

ACXIOM CORP

FORM 8-K (Current report filing)

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Address 601 E. 3RD STREET
LITTLE ROCK, AR 72201
Telephone 5012521000
CIK 0000733269
Symbol ACXM
SIC Code 7374 - Computer Processing and Data Preparation and Processing Services
Industry Computer Services
Sector Technology
Fiscal Year 03/31



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): **October 25, 2012**

ACXIOM CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE
(State or Other Jurisdiction of Incorporation)

0-13163
(Commission File Number)

71-0581897
(IRS Employer Identification No.)

601 E. Third St., Little Rock, Arkansas
(Address of Principal Executive Offices)

72201
(Zip Code)

501-342-1000
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On October 25, 2012, Acxiom Corporation (the “Company”) issued a press release announcing the results of its financial performance for the second quarter of fiscal year 2013. The Company will hold a conference call at 4:00 p.m. CDT today to discuss this information further. Interested parties are invited to listen to the call, which will be broadcast via the Internet at www.acxiom.com. The press release is furnished herewith as Exhibit 99.1 and incorporated by reference herein.

The Company’s press release and other communications from time to time include certain non-GAAP financial measures. A “non-GAAP financial measure” is defined as a numerical measure of a company’s financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the Company’s financial statements.

The attached press release includes non-GAAP measures of income from operations and diluted earnings per share attributable to Acxiom shareholders. The non-GAAP measures exclude the impact of gains, losses and other items. The Company’s management believes that these non-GAAP measures are meaningful since they show the Company’s financial performance without regard to certain items that are unusual in nature and the non-GAAP measures are helpful in understanding the Company’s earnings. The non-GAAP measures are reconciled to the corresponding GAAP measures of income from operations and diluted earnings per share attributable to Acxiom shareholders in a schedule to the press release.

The attached press release also includes a non-GAAP measure of free cash flow available to equity. Free cash flow available to equity is defined as operating cash flow less cash used by investing activities (excluding the impact of cash paid in acquisitions), less required payments of debt. The Company’s management believes that this measure of free cash flow available to equity is meaningful since it represents the amount of money available for the Company’s discretionary spending after funding all required obligations including scheduled debt payments, and it therefore provides a useful measure of liquidity for assessing the amount of cash available for general corporate and strategic purposes. Free cash flow available to equity is reconciled to operating cash flow, the nearest comparable GAAP measure, in a schedule to the press release.

The non-GAAP financial measures used by the Company may not be comparable to similarly titled measures used by other companies and should not be considered in isolation or as substitutes for measures of financial performance or liquidity prepared in accordance with GAAP.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

The following exhibits are furnished herewith:

Exhibit Number	Description
99.1	Press Release of the Company dated October 25, 2012

SIGNATURE

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

Dated: October 25, 2012

ACXIOM CORPORATION

By: /s/ Jerry C. Jones

Name: Jerry C. Jones

Title: Chief Legal Officer & Sr. Vice President

EXHIBIT INDEX

**Exhibit
Number**

Description

99.1 Press Release of the Company dated October 25, 2012





For more information, contact:

Katharine Boyce
Acxiom Investor Relations
501-342-1321

investor.relations@acxiom.com

EACXM

ACXIOM ANNOUNCES SECOND QUARTER RESULTS

Earnings per share up 40 percent; 11 percent excluding unusual items; Two Acxiom clients named Marketer of the Year by the Direct Marketing Association

LITTLE ROCK, Ark. – October 25, 2012 — Acxiom® Corporation (Nasdaq: ACXM), a recognized leader in marketing services and technology, today announced financial results for its second quarter ended September 30, 2012.

Revenue from continuing operations was \$277 million, down 3 percent compared to \$286 million for the second quarter last year. Income from continuing operations increased 12 percent to \$30 million in the current quarter, compared to \$27 million in the prior year. Marketing and data services segment revenue was roughly flat at \$194 million, compared to \$196 million; U.S. marketing and data services revenue was up 2 percent to \$166 million, compared to \$162 million. IT infrastructure management segment revenue decreased 5 percent to \$70 million in the current quarter compared to \$74 million. Earnings per diluted share attributable to Acxiom stockholders were up 40 percent in the current quarter to \$0.21, compared to diluted earnings per share of \$0.15. Diluted earnings per share increased 11 percent as compared to \$0.19 in the prior year, excluding unusual items.

Operating cash flow was \$176 million for the trailing twelve months, compared to \$197 million for the comparable period a year ago. Free cash flow to equity increased 68 percent to \$159 million for the trailing twelve months, compared to \$95 million for the comparable period. Free cash flow to equity for the trailing twelve months included \$73 million in proceeds from the sale of the company's background screening business. Free cash flow available to equity is a non-GAAP financial measure. A reconciliation to the comparable GAAP measure, operating cash flow, is attached.

“We are encouraged by several aspects of our first half performance and direction,” said Acxiom CEO Scott Howe. “A leading indicator of our future success is the performance of our customers. We are pleased that two of our clients, United Airlines and Macy's, were both recently named Marketer of the Year by the Direct Marketing Association. While we have much to do, particularly as it relates to our top-line growth, we are building success stories and are excited about what's ahead for our company.”

Second Quarter Highlights:

- **Operating margin increased approximately 1.5 percentage points to 10.9 percent, as a result of improvements in the company's IT infrastructure management segment and international operations.** Excluding unusual items operating margin improved by approximately 60 basis points.

- **Acxiom repurchased 800,000 shares for \$14 million during the quarter** . Since August 2011, the company has repurchased 9 million shares, or approximately 11 percent of the outstanding common stock, for \$115 million. The company has remaining capacity of approximately \$35 million out of the total stock repurchase authorization of \$150 million.
- **In the quarter, Acxiom clients United Airlines and Macy’s were both named “Marketer of the Year” by the Direct Marketing Association. United also received the top “ Innovation Award .”** These awards were given for outstanding achievement in multichannel direct marketing and represent the DMA’s highest honors. United partnered with Acxiom for its MileagePlus program, which delivered personalized and relevant communications to its members. Acxiom worked with Macy’s to create a more complete view of each customer to enable insight-driven communications coordinated across offline and digital channels.
- **Acxiom’s Board of Directors voted to expand its membership from nine to 10 directors and appointed Richard P. Fox, a business consultant and financial expert, to the board.** Fox has a strong background in public company financial and accounting matters complemented by his work with digital marketing companies.
- **Acxiom Chief Marketing Officer Tim Suther was selected by the ranking committee of ExecRank as a Top CMO for 2012.** The rankings are the result of two years of research and feedback from evaluation committees and top CMOs. ExecRank evaluated over 15,000 CMOs this year to identify the top 500.

Segment Results:

- **Marketing and Data Services:** Revenue for the second quarter was \$194 million, roughly flat as compared to \$196 million for the same period a year ago. U.S. revenue of \$166 million was up 2 percent but was offset by declines internationally. Income from operations for the second quarter was \$23 million, compared to \$27 million in the prior period. Operating margin was 12 percent, compared to 14 percent in the previous year.
- **IT Infrastructure Management:** Revenue for the second quarter decreased 5 percent to \$70 million, compared to \$74 million for the same period a year ago. Income from operations for the quarter was \$9 million, compared to \$5 million in the prior period. Operating margin was approximately 12 percent, compared to 7 percent a year ago.
- **Other Services:** Revenue was \$13 million as compared to \$17 million in the prior year. Loss from operations was approximately \$2 million, compared to \$3 million in the prior-year period.

Financial Guidance

The following projections are forward looking and are subject to certain risks and uncertainties that could cause actual results to differ materially as detailed in the Forward Looking Statements section of this press release. Acxiom’s estimates for fiscal 2013 are as follows:

- We continue to expect revenue to be flat to slightly down versus the prior year.
- We now expect earnings per diluted share to be roughly \$0.70 as compared to our previous guidance of \$0.60 to \$0.65.

Conference Call

Acxiom will hold a conference call at 4:00 p.m. CDT today to further discuss this information. Interested parties are invited to listen to the call, which will be broadcast via the Internet at www.acxiom.com. A slide presentation will be referenced during the call and can be accessed [here](#).

Web Link to Financials

You may link to http://www.acxiom.com/FY13_Q2_Financials for the detailed financial information we typically attach to our earnings releases.

About Acxiom

Acxiom is a recognized leader in marketing services and technology that enable marketers to successfully manage audiences, personalize consumer experiences and create profitable customer relationships. Our superior industry-focused, consultative approach combines consumer data and analytics, databases, data integration and consulting solutions for personalized, multichannel marketing strategies. Acxiom leverages over 40 years of experience in data management to deliver high-performance, highly secure, reliable information management services. Founded in 1969, Acxiom is headquartered in Little Rock, Arkansas, USA, and serves clients around the world from locations in the United States, Europe, Asia-Pacific, and South America. For more information about Acxiom, visit Acxiom.com.

Forward Looking Statements

This release and today's conference call may contain forward-looking statements including, without limitation, statements regarding expected levels of revenue from continuing operations and earnings per share as well as statements regarding building momentum and future opportunities for growth. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially. The following are factors, among others, that could cause actual results to differ materially from these forward-looking statements: the possibility that certain contracts may not generate the anticipated revenue or profitability or may not be closed within the anticipated time frames; the possibility that significant customers may experience extreme, severe economic difficulty or otherwise reduce the amount of business they do with us; the possibility that we will not successfully complete customer contract requirements on time or meet the service levels specified in the contracts, which may result in contract penalties or lost revenue; the possibility that data suppliers might withdraw data from us, leading to our inability to provide certain products and services to our clients, which could lead to decreases in our operating results; the possibility that we may not be able to attract, retain or motivate qualified technical, sales and leadership associates, or that we may lose key associates; the possibility that we may not be able to adequately adapt to rapidly changing computing environments, technologies and marketing practices; the possibility that we will not be able to continue to receive credit upon satisfactory terms and conditions; the possibility that negative changes in economic conditions in general or other conditions

might lead to a reduction in demand for our products and services; the possibility that there will be changes in consumer or business information industries and markets that negatively impact the company; the possibility that the historical seasonality of our business may change; the possibility that we will not be able to achieve cost reductions and avoid unanticipated costs; the possibility that the fair value of certain of our assets may not be equal to the carrying value of those assets now or in future time periods; the possibility that changes in accounting pronouncements may occur and may impact these forward-looking statements; the possibility that we may encounter difficulties when entering new markets or industries; the possibility that we could experience loss of data center capacity or interruption of telecommunication links; the possibility that new laws may be enacted which limit our ability to provide services to our clients and/or which limit the use of data; and other risks and uncertainties, including those detailed from time to time in our periodic reports filed with the Securities and Exchange Commission, including our current reports on Form 8-K, quarterly reports on Form 10-Q and annual reports on Form 10-K, particularly the discussion under the caption “Item 1A, RISK FACTORS” in our Annual Report on Form 10-K for the year ended March 31, 2012, which was filed with the Securities and Exchange Commission on May 25, 2012.

With respect to the provision of products or services outside our primary base of operations in the United States, all of the above factors apply, along with the difficulty of doing business in numerous sovereign jurisdictions due to differences in scale, competition, culture, laws and regulations.

We undertake no obligation to update the information contained in this press release or any other forward-looking statement.

Acxiom is a registered trademark of Acxiom Corporation.

ACXIOM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Dollars in thousands, except earnings per share)

	For the Three Months Ended September 30,			
	2012	2011	\$ Variance	% Variance
Revenue:				
Marketing and data services	194,409	195,857	(1,448)	(0.7%)
IT Infrastructure management services	70,061	73,712	(3,651)	(5.0%)
Other services	12,997	16,863	(3,866)	(22.9%)
Total revenue	<u>277,467</u>	<u>286,432</u>	(8,965)	(3.1%)
Operating costs and expenses:				
Cost of revenue	209,886	217,487	7,601	3.5%
Selling, general and administrative	37,341	39,429	2,088	5.3%
Gains, losses and other items, net	32	2,465	2,433	98.7%
Total operating costs and expenses	<u>247,259</u>	<u>259,381</u>	12,122	4.7%
Income from operations	<u>30,208</u>	<u>27,051</u>	3,157	11.7%
% Margin	10.9%	9.4%		
Other expense:				
Interest expense	(3,317)	(4,719)	1,402	29.7%
Other, net	(54)	(965)	911	94.4%
Total other expense	<u>(3,371)</u>	<u>(5,684)</u>	2,313	40.7%
Earnings from continuing operations before income taxes	26,837	21,367	5,470	25.6%
Income taxes	<u>10,465</u>	<u>9,528</u>	(937)	(9.8%)
Net earnings from continuing operations	16,372	11,839	4,533	38.3%
Earnings from discontinued operations, net of tax	<u>-</u>	<u>1,138</u>	(1,138)	(100.0%)
Net earnings	16,372	12,977	3,395	26.2%
Less: Net gain (loss) attributable to noncontrolling interest	<u>(139)</u>	<u>685</u>	(824)	(120.3%)
Net earnings attributable to Acxiom	<u>16,511</u>	<u>12,292</u>	4,219	34.3%
Basic earnings per share:				
Net earnings from continuing operations	0.22	0.15	0.07	46.7%
Earnings from discontinued operations	0.00	0.01	(0.01)	(100.0%)
Net earnings	<u>0.22</u>	<u>0.16</u>	0.06	37.5%
Net earnings attributable to Acxiom stockholders	<u>0.22</u>	<u>0.15</u>	0.07	46.7%
Diluted earnings per share:				
Net earnings from continuing operations	0.21	0.15	0.06	40.0%
Earnings from discontinued operations	0.00	0.01	(0.01)	(100.0%)
Net earnings	<u>0.21</u>	<u>0.16</u>	0.05	31.3%
Net earnings attributable to Acxiom stockholders	<u>0.21</u>	<u>0.15</u>	0.06	40.0%

ACXIOM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Dollars in thousands, except earnings per share)

	For the Six Months Ended September 30,			
	2012	2011	\$ Variance	% Variance
Revenue:				
Marketing and data services	380,148	380,853	(705)	(0.2%)
IT Infrastructure management services	140,351	146,762	(6,411)	(4.4%)
Other services	28,627	34,861	(6,234)	(17.9%)
Total revenue	<u>549,126</u>	<u>562,476</u>	(13,350)	(2.4%)
Operating costs and expenses:				
Cost of revenue	419,212	435,776	16,564	3.8%
Selling, general and administrative	74,090	76,236	2,146	2.8%
Gains, losses and other items, net	192	2,709	2,517	92.9%
Total operating costs and expenses	<u>493,494</u>	<u>514,721</u>	21,227	4.1%
Income from operations	<u>55,632</u>	<u>47,755</u>	7,877	16.5%
% Margin	10.1%	8.5%		
Other expense:				
Interest expense	(6,557)	(10,174)	3,617	35.6%
Other, net	(601)	(1,052)	451	42.9%
Total other expense	<u>(7,158)</u>	<u>(11,226)</u>	4,068	36.2%
Earnings from continuing operations before income taxes	48,474	36,529	11,945	32.7%
Income taxes	<u>18,903</u>	<u>15,591</u>	(3,312)	(21.2%)
Net earnings from continuing operations	29,571	20,938	8,633	41.2%
Earnings from discontinued operations, net of tax	<u>-</u>	<u>2,054</u>	(2,054)	(100.0%)
Net earnings	29,571	22,992	6,579	28.6%
Less: Net loss attributable to noncontrolling interest	<u>(273)</u>	<u>(275)</u>	2	0.7%
Net earnings attributable to Acxiom	<u><u>29,844</u></u>	<u><u>23,267</u></u>	6,577	28.3%
Basic earnings per share:				
Net earnings from continuing operations	0.39	0.26	0.13	50.0%
Earnings from discontinued operations	0.00	0.03	(0.03)	(100.0%)
Net earnings	<u>0.39</u>	<u>0.28</u>	0.11	39.3%
Net earnings attributable to Acxiom stockholders	<u><u>0.39</u></u>	<u><u>0.29</u></u>	0.10	34.5%
Diluted earnings per share:				
Net earnings from continuing operations	0.38	0.26	0.12	46.2%
Earnings from discontinued operations	0.00	0.03	(0.03)	(100.0%)
Net earnings	<u>0.38</u>	<u>0.28</u>	0.10	35.7%
Net earnings attributable to Acxiom stockholders	<u><u>0.38</u></u>	<u><u>0.28</u></u>	0.10	35.7%

ACXIAM CORPORATION AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP EPS
(Unaudited)

(Dollars in thousands, except earnings per share)

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2012	2011	2012	2011
Earnings from continuing operations before income taxes	26,837	21,367	48,474	36,529
Income taxes	<u>10,465</u>	<u>9,528</u>	<u>18,903</u>	<u>15,591</u>
Net earnings from continuing operations	16,372	11,839	29,571	20,938
Earnings from discontinued operations, net of tax	<u>-</u>	<u>1,138</u>	<u>-</u>	<u>2,054</u>
Net earnings	16,372	12,977	29,571	22,992
Less: Net gain (loss) attributable to noncontrolling interest	<u>(139)</u>	<u>685</u>	<u>(273)</u>	<u>(275)</u>
Net earnings attributable to Acxiom	<u><u>16,511</u></u>	<u><u>12,292</u></u>	<u><u>29,844</u></u>	<u><u>23,267</u></u>
Earnings per share attributable to Acxiom stockholders:				
Basic	<u><u>0.22</u></u>	<u><u>0.15</u></u>	<u><u>0.39</u></u>	<u><u>0.29</u></u>
Diluted	<u><u>0.21</u></u>	<u><u>0.15</u></u>	<u><u>0.38</u></u>	<u><u>0.29</u></u>
Unusual items:				
MENA disposal	-	2,512	-	2,512
Disposal of Netherlands and Portugal operations	-	(47)	-	(75)
Restructuring charges and other adjustments	<u>32</u>	<u>-</u>	<u>192</u>	<u>272</u>
Total unusual items, continuing operations	<u><u>32</u></u>	<u><u>2,465</u></u>	<u><u>192</u></u>	<u><u>2,709</u></u>
Earnings from continuing operations before income taxes and excluding unusual items	26,869	23,832	48,666	39,238
Income taxes	<u>10,477</u>	<u>9,531</u>	<u>18,978</u>	<u>15,692</u>
Non-GAAP earnings from continuing operations	16,392	14,301	29,688	23,546
Earnings from discontinued operations, net of tax	<u>-</u>	<u>1,138</u>	<u>-</u>	<u>2,054</u>
Non-GAAP net earnings	16,392	15,439	29,688	25,600
Less: Net loss attributable to noncontrolling interest	<u>(139)</u>	<u>(179)</u>	<u>(273)</u>	<u>(1,139)</u>
Non-GAAP Net earnings attributable to Acxiom	<u><u>16,531</u></u>	<u><u>15,618</u></u>	<u><u>29,961</u></u>	<u><u>26,739</u></u>
Non-GAAP earnings per share attributable to Acxiom stockholders:				
Basic	<u><u>0.21</u></u>	<u><u>0.19</u></u>	<u><u>0.40</u></u>	<u><u>0.33</u></u>
Diluted	<u><u>0.21</u></u>	<u><u>0.19</u></u>	<u><u>0.39</u></u>	<u><u>0.33</u></u>
Diluted weighted average shares	<u><u>77,025</u></u>	<u><u>81,597</u></u>	<u><u>77,541</u></u>	<u><u>81,805</u></u>

ACXIOM CORPORATION AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP INCOME FROM OPERATIONS
(Unaudited)
(Dollars in thousands, except earnings per share)

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2012	2011	2012	2011
Income from operations	30,208	27,051	55,632	47,755
Unusual items	<u>32</u>	<u>2,465</u>	<u>192</u>	<u>2,709</u>
Income from operations before unusual items	<u><u>30,240</u></u>	<u><u>29,516</u></u>	<u><u>55,824</u></u>	<u><u>50,464</u></u>

ACXIOM CORPORATION AND SUBSIDIARIES
CALCULATION OF EARNINGS PER SHARE
(Unaudited)
(In thousands, except earnings per share)

	For the Three Months Ended	
	September 30, 2012	September 30, 2011
Basic earnings per share from continuing operations:		
Numerator - net earnings	16,372	11,839
Denominator - weighted-average shares outstanding	75,009	80,985
Basic earnings per share	0.22	0.15
Basic earnings per share - net earnings attributable to Acxiom stockholders:		
Numerator - net earnings attributable to Acxiom	16,511	12,292
Denominator - weighted-average shares outstanding	75,009	80,985
Basic earnings per share - net earnings attributable to Acxiom stockholders	0.22	0.15
Diluted earnings per share from continuing operations:		
Numerator - net earnings	16,372	11,839
Denominator - weighted-average shares outstanding	75,009	80,985
Dilutive effect of common stock options, warrants and restricted stock	2,016	612
	77,025	81,597
Diluted earnings per share from continuing operations	0.21	0.15
Diluted earnings per share - net earnings attributable to Acxiom stockholders:		
Numerator - net earnings attributable to Acxiom	16,511	12,292
Denominator - weighted-average shares outstanding	75,009	80,985
Dilutive effect of common stock options, warrants, and restricted stock	2,016	612
	77,025	81,597
Diluted earnings per share - net earnings attributable to Acxiom stockholders	0.21	0.15

ACXIOM CORPORATION AND SUBSIDIARIES
CALCULATION OF EARNINGS PER SHARE
(Unaudited)
(In thousands, except earnings per share)

	For the Six Months Ended	
	September 30, 2012	September 30, 2011
Basic earnings per share from continuing operations:		
Numerator - net earnings	29,571	20,938
Denominator - weighted-average shares outstanding	75,741	80,963
Basic earnings per share	0.39	0.26
Basic earnings per share - net earnings attributable to Acxiom stockholders:		
Numerator - net earnings attributable to Acxiom	29,844	23,267
Denominator - weighted-average shares outstanding	75,741	80,963
Basic earnings per share - net earnings attributable to Acxiom stockholders	0.39	0.29
Diluted earnings per share from continuing operations:		
Numerator - net earnings	29,571	20,938
Denominator - weighted-average shares outstanding	75,741	80,963
Dilutive effect of common stock options, warrants and restricted stock	1,800	842
	77,541	81,805
Diluted earnings per share from continuing operations	0.38	0.26
Diluted earnings per share - net earnings attributable to Acxiom stockholders:		
Numerator - net earnings attributable to Acxiom	29,844	23,267
Denominator - weighted-average shares outstanding	75,741	80,963
Dilutive effect of common stock options, warrants, and restricted stock	1,800	842
	77,541	81,805
Diluted earnings per share - net earnings attributable to Acxiom stockholders	0.38	0.28

ACXIOM CORPORATION AND SUBSIDIARIES
RESULTS BY SEGMENT
(Unaudited)
(Dollars in thousands)

	For the Three Months Ended	
	September 30, 2012	September 30, 2011
Revenue:		
Marketing and data services	194,409	195,857
IT Infrastructure management services	70,061	73,712
Other services	12,997	16,863
Total revenue	277,467	286,432
Income from continuing operations:		
Marketing and data services	23,331	27,078
IT Infrastructure management services	8,520	5,091
Other services	(1,611)	(2,653)
Corporate	(32)	(2,465)
Total income from continuing operations	30,208	27,051
Margin:		
Marketing and data services	12.0%	13.8%
IT Infrastructure management services	12.2%	6.9%
Other services	-12.4%	-15.7%
Total margin	10.9%	9.4%

ACXIOM CORPORATION AND SUBSIDIARIES
RESULTS BY SEGMENT
(Unaudited)
(Dollars in thousands)

	For the Six Months Ended	
	September 30, 2012	September 30, 2011
Revenue:		
Marketing and data services	380,148	380,853
IT Infrastructure management services	140,351	146,762
Other services	28,627	34,861
Total revenue	549,126	562,476
Income from continuing operations:		
Marketing and data services	41,306	44,338
IT Infrastructure management services	17,351	9,338
Other services	(2,833)	(3,212)
Corporate	(192)	(2,709)
Total income from continuing operations	55,632	47,755
Margin:		
Marketing and data services	10.9%	11.6%
IT Infrastructure management services	12.4%	6.4%
Other services	-9.9%	-9.2%
Total margin	10.1%	8.5%

ACXIOM CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Dollars in thousands)

	September 30, 2012	March 31, 2012	\$ Variance	% Variance
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	188,404	229,648	(41,244)	(18.0%)
Trade accounts receivable, net	166,675	169,446	(2,771)	(1.6%)
Deferred income taxes	14,837	15,107	(270)	(1.8%)
Other current assets	<u>58,990</u>	<u>57,804</u>	1,186	2.1%
Total current assets	428,906	472,005	(43,099)	(9.1%)
Property and equipment	805,620	913,073	(107,453)	(11.8%)
Less - accumulated depreciation and amortization	<u>569,340</u>	<u>659,700</u>	(90,360)	(13.7%)
Property and equipment, net	<u>236,280</u>	<u>253,373</u>	(17,093)	(6.7%)
Software, net of accumulated amortization	16,280	13,211	3,069	23.2%
Goodwill	382,272	382,285	(13)	(0.0%)
Purchased software licenses, net of accumulated amortization	23,791	25,294	(1,503)	(5.9%)
Deferred costs, net	52,286	61,977	(9,691)	(15.6%)
Data acquisition costs	11,985	15,009	(3,024)	(20.1%)
Other assets, net	<u>2,933</u>	<u>3,697</u>	(764)	(20.7%)
	<u>1,154,733</u>	<u>1,226,851</u>	(72,118)	(5.9%)
<u>Liabilities and Stockholders' Equity</u>				
Current liabilities:				
Current installments of long-term debt	22,492	26,336	(3,844)	(14.6%)
Trade accounts payable	17,781	31,030	(13,249)	(42.7%)
Accrued payroll and related expenses	39,382	54,839	(15,457)	(28.2%)
Other accrued expenses	81,073	77,062	4,011	5.2%
Deferred revenue	47,432	59,949	(12,517)	(20.9%)
Income taxes	<u>2,499</u>	<u>16,400</u>	(13,901)	(84.8%)
Total current liabilities	<u>210,659</u>	<u>265,616</u>	(54,957)	(20.7%)
Long-term debt	244,347	251,886	(7,539)	(3.0%)
Deferred income taxes	89,578	93,039	(3,461)	(3.7%)
Other liabilities	4,354	4,455	(101)	(2.3%)
Stockholders' equity:				
Common stock	12,094	12,003	91	0.8%
Additional paid-in capital	872,389	860,165	12,224	1.4%
Retained earnings	566,203	536,359	29,844	5.6%
Accumulated other comprehensive income	13,652	13,601	51	0.4%
Treasury stock, at cost	<u>(858,378)</u>	<u>(810,381)</u>	(47,997)	(5.9%)
Total Acxiom stockholders' equity	605,960	611,747	(5,787)	(0.9%)
Noncontrolling interest	<u>(165)</u>	<u>108</u>	(273)	(252.8%)
Total equity	<u>605,795</u>	<u>611,855</u>	(6,060)	(1.0%)
	<u>1,154,733</u>	<u>1,226,851</u>	(72,118)	(5.9%)

ACXIOM CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in thousands)

For the Three Months Ended

September 30,

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Net earnings	16,372	12,977
Non-cash operating activities:		
Depreciation and amortization	29,236	34,959
Loss on disposal or impairment of assets	1	2,888
Deferred income taxes	(2,063)	1,098
Non-cash stock compensation expense	3,150	2,845
Changes in operating assets and liabilities:		
Accounts receivable	6,551	(6,054)
Other assets	(3,339)	3,925
Deferred costs	(627)	(445)
Accounts payable and other liabilities	(4,668)	9,750
Deferred revenue	(5,378)	(4,229)
Net cash provided by operating activities	<u>39,235</u>	<u>57,714</u>
Cash flows from investing activities:		
Disposition of operations	-	(1,043)
Capitalized software	(4,074)	(991)
Capital expenditures	(8,178)	(12,134)
Data acquisition costs	(1,396)	(1,774)
Net cash used by investing activities	<u>(13,648)</u>	<u>(15,942)</u>
Cash flows from financing activities:		
Payments of debt	(6,682)	(81,463)
Sale of common stock	3,974	2,779
Acquisition of treasury stock	(14,003)	(34,100)
Net cash used by financing activities	<u>(16,711)</u>	<u>(112,784)</u>
Effect of exchange rate changes on cash	<u>246</u>	<u>(919)</u>
Net change in cash and cash equivalents	9,122	(71,931)
Cash and cash equivalents at beginning of period	<u>179,282</u>	<u>191,094</u>
Cash and cash equivalents at end of period	<u><u>188,404</u></u>	<u><u>119,163</u></u>
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	3,277	5,742
Income taxes	19,971	4,289
Payments on capital leases and installment payment arrangements	4,384	4,184
Payments on software and data license liabilities	130	124
Other debt payments	2,168	2,155
Prepayment of debt	-	75,000
Noncash investing and financing activities:		
Acquisition of property and equipment under capital lease and installment payment arrangements	-	944

ACXION CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in thousands)

	For the Six Months Ended	
	September 30,	
	2012	2011
Cash flows from operating activities:		
Net earnings	29,571	22,992
Non-cash operating activities:		
Depreciation and amortization	60,231	70,254
Loss on disposal or impairment of assets	25	2,893
Deferred income taxes	(3,466)	1,135
Non-cash stock compensation expense	5,803	5,200
Changes in operating assets and liabilities:		
Accounts receivable	1,942	(9,676)
Other assets	(4,736)	(4,592)
Deferred costs	(1,274)	(831)
Accounts payable and other liabilities	(38,132)	6,071
Deferred revenue	(12,596)	(2,978)
Net cash provided by operating activities	37,368	90,468
Cash flows from investing activities:		
Disposition of operations		(1,043)
Capitalized software	(7,747)	(1,520)
Capital expenditures	(11,716)	(24,711)
Data acquisition costs	(3,698)	(4,550)
Net cash paid in acquisitions	-	(255)
Net cash used by investing activities	(23,161)	(32,079)
Cash flows from financing activities:		
Payments of debt	(13,538)	(113,775)
Sale of common stock	5,735	2,818
Acquisition of treasury stock	(47,100)	(34,100)
Contingent consideration paid for prior acquisitions	(287)	(326)
Net cash used by financing activities	(55,190)	(145,383)
Effect of exchange rate changes on cash	(261)	(866)
Net change in cash and cash equivalents	(41,244)	(87,860)
Cash and cash equivalents at beginning of period	229,648	207,023
Cash and cash equivalents at end of period	188,404	119,163
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	6,500	11,331
Income taxes	36,134	5,387
Payments on capital leases and installment payment arrangements	8,946	8,978
Payments on software and data license liabilities	259	491
Other debt payments	4,333	4,306
Prepayment of debt	-	100,000
Noncash investing and financing activities:		
Acquisition of property and equipment under capital lease and installment payment arrangements	2,157	4,691

ACXIOM CORPORATION AND SUBSIDIARIES
CALCULATION OF FREE CASH FLOW AVAILABLE TO EQUITY
AND RECONCILIATION TO OPERATING CASH FLOW
(Unaudited)
(Dollars in thousands)

	<u>06/30/11</u>	<u>09/30/11</u>	<u>12/31/11</u>	<u>03/31/12</u>	<u>FY2012</u>	<u>06/30/12</u>	<u>09/30/12</u>	<u>YTD FY2013</u>	<u>TTM 9/30/11</u>	<u>TTM 9/30/12</u>
Net cash provided (used) by operating activities	32,754	57,714	82,540	56,443	229,451	(1,867)	39,235	37,368	196,733	176,351
Less:										
Disposition of operations	-	(1,043)	-	73,468	72,425	-	-	-	(1,043)	73,468
Capitalized software	(529)	(991)	(1,647)	(2,095)	(5,262)	(3,673)	(4,074)	(7,747)	(3,508)	(11,489)
Capital expenditures	(12,577)	(12,134)	(14,436)	(12,444)	(51,591)	(3,538)	(8,178)	(11,716)	(53,246)	(38,596)
Data acquisition costs	(2,776)	(1,774)	(3,999)	(3,763)	(12,312)	(2,302)	(1,396)	(3,698)	(10,965)	(11,460)
Payments on capital leases and installment payment arrangements	(4,794)	(4,184)	(4,709)	(4,644)	(18,331)	(4,562)	(4,384)	(8,946)	(19,956)	(18,299)
Payments on software and data license liabilities	(367)	(124)	(125)	(2,300)	(2,916)	(129)	(130)	(259)	(4,750)	(2,684)
Other required debt payments	<u>(2,151)</u>	<u>(2,155)</u>	<u>(2,159)</u>	<u>(2,164)</u>	<u>(8,629)</u>	<u>(2,165)</u>	<u>(2,168)</u>	<u>(4,333)</u>	<u>(8,603)</u>	<u>(8,656)</u>
Total	<u>9,560</u>	<u>35,309</u>	<u>55,465</u>	<u>102,501</u>	<u>202,835</u>	<u>(18,236)</u>	<u>18,905</u>	<u>669</u>	<u>94,662</u>	<u>158,635</u>

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Dollars in thousands, except earnings per share)

	<u>06/30/11</u>	<u>09/30/11</u>	<u>12/31/11</u>	<u>03/31/12</u>	<u>FY2012</u>	<u>06/30/12</u>	<u>09/30/12</u>	YTD <u>FY2013</u>	<u>Q2 FY13 to Q2 FY12</u>	
									<u>%</u>	<u>\$</u>
Revenue:										
Marketing and data services	184,996	195,857	187,461	203,400	771,714	185,739	194,409	380,148	-0.7%	(1,448)
IT Infrastructure management services	73,050	73,712	77,173	67,590	291,525	70,290	70,061	140,351	-5.0%	(3,651)
Other services	17,998	16,863	16,259	16,265	67,385	15,630	12,997	28,627	-22.9%	(3,866)
Total revenue	<u>276,044</u>	<u>286,432</u>	<u>280,893</u>	<u>287,255</u>	<u>1,130,624</u>	<u>271,659</u>	<u>277,467</u>	<u>549,126</u>	<u>-3.1%</u>	<u>(8,965)</u>
Operating costs and expenses:										
Cost of revenue	218,289	217,487	213,925	213,788	863,489	209,326	209,886	419,212	-3.5%	(7,601)
Selling, general and administrative	36,807	39,429	36,318	38,577	151,131	36,749	37,341	74,090	-5.3%	(2,088)
Impairment of goodwill and other intangibles	-	-	17,803	-	17,803	-	-	-		0
Gains, losses and other items, net	<u>244</u>	<u>2,465</u>	<u>(2,671)</u>	<u>12,600</u>	<u>12,638</u>	<u>160</u>	<u>32</u>	<u>192</u>	<u>-98.7%</u>	<u>(2,433)</u>
Total operating costs and expenses	255,340	259,381	265,375	264,965	1,045,061	246,235	247,259	493,494	4.7%	12,122
Income from operations	20,704	27,051	15,518	22,290	85,563	25,424	30,208	55,632	11.7%	3,157
% Margin	7.5 %	9.4 %	5.5 %	7.8 %	7.6 %	9.4 %	10.9 %	10.1 %		
Other expense										
Interest expense	(5,455)	(4,719)	(3,883)	(3,391)	(17,448)	(3,240)	(3,317)	(6,557)	29.7%	1,402
Other, net	<u>(87)</u>	<u>(965)</u>	<u>(98)</u>	<u>(219)</u>	<u>(1,369)</u>	<u>(547)</u>	<u>(54)</u>	<u>(601)</u>	<u>94.4%</u>	<u>911</u>
Total other expense	(5,542)	(5,684)	(3,981)	(3,610)	(18,817)	(3,787)	(3,371)	(7,158)	40.7%	2,313
Earnings from continuing operations before income taxes	15,162	21,367	11,537	18,680	66,746	21,637	26,837	48,474	25.6%	5,470
Income taxes	<u>6,063</u>	<u>9,528</u>	<u>9,700</u>	<u>3,838</u>	<u>29,129</u>	<u>8,438</u>	<u>10,465</u>	<u>18,903</u>	<u>-9.8%</u>	<u>(937)</u>
Net earnings from continuing operations	9,099	11,839	1,837	14,842	37,617	13,199	16,372	29,571	38.3%	4,533
Earnings from discontinued operations, net of tax	<u>916</u>	<u>1,138</u>	<u>814</u>	<u>31,031</u>	<u>33,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100.0%</u>	<u>(1,138)</u>
Net earnings	10,015	12,977	2,651	45,873	71,516	13,199	16,372	29,571	26.2%	3,395
Less: Net earnings (loss) attributable to noncontrolling interest	<u>(960)</u>	<u>685</u>	<u>(5,279)</u>	<u>(193)</u>	<u>(5,747)</u>	<u>(134)</u>	<u>(139)</u>	<u>(273)</u>	<u>120.3%</u>	<u>(824)</u>

Net earnings attributable to Acxiom	<u>10,975</u>	<u>12,292</u>	<u>7,930</u>	<u>46,066</u>	<u>77,263</u>	<u>13,333</u>	<u>16,511</u>	<u>29,844</u>	<u>34.3%</u>	<u>4,219</u>
Diluted earnings per share - net earnings attributable to Acxiom stockholders	<u>0.13</u>	<u>0.15</u>	<u>0.10</u>	<u>0.58</u>	<u>0.96</u>	<u>0.17</u>	<u>0.21</u>	<u>0.38</u>	<u>40.0%</u>	<u>0.06</u>

ACXIOM CORPORATION AND SUBSIDIARIES
RESULTS BY SEGMENT
(Unaudited)
(Dollars in thousands)

	<u>06/30/11</u>	<u>09/30/11</u>	<u>12/31/11</u>	<u>03/31/12</u>	<u>FY2012</u>	<u>06/30/12</u>	<u>09/30/12</u>	<u>YTD FY2013</u>	<u>Q2 FY13 to Q2 FY12</u>	
									<u>%</u>	<u>\$</u>
Revenue:										
Marketing and data services	184,996	195,857	187,461	203,400	771,714	185,739	194,409	380,148	-1%	(1,448)
IT Infrastructure management services	73,050	73,712	77,173	67,590	291,525	70,290	70,061	140,351	-5%	(3,651)
Other services	<u>17,998</u>	<u>16,863</u>	<u>16,259</u>	<u>16,265</u>	<u>67,385</u>	<u>15,630</u>	<u>12,997</u>	<u>28,627</u>	<u>-23%</u>	<u>(3,866)</u>
Total revenue	<u>276,044</u>	<u>286,432</u>	<u>280,893</u>	<u>287,255</u>	<u>1,130,624</u>	<u>271,659</u>	<u>277,467</u>	<u>549,126</u>	<u>-3%</u>	<u>(8,965)</u>
Income (loss) from operations:										
Marketing and data services	17,260	27,078	21,388	30,094	95,820	17,975	23,331	41,306	-14%	(3,747)
IT Infrastructure management services	4,247	5,091	9,795	5,855	24,988	8,831	8,520	17,351	67%	3,429
Other services	(559)	(2,653)	(533)	(1,059)	(4,804)	(1,222)	(1,611)	(2,833)	39%	1,042
Corporate	<u>(244)</u>	<u>(2,465)</u>	<u>(15,132)</u>	<u>(12,600)</u>	<u>(30,441)</u>	<u>(160)</u>	<u>(32)</u>	<u>(192)</u>	<u>99%</u>	<u>2,433</u>
Total income from operations	<u>20,704</u>	<u>27,051</u>	<u>15,518</u>	<u>22,290</u>	<u>85,563</u>	<u>25,424</u>	<u>30,208</u>	<u>55,632</u>	<u>12%</u>	<u>3,157</u>
Margin:										
Marketing and data services	9.3%	13.8%	11.4%	14.8%	12.4%	9.7%	12.0%	10.9%		
IT Infrastructure management services	5.8%	6.9%	12.7%	8.7%	8.6%	12.6%	12.2%	12.4%		
Other services	-3.1%	-15.7%	-3.3%	-6.5%	-7.1%	-7.8%	-12.4%	-9.9%		
Total	7.5%	9.4%	5.5%	7.8%	7.6%	9.4%	10.9%	10.1%		

