

Kahn Charles Newman III
 Form 5
 February 14, 2006

FORM 5

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).
 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL 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

1. Name and Address of Reporting Person *
Kahn Charles Newman III

2. Issuer Name and Ticker or Trading Symbol
ZIX CORP [ZIXI]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
12/31/2005

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

4545 N. GLEBE ROAD

(Street)

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

6. Individual or Joint/Group Reporting

(check applicable line)

ARLINGTON, VA 22207

Form Filed by One Reporting Person
 Form Filed by More than One Reporting Person

(City) (State) (Zip)

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 at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D) Price			
Common Stock	11/21/2005	11/21/2005	P	1,338 (1) A 2.99 (2)	\$ 3,346	D	∧

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

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

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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)	Amount or Number of Shares									
Warrant	\$ 3.04	11/21/2005	11/21/2005	P	441 <u>(3)</u>	<table border="0"> <tr> <td align="center">(A)</td> <td align="center">(D)</td> <td>Date Exercisable</td> <td>Expiration Date</td> <td>Title</td> </tr> <tr> <td align="center">Â</td> <td></td> <td>02/09/2006</td> <td>08/09/2010</td> <td>Common Stock</td> </tr> </table>	(A)	(D)	Date Exercisable	Expiration Date	Title	Â		02/09/2006	08/09/2010	Common Stock	441
(A)	(D)	Date Exercisable	Expiration Date	Title													
Â		02/09/2006	08/09/2010	Common Stock													

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Kahn Charles Newman III 4545 N. GLEBE ROAD ARLINGTON, VA 22207	Â X	Â	Â	Â

Signatures

/s/ Charles N.
Kahn III

02/14/2006

 Date

**Signature of Reporting Person

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).
- Pursuant to a Securities Purchase Agreement, dated August 9, 2005 (the "Securities Purchase Agreement"), Mr. Kahn III agreed to purchase a total of 3,346 Units, each Unit consisting of (a) one share of common stock of the issuer and (b) an associated warrant to purchase 0.33 of one share of common stock of the issuer. The company issued 2,008 shares of common stock to Mr. Kahn III at the closing of the Securities Purchase Agreement together with associated warrants to purchase up to 663 shares of common stock as reflected in a previous Form 4 filed by Mr. Kahn III on August 11, 2005 (the "Previous Form 4"). As reflected in the Previous Form 4, the remaining Units, including 1,338 shares of common stock, as reflected on Table I, and associated warrants to acquire 441 shares, as reflected in Table II, were to be sold and issued to Mr. Kahn III following approval of such issuance by the shareholders of the issuer on November 21, 2005.
- (1) As reflected in the Previous Form 4 filed by Mr. Kahn III, the shares of common stock reflected on Table I were purchased by Mr. Kahn III as part of a Unit at a purchase price of \$2.99 per Unit (with each Unit consisting of one share of common stock and a warrant to purchase 0.33 of one share of common stock).
 - (2) See footnote 1.
 - (3) As reflected in the Previous Form 4 filed by Mr. Kahn III, the warrants reflected on Table II were purchased by Mr. Kahn III as part of a Unit with a purchase price of \$2.99 per Unit (with each Unit consisting of one share of common stock and a warrant to purchase 0.33 of one share of common stock). The per Unit price is also reflected on Table I above.
 - (4)
 - (5)

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Mr. Kahn III holds 1,104 derivative securities (warrants to acquire common stock) issued in connection with the Securities Purchase Agreement. Mr. Kahn III holds other derivative securities to acquire common stock as previously reported in Table II of the Previous Form 4.

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.