefor were paid in full in accordance with Paragraph 6 of the First Amendment and Exhibit C-1 thereto.

5. Paragraph 10. Default by Tenant. Landlord's Remedies. Effective as of the Effective Date, Paragraph 10 of the Lease shall be amended as follows:

a. The first (1st) sentence of subparagraph 10(a)(i) shall be deleted in its entirety and the following new sentence shall be inserted in lieu thereof:

“The Rent or any other sum of money due of Tenant hereunder is not paid within ten (10) days of the date notice of such late payment is received by Tenant; provided, however, if more than two (2) payments due of Tenant hereunder in any one (1) calendar year are not made until after notice of such late payment is received by Tenant, then it shall be an event of default hereunder by Tenant if any subsequent payment due of Tenant hereunder in the same calendar year is not made within ten (10) days of the date when due.”

b. The second (2nd) sentence of subparagraph 10(b)(i) shall be deleted in its entirety and the following new sentence shall be inserted in lieu thereof:

“If Tenant shall fail to do so, Landlord may, without further notice and without prejudice to any other remedy Landlord may have, enter upon the Premises and expel or remove Tenant and Tenant's effects in accordance with the dispossessory procedures set forth in O.C.G.A. §§ 44-7-50 et seq.”

c. The first (1st) sentence of subparagraph 10(b)(iii) shall be deleted in its entirety and the following new sentence shall be inserted in lieu thereof:

“Dispossess Tenant in accordance with the dispossessory procedures set forth in O.C.G.A. §§ 44-7-50 et seq.”

d. Subparagraph 10(c) shall be deleted in its entirety and the following new subparagraph 10(c) shall be inserted in lieu thereof:

“Notwithstanding anything in this Lease to the contrary, neither Landlord nor Tenant shall be liable to the other for any indirect, consequential, exemplary or punitive damages resulting from its default under this Lease, except in the event of a holdover by Tenant; provided, however, that nothing in this subparagraph (c) shall limit either Landlord's or Tenant's right, subject to the other provisions of this Lease, to collect compensatory

damages and costs from the other as a result of a default by the other party under this Lease.”

6. Paragraph 11. Assignment and Subletting. Effective as of the Effective Date, Paragraph 11 of the Lease shall be amended as follows:

a. The first (1st) sentence of subparagraph 11(a) shall be deleted in its entirety and the following new sentence shall be inserted in lieu thereof:

“Tenant shall not sublet any part of the Premises, nor assign this Lease or any interest herein, nor, once any such sublet and assignment is consented to by Landlord, amend or modify the terms of such sublet or assignment, without the prior consent of Landlord, which consent shall not be unreasonably withheld or delayed.”

b. Subparagraph 11(c) shall be deleted in its entirety and the following subparagraph 11(c) is inserted in lieu thereof:

“(c) Tenant shall have the right to assign the lease or sublet the Premises, or any part thereof, without Landlord’s consent, but subject to Landlord’s right to notice and prohibition contained herein, to any corporation which controls, is controlled by, or is under common control with Tenant, or to any corporation resulting from a merger or consolidation transaction with Tenant, or to any corporation which acquires all or substantially all of the assets of Tenant (any one of such entities being hereinafter referred to as an “Affiliate”), provided that (i) the tangible net worth of the Affiliate is equal to or greater than the greater of Tenant’s tangible net worth on the date of this Lease and Tenant’s tangible net worth immediately prior to the effective date of the assignment or sublease, (ii) in the event of a sublease or if Tenant remains in existence as a separate legal entity following consummation of the assignment, it shall not be released from liability under this Lease, (iii) Tenant shall give written notice to Landlord of the proposed assignment or sublease reasonably in advance of the consummation thereof and (iv) in the event of an assignment, the Affiliate shall unconditionally assume in a writing reasonably acceptable to Landlord all of Tenant’s obligations under the Lease effective upon the consummation of the assignment. As used in the immediately preceding sentence, the term “control” means, with respect to a corporation, the right to the exercise, directly or indirectly, of more than forty percent (40%) of the voting rights attributable to the shares of the controlled corporation, and, with respect to any entity that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled entity. Notwithstanding the foregoing, any such sublease or assignment must not have been entered into, in whole or in part, as a subterfuge to avoid the obligations and restrictions set forth in this Lease. Furthermore, if

Landlord reasonably determines that the proposed sublessee or occupant is engaged in a business which would materially interfere with the operation of the Property or that permitting the subletting or occupancy would cause a violation by Landlord of its obligations under any lease covering a portion of the Property, Landlord shall have the right to prohibit such arrangement based upon the issue of the business of the proposed sublessee or occupant or the compatibility of the proposed sublessee or occupant with the businesses in the Building. No subletting permitted by this Paragraph 11 shall relieve Tenant of its primary liability under this Lease.”

7. Indemnification and Hold Harmless. On and after the Effective Date, the Lease is hereby amended by deleting subparagraph 15(a) of the Office Lease in its entirety, and by inserting the following subparagraph 15(a) in lieu thereof:

(a) Tenant hereby indemnifies and holds Landlord harmless from and against any injury, expense, damage, liability or claim, imposed on Landlord by any person whomsoever due to damage to the Premises, claims for injuries to the person or property of any other tenant of the Building or of any other person in or about the Building for any purpose whatsoever, or administrative or criminal action by a governmental authority, provided that such injury, expense, damage, liability or claim results either directly or indirectly from the act, omission, negligence, misconduct or breach of any provisions of this Lease by Tenant, the agents, servants, or employees of Tenant, or any other person entering upon the Premises under express or implied invitation or consent of Tenant. Tenant further agrees to reimburse Landlord for any costs or expenses, including, but not limited to, court costs and reasonable attorney’s fees, which Landlord may incur in investigating, handling or litigating any such claim or any action by a governmental authority.

8. Tenant’s Insurance. On and after the Effective Date, the Lease is hereby amended by deleting Paragraph 16 (Tenant’s Insurance) of the Office Lease in its entirety, and by inserting the following Paragraph 16 in lieu thereof:

“16. TENANT’S INSURANCE.

Tenant shall carry during the Term (and any other period during which Tenant is in possession of the Premises, with all premiums paid prior to the due date at Tenant’s sole expense) (i) all risk coverage insurance insuring Tenant’s interest in its improvements to the Premises and any and all furniture, equipment, supplies, contents and other property owned, leased, held or possessed by Tenant and contained therein, such insurance coverage to be in an amount equal to the full insurable value of such improvements and property, as such may increase from time to time, (ii) worker’s compensation and employer’s liability insurance as required by applicable

law, (iii) commercial general liability coverage for injury to or death of a person or persons and for damage to property occasioned by or arising out of any construction work being done on the Premises, or arising out of the condition, use, or occupancy of the Premises, or other portions of the Building or Property, the limits of such policy or policies to be in amounts not less than One Million Dollars (\$1,000,000) combined single limit for bodily injury and property damage per occurrence, plus excess coverage of not less than Five Million Dollars (\$5,000,000) combined single limit for bodily injury and property damage per occurrence, (iv) insurance against thefts within the Premises, the Building or any project within which the Building is located, and (v) business interruption insurance with a limit of liability of not less than One Million Dollars (\$1,000,000). Tenant shall also maintain and provide such other required evidence to Landlord of any other form of insurance which Landlord, acting reasonably, requires from time to time in form, in amounts, and for risks against which a reasonable tenant would insure. Landlord and Tenant shall each have included in all policies of insurance respectively obtained by them with respect to the Building or Premises a waiver by the insurer of all right of subrogation against the other in connection with any loss or damage insured against. To the full extent permitted by law, Landlord and Tenant each waives all right of recovery against the other, and agrees to release the other from liability for loss or damage to the extent such loss or damage is covered by valid and collectible insurance in effect at the time of such loss or damage; provided, however, that the foregoing release by each party is conditioned upon the other party's carrying insurance with the above described waiver of subrogation, and if such coverage is not obtained or maintained by either party, then the other party's foregoing release shall be deemed to be rescinded until such waiver is either obtained or reinstated. All said insurance policies shall be carried with companies licensed to do business in the State of Georgia reasonably satisfactory to Landlord and rated in Best's Insurance Guide, or any successor thereto (or, if there be none, an organization having a national reputation) as having a general policyholder rating of "A-" and a financial rating of at least "X." All such policies shall be noncancellable except after twenty (20) days' written notice to Landlord. Each policy shall name as additional insureds Landlord, Landlord's Property Manager, Landlord's mortgagee (if any), parties having a direct or indirect ownership interest in or contractual relationship with Landlord, and any other person reasonably designated by Landlord as having a direct or indirect financial interest in or contractual relationship respecting the Building or Premises and (ii) provide that it is primary to, and not contributing with, any policy carried by Landlord, Landlord's Property Manager, Landlord's mortgagee (if any), parties having a direct or indirect ownership interest in or contractual relationship with Landlord, or other reasonably designated person covering the same loss. At Landlord's request, duly executed certificates of such insurance shall be delivered to Landlord prior to the Commencement Date and at least thirty (30) days prior to the expiration of each respective policy

term.”

9. Paragraph 28. Parking Arrangements. Effective as of the Effective Date, Paragraph 28 of the Lease is hereby amended by adding the following language at the end thereof:

“Notwithstanding the foregoing, Landlord shall provide one (1) reserved monthly parking space for use by Tenant in the Concourse V and VI garage (hereinafter referred to as the “Garage”); provided that Landlord shall have the right, at any time, in Landlord’s sole discretion, to relocate such space to a mutually agreed upon location within the Garage. Such parking space shall be provided to Tenant so long as said parking space is available without conflict with the requirements of present agreements with any tenant of the Building. Subject to the foregoing, such parking space shall be provided for the Extension Period at no additional charge to Tenant. Tenant shall abide by and comply with any and all regulations promulgated by Landlord with respect to such reserved parking space. Landlord shall have no obligations to enforce the reservation of such reserved parking space. The parking spaces described in this Paragraph 28, and Tenant’s rights thereto, shall not be assignable or transferable by Tenant.”

10. Paragraph 30. Right to Relocate. Effective as of the Effective Date, Paragraph 30 of the Lease is hereby amended by adding the following language at the end thereof:

“Notwithstanding anything to the contrary in the Lease, effective as of the Effective Date, Landlord agrees that (x) it shall have no rights to relocate Tenant from the portion of the Premises located on the thirty-second (32nd) floor of the Building during the Extension Period and (y) in the event of any relocation of Tenant’s space located on the twenty-eighth (28th) floor of the Building, Landlord shall use its reasonable efforts to relocate Tenant to space in the Building serviced by the high-rise elevator banks .”

11. Paragraph 31. Late Payments. Effective as of the Effective Date, Paragraph 31 of the Lease is hereby amended by deleting from the 1st line thereof the words and symbols “within five (5) days” and inserting the following words and symbols in lieu thereof, -“within ten (10) days”

12. Right of First Negotiation. Landlord grants Tenant a right of first negotiation (the “First Negotiation Right”) to lease additional space contiguous to the Premises in accordance with the following:

- a. The space that is subject to such First Negotiation Right shall be all or any portion of the space located on the twenty-eighth (28th) and thirty-first (31st) floors of the Building that is contiguous to the Premises (the “First Negotiation Space”).

b. Except as provided in this Paragraph 12, if Landlord makes or receives a written proposal to lease all or any portion of the First Negotiation Space, Landlord shall notify Tenant in writing (such notice being hereinafter called the "Offer Notice") of the availability of such space. Such Offer Notice shall specifically describe the portion of the First Negotiation Space that is the subject of such proposal. The Offer Notice shall also constitute an offer by Landlord to lease the space described in the Offer Notice to Tenant in accordance with the terms of this Paragraph 12. Tenant shall have ten (10) days after its receipt of such Offer Notice to accept such offer pursuant to this First Negotiation Right and to lease all of such portion of the First Negotiation Space described in the Offer Notice from Landlord in accordance with the terms of this Paragraph 12.

c. Acceptance by Tenant of the offer set forth in the Offer Notice shall be deemed effective only if such acceptance is given to Landlord in a written notice of acceptance (the "Acceptance Notice") specifically referring to the Offer Notice to which it relates, received by Landlord within the ten (10) day period prescribed above for such acceptance. To be effective, such Acceptance Notice must accept the offer set forth in the subject Offer Notice with respect to all of the portion of the First Negotiation Space described in such Offer Notice.

d. If Tenant duly and timely delivers to Landlord its Acceptance Notice within such ten (10) day period in accordance with this Paragraph 12 and such Acceptance Notice is delivered to Landlord on or before June 1, 2005, then the following terms shall apply:

(i) The term of the lease of the First Negotiation Space shall commence upon the earlier to occur of (a) Tenant's occupancy of the First Negotiation Space for the purpose of conducting business therefrom, (b) substantial completion of the tenant improvements with respect to such space or (c) sixty (60) days after Landlord's receipt of the Acceptance Notice (such earlier date being hereinafter referred to as the "Expansion Commencement Date");

(ii) Base Rental, Additional Rental, and all other sums and charges imposed under this Lease with respect to the First Negotiation Space shall commence to accrue with respect to the First Negotiation Space on the Expansion Commencement Date;

(iii) The First Negotiation Space shall become part of the Premises and shall be leased to Tenant for the remaining portion of the term of the lease of the Premises upon the terms and conditions (including, without limitation, the same Base Rental rate per square foot of Rentable Area and the same Base Operating Expenses and Base Real Estate Taxes) as then and thereafter in effect from time to time under this Lease for the balance of the Premises, except as otherwise provided in this subparagraph d.;

(iv) Tenant improvements shall be designed and installed in accordance with the same procedures and conditions as are set forth in Exhibit C hereto; except

that Refurbishment Allowance per square foot of Rentable Area with respect to the First Negotiation Space shall be equal to the product of \$20.00 and a fraction, the numerator of which is the number of full calendar months, plus the fraction of any partial calendar months, remaining in the initial term of this Lease, measured from the Expansion Commencement Date, and the denominator of which is 89;

(v) Tenant's Percentage Share shall be adjusted to reflect Tenant's lease of the First Negotiation Space; and

(vi) Landlord and Tenant agree to enter into an amendment to this Lease to document the exercise of the Expansion Option within thirty (30) days after Landlord's receipt of the Option Exercise Notice.

e. If Tenant duly and timely delivers to Landlord its Acceptance Notice within such ten (10) day period in accordance with this Paragraph 12 and such Acceptance Notice is delivered to Landlord after June 1, 2005, then the following terms shall apply:

(i) The term of the lease of the First Negotiation Space shall commence upon the "Expansion Commencement Date";

(ii) Base Rental, Additional Rental, and all other sums and charges imposed under this Lease with respect to the First Negotiation Space shall commence to accrue with respect to the First Negotiation Space on the Expansion Commencement Date;

(iii) Subject to the other terms of this Paragraph 12, the portion of the First Negotiation Space leased by Tenant pursuant to an Acceptance Notice shall become part of the Premises and shall be leased to Tenant pursuant to the terms and conditions of the Lease as applicable to the Premises, subject to revisions thereto applicable only to the portion of the First Negotiation Space to be leased by Tenant to reflect Prevailing Market Terms and Conditions. "Prevailing Market Terms and Conditions" shall mean the then prevailing market economic terms and conditions (including, without limitation, base rent, rent escalation, tenant improvement allowance, length of noncancellable lease term, and other similar matters) for leases comparable to the lease of the Premises for "second generation" space in the Building comparable to the space to be leased by Tenant pursuant to its Acceptance Notice, taking into account the creditworthiness of Tenant. The Prevailing Market Terms and Conditions shall be determined between Landlord and Tenant by mutual agreement; however, if Landlord and Tenant cannot agree, the Prevailing Market Terms and Conditions shall be established in the manner specified in subparagraph (iv) hereof.

(iv) Within five (5) days after Landlord has received Tenant's Acceptance Notice, Landlord shall advise Tenant, in writing, of its determination of the Prevailing Market Terms and Conditions. Within five (5) days after Tenant's

receipt of Landlord's determination of the Prevailing Market Terms and Conditions, Tenant shall advise Landlord, in writing, whether or not Tenant accepts or rejects the Prevailing Market Terms and Conditions specified by Landlord. Failure to accept or reject the Prevailing Market Terms and Conditions specified by Landlord shall be deemed acceptance by Tenant. If Tenant by notice timely given rejects the Prevailing Market Terms and Conditions determined by Landlord, Tenant shall specify in such notice either (x) Tenant's election to withdraw the Acceptance Notice, in which event the exercise of such Acceptance Notice shall be nullified and this First Negotiation Right shall be terminated with respect to the subject portion of the First Negotiation Space, or (y) Tenant's election to submit the determination of Prevailing Market Terms and Conditions to the procedure outlined below and Tenant's selection of a real estate appraiser, who shall act on Tenant's behalf in determining the Prevailing Market Terms and Conditions. Failure to make such election in such response shall be deemed an election of clause (x) of the immediately preceding sentence. Within twenty (20) days after Landlord's receipt of Tenant's selection of a real estate appraiser, Landlord, by written notice to Tenant, shall designate a real estate appraiser, who shall act on Landlord's behalf in the determination of the Prevailing Market Terms and Conditions. Within twenty (20) days of the selection of Landlord's appraiser, the two appraisers shall render a joint written determination of the Prevailing Market Terms and Conditions. If the two appraisers are unable to agree upon a joint written determination within said twenty (20) day period, each appraiser shall render his or her own written determination and the two appraisers shall select a third appraiser within such twenty (20) day period (or, if such appraisers cannot be agreed upon by the appraisers, the third appraiser shall be selected by lot from a list of not less than five (5) appraisers recommended by the President of the Georgia Chapter of the National Association of Industrial and Office Properties). Within twenty (20) days after the appointment of the third appraiser, the third appraiser shall select one of the determinations of the two appraisers originally selected, without modification or qualification. All appraisers selected in accordance with this subparagraph shall have at least ten (10) years prior experience in the metropolitan Atlanta commercial leasing market and shall be members of one or more of the National Association of Industrial and Office Properties, the American Institute of Real Estate Appraisers, the Atlanta Board of Realtors or similar professional organization. If either Landlord or Tenant fails or refuses to select an appraiser, the other appraiser shall alone determine the Prevailing Market Terms and Conditions. Landlord and Tenant agree that they shall be bound by the determination of Prevailing Market Terms and Conditions pursuant to this subparagraph for the lease of the subject space. Landlord shall bear the fees and expenses of its appraiser; Tenant shall bear the fees and expenses of its appraiser; and Landlord and Tenant shall share equally the fees and expenses of the third appraiser, if any.

f. If Tenant does not duly and timely deliver to Landlord its Acceptance Notice within the aforesaid ten (10) day period in accordance with this Paragraph 12, then Tenant shall be deemed to have elected not to accept Landlords' offer set forth in the subject Offer Notice, and Tenant's rights with respect to the portion of the First Negotiation Space described in such Offer Notice shall terminate and be of no further force or effect, and Landlord shall be free to enter into a lease with a prospective tenant with respect to all or any part of that portion of the First Negotiation Space that was the subject of such Offer Notice, plus additional space leased in conjunction therewith (including, without limitation, an additional portion of the First Negotiation Space, provided such additional portion of the First Negotiation Space does not have more than thirty percent (30%) of the Rentable Area of the portion of the First Negotiation Space that was offered to Tenant pursuant to the Offer Notice)

g. Landlord shall have the right to enter into a lease of all or a portion of the First Negotiation Space with a tenant or subtenant other than Tenant occupying such space on the date such space is so leased by Landlord without first being required to submit an Offer Notice to Tenant; and such lease with any such occupant shall be superior to, but shall not have the effect of terminating, Tenant's rights under this Paragraph 12.

h. Notwithstanding anything in this Paragraph 12 to the contrary, Tenant shall have no right to exercise any right or option under this Paragraph 12, nor shall Landlord have any obligation to submit an Offer Notice to Tenant with respect to any portion of the First Negotiation Space before entering into a third party lease with respect thereto, or to enter into any lease of any portion of the First Negotiation Space with Tenant, at any time during which either (i) an Event of Default exists with respect to Tenant under this Lease, (ii) this Lease is not in full force and effect, (iii) Tenant has assigned this Lease or has entered into a sublease with respect to all or any portion of the Premises, or (iv) Tenant is in default under any other written agreement with Landlord.

13. Deleted Provisions. Effective as of the Effective Date, the Lease is hereby amended by deleting the following provisions in their entirety:

- a. Special Stipulation No. 2 of the Office Lease ("Renewal of Lease")
- b. Paragraph 6 of the First Amendment ("Tenant Improvements")

14. Brokerage Commissions. Tenant represents and warrants that it has not retained or consulted with a broker, agent or commission salesperson with respect to the negotiation of this Second Amendment, and that no commissions, fees or compensation of any kind are due and payable in connection herewith to any broker, agent or commission salesperson acting for or on behalf of Tenant. Tenant agrees to indemnify and hold Landlord harmless from all loss, cost and damage suffered or incurred by Landlord as the result of any breach by Tenant of the representation and warranty contained in this Paragraph 14. Except for Cousins

Properties Services LP, no broker, agent or commission salesperson has represented Landlord in the negotiation of this Second Amendment, and Landlord has agreed to compensate Cousins Properties Services LP for its services in accordance with the terms of separate commission agreement between Landlord and Cousins Properties Services LP.

15. No Further Amendments; Ratification. Except as expressly amended herein, all terms and conditions of the Lease remain unamended in full force and effect and are ratified and confirmed by Landlord and Tenant. In the event of any conflict between the terms and conditions of this Second Amendment and any of the terms and conditions of the Lease, the terms and conditions of this Second Amendment shall control.

16. Basic Lease Information. The Basic Lease Information attached to this Second Amendment as Exhibit A-2 is hereby inserted herein to state certain of the terms of the Lease with respect to the Premises for the Extension Period.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Second Amendment to be executed under seal, on the day and year first above written.

LANDLORD:

485 PROPERTIES, LLC, a Delaware limited liability company

By: /s/ Harry St. Clair
Name: Harry St. Clair
Title: Assistant Secretary

Date executed by
Landlord: 6/26/03

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

[SIGNATURE PAGE TO SECOND AMENDMENT TO LEASE AGREEMENT]

TENANT:

EBIX.COM, INC. , a Delaware corporation

By: /s/ James W. Satterfield, EVP (SEAL)
Authorized Signature

James W. Satterfield, EVP
Type Name of Signatory

Date executed by
Tenant: June 3, 2003

By: _____ (SEAL)
Authorized Signature

Type Name of Signatory

(CORPORATE SEAL)

*Note: If Tenant is a corporation, two authorized corporate officers must execute this Second Amendment in their appropriate capacities for Tenant, affixing the corporate seal.

By the execution and delivery of this Second Amendment, Tenant has made and shall be deemed to have made a continuous and irrevocable offer to Lease the Premises, on the terms contained in this Second Amendment, subject only to acceptance by Landlord (as evidenced by Landlord's signature hereon), which Landlord may accept in its sole and absolute discretion.

Tenant's Federal Employer Identification Number:

Exhibit A-2

**CORPORATE CENTER V
BASIC LEASE INFORMATION**

Lease Date Office Lease, dated October 20, 1998 (amended by First Amendment, dated February 10, 2000, amended by Second Amendment, dated June 3, 2003)

Landlord 485 PROPERTIES, LLC, a Delaware limited liability company

Tenant EBIX.COM, INC., a Delaware corporation

Building Name Corporate Center V

Building Address Five Concourse Parkway
Atlanta, Georgia 30328

Premises Suite 2850 and 3200

Lease Term Seven (7) years and five (5) months*

Effective Date June 1, 2003

Expiration Date October 31, 2010

Total Building Rentable Area 687,107 square feet

Rentable Area 9,801 square feet

Tenant's Share 1.5%

Annual Rental	06/01/03-05/31/04	\$	20.50
(per rentable square	06/01/04-05/31/05	\$	21.01
foot per annum)	06/01/05-05/31/06	\$	21.54
	06/01/06-05/31/07	\$	22.07
	06/01/07-05/31/08	\$	22.63
	06/01/08-05/31/09	\$	23.19
	06/01/09-05/31/10	\$	23.77
	06/01/10-10/31/10	\$	24.37

**Operating Costs
Base Year**

Calendar year 2003

* Note: This Basic Lease Information is only for the portion of the Lease term commencing on the Effective Date. It does not address the portion of the Lease term falling prior to that date.

Security Deposit

N/A

Landlord's Address

For Notices:
485 PROPERTIES, LLC
c/o Cousins Properties Services LP
Five Concourse Parkway
Suite 1200
Atlanta, Georgia 30328-6111
Attn: Stacey Milam

Tenant's Address

For Notices:
EBIX.COM, INC.
Five Concourse Parkway
Suite 2850
Atlanta, Georgia 30328
Attn: Jim Satterfield

Tenant's Broker

N/A

Landlord's Allowance

\$196,020.00 (one-time only)

CERTIFICATION

I, Robin Raina, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ebix.com, 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)) 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) 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

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent 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 registrant's board of directors (or persons performing the equivalent functions):

(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: August 13, 2003 By: /s/ Robin Raina
Robin Raina
Chief Executive Officer

CERTIFICATION

I, Richard J. Baum, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ebix.com, 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)) 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) 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
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent 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 registrant's board of directors (or persons performing the equivalent functions):
 - (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: August 13, 2003 By: /s/ Richard J. Baum
Richard J. Baum
Chief Financial Officer

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ebix.com, Inc. (the "Company") on Form 10-Q for the period that ended June 30, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robin Raina, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 13, 2003 By: /s/ Robin Raina
Robin Raina
Chief Executive Officer

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ebix.com, Inc. (the "Company") on Form 10-Q for the period that ended June 30, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard J. Baum, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 13, 2003 By: /s/ Richard J. Baum
Richard J. Baum
Chief Financial Officer
