FERGUSON DIANA SUE
Form 4
March 19, 2019

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
FERGUSON DIANA SUE

(Last) (First) (Middle)

ONE INVACARE WAY

(Street)

ELYRIA, OH 44035

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
INVACARE CORP [IVC]

3. Date of Earliest Transaction (Month/Day/Year)
03/15/2019

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director
_____ 10% Owner
_____ Officer (give title below)
_____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Shares	03/15/2019		A		18,045 (1)	A	$ 0	22,517 (2)	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FERGUSON DIANA SUE ONE INVACARE WAY ELYRIA, OH 44035	X			

Signatures

/s/ Diana S. Ferguson, by Kristofer K. Spreen, her attorney-in-fact, pursuant to Power of Attorney, dated July 11, 2018	03/19/2019
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Restricted stock units granted pursuant to the Invacare Corporation 2018 Equity Compensation Plan in an exempt transaction under Rule 16b-3. These restricted stock units are scheduled to vest in full on May 15, 2020. The reporting person has elected to defer receipt of the common shares issuable upon vesting of these restricted stock units until her separation from the issuer, pursuant to the 2012 Invacare Corporation Non-Employee Directors Deferred Compensation Plan.

(2) Includes 4,472 previously reported restricted stock units issued pursuant to the Invacare Corporation 2018 Equity Compensation Plan, all of which vest in full on August 15, 2019.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Exhibit 31.1 Exhibit 31.2 Exhibit 32.1 Exhibit 32.2

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PART I FINANCIAL INFORMATION
Item 1: CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Ebix, Inc. and Subsidiaries
Condensed Consolidated Statements of Income
(In thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	**2009**	**2010**	**2009**
Operating revenue	**$ 32,207**	**$ 22,421**	**$ 63,810**	**$ 43,089**
Operating expenses:				
Cost of services provided	7,427	4,532	14,490	8,833
Product development	3,571	2,753	6,934	5,258
Sales and marketing	1,748	1,121	3,074	2,255
General and administrative	5,005	3,925	10,665	7,553
Amortization and depreciation	1,448	830	2,880	1,573
Total operating expenses	19,199	13,161	38,043	25,472
Operating income	**13,008**	**9,260**	**25,767**	**17,617**
Interest income	127	39	215	91
Interest expense	(246)	(273)	(514)	(557)
Other non-operating income	1,444		1,761	
Foreign exchange gain	233	346	336	752
Income before income taxes	**14,566**	**9,372**	**27,565**	**17,903**
Income tax expense	(556)	(416)	(1,171)	(612)
Net income	**$ 14,010**	**$ 8,956**	**$ 26,394**	**$ 17,291**
Basic earnings per common share	**$ 0.40**	**$ 0.29**	**$ 0.76**	**$ 0.57**
Diluted earnings per common share	**$ 0.36**	**$ 0.24**	**$ 0.67**	**$ 0.47**
Basic weighted average shares outstanding	34,957	30,558	34,853	30,171
Diluted weighted average shares outstanding	39,275	37,461	39,305	37,281

See accompanying notes to the condensed consolidated financial statements.

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

	June 30, 2010 (Unaudited)	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 20,891	$ 19,227
Short-term investments	7,500	1,799
Trade accounts receivable, less allowances of $646 and $565, respectively	24,402	22,861
Other current assets	2,123	2,628
Total current assets	**54,916**	**46,515**
Property and equipment, net	7,705	7,865
Goodwill	164,993	157,245
Intangibles, net	21,019	20,505
Indefinite-lived intangibles	29,299	29,223
Other assets	953	814
Total assets	**$ 278,885**	**$ 262,167**
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 8,417	$ 11,060
Accrued payroll and related benefits	2,930	3,634
Short term debt	4,375	23,100
Convertible debt, net of discount of $494 and $706, respectively	24,505	28,681
Current portion of long term debt and capital lease obligations	463	596
Deferred revenue	7,776	7,754
Current deferred rent	191	163
Other current liabilities	110	109
Total current liabilities	**48,767**	**75,097**
Revolving line of credit	15,600	
Long term debt and capital lease obligations, less current portion	3,587	671
Other liabilities	2,966	2,965
Deferred tax liability, net	5,195	5,147
Put option liability	5,097	6,596
Deferred revenue	123	269
Long term deferred rent	648	679

Total liabilities	**81,983**	**91,424**
Commitments and Contingencies, Note 6		
Stockholders equity:		
Preferred stock, $.10 par value, 500,000 shares authorized, no shares issued and outstanding at June 30, 2010 and December 31, 2009		
Common stock, $.10 par value, 60,000,000 shares authorized, 34,827,986 issued and 34,787,477 outstanding at June 30, 2010 and 34,474,608 issued and 34,434,099 outstanding at December 31, 2009	3,479	3,443
Additional paid-in capital	158,899	158,404
Treasury stock (40,509 shares as of June 30, 2010 and December 31, 2009)	(76)	(76)
Retained earnings	35,017	8,623
Accumulated other comprehensive income (loss)	(417)	349
Total stockholders equity	**196,902**	**170,743**
Total liabilities and stockholders equity	**$ 278,885**	**$ 262,167**

See accompanying notes to the condensed consolidated financial statements.

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Ebix, Inc. and Subsidiaries
Condensed Consolidated Statements Stockholders Equity and Comprehensive Income
(unaudited)
(In thousands, except share amounts)

	Common Stock						Accumulated Other Comprehensive		
	Issued Shares	Amount	Treasury Stock Shares	Treasury Stock	Additional Paid-in Capital	Retained Earnings	(Loss) Income	Total	Comprehensive Income
Balance, December 31, 2009	34,474,608	$ 3,443	(40,509)	$ (76)	$ 158,404	$ 8,623	$ 349	$ 170,743	
Net income						26,394		$ 26,394	$ 26,394
Cumulative translation adjustment							(766)	(766)	(766)
Comprehensive income									$ 25,628
Repurchase and retirement of common stock	(341,570)	(34)			(4,965)			(4,999)	
Vesting of restricted stock	180,641	19			(19)				
Conversion of principal and interest on Convertible promissory notes	476,662	47			4,400			4,447	
Exercise of stock options	37,645	4			174			178	
Deferred compensation and amortization related to options and restricted stock					905			905	
Balance, June 30, 2010	34,827,986	$ 3,479	(40,509)	$ (76)	$ 158,899	$ 35,017	$ (417)	$ 196,902	

See accompanying notes to the condensed consolidated financial statements.

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Ebix, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six months Ended June 30,	
Cash flows from operating activities:		
Net income	$ 26,394	$ 17,291
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,880	1,573
Stock-based compensation	217	100
Restricted stock compensation	688	513
Provision for doubtful accounts	203	90
Debt discount amortization on convertible debt	211	
Unrealized foreign exchange (gain)loss on forward contracts	(49)	(144)
Unrealized foreign exchange (gain)loss	(530)	
Gain on put option	(1,499)	
Changes in assets and liabilities, net of effects from acquisitions:		
Accounts receivable	(1,795)	(2,617)
Other assets	387	(387)
Accounts payable and accrued expenses	(1,926)	(483)
Accrued payroll and related benefits	(709)	(532)
Deferred revenue	(303)	1,092
Deferred rent	(31)	
Deferred taxes	(369)	(1,125)
Other current liabilities	33	178
Net cash provided by operating activities	**23,802**	**15,549**
Cash flows from investing activities:		
Acquisition of MCN, net of cash acquired	(2,931)	
Acquisition of Trades Monitor, net of cash acquired	(2,749)	
Acquisition of Connective Technologies, net of cash acquired	(1,337)	
Investment in ConfirmNet	(2,975)	(3,094)
Investment in IDS		(1,000)
Investment in Acclamation, net of cash acquired		(85)
Investment in Facts, net of cash acquired		(5,704)
Investment in Periculum, net of cash acquired		(200)
(Purchases)maturities of marketable securities, net	(5,701)	(1,618)
Capital expenditures	(899)	(1,200)
Net cash used in investing activities	**(16,592)**	**(12,901)**
Cash flows from financing activities:		
Repayments on line of credit, (net)	(7,500)	
Proceeds from term loan	10,000	
Principal payments of term loan obligation	(2,344)	

Repurchases of common stock		(4,999)		(505)
Proceeds from the exercise of stock options		178		1,422
Payments of capital lease obligations		(552)		(78)
Principal payments of debt obligations				(742)
Net cash provided by/(used in) financing activities		**(5,217)**		97
Effect of foreign exchange rates on cash		(329)		(344)
Net change in cash and cash equivalents		**1,664**		**2,401**
Cash and cash equivalents at the beginning of the period		19,227		9,475
Cash and cash equivalents at the end of the period	**$**	**20,891**	**$**	**11,876**
Supplemental disclosures of cash flow information:				
Interest paid	$	276	$	429
Income taxes paid	$	1,275	$	2,873

Supplemental schedule of noncash financing activities:

During the six months ended June 30, 2010 a holder of a convertible note, Whitebox VSC, Ltd., converted $4.4 million of principal and accrued interest into 476,662 shares of the Company s common stock.

See accompanying notes to the condensed consolidated financial statements.

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Ebix, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

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

Description of Business Ebix, Inc. and subsidiaries (Ebix or the Company) provides a variety of on-demand software products and e-commerce services for the insurance and financial industries ranging from carrier systems, agency systems and exchanges to custom software development for carriers, brokers, and agents involved in insurance and financial services. The Company has its headquarters in Atlanta, Georgia and also operates in many other countries including Australia, Brazil, New Zealand, Singapore, UK, China, Japan, Canada, and India. International revenue accounted for 26.9% and 25.4% of the Company s total revenue for the six months ended June 30, 2010 and 2009, respectively.

The Company s revenues are derived from four product/service groups. Presented in the table below is the breakout of our revenue streams for each of those product/service groups for the three and six months ended June 30, 2010 and 2009.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(dollar amounts in thousands)	**2010**	**2009**	**2010**	**2009**
Carrier Systems	$ 2,155	$ 2,701	$ 4,490	$ 5,527
Exchanges	22,749	13,162	45,620	25,195
BPO	3,985	3,714	7,478	7,075
Broker Systems	3,318	2,844	6,222	5,292
Totals	**$ 32,207**	**$ 22,421**	**$ 63,810**	**$ 43,089**

Summary of Significant Accounting Policies

Basis of Presentation The accompanying unaudited condensed consolidated financial statements and these notes have been prepared in accordance with U.S. generally accepted accounting principles; the effect of inter-company balances and transactions have been eliminated. In the opinion of management these unaudited condensed consolidated financial statements contain adjustments (consisting only of normal recurring items) necessary to fairly present the consolidated financial position of the Company and its consolidated results of operations and cash flows. These interim financial statements should be read in conjunction with the financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2009.

Fair Value of Financial Instruments The Company believes the carrying amount of cash and cash equivalents, short-term investments, accounts receivable, accounts payable, accrued expenses, accrued payroll and related benefits, line of credit and capital lease obligations is a reasonable estimate of their fair value due to the short remaining maturity of these items and/or their fluctuating interest rates. We also believe that the Company s convertible debt, as reported net of the associated unamortized discount, is being carried at its approximate fair value.

Revenue Recognition and Deferred Revenue The Company derives its revenues from professional and support services, which include revenue generated from software development projects and associated fees for consulting, implementation, training, and project management provided to customers with installed systems, subscription and transaction fees related to services delivered over our exchanges or on an application service provider (ASP) basis, fees for hosting software, fees for software license maintenance and registration, business process outsourcing revenue, and the licensing of proprietary and third-party software. Sales and value-added taxes are not included in revenues, but rather are recorded as a liability until the taxes assessed are remitted to the respective taxing authorities.

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In accordance with Financial Accounting Standard Board (FASB) and Securities and Exchange Commission Staff Accounting (SEC) accounting guidance on revenue recognition the Company considers revenue earned and realizable when: (a) persuasive evidence of the sales arrangement exists, provided that the arrangement fee is fixed or determinable, (b) delivery or performance has occurred, (c) customer acceptance has been received, if contractually required, and (d) collectability of the arrangement fee is probable. The Company uses signed contractual agreements as persuasive evidence of a sales arrangement. We apply the provisions of the relevant generally accepted accounting principles related to all transactions involving the license of software where the software deliverables are considered more than inconsequential to the other elements in the arrangement. For contracts that contain multiple deliverables, we analyze the revenue arrangements in accordance with such guidance, which provides criteria governing how to determine whether goods or services that are delivered separately in a bundled sales arrangement should be considered as separate units of accounting for the purpose of revenue recognition.

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

Accounts Receivable and the Allowance for Doubtful Accounts Receivable Accounts receivable is stated at invoice billed amounts net of the estimated allowance for doubtful accounts receivable. Bad debt expense incurred during three and six month period ended June 30, 2010 or 2009 was $202 thousand and $90 thousand respectively. Accounts receivable are written off against the allowance account when the Company has exhausted all reasonable collection efforts. $120 thousand and $0 of accounts receivable were written off as uncollectible during the six months ending June 30, 2010 and 2009, respectively.

Goodwill and Other Indefinite-Lived Intangible Assets Goodwill represents the cost in excess of the fair value of the net assets of acquired businesses. Indefinite-lived intangible assets represent the fair value of acquired contractual customer relationships for which the forthcoming cash flows are expected to continue indefinitely. In accordance with the relevant FASB accounting guidance, goodwill and indefinite-lived intangible assets are not amortized, rather we are required to test goodwill and indefinite-lived intangible assets for impairment at the reporting unit level on an annual basis or on an interim basis if an event occurs or circumstances change that would reduce the fair value of a reporting unit below its carrying value. We perform our annual impairment tests as of September 30th each year. Our impairment testing at September 30, 2009 and 2008 indicated that there was no impairment of our reporting unit goodwill and indefinite-lived intangible asset balances.

Changes in the carrying amount of goodwill for the six months ended June 30, 2010 are as follows:

		(In thousands)
Beginning Balance (December 31, 2009)	$	157,245
Additions		7,622
Foreign currency translation adjustments		126
Ending Balance (June 30, 2010)	$	164,993

Finite-lived Intangible Assets Purchased intangible assets represent the estimated acquisition date fair value of customer relationships, developed technology, trademarks and non-compete agreements acquired in connection with the synergistic combination of the businesses we acquire in the U.S. and foreign countries in which operate. We amortize these intangible assets on a straight-line basis over their estimated useful lives, as follows:

Category	**Life (yrs)**
Customer relationships	4 20
Developed technology	3 7

Trademarks	5	10
Non-compete agreements		5

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The carrying value of finite-lived and indefinite-lived intangible assets at June 30, 2010 and December 31, 2009 are as follows:

	June 30, 2010	December 31, 2009
	(In thousands)	
Finite-lived intangible assets:		
Customer relationships	$ 21,681	$ 19,773
Developed technology	8,263	7,935
Trademarks	218	218
Non-compete agreements	418	418
Backlog	140	140
Total intangibles	30,720	28,484
Accumulated amortization	(9,701)	(7,979)
Finite-lived intangibles, net	$ 21,019	$ 20,505
Indefinite-lived intangibles:		
Customer/territorial relationships	$ 29,299	$ 29,223

Amortization expense recognized in connection with acquired intangible assets was $1.7 million and $951 thousand for the six months ended June 30, 2010 and 2009, respectively.

Income Taxes Deferred income taxes are recorded to reflect the estimated future tax effects of differences between financial statement and tax basis of assets, liabilities, operating losses, and tax credit carry forwards using the tax rates expected to be in effect when the temporary differences reverse. Valuation allowances, if any, are recorded to reduce deferred tax assets to the amount management considers more likely than not to be realized. Such valuation allowances are recorded for the portion of the deferred tax assets that are not expected to be realized based on the levels of historical taxable income and projections for future taxable income over the periods in which the temporary differences will be deductible.

The Company also applies the FASB accounting guidance on accounting for uncertainty in income taxes positions. This guidance clarifies the accounting for uncertainty in income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements.

Recent Relevant Accounting Pronouncements In October 2009, the FASB issued guidance on revenue recognition for arrangements with multiple deliverables. Under the new guidance, arrangements that include software elements and tangible products that have software components that are essential to the functionality of the tangible product will no longer be within the scope of the software revenue recognition guidance, and software-enabled products will now be subject to other relevant revenue recognition guidance. Additionally, the FASB issued guidance on revenue arrangements with multiple deliverables that are outside the scope of the software revenue recognition guidance. Under the new guidance, when vendor specific objective evidence or third party evidence for deliverables in an arrangement cannot be determined, a best estimate of the selling price is required to separate deliverables and allocate arrangement consideration using the relative selling price method. The new guidance includes new disclosure requirements on how the application of the relative selling price method affects the timing and amount of revenue recognition. These new revenue recognition pronouncements are effective for fiscal years beginning on or after June 15, 2010, with earlier adoption permitted under certain circumstances. The Company will adopt this new revenue recognition guidance in 2011 and is in the process of assessing its impact.

Note 2: Earnings per Share

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

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

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2010	2009	2010	2009
	(In thousands, except per share data)			
Net income	$ 14,010	$ 8,956	$ 26,394	$ 17,291
Convertible debt interest (excludes imputed interest)		135	10	298
Net income for diluted earnings per share purposes	$ 14,010	$ 9,091	$ 26,404	$ 17,589
Diluted shares outstanding	39,275	37,462	39,305	37,282
Diluted earnings per common share	$ 0.36	$ 0.24	$ 0.67	$ 0.47

Diluted shares outstanding were determined as follows for the three and six months ending June 30, 2010 and 2009, respectively:

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2010	2009	2010	2009
	(In thousands)			
Basic Weighted Average Shares Outstanding	34,958	30,559	34,852	30,173
Incremental Shares	4,317	6,903	4,453	7,109
Diluted Shares Outstanding	39,275	37,462	39,305	37,282

Note 3: Business Combination

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

Effective January 15, 2010, Ebix acquired all of the stock of Brazilian based MCN Technology & Consulting (MCN) for total net cash consideration of $2.9 million. MCN provides software development and consulting services for insurance companies, insurance brokers, and financial institutions. The former shareholders of MCN retain the right to earn up to an additional $2.0 million if certain incremental revenue targets are achieved at the two-year anniversary date of the business acquisition. The results of MCN s operations have been included in the Company s condensed consolidated financial statements since the effective date of the acquisition.

Effective April 1, 2010, Ebix acquired all of the stock of Australian based Trades Monitor for total net cash consideration of $2.7 million. Trades Monitor provides specialized insurance related software to the Australian insurance industry. The former shareholders of Trade Monitor retain the right to earn an additional $458 thousand if certain incremental revenue targets are achieved at the two-year anniversary date of the business acquisition. The results of Trades Monitor operations have been included in the Company s condensed consolidated financial statements since the effective date of the acquisition.

Effective May 20, 2010 Ebix acquired Houston, Texas based Connective Technologies, Inc. through an asset purchase for total net cash consideration of $1.3 million. Connective Technologies is a premier provider of on-demand software solutions for property and casualty insurance carriers in the United States. The former owners of Connective Technologies retain the right to earn an additional up to $4.0 million if certain revenue targets are achieved over the two-year period subsequent to the acquisition. The results of Connective Technologies operations have been included in the Company s condensed consolidated financial statements since the effective date of the acquisition.

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The valuation of the tangible and intangible assets acquired in each of these aforementioned business combinations and the corresponding purchase price allocation is tentative and not yet fully complete. The Company is in the process of further analyzing the components of assets acquired and assessing the fair value of future contingent consideration obligations. We expect to have this process completed by December 31, 2010.

Pro forma results of operations have not been presented for these acquisitions because the effects of this business combinations, both individually and in the aggregate were not material to our consolidated results of operations.

Note 4: Debt with Commercial Bank

On February 12, 2010 the Company entered a credit agreement with Bank of America N.A. (BOA) providing for a $35 million secured credit facility which is comprised of a two-year, $25 million secured revolving credit facility, and a $10 million secured term loan which amortizes over a two year period with quarterly principal and interest payments that commenced on March 31, 2010 and a final payment of all remaining outstanding principal and accrued interest due on February 12, 2012. The credit facility has a variable interest rate currently set at LIBOR plus 1.50%. The underlying financing agreement contains financial covenants regarding the Company s annualized EBITDA, fixed charge coverage ratio, as well as certain restrictive covenants including the incurrence of new debt and consummation of new business acquisitions. The Company is in full compliance with all such financial and restrictive covenants and there have been no events of default.

At June 30, 2010 the outstanding balance on the revolving line of credit was $15.6 million and the facility carried an interest rate of 1.85%. This balance is included in the long term liabilities section of the Condensed Consolidated Balance Sheet.

At June 30, 2010 the outstanding balance on the term loan was $7.7 million and it carried an interest rate of 1.85%. During the six months ended June 30, 2010 payments in the aggregate amount of $2.3 million were made against the term loan.

Note 5: Convertible Debt

During August 2009 the Company issued three convertible promissory notes raising a total of $25.0 million. Specifically on August 26, 2009 the Company entered into a Convertible Note Purchase Agreement with Whitebox in an original amount of $19.0 million, which amount is potentially convertible into 1,187,499 shares of common stock at a conversion price of $16.00 per share, subject to certain adjustments as set forth in the note. The note has a 0.0% stated interest rate. No warrants were issued with this convertible note. The note is payable in full at its maturity date of August 26, 2011. Also on August 26, 2009 the Company entered into a Convertible Note Purchase Agreement with IAM Mini-Fund 14 Limited, a fund managed by Whitebox, in an original amount of $1.0 million, which amount is potentially convertible into 62,499 shares of common stock at a conversion price of $16.00 per share, subject to certain adjustments as set forth in the note. The note has a 0.0% stated interest rate. No warrants were issued with this convertible note. The note is payable in full at its maturity date of August 26, 2011. Finally, on August 25, 2009 the Company entered into a Convertible Note Purchase Agreement with the Rennes Foundation in an original amount of $5.0 million, which amount is potentially convertible into 300,000 shares of common stock at a conversion price of $16.66 per share, subject to certain adjustments as set forth in the note. The note has a 0.0% stated interest rate. No warrants were issued with this convertible note. The note is payable in full at its maturity date of August 25, 2011. With respect to each of these convertible notes, and in accordance with the terms of the notes, as understood between the Company and each of the holders, upon a conversion election by the holder the Company must satisfy the related principal balance in cash and may satisfy the conversion spread (that being the excess of the conversion value over the related original principal component) in either cash or stock at option of the Company.

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In regards to the convertible promissory notes issued in August 2009 and discussed in the preceding paragraph, the Company applied the FASB s accounting guidance related to the accounting for convertible debt instruments that may be partially or wholly settled in cash upon conversion. This guidance requires us to account separately for the liability and equity components of these types of convertible debt instruments in a manner that reflects the Company s nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. This guidance further requires bifurcation of the debt and equity components, re-classification of the then derived equity component, and then accretion of the resulting discount on the debt as part of interest expense recognized in the income statement. The application of this accounting guidance resulted in the Company recording $24.15 million as the carrying amount of the debt component, and $852 thousand as debt discount and the carrying amount for the equity component. The bifurcation of these convertible debt instruments was based on the calculated fair value of similar debt instruments at August 2009 that do not have a conversion feature and associated equity component. The annual interest rate determined for such similar debt instruments in August 2009 was 1.75%. The resulting discount is being amortized to interest expense over the two year term of the convertible notes. At June 30, 2010, the carrying value of the Convertible Notes was $24.51 million and the unamortized debt discount was $495 thousand. We recognized non-cash interest expense of $106 thousand and $212 thousand during the three and six months ended June 30, 2010, respectively, related to the amortization of the discount on the liability component. Because the principal amount of the convertible notes must be settled in cash upon conversion, the convertible notes will only impact diluted earnings per share when the average price of our common stock exceeds the conversion price, and then only to the extent of the incremental shares associated with the conversion spread. At June 30, 2010 the aggregate as-if converted value of these notes did not exceed their principal amounts. We include the effect of the additional shares that may be issued from conversion in our diluted net income per share calculation using the treasury stock method in periods in which the conversion prices are less than the average price of our common stock.

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

Note 6: Commitments and Contingencies

Lease Commitments The Company leases office space under non-cancelable operating leases with expiration dates ranging through 2015, with various renewal options. Capital leases range from three to five years and are primarily for computer equipment. There were multiple assets under various individual capital leases at June 30, 2010 and 2009. Rental expense for office facilities and certain equipment subject to operating leases for the six months ended June 30, 2010 and 2009 was $2.0 million and $1.1 million, respectively. Sublease income was $72 thousand and $69 thousand, respectively for the six months ended June 30, 2009 and 2008

Contingencies The Company is not involved in any significant legal action or claim that, in the opinion of management, could have a material adverse effect on the Company s consolidated financial position, results of operations or liquidity.

Self Insurance For most of the Company s U.S. employees the Company is currently self-insured for its health insurance program and has a stop loss policy that limits the individual liability to $100 thousand per person and the aggregate liability to 125% of the expected claims based upon the number of participants and historical claims. As of June 30, 2010, the amount accrued on the Company s Condensed Consolidated Balance Sheet for the self-insured component of the Company s employee health insurance was $72 thousand. The maximum potential estimated cumulative liability for the annual contract period, which ends in September 2010, is $1.4 million.

Note 7: Income Taxes

Effective Tax Rate The Company s effective tax rate for 2010 reflects the tax benefits from having a higher mix of significant components of our operations outside the United States in foreign jurisdictions where earnings are taxed at rates lower than U.S. statutory rates. The Company s interim period income tax provisions are based on an estimate of the effective income tax rate expected to be applicable to the related annual period, after separately considering any discrete items unique to the respective interim period being reported. The Company s effective income tax for the six months ended June 30, 2010 rate was 4.24% as compared to 4.46% for the same period in 2009.

At June 30, 2010, the Company had remaining available domestic net operating loss (NOL) carry-forwards of approximately $32 million which are available to offset future federal and certain state income taxes. A portion of these NOLs will expire during each of the years 2018 through 2027. A valuation allowance in the amount of $3.6 million remains against some of the Company s legacy NOL carryforwards due to uncertainties related to the potential adverse impact to our health benefits exchange operating segment associated with recently passed health care legislation. A valuation allowance in the amount of $7.5 million remains against NOL s that were acquired as a result of business combinations due to uncertainties as to their realization principally associated with limitations on their usage posed by Section 382 of the U.S. internal revenue code. The Company s current effective tax rate is not impacted by these NOL s or their usage.

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Accounting for Uncertainty in Income Taxes The Company has applied the FASB s accounting guidance on accounting for uncertain income tax positions. As of June 30, 2010 the Company s Condensed Consolidated Balance Sheet includes a liability of $2.95 million for unrecognized tax benefits. There were no changes to this liability recognized during the six months ending June 30, 2010.

Based on its current knowledge and the probability assessment of potential outcomes, the Company believes that current tax reserves, as determined in accordance with the requisite income tax guidance, are adequate.

Note 8: Derivative Instruments

The Company uses derivative instruments that are not designated as hedges under the FASB accounting guidance related to the accounting for derivative instruments and hedging activity, to hedge the fluctuations in foreign exchange rates for recognized balance sheet items such as intercompany receivables. As of June 30, 2010 the Company has in place fifteen annual foreign currency hedge contracts maturing between December 2010 and March 2011 with a notional value totaling $15.3 million. The intended purpose of these hedging instruments is to offset the income statement impact of recorded foreign exchange transaction gains and losses resulting from U.S. dollar denominated invoices issued by our Indian subsidiary whose functional currency is the Indian rupee. The change in the fair value of these derivatives was recorded in foreign exchange gains (losses), in the Condensed Consolidated Statements of Income and was $46 thousand and $144 thousand for six months ended June 30, 2010 and 2009, respectively. These gains are in addition to the consolidated foreign exchange gains equivalent to approximately $290 thousand and $608 thousand during the six months ended June 30, 2010 and 2009, respectively, incurred by our subsidiaries for settlement of transactions denominated in other than their functional currency. As of June 30, 2010 the aggregate fair value of these derivative instruments, which are included in other current assets, in the Condensed Consolidated Balance Sheet was $196 thousand. The Company has classified its foreign currency hedges, for which the fair value is remeasured on a recurring basis at each reporting date, as a level 2 instrument (i.e. wherein fair value is determined and based on observable inputs other than quoted market prices), which we believe is the most appropriate level within the fair value hierarchy based on the inputs used to determine its the fair value at the measurement date.

In connection with the acquisition of E-Z Data effective October 1, 2009, Ebix issued a put option to the each of E-Z Data s two stockholders. The put option is exercisable during the thirty-day period immediately following the two-year anniversary date of the business acquisition, which if exercised would enable them to sell the underlying 1.49 million shares of Ebix common stock they received as part of the purchase consideration, back to the Company at a price of $15.11 per share, which represents a 10% discount off of the per-share value established on the effective date of the closing of Ebix s acquisition of E-Z Data. In accordance with the relevant authoritative accounting literature a portion of the total purchase consideration was allocated to this put liability based on its initial fair value which was determined to be $6.6 million using a Black-Scholes model. The inputs used in the valuation of the put option include term, stock price volatility, current stock price, exercise price, and the risk free rate of return. At June 30, 2010 the fair value of the put option was remeasured and was determined to have decreased $1.5 million during the six month period then ended, which amount is included in other non-operating income in the Condensed Consolidated Statement of Income for the period then ended. The Company has classified the put option, for which the fair value is remeasured on a recurring basis at each reporting date as a level 2 instrument (i.e. wherein fair is partially determined and based on observable inputs other than quoted market prices), which we believe is the most appropriate level within the fair value hierarchy based on the inputs used to determine its the fair value at the measurement date.

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Note 9: Geographic Information

The Company operates with one reportable segment whose results are regularly reviewed by the Company s chief operating decision maker as to performance and allocation of resources. The following enterprise wide information is provided. The following information relates to geographic locations (all amounts in thousands except headcount):

Six months ended June 30, 2010

	The Americas	Australia	New Zealand	India	Singapore	Total
Revenue	$ 47,813	$ 13,326	$ 711	$	$ 1,960	$ 63,810
Fixed assets	$ 3,994	$ 718	$ 33	$ 2,736	$ 224	$ 7,705
Goodwill and intangible assets	$ 152,877	$ 459	$	$	$ 61,975	$ 215,311

Six months ended June 30, 2009

	The Americas	Australia	New Zealand	India	Singapore	Total
Revenue	$ 32,160	$ 9,525	$ 573	$	$ 831	$ 43,089
Fixed assets	$ 2,588	$ 439	$ 34	$ 1,566	$ 41	$ 4,668
Goodwill and intangible assets	$ 74,861	$ 52,041	$	$	$	$ 126,902

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

As used herein, the terms Ebix, the Company, we, our and us refer to Ebix, Inc., a Delaware corporation, a consolidated subsidiaries as a combined entity, except where it is clear that the terms mean only Ebix, Inc.

Safe Harbor for Forward-Looking Statements This Form 10-Q and certain information incorporated herein by reference contains forward-looking statements and information within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. This information includes 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. In addition, certain statements included in this and our future filings with the Securities and Exchange Commission (SEC), in press releases, and in oral and written statements made by us or with our approval, which are not statements of historical fact, are forward-looking statements. Words such as may, could, should, would, believe, anticipate, estimate, intend, seeks, plan, project, continue, predict, will, should, and other wo similar meaning are intended by the Company to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements are found at various places throughout this report and in the documents incorporated herein by reference. These statements are based on our current expectations about future events or results and information that is currently available to us, involve assumptions, risks, and uncertainties, and speak only as of the date on which such statements are made.

Our actual results may differ materially from those expressed or implied in these forward-looking statements. Factors that may cause such a difference, include, but are not limited to those discussed and identified in Part I, Item 1A, Risk Factors in our 2009 Form 10-K which is incorporated by reference herein, as well as: the willingness of independent insurance agencies to outsource their computer and other processing needs to third parties; pricing and other competitive pressures and the company s ability to gain or maintain share of sales as a result of actions by competitors and others; changes in estimates in critical accounting judgments; changes in or failure to comply with laws and regulations, including accounting standards, taxation requirements (including tax rate changes, new tax laws and revised tax interpretations) in domestic or foreign jurisdictions; exchange rate fluctuations and other risks associated with investments and operations in foreign countries (particularly in Australia and India wherein we have significant operations); equity markets, including market disruptions and significant interest rate fluctuations, which may impede our access to, or increase the cost of, external financing; and international conflict, including terrorist acts. Except as expressly required by the federal securities laws, the Company undertakes no obligation to update any such factors, or to publicly announce the results of, or changes to any of the forward-looking statements contained herein to reflect future events, developments, changed circumstances, or for any other reason.

The important risk factors that could cause actual results to differ materially from those in our specific forward-looking statements included in this Form 10-Q include, but are not limited to, the following:

Regarding Notes 4 and 5 of the Condensed Notes to the Condensed Consolidated Financial Statements, and our future liquidity needs discussed under Liquidity and Financial Condition, our ability to generate cash from operating activities and any declines in our credit ratings or financial condition which could restrict our access to the capital markets or materially increase our financing costs;

With respect to Note 6 of the Condensed Notes to the Condensed Consolidated Financial Statements, Commitments and Contingencies , and Contractual Obligations and Commercial Commitments in MD&A, changes in the market value of our assets or the actual cost of our commitments or contingencies;

With respect to our acquisitions, our ability to efficiently and effectively integrate acquired business operations, and our ability to accurately estimate the fair value of tangible and intangible assets; and,

With respect this Management Discussion & Analysis of Financial Condition and Results of Operation and the analysis of the three and six month revenue trends, and the actual future level of demand for our products during the immediately foreseeable future.

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Readers should carefully review the disclosures and the risk factors described in this and other documents we file from time to time with the SEC, including future reports on Forms 10-Q and 8-K, and any amendments thereto. You may obtain our SEC filings at our website, *www.ebix.com* under the Investor Information section, or over the Internet at the SEC s web site, *www.sec.gov*.

The following information should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included in Part 1. Item 1 of this Quarterly Report, and the audited consolidated financial statements and 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, 2009.

Company Overview

Ebix, Inc. is a leading international supplier of software and e-commerce solutions to the insurance and financial industries. Ebix provides a variety of application software products for the insurance and financial industries ranging from carrier systems, agency systems and exchanges to custom software development for all entities involved in insurance and financial services. Our goal is to be the leading powerhouse of backend insurance transactions in the world. The Company s technology vision is to focus on convergence of all insurance channels, processes and entities in a manner such that data can seamlessly flow once a data entry has been made. Our customers include many of the top insurance and financial sector companies in the world.

The insurance industry has undergone significant consolidation over the past several years driven by the need for, and benefits from, economies of scale and scope in providing insurance in a competitive environment. The insurance markets have also seen a steady increase in the desire to reduce paper based processes and improve efficiency both at the back-end side and also at the consumer end side. Such consolidation has involved both insurance carriers and insurance brokers and is directly impacting the manner in which insurance products are distributed. Management believes the insurance industry will continue to experience significant change and increased efficiencies through online exchanges, as the transition from paper based processes are increasingly becoming the norm across world insurance markets. Changes in the insurance industry are likely to create new opportunities for the Company.

Ebix strives to work collaboratively with clients to develop innovative technology strategies and solutions that address specific business challenges. Ebix combines the newest technologies with its capabilities in consulting, systems design and integration, IT and business process outsourcing, applications software, and Web and application hosting to meet the individual needs of organizations. Over 70% of our operating revenues are of a recurring nature. We continue to expand both organically and through business acquisitions.

Offices and Geographic Information

The Company has its headquarters in Atlanta, Georgia, and it also has domestic operations in Walnut Creek and Hemet, California; Coral Gables, Florida; Pittsburgh, Pennsylvania; Park City, Utah; Herndon, Virginia; Dallas and Houston, Texas; Columbus, Ohio, and Pasadena, California. The Company also has offices in Australia, Brazil, China, Japan, New Zealand, Singapore, United Kingdom and India. In these offices, Ebix employs insurance and technology professionals who provide products, services, support and consultancy to thousands of customers across six continents. The Company s product development unit in India has been awarded Level 5 status of the Carnegie Mellon Software Engineering Institute s Capability Maturity Model Integrated (CMMI) and ISO 9001:2000 certification. Information on the geographic dispersion of the Company s revenues, assets, and employees is provided in Note 9 to the condensed consolidated financial statements, included Part 1 in this Form 10-Q.

Results of Operations Three-Months Ended June 30, 2010 and 2009

Operating Revenue

The Company derives its revenues primarily from subscription and transaction fees pertaining to services delivered over our exchanges or from our ASP platforms, fees for business process outsourcing services, and fees for software development projects including associated fees for consulting, implementation, training, and project management provided to customers with installed systems.

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Ebix s revenue streams come four product channels. Presented in the table below is the breakout of our revenues for each of those product channels the three and six months ended June 30, 2010 and 2009, respectively.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(dollar amounts in thousands)	**2010**	**2009**	**2010**	**2009**
Carrier Systems	$ 2,155	$ 2,701	$ 4,490	$ 5,527
Exchanges	22,749	13,162	45,620	25,195
BPO	3,985	3,714	7,478	7,075
Broker Systems	3,318	2,844	6,222	5,292
Totals	**$ 32,207**	**$ 22,421**	**$ 63,810**	**$ 43,089**

During the three months ended June 30, 2010 our total operating revenues increased $9.8 million or 44%, to $32.2 million as compared to $22.4 million during the second quarter of 2009. This increase in revenues is a result of healthy organic growth realized in our Exchange, BPO and Broker channels, and also the due to certain strategic business acquisitions made during 2009 particularly in our Exchange channel. The Company continues to consistently and efficiently integrate its business acquisitions into existing operations, thereby rapidly leveraging product cross-selling opportunities.

Cost of Services Provided

Costs of services provided, which includes costs associated with support, call center, consulting, implementation and training services, increased $2.9 million or 64%, from $4.5 million in the second quarter of 2009 to $7.4 million in the second quarter of 2010. This increase is primarily attributable to additional personnel, facility, consulting, and professional services expenses associated with our recent acquisitions of MCN, Peak, and E-Z Data.

Product Development expenses

The Company s product development efforts are focused on the development new technologies for insurance carriers, brokers and agents, and the development of new exchanges for international and domestic markets. Product development expenses increased $818 thousand or 30%, from $2.8 million during the second quarter of 2009 to $3.6 million during the second quarter of 2010. This increase due to additional employee and facility costs associated with the expansion of our intellectual property product management and technical operations in India and Singapore necessary to support the product development activities for our Exchange, Carrier, and BPO divisions.

Sales and Marketing Expenses

Sales and marketing expenses increased $627 thousand or 56%, from $1.1 million in the second quarter of 2009 to $1.7 million in the second quarter of 2010. This increase is primarily attributable to additional personnel and marketing costs associated with marketing activities in support of our all our four channels of business, namely Exchanges, BPO, Carrier Systems, and Broker Systems.

General and Administrative Expenses

General and administrative expenses increased $1.1 million or 28% from $3.9 million in the second quarter of 2009 to $5.0 million in the second quarter of 2010. This increase is primarily attributable additional costs for travel, discretionary share-based compensation expenses, consulting, facility maintenance costs, and additional personnel related costs associated with businesses we acquired during the last twelve months.

Amortization and Depreciation Expenses

Amortization and depreciation expenses increased $618 thousand or 74%, from $830 thousand in the second quarter of 2009 to $1.4 million in the second quarter of 2010. This increase is primarily associated with $339 thousand of additional amortization costs associated with the customer relationship, developed technology, and non-compete intangible assets that were acquired in connection with our recent acquisitions of Facts, Peak, and E-Z Data. We also incurred $237 thousand of additional depreciation expenses in connection with the purchases of equipment and facilities necessary to support our expanding operations.

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Other Non-Operating Income

Other non-operating income of $1.4 million for the three months ending June 30, 2010 consists of the gain recognized in regards to the decrease in the fair value of the put option that was issued to the two former stockholders of E-Z Data whom received shares of Ebix common stock as part of the acquisition consideration paid by the Company.

Income Taxes

The income tax provision for the three months ended June 30, 2010 was $556 thousand which is $140 thousand or 34% greater than the $416 thousand recognized in the same period of 2009. The Company s interim period income tax provisions are based on our estimate of the effective income tax rates applicable to related annual twelve month period, after considering any discrete items uniquely related to the respective interim reporting period. The effective tax rate utilized in the 2nd quarter of 2010 was 4.24% which is fairly consistent with the 4.46% for the same period in 2009. Our effective tax rate reflects the tax benefits from having significant component of our operations outside the United States in foreign jurisdictions that have tax rates lower than the U.S. statutory rates.

Results of Operations Six-Month Periods Ended June 30, 2010 and 2009

Operating Revenue

During the six months ended June 30, 2010 our operating revenue increased $20.7 million or 48%, to $63.8 million compared to $43.1 million during the same period in 2009. This increase in revenues is a result of healthy organic growth realized in our Exchange, BPO and Broker channels, and also due to certain strategic business acquisitions made during 2009 particularly in our Exchange channel. The Company continues to consistently and efficiently integrate its business acquisitions into existing operations, thereby rapidly leveraging product cross-selling opportunities.

Cost of Services Provided

Costs of services provided, increased $5.7 million or 64% during the six months ended June 30, 2010 to $14.5 million compared to $8.8 million incurred during the same period in 2009. This increase is principally attributable to additional personnel, facility, professional services, and consulting expenses associated with our recent acquisitions of MCN, Peak, and EZ Data.

Product Development Expenses

Product development expenses increased $1.7 million or 32% during the six months ended June 30, 2010 to $6.9 million in comparison to $5.3 million of costs incurred during the same period in 2009. This increase due to additional employee and facility costs associated with the expansion of our intellectual property product management and technical operations in India and Singapore necessary to support the product development activities for our Exchange, Carrier, and BPO divisions.

Sales and Marketing Expenses

Sales and marketing expenses increased $819 thousand or 36% during the six months ended June 30, 2010 to $3.1 million as compared to $2.3 million recognized during the same period in 2009. This increase is primarily attributable to additional personnel and marketing costs associated with marketing activities in support of our all our four channels of business, namely Exchanges, BPO, Carrier Systems, and Broker Systems.

General and Administrative Expenses

General and administrative expenses increased $3.1 million or 41% for the six months ended June 30, 2010 to $10.7 million from $7.6 million for same period in 2009. This increase is primarily due to additional personnel related costs, and additional costs associated with insurance, share-based and performance-based compensation, consulting services, communications, and travel.

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Amortization and Depreciation Expenses

Amortization and depreciation expenses increased by $1.3 million or 83% during the six months ended June 30, 2010 to $2.9 million as compared to $1.6 million recorded during the same period in 2009. We recognized additional amortization expense aggregating to $790 thousand associated with the intangible assets acquired in connection with the 2009 and 2010 business acquisitions of Facts, Peak, EZ Data, and MCN. We also incurred increased depreciation expense amounting to $541 thousand related to additional capital equipment expenditures

Other Non-Operating Income

Other non-operating income of $1.8 million for the six months ending June 30, 2010 consists of a $1.5 million of cumulative gains recognized in regards to the decrease in the fair value of the put option that was issued to the two former stockholders of E-Z Data whom received shares of Ebix common stock as part of the acquisition consideration paid by the Company, and a $262 thousand gain realized upon the sale of a building.

Income Taxes

The income tax provision for the six months ended June 30, 2010 was $1.2 million which reflects a $559 thousand or 91% increase compared to the $612 thousand recognized during the same period of 2009. The Company s cumulative interim period income tax provisions are based on the estimated effective income tax rates applicable the entire annual reporting, after considering discrete items unique to the interim periods being reported. The effective tax rate for the six month period thru June 30, 2010 was 4.25% which is fairly consistent with the 4.81% for the same period in 2009. Our effective tax rate reflects the tax benefits from having significant component of our operations outside the United States in foreign jurisdictions that have tax rates significantly lower than the U.S. statutory tax rates.

Dividends, Liquidity and Capital Resources

Our ability to generate significant cash flows from operating activities is one of our fundamental financial strengths. Our principal sources of liquidity are the cash flows provided by our operating activities, our revolving credit facility, and cash and cash equivalents on hand. Due to the effect of temporary or timing differences resulting from the differing treatment of items for tax and accounting purposes and minimum alternative tax obligations in the U.S. and India, future cash outlays for income taxes are expected to exceed current income tax expense by only modest proportions, which should not adversely impact the Company s liquidity position. We intend to utilize cash flows generated by our ongoing operating activities, in combination with our revolving credit facility and the possible issuance of additional equity or debt securities to fund capital expenditures and organic growth initiatives, to make business acquisitions, to retire outstanding indebtedness, and to possibly repurchase shares of our common stock as market and operation conditions warrant. Presently the Company intends to utilize its cash and other financing resources towards making strategic accretive acquisitions in the insurance data exchange arena.

The Company intends to try and secure the best possible returns from the use of its operating cash flows. The Company believes that its cash can generate much higher returns for its shareholders, by investing in both new accretive acquisitions and organic growth initiatives than through issuing dividends to its shareholders. While the Company does not completely rule out the possibility of issuing dividends in the future, at present it is more inclined to use its cash to generate further improvement in future earnings.

We believe that anticipated cash flows provided by our operating activities, together with current cash and cash equivalent balances and access to our credit facilities and the capital markets, if required and available, will be sufficient to meet our projected cash requirements for the next twelve months, and the foreseeable future thereafter, although any projections of future cash needs, cash flows, and the condition of the capital markets in general, as to the availability of debt and equity financing, are subject to substantial uncertainty. In the event additional liquidity needs arise, we may raise funds from a combination of sources, including the potential issuance of debt or equity securities. However, there are no assurances that such financing facilities will be available in amounts or on terms acceptable to us, if at all.

We continue to strategically evaluate our ability to sell additional equity or debt securities, to expand existing or obtain new credit facilities from lenders, and to restructure our debt in order to strengthen our financial position. We regularly evaluate our liquidity requirements, including the need for additional debt or equity offerings, when considering potential business acquisitions, development of new products or services, or the retirement of debt.

Our cash and cash equivalents were $20.9 million and $19.2 million at June 30, 2010 and December 31, 2009, respectively. Our cash and cash equivalents balance increased during the year primarily as a result of the cash generated from our operating activities.

Our current ratio improved to 1.13 at June 30, 2010 as compared to 0.62 at December 31, 2009 and our working capital position improved to $6.1 million from a deficit of $28.6 million that existed at the end of the 2009. The improvement in our short-term liquidity position is the result of stronger operating cash flows, the refinancing of our revolving credit facility that is now set to mature in February 2012, and better collections on outstanding trade accounts receivable. We believe that our ability to generate sustainable significant cash flows from our ongoing operations will enable the Company to continue to fund its current liabilities from current assets including available cash balances for the foreseeable future.

Operating Activities

Net cash provided by the Company s ongoing operating activities was $16.0 million for the three month period ending June 30, 2010 and $7.8 million for the three month period ending March 31, 2010, aggregating to total net cash provided from operations of $23.8 million for the six months ended June 30, 2010. The primary components of the cash provided by operations during this interim period consisted of net income of $26.4 million, net of $2.9 million of depreciation and amortization, $(4.8) million of working capital requirements primarily associated with payments of trade payables and additional trade receivables, $(1.5) million of net non-cash gains recognized on derivative instruments, and $905 thousand of non-cash compensation.

The $15.5 million of net cash flows generated by our operating activities during the six months ended June 30, 2009 principally consisted of net income of $17.3 million, net of $1.6 million of depreciation and amortization, $(3.8) million of working capital requirements, and $0.6 million of non-cash compensation.

Investing Activities

Net cash used for investing activities during the six months ended June 30, 2010 totaled $16.6 million, of which $2.9 million was used to acquire MCN in January 2010, $2.7 million was used to acquire Trades Monitor, $1.3 million was used to acquire Connective Technologies, $3.0 million was used to fulfill the second earn-out payment obligation to the former shareholders of ConfirmNet (a November 2008 business acquisition), $900 thousand was used for capital expenditures pertaining to the enhancement of our technology platforms and the purchases of operating equipment to support our expanding operations, and $5.7 million was used for investments in marketable securities (specifically bank certificates of deposit).

Net cash used for investing activities during the six months ended June 30, 2009 totaled $12.9 million, of which $6.5 million was used for the acquisition of Facts (effective May 1, 2009), $1.0 million was used to fulfill an earn-out payment obligation to the former shareholders of IDS (a November 2007 business acquisition), $3.1 million was used to fulfill the first earn-out payment obligations to the former shareholders of ConfirmNet (a November 2008 business acquisition), $1.2 million was used for capital expenditures and purchases of operating equipment, and $1.6 million was used for investments in marketable securities.

Financing Activities

During the six months ended June 30, 2010 net cash used in financing activities was $5.2 million. During this interim period $7.5 million of net cash inflow from our Bank of America, N.A. (BOA) term loan facility was offset by $7.5 million used to reduce the outstanding balance on our BOA revolving credit facility, $5.0 million was used to complete open market repurchases of our common stock, and $1.0 million was used to service existing debt and capital lease obligations.

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During the six months ended June 30, 2009 the Company used $110 thousand for financing activities. This financing outflow was comprised of $507 thousand used to complete open market repurchases of our common stock and $805 thousand used to service existing long-term debt and capital lease obligations. Offsetting these uses of cash for financing related purposes was $1.4 million provided from the exercise of stock options.

Commercial Bank Financing Facility

On February 12, 2010 the Company entered a credit agreement with BOA providing for a $35 million secured credit facility which is comprised of a two-year, $25 million secured revolving credit facility, and a $10 million secured term loan which amortizes over a two year period with quarterly principal and interest payments that commenced on June 30, 2010 and a final payment of all remaining outstanding principal and accrued interest due on February 12, 2012. The credit facility has a variable interest rate currently presently set at LIBOR plus 1.50%. The underlying financing agreement contains financial covenants regarding the Company s annualized EBITDA, fixed charge coverage ratio, as well as certain restrictive covenants including the incurrence of new debt and consummation of new business acquisitions. The Company is in full compliance with all such financial and restrictive covenants and there have been no events of default.

At June 30, 2010 the outstanding balance on the revolving line of credit was $15.6 million and the facility carried an interest rate of 1.85%. This balance is included in long-term liabilities section of the Condensed Consolidated Balance Sheet. At June 30, 2010 the outstanding balance on the term loan was $7.7 million and it carried an interest rate of 1.85%. During this interim period payments in the aggregate amount of $2.3 million were made against the term loan.

Convertible Debt

In August 2009 the Company issued three convertible promissory notes raising a total of $25.0 million. Specifically on August 26, 2009 the Company entered into a Convertible Note Purchase Agreement with Whitebox in an original amount of $19.0 million, which amount is convertible into shares of common stock at a conversion price of $16.00 per share. The note has a 0.0% stated interest rate and no warrants were issued. The note is payable in full at its maturity date of August 26, 2011. Also on August 26, 2009 the Company entered into a Convertible Note Purchase Agreement with IAM Mini-Fund 14 Limited, a fund managed by Whitebox, in an original amount of $1.0 million, which amount is convertible into shares of common stock at a conversion price of $16.00 per share. The note has a 0.0% stated interest rate and no warrants were issued. The note is payable in full at its maturity date of August 26, 2011. Finally, on August 25, 2009 the Company entered into a Convertible Note Purchase Agreement with the Rennes Foundation in an original amount of $5.0 million, which amount is convertible into shares of common stock at a conversion price of $16.66 per share. The note has a 0.0% stated interest rate and no warrants were issued. The note is payable in full at its maturity date of August 25, 2011. The Company applied imputed interest on these convertible notes using an interest rate of 1.75% and discounted their carrying value accordingly. As of and for the six months ending June 30, 2010 the Company recognized $212 thousand of interest expense and the unamortized discount was $495 thousand. With respect to each of these convertible notes, and in accordance with the terms of the notes, as understood between the Company and each of the holders, upon a conversion election by the holder the Company must satisfy the related original principal balance in cash and may satisfy the conversion spread (that being the excess of the conversion value over the related original principal component) in either cash or stock at option of the Company.

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

Off-Balance Sheet Arrangements

We do not engage in off -balance sheet financing arrangements.

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Contractual Obligations and Commercial Commitments

The following table summarizes our significant contractual purchase obligations and other long-term commercial commitments as of June 30, 2010. The table excludes obligations or commitments that are contingent based on events or factors uncertain at this time.

	Payment Due by Period				
	Total	Less Than 1 Year	1-3 Years (in thousands)	3-5 Years	More than 5 years
Revolving line of credit	$ 15,600	$	$ 15,600	$	$
Convertible debt (1)	$ 25,000	$	$ 25,000	$	$
Long-term debt	$ 7,656	$ 4,375	$ 3,281	$	$
Operating leases	$ 9,397	$ 3,127	$ 4,239	$ 2,004	$ 27
Capital leases	$ 768	$ 462	$ 255	$ 51	$
Total	$ 58,421	$ 7,964	$ 48,375	$ 2,055	$ 27

(1) In August 2009 the Company issued three convertible promissory notes raising a total of $25.0 million. The notes are payable in full at their maturity date in August 2011. In accordance with the terms of the notes upon a conversion election by the holder the Company must satisfy the related principal balance in cash and may satisfy the conversion spread (that being the excess of the conversion value over the

related original principal component) in either cash or stock at option of the Company. Therefore since these notes are effectively callable, the Company has classified them as a current liability in the accompanying Condensed Consolidated Balance Sheet.

Recent Accounting Pronouncements

For information about new accounting pronouncements and the potential impact on our Consolidated Financial Statements, see Note 1 of the condensed notes to the condensed consolidated financial statements in this Form 10-Q and Note 1 of the notes to consolidated financial statements in our 2009 Form 10-K.

Application of Critical Accounting Policies

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP), as promulgated in the United States, requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities in our Consolidated Financial Statements and accompanying notes. We believe the most complex and sensitive judgments, because of their significance to the Consolidated Financial Statements, result primarily from the need to make estimates and assumptions about the effects of matters that are inherently uncertain. The following accounting policies involve the use of critical accounting estimates because they are particularly dependent on estimates and assumptions made by management about matters that are uncertain at the time the accounting estimates are made. In addition, while we have used our best estimates based on facts and circumstances available to us at the time, different estimates reasonably could have been used in the current period, or changes in the accounting estimates that we used are reasonably likely to occur from period to period which may have a material impact on our financial condition and results of operations. For additional information about these policies, see Note 1 of the Condensed Notes to the Condensed Consolidated Financial Statements in this Form 10-Q. Although we believe that our estimates, assumptions and judgments are reasonable, they are limited based upon information presently available. Actual results may differ significantly from these estimates under different assumptions, judgments or conditions.

Revenue Recognition

The Company derives its revenues from professional and support services, which includes revenue generated from software development projects and associated fees for consulting, implementation, training, and project management provided to customers with installed systems, subscription and transaction fees related to services delivered over our exchanges or on an application service provider (ASP) basis, fees for hosting software, fees for software license maintenance and registration, business process outsourcing revenue, and the licensing of proprietary and third-party software. Sales and value-added taxes are not included in revenues, but rather are recorded as a liability until the taxes assessed are remitted to the respective taxing authorities.

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In accordance with Financial Accounting Standard Board (FASB) and Securities and Exchange Commission Staff Accounting (SEC) accounting guidance on revenue recognition the Company considers revenue earned and realizable when: (a) persuasive evidence of the sales arrangement exists, provided that the arrangement fee is fixed or determinable, (b) delivery or performance has occurred, (c) customer acceptance has been received, if contractually required, and (d) collectability of the arrangement fee is probable. The Company uses signed contractual agreements as persuasive evidence of a sales arrangement. We apply the provisions of the relevant generally accepted accounting principles related to all transactions involving the license of software where the software deliverables are considered more than inconsequential to the other elements in the arrangement. For contracts that contain multiple deliverables, we analyze the revenue arrangements in accordance with the guidance, which provides criteria governing how to determine whether goods or services that are delivered separately in a bundled sales arrangement should be considered as separate units of accounting for the purpose of revenue recognition.

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

Allowance for Doubtful Accounts Receivable

Management specifically analyzes accounts receivable and historical bad debts, write-offs, customer concentrations, customer credit-worthiness, current economic trends and changes in our customer payment terms when evaluating the adequacy of the allowance for doubtful accounts.

Valuation of Goodwill

Goodwill represents the cost in excess of the fair value of the identifiable net assets of acquired businesses, and further reflects the value of expected synergies to be derived from integrating the operations of the businesses we acquire including the value of the acquired workforce. The Company applies the provisions of the FASB s accounting guidance on goodwill and other intangible assets which addresses how goodwill and other acquired intangible assets should be accounted for in financial statements. In this regard we test these intangible assets for impairment annually or more frequently if indicators of potential impairment are present. Such potential impairment indicators include a significant change in the business climate, legal factors, operating performance indicators, competition, and the sale or disposition of a significant portion of the business. The testing involves comparing the reporting unit and intangible asset carrying values to their respective fair values; we determine fair value by applying the discounted cash flow method using the present value of future estimated net cash flows.

These projections of cash flows are based on our views of growth rates, anticipated future economic conditions and the appropriate discount rates relative to risk and estimates of residual values. We believe that our estimates are consistent with assumptions that marketplace participants would use in their estimates of fair value. Our estimates of fair value for each reporting unit are corroborated by market multiple comparables. The use of different estimates or assumptions for our projected discounted cash flows (e.g., growth rates, future economic conditions, discount rates and estimates of terminal values) when determining the fair value of our reporting units could result in different values and may result in a goodwill impairment charge. Neither during the six months ended June 30, 2010 nor the twelve months ended December 31, 2009 did the Company have any impairment of its reporting unit goodwill balances. For additional information about goodwill, see Note 1 of the condensed notes to consolidated financial statements in this Form 10-Q.

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Income Taxes

Deferred income taxes are recorded to reflect the estimated future tax effects of differences between financial statement and tax basis of assets, liabilities, operating losses, and tax credit carry forwards using the tax rates expected to be in effect when the temporary differences reverse. Valuation allowances, if any, are recorded to reduce deferred tax assets to the amount management considers more likely than not to be realized. Such valuation allowances are recorded for the portion of the deferred tax assets that are not expected to be realized based on the levels of historical taxable income and projections for future taxable income over the periods in which the temporary differences will be deductible.

The Company also applies the FASB accounting guidance on accounting for uncertainty in income taxes positions. This guidance clarifies the accounting for uncertainty in income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements.

Item 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to foreign currency exchange rates risk related to our foreign-based operations where transactions are denominated in foreign currencies and are subject to market risk with respect to fluctuations in the relative value of those currencies. The majority of the Company s operations are based in the U.S. and, accordingly, the most transactions are denominated in U.S. dollars, however, the Company has operations in Australia, New Zealand, Singapore, Brazil and India, and we conduct transactions in the local currencies of each location. There can be no assurance that fluctuations in the value of foreign currencies will not have a material adverse effect on the Company s business, operating results, revenues or financial condition. During the six months ended June 30, 2010 and 2009 the net change in the cumulative foreign currency translation account, which is a component of stockholders equity, was an unrealized gain(loss) of ($766) thousand and $6.5 million respectively. The Company considered the historical trends in currency exchange rate and determined that it was reasonably possible that adverse changes in our respective foreign currency exchange rates of 20% could be experienced in the near term. Such an adverse change in currency exchange rates would have resulted in reduction to pre-tax income of approximately $1.8 million and $1.4 million for the six months ended June 30, 2010 and 2009, respectively.

During 2009 and the six months ended June 30, 2010, we entered into a series of one-year forward foreign exchange contracts to hedge the intercompany receivables originated by our Indian subsidiary that are denominated in United States dollars. These U.S dollars/Indian rupee hedges are intended to partially offset the impact of movement in exchange rates on future operating costs, and to reduce the risk that our earnings and cash flows will be adversely affected by changes in foreign currency exchange rates. As of June 30, 2010, the notional value of these contracts which are scheduled to mature between December 2010 and March 2011 is $15.3 million. Changes in the fair value of these derivative instruments are recognized in our Condensed Consolidated Income Statement. We use these instruments as economic hedges, intended to mitigate the effects of changes in foreign exchange rates, and not for speculative purposes. These derivative instruments do not subject us to material balance sheet risk due to exchange rate movements because gains and losses on these derivatives are intended to offset gains and losses on the intercompany receivables being hedged. For the six months ended June 30, 2010, we recognized a gain of $46 thousand included in Foreign exchange gain in the Consolidated Statements of Income. Based upon a sensitivity analysis performed against our forward foreign exchange contracts at June 30, 2010, which measures the hypothetical change in the fair value of the contracts resulting from 20% shift in the value of exchange rates of the Indian rupee relative to the U.S. dollar, a 20% appreciation in the U.S. dollar against the Indian rupee (and a corresponding increase in the value of the hedged assets) would lead to a decrease in the fair value of our forward foreign exchange contracts by $2.5 million. Conversely, a 20% depreciation in the U.S. dollar against the Indian rupee would lead to an increase in the fair value of our forward foreign exchange contracts by $3.7 million. We regularly review our hedging strategies and may in the future, as a part of this review, determine the need to change our hedging activities.

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During October 2009 in connection with the acquisition of E-Z Data the Company issued a put option to E-Z Data s two stockholders. The put option, which is exercisable during the thirty-day period immediately following the two-year anniversary date of the business acquisition, if exercised would enable them to sell the 1.49 million underlying shares of Ebix common stock, that they received as part of the purchase consideration, back to the Company at a price of $15.11 per share, which represents a 10% discount off of the per-share value established on the effective date of the acquisition. The initial fair value of the put option was determined to be $6.6 million in October 2009. The fair value was remeasured as of June 30, 2010 and was determined to be $5.0 million. Changes in fair value of the put option are included in other non-operating income in the Consolidated Statement of Income. The inputs used in the valuation of the put option include term, stock price volatility, current stock price, exercise price, and the risk free rate of return, with the volatility factor being the input subject to the most variation. Therefore, as pertaining to the put option, the Company is exposed to market risk in regards to the rate and magnitude of change of our stock price and corresponding variances to the volatility factor used in the Black-Scholes valuation model. We evaluated this risk by estimating the potential adverse impact of a 10% increase in the volatility factor and determined that such a change in the volatility factor would have resulted in an approximate $545 thousand increase to the put option liability and a corresponding reduction to pre-tax income for the six months ended June 30, 2010.

There were no other material changes to our market risk exposure during the six months ended June 30, 2010. For additional information regarding our exposure to certain market risks, see Quantitative and Qualitative Disclosures about Market Risk, in Part II, Item 6A of our 2009 Form 10-K.

Item 4: CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures: The Company maintains controls and procedures designed to ensure that it is able to collect the information we are required to disclose in the reports we file with the SEC, and to process, summarize and disclose this information within the time periods specified in the rules of the SEC. As of the end of the period covered by this report and pursuant to Rule 13a-15 of the Securities Exchange Act of 1934, the Company s management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness and design of our disclosure controls and procedures to ensure that information required to be disclosed by the Company in the reports that files under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified by the SEC s rules and forms. Based upon that evaluation, the Company s Chief Executive Officer and Chief Financial Officer concluded as of June 30, 2010 that the Company s disclosure controls and procedures were effective in recording, processing, summarizing and reporting information required to be disclosed, within the time periods specified in the SEC s rules and forms.

Internal Control over Financial Reporting: There were no changes in our internal control over financial reporting during the quarter ended June 30, 2010, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II OTHER INFORMATION

Item 1: LEGAL PROCEEDINGS

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

Item 1A: RISK FACTORS

We believe there have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2009. You should carefully consider, in addition to the other information set forth in this report, the risk factors discussed in our Annual Report, which could materially affect our business, financial condition, or future results. Such risk factors are expressly incorporated herein by reference. The risks described in our Annual Report are not the only risks facing our Company. In addition to risks and uncertainties inherent in forward looking statements contained in this Report on Form 10-Q, additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also could materially adversely affect our business, financial condition, and/or operating results.

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Item 2A: REPURCHASES OF EQUITY SECURITIES

The following table contains information with respect to purchases of our common stock made by or on behalf of Ebix during the six months ended June 30, 2010, as part of our publicly-announced plan:

Period	Total Number of Shares Purchased as Part of Publicly-Announced Plans or Programs	Average Price Paid Per Share (1)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (2)
As of December 31, 2009	273,537	$ 6.66	$ 13,059,000
January 1, 2010 to March 31, 2010	69,070	$ 14.50	$ 12,057,000
April 1, 2010 to April 30, 2010		$	$ 12,057,000
May 1, 2010 to May 31, 2010	138,100	$ 14.49	$ 10,055,000
June 1, 2010 to June 30, 2010	134,400	$ 14.85	$ 8,059,000
Total	**615,107**		**$ 8,059,000**

(1) Average price paid per share for shares purchased as part of our publicly-announced plan (includes brokerage commissions).

(2) Effective June 1, 2010 the Company s Board of Directors unanimously approved an increase in the size of the Company s authorized share repurchase plan from $5.0 million to $15.0 million.

Item 2B: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

Item 3: DEFAULTS UPON SENIOR SECURITIES

None.

Item 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

Item 6: EXHIBITS

The exhibits filed herewith or incorporated by reference herein are listed in the Exhibit Index attached hereto.

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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, Inc.
Date: August 9, 2010	By: /s/ Robin Raina Robin Raina Chief Executive Officer *(Principal Executive Officer)*
Date: August 9, 2010	By: /s/ Robert F. Kerris Robert F. Kerris Chief Financial Officer *(Principal Financial and Accounting Officer)*

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EXHIBIT INDEX

Exhibits	
2.1	Stock Purchase Agreement dated February 23, 2004 by and among the Company and the shareholders of LifeLink Corporation (incorporated by reference to Exhibit 2.1 to the Company s Current Report of Form 8-K dated February 23, 2004 (the February 2004 8-K)) and incorporated herein by reference.
2.2	Secured Promissory Note, dated February 23, 2004, issued by the Company (incorporated by reference to Exhibit 2.2 of the February 2004 8-K) and incorporated herein by reference.
2.3	Purchase Agreement, dated June 28, 2004, by and between Heart Consulting Pty Ltd. And Ebix Australia Pty Ltd. (incorporated by reference to Exhibit 2.1 to the Company s Current Report of Form 8-K dated July 14, 2004 (the July 14, 2004 8-K)) and incorporated herein by reference.
2.4	Agreement, dated July 1, 2004, by and between Heart Consulting Pty Ltd. and Ebix, Inc. (incorporated by reference to Exhibit 2.2 to the Company s Current Report of Form 8-K dated July 14, 2004 (the July 14, 2004 8-K)) and incorporated herein by reference.
2.5	Agreement Plan of Merger by and among Ebix, Finetre and Steven F. Piaker, as shareholders Representative dated September 22, 2006 (incorporated by reference to Exhibit 2.1 to the Company s Current Report on 8-K/A dated October 2, 2006) and incorporated herein by reference.
2.6	Asset Purchase Agreement dated May 9, 2006, by and among Ebix, Inc., Infinity Systems Consulting, Inc. and the Shareholders of Infinity Systems Consulting, Inc. (incorporated here by reference to Exhibit 2.1 to the Company s Current Report on Form 8-K/A dated May 9, 2006) and incorporated herein by reference.
2.7	Agreement and Plan of Merger dated October 31, 2007 by and among Ebix, Inc., Jenquest, Inc. IDS Acquisition Sub. and Robert M. Ward as Shareholder Representative (incorporated here by reference to Exhibit 2.1 to the Company s Current Report on Form 8-K/A dated November 7, 2007) and incorporated herein by reference.
2.8	Stock Purchase Agreement by and among Ebix, Inc., Acclamation Systems, Inc., and Joseph Ott (incorporated here by reference to Exhibit 2.1 to the Company s Current Report on Form 8-K dated August 5, 2008) and incorporated herein by reference.
2.9	Stock Purchase Agreement by and amongst Ebix, Inc., ConfirmNet Corporation, Ebix Software India Private Limited, ConfirmNet Acquisition Sub, Inc., and Craig Irving, as Shareholders Representative (incorporated here by reference to Exhibit 2.1 to the Company s Current Report on Form 8-K dated November 12, 2008) and incorporated herein by reference.
2.10	Agreement and Plan of Merger, dated September 30, 2009, by and amongst Ebix, E-Z Data, and Dale Okuno and Dilip Sontakey, as Sellers (incorporated here by reference to Exhibit 2.1 to the Company s Current Report on Form 8-K dated October 6, 2009) and incorporated herein by reference.
2.11	IP Asset Purchase Agreement, dated September 30, 2009, by and amongst Ebix Singapore PTE LTD., Ebix, Inc., E-Z Data, and Dale Okuno and Dilip Sontakey, as Shareholders dated September 30, 2009 (incorporated here by reference to Exhibit 2.2 to the Company s Current Report on Form 8-K dated October 6, 2009) and incorporated herein by reference.
3.1	Certificate of Incorporation, as amended, of Ebix, Inc. (filed as Exhibit 3.1 to the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2009) and incorporated herein by reference.
3.2	Bylaws of the Company (filed as Exhibit 3.2 to the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2000) and incorporated herein by reference.
31.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002).

31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002).
32.1*	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith

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rporate and association group room nights.

Increased ADR at Gaylord Opryland and Gaylord Texan (an increase of 5.0% and 6.3%, respectively, for Gaylord Opryland and an increase of 4.0% and 3.8%, respectively, for Gaylord Texan for the 2014 periods as compared to the 2013 periods) primarily as a result of increases for both groups and transient.

In-the-year, for-the-year cancellations for the 2014 periods decreased 57.2% and 67.9%, respectively, as compared to the 2013 periods.

The 2013 periods included $5.4 million and $20.4 million, respectively, in REIT conversion costs which did not recur in the 2014 period.

Decreased attrition levels for the three-month 2014 period, as compared to the 2013 period, which contributed to the increase in operating income, RevPAR and Total RevPAR. Attrition for the three-month 2014 period was 11.1% of bookings, compared to 12.9% in the 2013 period.

Increased net definite group room nights booked (an increase of 150.5% and 12.6%, respectively, for the 2014 periods as compared to the 2013 periods).

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Operating Results Detailed Segment Financial Information

Hospitality Segment

Total Segment Results. The following presents the financial results of our Hospitality segment for the three months and six months ended June 30, 2014 and 2013 (in thousands, except percentages and performance metrics):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	**2013**	**% Change**	**2014**	**2013**	**% Change**
Revenues:						
Rooms	$ 99,376	$ 96,073	3.4%	$ 190,458	$ 181,582	4.9%
Food and beverage	103,357	99,309	4.1%	213,428	197,497	8.1%
Other hotel revenue	30,197	27,449	10.0%	61,247	53,333	14.8%
Total hospitality revenue	232,930	222,831	4.5%	465,133	432,412	7.6%
Hospitality operating expenses:						
Rooms	27,910	26,564	5.1%	56,460	51,651	9.3%
Food and beverage	61,058	60,406	1.1%	124,240	121,654	2.1%
Other hotel expenses	67,816	68,583	-1.1%	138,846	138,151	0.5%
Management fees	3,952	3,724	6.1%	7,863	7,193	9.3%
Depreciation and amortization	26,003	25,528	1.9%	51,517	52,329	-1.6%
Total Hospitality operating expenses	186,739	184,805	1.0%	378,926	370,978	2.1%
Hospitality operating income (1)	$ 46,191	$ 38,026	21.5%	$ 86,207	$ 61,434	40.3%
Hospitality performance metrics:						
Occupancy	74.3%	73.9%	0.5%	72.4%	70.7%	2.4%
ADR	$ 181.44	$ 176.33	2.9%	$ 179.50	$ 175.15	2.5%
RevPAR (2)	$ 134.85	$ 130.37	3.4%	$ 129.94	$ 123.88	4.9%
Total RevPAR (3)	$ 316.09	$ 302.29	4.6%	$ 317.34	$ 294.93	7.6%
Net Definite Group Room Nights Booked	476,000	190,000	150.5%	726,000	645,000	12.6%

(1) Hospitality segment operating income does not include REIT conversion costs of $1.2 million and $7.0 million during the three months and six months ended June 30, 2013, respectively. See the discussion of REIT conversion costs set forth below.

(2) We calculate Hospitality RevPAR by dividing room revenue by room nights available to guests for the period. Hospitality RevPAR is not comparable to similarly titled measures such as revenues.

(3) We calculate Hospitality Total RevPAR by dividing the sum of room, food and beverage, and other ancillary services revenue (which equals Hospitality segment revenue) by room nights available to guests for the period. Hospitality Total RevPAR is not comparable to similarly titled measures such as revenues.

The increase in total Hospitality segment revenue in the three months ended June 30, 2014, as compared to the same period in 2013, is primarily due to increases of $6.1 million and $6.0 million at Gaylord National and Gaylord Opryland, respectively, partially offset by a decrease of $1.9 million at Gaylord Palms. The increase in total Hospitality segment revenue in the six months ended June 30, 2014, as compared to the same period in 2013, is primarily due to increases of $12.0 million, $9.9 million, $6.2 million and $4.0 million at Gaylord National, Gaylord Opryland, Gaylord Texan and Gaylord Palms, respectively. The increase in both periods is primarily a result of increased outside-the-room spending during the 2014 periods as a result of an increase in premium group and transient business discussed below.

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The percentage of group versus transient business based on rooms sold for our hospitality segment for the periods presented was approximately as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Group	77%	77%	79%	79%
Transient	23%	23%	21%	21%

The increase in rooms operating expenses in the three months and six months ended June 30, 2014, as compared to the same periods in 2013, is primarily attributable to increases at Gaylord National, Gaylord Texan and Gaylord Opryland, as described below.

The increase in food and beverage operating expenses in the three months and six months ended June 30, 2014, as compared to the same periods in 2013, is primarily attributable to an increase at Gaylord National, as described below.

Other hotel expenses for the three months and six months ended June 30, 2014 and 2013 consist of the following (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Administrative employment costs	$ 22,165	$ 22,787	-2.7%	$ 47,210	$ 49,060	-3.8%
Utilities	7,086	6,663	6.3%	13,822	12,749	8.4%
Property taxes	7,988	6,276	27.3%	16,182	14,836	9.1%
Other	30,577	32,857	-6.9%	61,632	61,506	0.2%
Total other hotel expenses	$ 67,816	$ 68,583	-1.1%	$ 138,846	$ 138,151	0.5%

Administrative employment costs include salaries and benefits for hotel administrative functions, including, among others, senior management, accounting, human resources, sales, conference services, engineering and security. Administrative employment costs decreased during the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily due to decreases at Gaylord Texan and Gaylord Opryland. Utility costs increased during the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily due to increases at Gaylord National and Gaylord Texan as a result of colder weather conditions. Property taxes increased during the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily as a result of an increase at Gaylord Opryland due to an increased valuation. Other expenses, which include supplies, advertising, maintenance costs and consulting costs, decreased during the three months ended June 30, 2014, as compared to the same period in 2013, primarily as a result of decreases at each of our hotel properties. Other expenses remained stable during the six months ended June 30, 2014, as compared to the same period in 2013.

As discussed above, each of our management agreements with Marriott requires us to pay Marriott a base management fee of 2% of gross revenues from the applicable property for each fiscal year or portion thereof. Additionally, an incentive management fee is based on the profitability of our Gaylord Hotels properties calculated on a pooled basis. In the three months ended June 30, 2014 and 2013, we accrued $4.7 million and $4.5 million, respectively, and in the six months ended June 30, 2014 and 2013, we accrued $9.3 million and $8.7 million, respectively, in total base management fees to Marriott related to our Hospitality segment properties. Management fees are presented throughout this Quarterly Report on Form 10-Q net of the amortization of the deferred management rights proceeds discussed in Note 2 to the accompanying condensed consolidated financial statements included herein. We did not accrue an incentive management fee to Marriott related to our Hospitality segment properties during the three months or six months ended June 30, 2014 or 2013.

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Total Hospitality segment depreciation and amortization expense increased in the three months ended June 30, 2014, as compared to the same period in 2013, primarily as a result of an increase at Gaylord Texan, as described below. Total Hospitality segment depreciation and amortization decreased in the six months ended June 30, 2014, as compared to the same period in 2013, primarily as a result of decreases at Gaylord Opryland and Gaylord National, partially offset by an increase at Gaylord Texan, as described below.

Property-Level Results. The following presents the property-level financial results of our Hospitality segment for the three months and six months ended June 30, 2014 and 2013.

Gaylord Opryland Results. The results of Gaylord Opryland for the three months and six months ended June 30, 2014 and 2013 are as follows (in thousands, except percentages and performance metrics):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Revenues:						
Rooms	$ 33,398	$ 29,405	13.6%	$ 63,529	$ 58,134	9.3%
Food and beverage	27,432	27,262	0.6%	59,368	57,717	2.9%
Other hotel revenue	10,880	9,040	20.4%	21,323	18,464	15.5%
Total revenue	71,710	65,707	9.1%	144,220	134,315	7.4%
Operating expenses:						
Rooms	8,710	8,217	6.0%	17,415	16,111	8.1%
Food and beverage	16,252	17,065	-4.8%	34,477	35,039	-1.6%
Other hotel expenses	20,632	20,175	2.3%	41,613	40,543	2.6%
Management fees	1,206	1,079	11.8%	2,421	2,217	9.2%
Depreciation and amortization	7,877	8,178	-3.7%	15,754	16,702	-5.7%
Total operating expenses	54,677	54,714	-0.1%	111,680	110,612	1.0%
Performance metrics:						
Occupancy	76.4%	70.6%	8.2%	72.5%	70.5%	2.8%
ADR	$ 166.71	$ 158.78	5.0%	$ 168.05	$ 158.06	6.3%
RevPAR	$ 127.34	$ 112.12	13.6%	$ 121.79	$ 111.44	9.3%
Total RevPAR	$ 273.42	$ 250.17	9.3%	$ 276.47	$ 257.24	7.5%

Rooms revenue and RevPAR increased at Gaylord Opryland during the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily a result of the increase in occupancy, due to an increase in group business, and the increase in ADR, which was due to a favorable mix shift to more premium corporate and association groups, as well as an increase in transient rate. Rooms expenses increased during the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily as a result of increased variable expenses associated with the increase in occupancy.

The increase in food and beverage revenue at Gaylord Opryland during the three months and six months ended June 30, 2014, as compared to the same periods in 2013, was primarily due to increased banquet and food and beverage outlet revenues related to the mix shift discussed above. Food and beverage expenses decreased in the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily as a result of decreases in food cost and employment costs.

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Other revenue increased at Gaylord Opryland during the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily as a result of an increase in attrition and cancellation fee collections and an increase in ancillary revenues, such as parking and resort fees related to the increase in occupancy. Other hotel expenses increased in the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily due to increased sales and marketing costs associated with the increase in premium group rooms, partially offset by decreased employment costs due to eliminated or open positions.

Depreciation and amortization decreased at Gaylord Opryland during the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily as a result of furniture, fixtures and equipment placed in service during a 2005 rooms renovation becoming fully depreciated during 2013.

Gaylord Palms Results. The results of Gaylord Palms for the three months and six months ended June 30, 2014 and 2013 are as follows (in thousands, except percentages and performance metrics):

	Three Months Ended June 30,			**Six Months Ended June 30,**		
	2014	**2013**	**% Change**	**2014**	**2013**	**% Change**
Revenues:						
Rooms	$ 15,662	$ 16,529	-5.2%	$ 35,085	$ 34,557	1.5%
Food and beverage	19,427	20,808	-6.6%	45,259	44,528	1.6%
Other hotel revenue	5,398	5,052	6.8%	12,465	9,746	27.9%
Total revenue	40,487	42,389	-4.5%	92,809	88,831	4.5%
Operating expenses:						
Rooms	3,940	4,443	-11.3%	8,601	8,955	-4.0%
Food and beverage	11,434	11,422	0.1%	24,914	24,517	1.6%
Other hotel expenses	15,156	15,355	-1.3%	31,469	31,995	-1.6%
Management fees	699	719	-2.8%	1,617	1,527	5.9%
Depreciation and amortization	4,526	4,454	1.6%	9,038	8,980	0.6%
Total operating expenses	35,755	36,393	-1.8%	75,639	75,974	-0.4%
Performance metrics:						
Occupancy	72.3%	78.3%	-7.7%	78.1%	79.1%	-1.3%
ADR	$ 169.35	$ 165.06	2.6%	$ 176.57	$ 171.71	2.8%
RevPAR	$ 122.41	$ 129.18	-5.2%	$ 137.86	$ 135.79	1.5%
Total RevPAR	$ 316.44	$ 331.31	-4.5%	$ 364.69	$ 350.57	4.0%

Rooms revenue and RevPAR decreased at Gaylord Palms during the three months ended June 30, 2014, as compared to the same period in 2013, due to a decrease in occupancy, due to a decrease in both group and transient rooms, partially offset by an increase in group and transient ADR. Rooms revenue and RevPAR increased at Gaylord Palms during the six months ended June 30, 2014, as compared to the same period in 2013, due to an increase in ADR, as a result of increased transient rate. Rooms expenses decreased during the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily as a result of decreased variable expenses associated with the decrease in occupancy.

The decrease in food and beverage revenue at Gaylord Palms during the three months ended June 30, 2014, as compared to the same period in 2013, was primarily due to the decrease in group rooms discussed above and the resulting decrease in banquet revenue. Food and beverage expenses remained relatively stable in the three months and six months ended June 30, 2014, as compared to the same periods in 2013.

Other revenue at Gaylord Palms increased during the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily as a result of an increase in attrition and cancellation fee collections. In addition, the six-month period benefited from increased special events revenue in January 2014 as compared to the prior year period relating to the end of our annual Christmas programs in January. Other hotel expenses decreased slightly in the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily as a result of decreased sales and marketing costs.

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Depreciation and amortization were stable at Gaylord Palms during the three months and six months ended June 30, 2014, as compared to the same periods in 2013.

Gaylord Texan Results. The results of Gaylord Texan for the three months and six months ended June 30, 2014 and 2013 are as follows (in thousands, except percentages and performance metrics):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	**2013**	**% Change**	**2014**	**2013**	**% Change**
Revenues:						
Rooms	$ 16,504	$ 17,874	-7.7%	$ 34,058	$ 34,119	-0.2%
Food and beverage	20,685	20,471	1.0%	47,598	42,474	12.1%
Other hotel revenue	6,398	5,589	14.5%	13,143	12,022	9.3%
Total revenue	43,587	43,934	-0.8%	94,799	88,615	7.0%
Operating expenses:						
Rooms	4,359	4,383	-0.5%	9,977	8,573	16.4%
Food and beverage	12,104	12,655	-4.4%	25,967	25,906	0.2%
Other hotel expenses	12,681	14,616	-13.2%	28,256	28,885	-2.2%
Management fees	705	712	-1.0%	1,562	1,439	8.5%
Depreciation and amortization	4,887	4,363	12.0%	9,410	8,817	6.7%
Total operating expenses	34,736	36,729	-5.4%	75,172	73,620	2.1%
Performance metrics:						
Occupancy	65.1%	73.4%	-11.3%	68.1%	70.8%	-3.8%
ADR	$ 184.35	$ 177.18	4.0%	$ 182.88	$ 176.20	3.8%
RevPAR	$ 120.03	$ 129.99	-7.7%	$ 124.53	$ 124.75	-0.2%
Total RevPAR	$ 316.99	$ 319.69	-0.8%	$ 346.63	$ 324.21	6.9%

Rooms revenue and RevPAR decreased at Gaylord Texan during the three months and six months ended June 30, 2014, as compared to the same periods in 2013, due to decreased occupancy, as a result of a decrease in both group and transient rooms, partially offset by increased ADR for both groups and transient. These decreases in rooms revenue, occupancy and RevPAR were impacted by a rooms renovation project at Gaylord Texan, which resulted in approximately 15,700 and 26,400 room nights out of service in the three months and six months ended June 30, 2014. The rooms renovation project is currently projected to be completed in the third quarter of 2014. Rooms expenses increased during the three months and six months ended 30, 2014, as compared to the same periods in 2013, primarily due to an increase in non-capitalized costs associated with the rooms renovation project.

The increase in food and beverage revenue at Gaylord Texan during the three months and six months ended June 30, 2014, as compared to the same periods in 2013, was primarily due to an increase in banquet revenue. Food and beverage expenses decreased in the three months and was stable in the six months ended June 30, 2014, as compared to the same periods in 2013, as a result of a decrease in food cost and employment costs.

Other revenue at Gaylord Texan increased during the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily as a result of increased technology revenue associated with group business. The increase in other hotel revenue in the six-month period was also attributable to increased special events revenue in January 2014 as compared to the prior year period relating to the end of our annual Christmas programs in January.

Other hotel expenses decreased in the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily as a result of decreased employment costs due to eliminated or open positions.

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Depreciation and amortization increased at Gaylord Texan during the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily as a result of capital expenditures associated with the ongoing rooms renovation.

Gaylord National Results. The results of Gaylord National for the three months and six months ended June 30, 2014 and 2013 are as follows (in thousands, except percentages and performance metrics):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Revenues:						
Rooms	$ 31,407	$ 30,020	4.6%	$ 53,467	$ 50,842	5.2%
Food and beverage	34,937	29,978	16.5%	59,574	51,402	15.9%
Other hotel revenue	7,485	7,728	-3.1%	14,247	13,018	9.4%
Total revenue	73,829	67,726	9.0%	127,288	115,262	10.4%
Operating expenses:						
Rooms	10,274	8,911	15.3%	19,196	16,863	13.8%
Food and beverage	20,643	18,636	10.8%	37,645	35,043	7.4%
Other hotel expenses	18,460	17,607	4.8%	35,768	35,086	1.9%
Management fees	1,275	1,153	10.6%	2,142	1,902	12.6%
Depreciation and amortization	8,385	8,189	2.4%	16,651	17,119	-2.7%
Total operating expenses	59,037	54,496	8.3%	111,402	106,013	5.1%
Performance metrics:						
Occupancy	79.5%	75.9%	4.7%	71.8%	65.8%	9.1%
ADR	$ 217.43	$ 217.66	-0.1%	$ 206.23	$ 213.74	-3.5%
RevPAR	$ 172.91	$ 165.28	4.6%	$ 147.99	$ 140.73	5.2%
Total RevPAR	$ 406.47	$ 372.87	9.0%	$ 352.33	$ 319.05	10.4%

Rooms revenue and RevPAR increased at Gaylord National during the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily as a result of an increase in occupancy for premium corporate rooms, partially offset by a decrease in ADR for group rooms. The decrease in ADR for the six-month 2014 period is primarily the result of January 2013 including rooms related to the presidential inauguration. Rooms expenses increased at Gaylord National during the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily due to increased variable costs associated with the increase in occupancy and increased employee benefit costs associated with a new union contract.

Food and beverage revenue increased during the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily as a result of the increase in premium corporate rooms and the resulting increase in banquets. Food and beverage expenses increased in the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily due to increased variable costs associated with the increase in revenue, partially offset by improved food costs.

Other revenue at Gaylord National decreased during the three months ended June 30, 2014, as compared to the same period in 2013, primarily due to decreased attrition and cancellation fee collections. Other revenue at Gaylord National increased during the six months ended June 30, 2014, as compared to the same period in 2013, primarily due to an increase in attrition and cancellation fee collections and an increase in ancillary revenues, such as parking and resort fees related to the increase in occupancy. Other hotel expenses increased in the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily as a result of increased utility costs.

Depreciation and amortization at Gaylord National increased slightly during the three months ended June 30, 2014, as compared to the same period in 2013, and decreased during the six months ended June 30, 2014, as compared to the same period in 2013, primarily as a result of a portion of the initial furniture, fixtures and equipment placed in service at the property s opening in 2008 becoming fully depreciated during 2013.

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Opry and Attractions Segment

Total Segment Results. The following presents the financial results of our Opry and Attractions segment for the three months and six months ended June 30, 2014 and 2013 (in thousands, except percentages):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	**2013**	**% Change**	**2014**	**2013**	**% Change**
Revenues	$ 24,983	$ 22,352	11.8%	$ 39,231	$ 34,884	12.5%
Operating expenses	15,411	14,629	5.3%	27,682	25,915	6.8%
Depreciation and amortization	1,231	1,319	-6.7%	2,656	2,685	-1.1%
Operating income (1)	$ 8,341	$ 6,404	30.2%	$ 8,893	$ 6,284	41.5%

(1) Opry and Attractions segment operating income does not include $0.1 million of REIT conversion costs during the six months ended June 30, 2013. See the discussion of REIT conversion costs set forth below.

Opry and Attractions segment revenue increased during the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily due to increases in attendance at the Grand Ole Opry and the Ryman Auditorium.

Opry and Attractions operating expenses increased during the three months and six months ended June 30, 2014, as compared to the same periods in 2013, primarily as a result of increased variable expenses related to the increase in revenue.

Opry and Attractions depreciation expense decreased in the three months and six months ended June 30, 2014, as compared to the same periods in 2013.

Corporate and Other Segment

Total Segment Results. The following presents the financial results of our Corporate and Other segment for the three months and six months ended June 30, 2014 and 2013 (in thousands, except percentages):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	**2013**	**% Change**	**2014**	**2013**	**% Change**
Operating expenses	$ 6,048	$ 6,636	-8.9%	$ 12,755	$ 13,302	-4.1%
Depreciation and amortization	998	2,207	-54.8%	2,062	6,049	-65.9%
Operating loss (1)	$ (7,046)	$ (8,843)	20.3%	$ (14,817)	$ (19,351)	23.4%

(1) Corporate and Other segment operating loss does not include $4.2 million and $13.3 million of REIT conversion costs during the three months and six months ended June 30, 2013, respectively. See the discussion of REIT conversion costs set forth below.

Corporate and Other operating expenses, which consist primarily of costs associated with senior management salaries and benefits, legal, human resources, accounting, pension, information technology and other administrative costs, decreased in the three months and six months ended June 30, 2014, as compared to same periods in 2013, primarily as a result of a decrease in pension and consulting costs.

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Corporate and Other depreciation and amortization expense decreased in the three months and six months ended June 30, 2014, as compared with the same periods in 2013, primarily due to the disposal in 2013 of certain fixed assets that were no longer required as a result of our conversion to a REIT.

Operating Results REIT Conversion Costs

We have segregated all costs related to the REIT conversion from normal operations and reported these amounts as REIT conversion costs in the accompanying condensed consolidated statements of operations. During the three months and six months ended June 30, 2013, we incurred \$5.4 million and \$20.4 million, respectively, of various costs associated with these transactions. REIT conversion costs incurred during the three months ended June 30, 2013 include employment and severance costs (\$2.7 million), professional fees (\$0.9 million), and various other transition costs (\$1.8 million). REIT conversion costs incurred during the six months ended June 30, 2013 include employment and severance costs (\$13.9 million), professional fees (\$2.0 million), and various other transition costs (\$4.5 million). No REIT conversion costs were incurred during the three months and six months ended June 30, 2014.

Operating Results Impairment and Other Charges

During the three months and six months ended June 30, 2013, we incurred \$1.2 million in impairment charges related to equipment at Gaylord National.

Non-Operating Results Affecting Net Income

General

The following table summarizes the other factors which affected our net income for the three months and six months ended June 30, 2014 and 2013 (in thousands, except percentages):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Interest expense	$ (15,472)	$ (17,424)	-11.2%	$ (31,142)	$ (30,747)	1.3%
Interest income	3,038	3,052	-0.5%	6,069	6,103	-0.6%
Loss on extinguishment of debt	(2,148)		-100.0%	(2,148)		-100.0%
Other gains and (losses), net	(4,349)	53	-8305.7%	(4,349)	47	-9353.2%
Benefit (provision) for income taxes	(576)	1,784	-132.3%	(92)	68,076	-100.1%
Income from discontinued operations, net of taxes	12	11	9.1%	23	21	9.5%

Interest Expense

Interest expense decreased \$2.0 million during the three months ended June 30, 2014, as compared to the same period in 2013, due primarily to a decrease in interest expense associated with our 3.75% convertible notes, due to a decrease in outstanding principal as a result of our repurchase of portions of those notes in July 2013 and April 2014. Interest expense increased \$0.4 million during the six months ended June 30, 2014, as compared to the same period in 2013, due primarily to an increase in interest expense associated with our 5% senior notes that were issued in April 2013, partially offset by a decrease in interest expense associated with our 3.75% convertible notes.

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Cash interest expense increased $0.4 million to $11.3 million in the three months ended June 30, 2014 and increased $3.4 million to $22.3 million in the six months ended June 30, 2014, as compared to the same periods in 2013. Non-cash interest expense, which includes amortization of deferred financing costs and debt discounts, the write-off of deferred financing costs, and capitalized interest, decreased $2.4 million to $4.2 million in the three months ended June 30, 2014 and decreased $3.0 million to $8.8 million in the six months ended June 30, 2014, as compared to the same periods in 2013.

Our weighted average interest rate on our borrowings, excluding the write-off of deferred financing costs during the periods, was 4.8% and 5.3% for the three months and 5.1% and 5.1% for the six months ended June 30, 2014 and 2013, respectively.

Interest Income

Interest income for the three months and six months ended June 30, 2014 and 2013 primarily includes amounts earned on the bonds that were received in connection with the development of Gaylord National, which we hold as notes receivable.

Loss on Extinguishment of Debt

In April 2014, we settled the repurchase of and subsequently cancelled $56.3 million of our 3.75% convertible notes in private transactions for aggregate consideration of $120.2 million, which was funded by cash on hand and borrowings under the Company s revolving credit facility. In addition, in June 2014, we settled $15.3 million of our 3.75% convertible notes that were converted by holders for aggregate consideration of $33.4 million. As a result of these transactions, we recorded a loss on extinguishment of debt of approximately $2.1 million during the three months and six months ended June 30, 2014.

Other Gains and (Losses), net

Other gains and (losses), net for the three months and six months ended June 30, 2014 primarily consists of $4.5 million in losses on the change in the fair value of derivative liabilities associated with portions of the warrants associated with our 3.75% convertible notes, as discussed more fully in Note 7 to the condensed consolidated financial statements included herein.

Benefit (Provision) for Income Taxes

As a REIT, we generally will not be subject to federal corporate income taxes on ordinary taxable income and capital gains income from real estate investments that we distribute to our stockholders. We will, however, be subject to corporate income taxes on built-in gains (the excess of fair market value over tax basis at January 1, 2013) that result from gains on certain assets. In addition, we will continue to be required to pay federal and state corporate income taxes on earnings of our TRSs.

For the three months and six months ended June 30, 2014, we recorded income tax expense of $0.6 million and $0.1 million, respectively, related to our current period operations. This expense is different from the statutory rate primarily due to the non-taxable income of the REIT, partially offset by additional valuation allowance required at the TRSs.

For the three months ended June 30, 2013, we recorded an income tax benefit of $1.8 million, consisting of a tax benefit of $2.8 million related to our current period operations, partially offset by discrete expense of $1.0 million related to an increase in deferred tax liabilities associated with our REIT conversion. For the six months ended June 30, 2013, we recorded an income tax benefit of $68.1 million. As a result of our conversion to a REIT, certain net deferred tax liabilities related to our real estate were reversed, as the REIT will generally not pay federal corporate income tax related to those deferred tax liabilities. In addition, we assessed the need for a valuation allowance on the net deferred tax assets of the TRSs. As a result, we recorded a net benefit of $60.4 million related to the conversion to a REIT in the six months ended June 30, 2013. In addition, we recorded a benefit of $6.7 million related to the reversal of liabilities associated with unrecognized tax positions and income tax benefit of $1.0 million related to our current period operations during the six months ended June 30, 2013.

Liquidity and Capital Resources

Cash Flows From Operating Activities. Cash flow from operating activities is the principal source of cash used to fund our operating expenses, interest payments on debt, maintenance capital expenditures, and dividends to stockholders. During the six months ended June 30, 2014, our net cash flows provided by operating activities continuing operations were $91.9 million, reflecting primarily cash provided by our income from continuing operations before depreciation expense, amortization expense, income tax benefit, stock-based compensation expense, loss on extinguishment of debt, and other non-cash charges of approximately $117.5 million, partially offset by unfavorable changes in working capital of approximately $25.6 million. The unfavorable changes in working capital primarily resulted from a decrease in accrued expenses primarily related to the payment of accrued compensation, accrued property taxes, and accrued expenses associated with our hotel holiday programs.

During the six months ended June 30, 2013, our net cash flows used in operating activities continuing operations were $9.0 million, reflecting primarily cash provided by our income from continuing operations before depreciation expense, amortization expense, income tax benefit, stock-based compensation expense, and other non-cash charges of approximately $79.9 million, offset by unfavorable changes in working capital of approximately $88.9 million. The unfavorable changes in working capital primarily resulted from a decrease in accrued expenses primarily related to the payment of accrued property taxes, accrued compensation, and accrued expenses associated with our hotel holiday programs, a decrease in accounts payable at our managed properties due to the timing of payments as new payment processes are developed, and an increase in trade receivables due to a seasonal change in the timing of payments received from corporate group customers at each of our Gaylord Hotels properties. It should be noted that the reversal of deferred tax liabilities and the recognition of valuation allowances on the net deferred tax assets of our TRSs represents the majority of the reconciling item of $69.5 million from net income to net cash flows used in operating activities. These tax items, and their related impact on our cash used in operating activities, are the result of our REIT conversion, and we paid out no cash in connection with such reversal and recognition.

Cash Flows From Investing Activities. During the six months ended June 30, 2014, our primary uses of funds for investing activities were purchases of property and equipment, which totaled $35.8 million, partially offset by a decrease in restricted cash and cash equivalents associated with the FF&E reserve we are obligated to maintain for future planned and emergency-related capital expenditures at the properties that Marriott manages for us. Purchases of property, plant and equipment consisted primarily of a rooms renovation project at Gaylord Texan, ongoing maintenance capital expenditures for our existing properties, and $0.1 million of capitalized personnel costs.

During the six months ended June 30, 2013, our primary uses of funds for investing activities were purchases of property and equipment, which totaled $15.2 million, consisting primarily of ongoing maintenance capital expenditures for our existing properties and $0.4 million of capitalized personnel costs, and an increase in restricted cash and cash equivalents associated with the FF&E reserve we are obligated to maintain for future planned and emergency-related capital expenditures at the properties that Marriott manages for us.

Cash Flows From Financing Activities. Our cash flows from financing activities reflect primarily the incurrence of debt and the repayment of long-term debt. During the six months ended June 30, 2014, our net cash flows used in financing activities were approximately $46.3 million, primarily reflecting net repayments of $209.5 million under our $1 billion credit facility, $126.5 million related to repurchases and conversions of an aggregate of $71.6 million of our

3.75% convertible notes, the payment of $53.4 million in cash dividends, $50.8 million to cash settle 2.4 million of the warrants associated with our 3.75% convertible notes, and the payment of $8.2 million in deferred financing costs, partially offset by $400.0 million in borrowings under our new term loan facility.

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During the six months ended June 30, 2013, our net cash flows provided by financing activities were approximately $20.6 million, primarily reflecting the payment of $152.2 million to redeem all of our outstanding 6.75% senior notes, $100.0 million to repurchase 2.3 million shares of our common stock for retirement, $82.0 million in net repayments under our credit facility, the payment of $25.8 million in cash dividends, and the payment of $15.4 million in deferred financing costs, partially offset by the issuance of $350.0 million in 5% senior notes.

Liquidity

At June 30, 2014, we had $77.8 million in unrestricted cash and $700.0 million available for borrowing under our $1 billion credit facility, which we refinanced in April 2013 with an increased and extended facility that matures in 2017. During the six months ended June 30, 2014, we borrowed $400.0 million under a new term loan facility added to our credit agreement for our $1 billion credit facility, repaid $209.5 million under our $1 billion credit facility, repurchased $56.3 million and settled the conversion of $15.3 million of our 3.75% convertible notes for aggregate net consideration of $126.5 million, cash settled 2.4 million of the warrants associated with our 3.75% convertible notes for $50.8 million, paid cash dividends of $53.4 million and incurred capital expenditures of $35.8 million. These net outflows, offset by cash flows from operating activities discussed above, were the primary factors in the increase in our cash balance from December 31, 2013 to June 30, 2014.

We currently plan to pay a quarterly cash dividend of $0.55 per share in October 2014 and January 2015, subject to determinations as to the timing and amount by our board of directors. We anticipate investing in our operations during the remainder of 2014 by spending between $28 million and $30 million in capital expenditures, which primarily includes ongoing maintenance capital of our current facilities and a rooms renovation project at Gaylord Texan. In the third quarter of 2014, we estimate that will pay cash of approximately $58 million to settle the repurchase of an additional 2.4 million warrants. In the fourth quarter of 2014, we will settle our obligations under the outstanding principal balance of our 3.75% convertible notes in cash and the remainder of the conversion settlement amount in shares of our common stock.

We believe that our cash on hand and cash from operations will be adequate to fund our short-term commitments, as well as: (i) normal operating expenses, (ii) interest expense on long-term debt obligations, (iii) capital lease and operating lease obligations, and (iv) declared dividends. If our existing cash and cash from operations were inadequate to fund such items, we could draw on our $1 billion credit facility, subject to the satisfaction of covenants in the credit facility. We believe that drawing on this credit facility will not be necessary for general working capital purposes. We may, however, draw on our $1 billion credit facility for operational and capital needs in the future.

Our outstanding principal debt agreements are described below. Based on current projections for compliance under our financial covenants contained in these agreements, we do not foresee a maturity issue prior to their scheduled maturity date. As we have the intent and ability to refinance all of our convertible notes on a long-term basis when due, these notes have been classified as long-term debt in Note 7 to the condensed consolidated financial statements included herein.

Our outstanding 3.75% convertible senior notes mature in October 2014. In addition to the completed repurchases of portions of the convertible notes and completed cash settlement of a portion of the warrants, we may from time to time consider other transactions that address the remaining outstanding principal amount of and the dilution associated with, the convertible notes and the related call-spread transactions, consistent with our available liquidity and other capital needs. These transactions could include a purchase of a portion of the outstanding warrants, which would reduce the dilution associated with the convertible notes, because it would reduce the number of shares of our common stock that would be issued by us pursuant to the warrants after the maturity of the convertible notes. We have received approval from our board of directors to purchase for cash up to the entire amount of the outstanding warrants, in one or more transactions with the warrant counterparties, subject to

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approval of our board (or a committee thereof) with respect to the purchase price and the other terms and conditions of such transaction(s). Any purchases of a portion of the warrants may result in the warrant counterparties altering positions they may have in our common stock, including making purchases of our common stock in the open market or in private transactions, and the final settlement price of the warrant repurchases may be based upon prevailing market prices of our common stock during that time. It has not yet been determined if or when we will engage in any additional warrant purchase transactions, other than those described herein.

Principal Debt Agreements

At June 30, 2014, we were in compliance with all covenants related to our outstanding debt.

$1 Billion Credit Facility. On April 18, 2013, we refinanced our previous $925 million credit facility by entering into a $1 billion senior secured credit facility by and among the Operating Partnership, the Company and certain subsidiaries of the Company party thereto, as guarantors, the lenders party thereto and Wells Fargo Bank, N.A., as administrative agent (the $1 billion credit facility). The $1 billion credit facility consists of a $700.0 million senior secured revolving credit facility, which includes a $75.0 million letter of credit sublimit and a $50.0 million sublimit for swingline loans, and a $300.0 million senior secured term loan facility. At the closing, we drew down $154.0 million of the revolving credit facility and the term loan facility was fully funded. The $1 billion credit facility also includes an accordion feature that allows us to increase the $1 billion credit facility by a total of up to $500.0 million, subject to securing additional commitments from existing lenders or new lending institutions. The $1 billion credit facility matures on April 18, 2017, and borrowings bear interest at an annual rate of LIBOR plus an adjustable margin (the Applicable Margin) based on our consolidated funded indebtedness to total asset value ratio (as defined in the $1 billion credit facility), or the base rate (as defined in the $1 billion credit facility) plus the Applicable Margin. The interest rate is currently LIBOR plus 1.85%. Interest on our borrowings is payable quarterly, in arrears, for base rate-based loans and at the end of each interest rate period for LIBOR-based loans. Principal is payable in full at maturity. We are required to pay a commitment fee of 0.3% to 0.4% per year of the average unused portion of the $700.0 million revolving credit facility.

The $1 billion credit facility is guaranteed by us, each of our four wholly-owned subsidiaries that own the Gaylord Hotels properties, and certain other of our subsidiaries. The $1 billion credit facility is secured by (i) a first mortgage lien on the real property of each of our Gaylord Hotels properties, (ii) pledges of equity interests in our subsidiaries that own the Gaylord Hotels properties, (iii) pledges of equity interests in the Operating Partnership, our subsidiaries that guarantee the $1 billion credit facility, and certain other of our subsidiaries, and (iv) our personal property and the personal property of the Operating Partnership and our subsidiaries that guarantee the $1 billion credit facility. Advances are subject to a 55% borrowing base, based on the appraisal value of the Gaylord Hotels properties (reduced to 50% in the event a hotel property is sold).

In addition, the $1 billion credit facility contains certain covenants which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements. The material financial covenants, ratios or tests contained in the $1 billion credit facility are as follows:

We must maintain a consolidated funded indebtedness to total asset value ratio as of the end of each calendar quarter of not more than .65 to 1.00.

We must maintain a consolidated tangible net worth (as defined in the $1 billion credit facility) of not less than $660.0 million plus 75% of the proceeds received by us or any of our subsidiaries in connection with any equity issuance.

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We must maintain a consolidated fixed charge coverage ratio (as defined in the $1 billion credit facility), of not less than 1.75 to 1.00.

We must maintain an implied debt service coverage ratio (the ratio of adjusted net operating income to monthly principal and interest that would be required if the outstanding balance were amortized over 25 years at an assumed fixed rate) of not less than 1.60 to 1.00.

If an event of default shall occur and be continuing under the $1 billion credit facility, the commitments under the $1 billion credit facility may be terminated and the principal amount outstanding under the $1 billion credit facility, together with all accrued unpaid interest and other amounts owing in respect thereof, may be declared immediately due and payable.

At June 30, 2014, $300.0 million of borrowings were outstanding under the $1 billion credit facility, and the lending banks had issued $2.7 million of letters of credit under the facility, which left $697.3 million of availability under the credit facility (subject to the satisfaction of debt incurrence tests under the indentures governing our 5% senior notes due 2021).

$400 Million Term Loan Facility. On June 18, 2014, we entered into an Amendment No. 1 and Joinder Agreement (the Amendment) among the Company, as a guarantor, the Operating Partnership, as borrower, certain other subsidiaries of the Company party thereto, as guarantors, certain subsidiaries of the Company party thereto, as pledgors, the lenders party thereto and Wells Fargo Bank National Association, as administrative agent, to the Company s Fourth Amended and Restated Credit Agreement (the Credit Agreement) for the $1 billion credit facility.

Pursuant to the Amendment, we added an additional senior secured term loan facility in the aggregate principal amount of up to $400.0 million (the Term Loan B) to the Credit Agreement. Proceeds from the Term Loan B may be used, as we may determine, to repay revolving loans under the Credit Agreement and to repay our 3.75% convertible notes or to settle, in whole or in part, the warrant transactions described below. The Term Loan B has a maturity date of January 15, 2021 and borrowings bear interest at an annual rate of LIBOR plus an adjustable margin, subject to a LIBOR floor of 0.75%. At June 30, 2014, the interest rate on the Term Loan B was LIBOR plus 3.0%. The Term Loan B amortizes in equal quarterly installments in aggregate annual amounts equal to 1.0% of the original principal amount of $400.0 million, commencing on September 30, 2014, with the balance due at maturity. Amounts borrowed under the Term Loan B that are repaid or prepaid may not be reborrowed. At closing, we drew down on the Term Loan B in full.

The Term Loan B is guaranteed by the Company, each of our four wholly-owned subsidiaries that own the Gaylord Hotels-branded properties, and certain other of our subsidiaries. The Term Loan B is secured by (i) a first mortgage lien on the real property of each of our Gaylord Hotels properties, (ii) pledges of equity interests in our subsidiaries that own the Gaylord Hotels properties, (iii) the personal property of the Company, the Operating Partnership and the guarantors and (iv) all proceeds and products from our Gaylord Hotels properties. Amounts drawn on the Term Loan B are subject to a 55% borrowing base, based on the appraisal value of the Gaylord Hotels properties (reduced to 50% in the event a hotel property is sold).

The Term Loan B is subject to certain covenants contained in the Credit Agreement, which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements. The Term Loan B is subject to substantially all of the events of default provided for the Credit Agreement (other than the financial maintenance covenants). If an event of default shall occur and be continuing, the commitments under the Amendment may be terminated and the principal amount outstanding under the Amendment, together with all accrued and unpaid interest and other amounts owing in respect thereof, may be declared immediately due and payable.

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3.75% Convertible Senior Notes. At June 30, 2014, we had outstanding $232.2 million of 3.75% Convertible Senior Notes (the Convertible Notes). The Convertible Notes have a maturity date of October 1, 2014, and interest is payable semiannually in cash in arrears on April 1 and October 1. The Convertible Notes are convertible at the holder s option, into shares of our common stock, at an adjusted conversion rate of 47.9789 shares of common stock per $1,000 principal amount of the Convertible Notes, which is equivalent to an adjusted conversion price of approximately $20.84 per share and reflects the adjustment made for our cash dividend that we paid to stockholders on July 15, 2014. We will settle our obligations upon conversion of each $1,000 principal amount of Convertible Notes with a specified dollar amount of $1,000 and the remainder of the conversion settlement amount in shares of our common stock.

In April 2014, we settled the repurchase of and subsequently cancelled $56.3 million of our Convertible Notes in private transactions for aggregate consideration of $120.2 million, which was funded by cash on hand and borrowings under our revolving credit facility. In connection with the repurchase, we entered into agreements with the note hedge counterparties to proportionately reduce the number of outstanding Purchased Options (as defined below) and warrants. In consideration for the reduction, the counterparties paid us approximately $9.2 million. In addition, in June 2014, we settled the conversion of $15.3 million of Convertible Notes that were converted by holders for aggregate consideration of $33.4 million. As a result of these transactions, we recorded a loss on extinguishment of debt of $2.1 million in the three months and six months ended June 30, 2014.

Concurrently with the offering of the Convertible Notes, we entered into convertible note hedge transactions with respect to our common stock (the Purchased Options) with counterparties affiliated with the initial purchasers of the Convertible Notes, for purposes of reducing the potential dilutive effect upon conversion of the Convertible Notes. The Purchased Options entitle us to receive shares of our common stock upon conversion of the Convertible Notes. At June 30, 2014, the Purchased Options covered approximately 11.1 million shares, with an adjusted strike price of $20.84 per share (the same as the adjusted conversion price of the Convertible Notes), which reflects the repurchases and conversions discussed above and the adjustments made in connection with the cash dividend we paid to stockholders on July 15, 2014. The number of shares underlying the Purchased Options and the strike price thereof are subject to further customary anti-dilution adjustments substantially similar to the Convertible Notes, including for quarterly cash dividends. The Purchased Options will be settled in shares delivered to us. Proportionate reductions to the number of shares underlying the Purchased Options may be made in connection with our repurchase, if any, of Convertible Notes prior to their maturity.

Separately and concurrently with entering into the Purchased Options, we sold common stock purchase warrants to the hedge counterparties whereby the warrant holders may purchase shares of our common stock. In June 2014, we cash settled 2.4 million warrants from one of the note hedge counterparties, paying total consideration of $50.8 million. At June 30, 2014, the remaining outstanding warrants covered approximately 9.6 million shares, with an adjusted strike price of $25.01 per share, which reflects the repurchases and conversions discussed above and the adjustments made in connection with the cash dividend we paid to stockholders on July 15, 2014. The number of shares underlying the warrants and the strike price thereof are subject to further customary anti-dilution adjustments similar to the adjustments of the Convertible Notes and the Purchased Options, including for quarterly cash dividends. Unless modified prior to maturity, the warrants may only be settled at maturity in shares of our common stock, net of the exercise price. Proportionate reductions to the number of shares underlying the warrants may be made in connection with our repurchase, if any, of Convertible Notes prior to their maturity.

Pursuant to a June 2014 agreement with one of the note hedge counterparties, in the third quarter of 2014, we will cash settle an additional 2.4 million warrants in the same manner as described above. The total consideration we will pay will be determined when the repurchase transaction settles in the third quarter of 2014. After this repurchase, approximately 7.2 million warrants will remain outstanding.

The Convertible Notes are convertible through the close of business on September 29, 2014 pursuant to the indenture. Based on our borrowing capacity under the refinanced $1 billion credit facility, the Convertible Notes have been classified as long-term debt in Note 7 to the condensed consolidated financial statements included herein.

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Based on the Company s June 30, 2014 closing stock price of $48.15, the if-converted value of the Convertible Notes exceeds the face amount by $304.2 million; however, after giving effect to the settlement of the Purchased Options and warrants associated with the Convertible Notes as described above, as well as the repurchase of warrants that will settle in the third quarter of 2014, the incremental cash or share settlement in excess of the face amount would result in 3.4 million net share issuance. Based on our cash on hand and our borrowing availability under the $1 billion credit facility, at June 30, 2014, we do not expect any liquidity issues should the Convertible Notes be converted or at their maturity.

The Convertible Notes are general unsecured and unsubordinated obligations and rank equal in right of payment with all of our existing and future senior unsecured indebtedness and senior in right of payment to all of our future subordinated indebtedness, if any. The Convertible Notes will be effectively subordinated to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness.

The Convertible Notes are guaranteed on a senior unsecured basis by our subsidiaries that guarantee our $1 billion credit facility. Each guarantee will rank equally in right of payment with such subsidiary guarantor s existing and future senior unsecured indebtedness and senior in right of payment to all future subordinated indebtedness, if any, of such subsidiary guarantor. The Convertible Notes will be effectively subordinated to any secured indebtedness and effectively subordinated to all indebtedness and other obligations of our subsidiaries that do not guarantee the Convertible Notes.

Upon a Fundamental Change (as defined in the indenture for our Convertible Notes), holders may require us to repurchase all or a portion of their Convertible Notes at a purchase price equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus any accrued and unpaid interest, if any, thereon to (but excluding) the Fundamental Change Repurchase Date (as defined in the indenture for our Convertible Notes). The Convertible Notes are not redeemable at our option prior to maturity. We do not believe the REIT conversion resulted in a Fundamental Change.

The conversion rate of the Convertible Notes will be adjusted in connection with any special or regular dividends we pay pursuant to customary anti-dilution provisions of the indenture governing the Convertible Notes, which will result in additional shares of our common stock becoming issuable upon conversion of the Convertible Notes.

5% Senior Notes. On April 3, 2013, the Operating Partnership and RHP Finance Corporation, a subsidiary of the Company, completed the private placement of $350.0 million in aggregate principal amount of senior notes due 2021 (the 5% Senior Notes), which are guaranteed by the Company and its subsidiaries that guarantee the $1 billion credit facility. The 5% Senior Notes and guarantees were issued pursuant to an indenture by and among the issuing subsidiaries and the guarantors and U.S. Bank National Association as trustee. The 5% Senior Notes have a maturity date of April 15, 2021 and bear interest at 5% per annum, payable semi-annually in cash in arrears on April 15 and October 15 of each year, beginning October 15, 2013. The 5% Senior Notes are general unsecured and unsubordinated obligations of the issuing subsidiaries and rank equal in right of payment with such subsidiaries existing and future senior unsecured indebtedness and senior in right of payment to future subordinated indebtedness, if any. The 5% Senior Notes are effectively subordinated to the issuing subsidiaries secured indebtedness to the extent of the value of the assets securing such indebtedness. The guarantees rank equally in right of payment with the applicable guarantor s existing and future senior unsecured indebtedness and senior in right of payment to any future subordinated indebtedness of such guarantor. The 5% Senior Notes will be effectively subordinated to any secured indebtedness of any guarantor to the extent of the value of the assets securing such indebtedness and structurally subordinated to all indebtedness and other obligations of the Operating Partnership s subsidiaries that do not guarantee the 5% Senior Notes. The issuing subsidiaries may redeem the 5% Senior Notes on or before April 15, 2016, in whole or in part, at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest, if any, up to, but excluding, the applicable redemption

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date plus a make-whole redemption premium. The 5% Senior Notes will be redeemable, in whole or in part, at any time on or after April 15, 2016 at a redemption price expressed as a percentage of the principal amount thereof, which percentage is 103.75%, 102.50%, 101.25%, and 100.00% beginning on April 15 of 2016, 2017, 2018, and 2019, respectively, plus accrued and unpaid interest thereon to, but not including, the redemption date.

In connection with the issuance of the 5% Senior Notes, we completed a registered offer to exchange the 5% Senior Notes for registered notes with substantially identical terms as the 5% Senior Notes in November 2013.

Additional Debt Limitations. Pursuant to the terms of the management agreements and pooling agreement with Marriott, we are subject to certain debt limitations described below.

The management agreements provide for the following limitations on indebtedness encumbering a hotel:

The aggregate principal balance of all mortgage and mezzanine debt encumbering the hotel shall be no greater than 75% of the fair market value of the hotel; and

The ratio of (a) aggregate Operating Profit (as defined in the management agreement) in the 12 months prior to the closing on the mortgage or mezzanine debt to (b) annual debt service for the hotel shall equal or exceed 1.2:1; but is subject to the pooling agreement described below.

The pooled limitations on Secured Debt (as defined in the pooling agreement) are as follows:

The aggregate principal balance of all mortgage and mezzanine debt on Pooled Hotels (as defined in the pooling agreement), shall be no more than 75% of the fair market value of Pooled Hotels.

The ratio of (a) aggregate Operating Profit (as defined in the pooling agreement) of Pooled Hotels in the 12 months prior to closing on any mortgage or mezzanine debt, to (b) annual debt service for the Pooled Hotels, shall equal or exceed 1.2:1.

Off-Balance Sheet Arrangements

We enter into commitments under letters of credit, primarily for the purpose of securing our deductible obligations with our insurers, and lending banks under our credit facility had issued $2.7 million of letters of credit at June 30, 2014. Except as set forth in this paragraph, we do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

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Commitments and Contractual Obligations

The following table summarizes our significant contractual obligations at June 30, 2014, including long-term debt and operating and capital lease commitments (amounts in thousands):

		Payment due by Period			
Contractual obligations	Total amounts committed	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt (1)	$ 1,282,168	$ 232,168	$ 300,000	$	$ 750,000
Capital leases	661	609	52		
Operating leases (2)	631,308	6,323	9,146	8,732	607,107
Construction commitments (3)	12,751	12,751			
Other	3,596	3,596			
Total contractual obligations	$ 1,930,484	$ 255,447	$ 309,198	$ 8,732	$ 1,357,107

(1) Long-term debt commitments do not include approximately $232.4 million in interest payments projected to be due in future years (less than 1 year $40.5 million; 1-3 years $75.0 million; 3-5 years $63.8 million; more than 5 years $53.1 million) based on the stated interest rates on our fixed-rate debt and the rates in effect at June 30, 2014 for our variable-rate debt. Variable rates, as well as outstanding principal balances, could change in future periods. See Principal Debt Agreements above for a discussion of our outstanding long-term debt. See Supplemental Cash Flow Information in Note 1 to our Annual Report on Form 10-K for the year ended December 31, 2013 for a discussion of the interest we paid during 2013, 2012 and 2011.

(2) Total operating lease commitments of $631.3 million includes the 75-year operating lease agreement we entered into during 1999 for 65.3 acres of land located in Osceola County, Florida where Gaylord Palms is located.

(3) With respect to our properties that are operated under management agreements with Marriott, we are obligated to maintain an FF&E reserve account for future planned and emergency-related capital expenditures at these properties. The amount funded into each of these reserve accounts is determined pursuant to the management agreements. For fiscal year 2014, the amount funded into the reserve accounts will be 4.0% of the respective property s total annual revenue. At June 30, 2014, $12.8 million was held in FF&E reserve accounts for future capital expenditures at our properties. According to the terms of each management agreement with Marriott, the reserve funds are to be held by Marriott in a restricted cash account. Although it is not required that such funds be expended in a given year, each management agreement provides any excess funds will carry over for use in future years.

In June, we agreed to sell to an affiliate of The Peterson Companies (the developer of the National Harbor, Maryland development in which the Gaylord National hotel is located) all of our rights in a letter of intent to which we are a party with The Peterson Companies, which entitles us to a portion of such party s economic interest in the income from the land underlying the new MGM casino project at National Harbor. We will receive $26.1 million over three years in exchange for our contractual rights. The sale is expected to close in December of 2014.

Also in June, we agreed to purchase from an affiliate of The Peterson Companies a 190-room hotel currently being operated as the Aloft Hotel at National Harbor for a purchase price of $21.8 million. The transaction is scheduled to close in December of 2014 and requires that the property be transferred to us unencumbered by any existing hotel franchise or management agreements. We expect to re-brand the hotel and to allow Marriott to operate the property in conjunction with the Gaylord National. Simultaneously with the purchase of this hotel, we also agreed to acquire from an affiliate of The Peterson Companies a vacant one-half acre parcel of land located in close proximity to Gaylord National, suitable for development of a hotel or other permitted uses. The purchase of the hotel and the land is expected to close in December of 2014.

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Due to the uncertainty with respect to the timing of future cash payments associated with our defined benefit pension plan, our non-qualified retirement plan, our non-qualified contributory deferred compensation plan and our defined benefit postretirement health care and life insurance plan, we cannot make reasonably certain estimates of the period of cash settlement. Therefore, these obligations have been excluded from the contractual obligations table above. See Note 8 and Note 9 to our Annual Report on Form 10-K for the year ended December 31, 2013 for further discussion related to these obligations.

Critical Accounting Policies and Estimates

We prepare our condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States. Certain of our accounting policies, including those related to revenue recognition, impairment of long-lived assets, stock-based compensation, income taxes, retirement and postretirement benefits other than pension plans, and legal contingencies, require that we apply significant judgment in defining the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. Our judgments are based on our historical experience, our observance of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate. There can be no assurance that actual results will not differ from our estimates. For a discussion of our critical accounting policies and estimates, please refer to Management s Discussion and Analysis of Financial Condition and Results of Operations and Notes to Consolidated Financial Statements presented in our Annual Report on Form 10-K for the year ended December 31, 2013. There were no newly identified critical accounting policies in the first six months of 2014 nor were there any material changes to the critical accounting policies and estimates discussed in our Annual Report on Form 10-K for the year ended December 31, 2013.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposures to market risk are from changes in interest rates and equity prices and changes in asset values of investments that fund our pension plan.

Risk Related to Changes in Interest Rates

Borrowings outstanding under our $1 billion credit facility currently bear interest at an annual rate of LIBOR plus 1.85%, subject to adjustment as defined in the agreement. If LIBOR were to increase by 100 basis points, our annual interest cost on the $300.0 million in borrowings outstanding under our $1 billion credit facility at June 30, 2014 would increase by approximately $3.0 million.

Borrowings outstanding under our $400 million credit facility currently bear interest at an annual rate of LIBOR plus 3.0%, subject to adjustment as defined in the agreement. If LIBOR were to increase by 100 basis points, our annual interest cost on the $400.0 million in borrowings outstanding under our $400 million credit facility at June 30, 2014 would increase by approximately $4.0 million.

Certain of our outstanding cash balances are occasionally invested overnight with high credit quality financial institutions. We do not have significant exposure to changing interest rates on invested cash at June 30, 2014. As a result, the interest rate market risk implicit in these investments at June 30, 2014, if any, is low.

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Risk Related to Changes in Equity Prices

The principal amount of Convertible Notes may be converted prior to maturity, at the holder s option, into shares of our common stock as described in Item 2 above under Principal Debt Agreements and in our Annual Report on Form 10-K for the year ended December 31, 2013. Upon conversion, we will deliver cash for the face amount of the notes and shares of our common stock for the conversion spread. The fair value of the Convertible Notes will generally increase as our share price increases and decrease as our share price declines. Additional adjustments to the conversion rate may be made pursuant to customary anti-dilution provisions, including for quarterly cash dividends.

Concurrently with the issuance of the Convertible Notes, we entered into convertible note hedge transactions intended to reduce the potential dilution upon conversion of the Convertible Notes in the event that the market value per share of our common stock, as measured under the Convertible Notes, at the time of exercise is greater than the conversion price of the Convertible Notes. In connection with the convertible note hedge transactions, we own call options to purchase, as adjusted and as reduced as described in Item 2 above, approximately 11.1 million shares of our common stock at an adjusted price per share equal to $20.84, the adjusted conversion price of the Convertible Notes, from counterparties affiliated with the initial purchasers of the Convertible Notes. Separately we sold warrants to the counterparties to the call options whereby they may purchase, as adjusted and reduced as described in Item 2 above, approximately 7.2 million shares of our common stock at an adjusted price of $25.01 per share. Additional adjustments to the strike price, exercise price, and number of shares underlying the options and warrants may be made pursuant to customary anti-dilution provisions, including for quarterly cash dividends. As a result of our purchasing the call options and issuing the warrants, the Convertible Notes will not have a dilutive impact on shares outstanding if the share price of our common stock is below the warrant exercise price. For every $1 increase in the share price of our common stock above $25.01, we will be required to deliver, upon the exercise of the warrants, shares of our common stock valued at $7.2 million (at the relevant share price).

Further, pursuant to a June 2014 agreement with one of the note hedge counterparties associated with the Convertible Notes, in the third quarter of 2014, we will cash settle 2.4 million warrants. Accordingly, the fair value of the warrants was reclassified from stockholders equity to a derivative liability on the modification date. Any change in fair value of this derivative liability prior to settlement will be included in other gains and losses, net in our condensed consolidated statement of operations. For every $1 increase (decrease) from the closing share price of our common stock on June 30, 2014 of $48.15 through the settlement date, we will record expense (income) of approximately $2.4 million in our condensed consolidated statement of operations for the three months and nine months ended September 30, 2014.

Risk Related to Changes in Asset Values that Fund our Pension Plans

The expected rates of return on the assets that fund our defined benefit pension plan are based on the asset allocation of the plan and the long-term projected return on those assets, which represent a diversified mix of equity securities, fixed income securities and cash. At June 30, 2014, the value of the investments in the pension fund was $78.3 million, and an immediate 10% decrease in the value of the investments in the fund would have reduced the value of the fund by approximately $7.8 million.

ITEM 4. CONTROLS AND PROCEDURES.

The Company maintains disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Exchange Act, that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

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There has been no change in our internal control over financial reporting that occurred during the period covered by this report that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The Company is a party to certain litigation, as described in Note 11 to our condensed consolidated financial statements included herein and which is incorporated herein by reference.

ITEM 1A. RISK FACTORS.

There have been no material changes in our Risk Factors as previously set forth in the Company s Annual Report on Form 10-K for the year ended December 31, 2013.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Inapplicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Inapplicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Inapplicable.

ITEM 5. OTHER INFORMATION.

Inapplicable.

ITEM 6. EXHIBITS.

See Index to Exhibits following the Signatures page.

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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.

RYMAN HOSPITALITY PROPERTIES, INC.

Date: August 8, 2014

By: /s/ Colin V. Reed
Colin V. Reed
Chairman of the Board of Directors, Chief Executive Officer and President
(Principal Executive Officer)

By: /s/ Mark Fioravanti
Mark Fioravanti
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Jennifer Hutcheson
Jennifer Hutcheson
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

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INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
3.1	Amended and Restated Certificate of Incorporation of Ryman Hospitality Properties, Inc. (incorporated by reference to Exhibit 3.1 to the Company s Current Report on Form 8-K filed October 1, 2012).
3.2	Amended and Restated Bylaws of Ryman Hospitality Properties, Inc. (incorporated by reference to Exhibit 3.2 to the Company s Current Report on Form 8-K filed October 1, 2012).
10.1	Amendment No. 1 and Joinder Agreement dated as of June 18, 2014, among Ryman Hospitality Properties, Inc., as a guarantor, RHP Hotel Properties, LP, as borrower, certain other subsidiaries of Ryman Hospitality Properties, Inc. party thereto, as guarantors, certain subsidiaries of Ryman Hospitality Properties, Inc. party thereto, as pledgors, the lenders party thereto and Wells Fargo Bank National Association, as administrative agent (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on June 19, 2014).
31.1*	Certification of Colin V. Reed pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
31.2*	Certification of Mark Fioravanti pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
32.1**	Certification of Colin V. Reed and Mark Fioravanti pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
101*	The following materials from Ryman Hospitality Properties, Inc. s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets (unaudited) at June 30, 2014 and December 31, 2013, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income (unaudited) for the three months and six months ended June 30, 2014 and 2013, (iii) Condensed Consolidated Statements of Cash Flows (unaudited) for the six months ended June 30, 2014 and 2013, and (iv) Notes to Condensed Consolidated Financial Statements (unaudited).
*	Filed herewith.
**	Furnished herewith.