ACXIOM CORP
Form 10-K
May 25, 2012

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

FORM 10-K

(Mark One)
[X]ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2012

OR

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

For the transition period from __________ to __________

Commission file number 0-13163

ACXIOM CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE (State or Other Jurisdiction of Incorporation or Organization)	71-0581897 (I.R.S. Employer Identification No.)
P.O. Box 8180, 601 E. Third Street, Little Rock, Arkansas (Address of Principal Executive Offices)	72201 (Zip Code)

(501) 342-1000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.10 Par Value	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes [X] No [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes [ ] No [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer, "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [X]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ] No [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing sale price of the registrant's Common Stock, $.10 par value per share, as of the last business day of the registrant's most recently completed second fiscal quarter as reported on the NASDAQ Global Select Market was approximately $735,946,658. (For purposes of determination of the above stated amount only, all directors, executive officers and 10% or more shareholders of the registrant are presumed to be affiliates.)

The number of shares of Common Stock, $.10 par value per share, outstanding as of May 23, 2012, was 76,805,131.
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DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2012 Annual Meeting of Shareholders ("2012 Proxy Statement") of Acxiom Corporation ("Acxiom," the "Company," "we" or "us") are incorporated by reference into Part III of this Form 10-K.

PART I

AVAILABILITY OF SEC FILINGS AND CORPORATE GOVERNANCE INFORMATION

Our website address is www.acxiom.com, where copies of documents which we have filed with the Securities and Exchange Commission ("SEC") may be obtained free of charge as soon as reasonably practicable after being filed electronically. Included among those documents are our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act"). Copies may also be obtained through the SEC's EDGAR site, or by sending a written request for copies to Acxiom Investor Relations, 601 East Third Street, Little Rock, AR 72201. Copies of all of our SEC filings were available on our website during the past fiscal year covered by this Form 10-K. In addition, at the "Corporate Governance" section of our website, we have posted copies of our Corporate Governance Principles, the charters for the Audit/Finance, Compensation, Executive and Governance/Nominating Committees of the Board of Directors, the codes of ethics applicable to directors, financial personnel and all employees, and other information relating to the governance of the Company. Although referenced herein, information contained on or connected to our corporate website is not incorporated by reference into this annual report on Form 10-K and should not be considered part of this report or any other filing we make with the SEC.

CAUTIONARY STATEMENTS RELEVANT TO FORWARD-LOOKING INFORMATION

This Annual Report on Form 10-K, including, without limitation, the items set forth on pages F-3 – F-23 in Management's Discussion and Analysis of Financial Condition and Results of Operations, contains and may incorporate by reference certain statements that may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended (the "PSLRA"), and that are intended to enjoy the protection of the safe harbor for forward-looking statements provided by the PSLRA. These statements, which are not statements of historical fact, may contain estimates, assumptions, projections and/or expectations regarding the Company's financial position, results of operations, market position, product development, growth opportunities, economic conditions, and other similar forecasts and statements of expectation. Forward-looking statements are often identified by words or phrases such as "anticipate," "estimate," "plan," "expect," "believe," "intend," "foresee," and similar wo phrases. These forward-looking statements are not guarantees of future performance and are subject to a number of factors and uncertainties that could cause the Company's actual results and experiences to differ materially from the anticipated results and expectations expressed in the forward-looking statements.

Forward-looking statements may include but are not limited to the following:

- management's expectations about the macro economy;
- statements containing a projection of revenues, income (loss), earnings (loss) per share, capital expenditures, dividends, capital structure, or other financial items;
- statements of the plans and objectives of management for future operations, including, but not limited to, those statements contained under the heading "Acxiom's Growth Strategy" in Part I, Item 1 of this Annual Report on Form

10-K;

- statements of future economic performance, including, but not limited to, those statements contained in Managements' Discussion and Analysis of Financial Condition and Results of Operations contained in this Annual Report on Form 10-K;
- statements containing any assumptions underlying or relating to any of the above statements; and
- statements containing a projection or estimate.

Among the factors that may cause actual results and expectations to differ from anticipated results and expectations expressed in such forward-looking statements are the following:

- the risk factors described in Part I, "Item 1A. Risk Factors" and elsewhere in this report and those described from time to time in our future reports filed with the SEC;
- the possibility that in the event a change of control of the Company is sought that certain clients may attempt to invoke provisions in their contracts resulting in a decline in revenue and profit;
- the possibility that the integration of acquired businesses may not be as successful as planned;
- 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 sales cycles may lengthen;
- the possibility that we won't be able to properly motivate our sales force or other associates;
- the possibility that we may not be able to attract and retain qualified technical and leadership associates, or that we may lose key associates to other organizations;
- the possibility that we may be unable to quickly and seamlessly integrate our new executive officers;
- the possibility that we won't be able to continue to receive credit upon satisfactory terms and conditions;
- the possibility that competent, competitive products, technologies or services will be introduced into the marketplace by other companies;
- the possibility that there will be changes in consumer or business information industries and markets that negatively impact the Company;
- the possibility that we won't be able to protect proprietary information and technology or to obtain necessary licenses on commercially reasonable terms;
- the possibility that there will be changes in the legislative, accounting, regulatory and consumer environments affecting our business, including but not limited to litigation, legislation, regulations and customs relating to our ability to collect, manage, aggregate and use data;
- the possibility that data suppliers might withdraw data from us, leading to our inability to provide certain products and services;
- the possibility that we may enter into short-term contracts which would affect the predictability of our revenues;
- the possibility that the amount of ad hoc, volume-based and project work will not be as expected;
- the possibility that we may experience a loss of data center capacity or interruption of telecommunication links or power sources;
- the possibility that we may experience failures or breaches of our network and data security systems, leading to potential adverse publicity, negative customer reaction, or liability to third parties;

- the possibility that our clients may cancel or modify their agreements 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 we experience processing errors which result in credits to customers, re-performance of services or payment of damages to customers; and
- general and global negative economic conditions.

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.

Other factors are detailed from time to time in periodic reports and registration statements filed with the SEC. The Company believes that we have the product and technology offerings, facilities, associates and competitive and financial resources for continued business success, but future revenues, costs, margins and profits are all influenced by a number of factors, including those discussed above, all of which are inherently difficult to forecast.

In light of these risks, uncertainties and assumptions, the Company cautions readers not to place undue reliance on any forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information or otherwise.

Item 1. Business

At Acxiom, our vision is to be the most trusted partner for providing actionable customer insights, innovation and impact to global marketing leaders and their suppliers worldwide, so they can make better business decisions and achieve stronger results.

Founded in 1969 in Little Rock, Arkansas, we serve clients around the world from locations in the Asia-Pacific region, Europe, South America and the United States. Our client list includes many of the largest organizations in these regions across most major industry verticals, including but not limited to financial, insurance and investment services, automotive, retail, telecommunications, high tech, healthcare, travel, entertainment, non-profit and government.

We excel in relationships with organizations that view the activation, management, and application of data as an integral component of their business decision-making processes. We help these clients with and generate our revenue from the following categories of services, realigned consistently with the company’s long-term strategy: Marketing and Data Services, IT Infrastructure Management, and Other Services.

- Marketing and Data Services is our largest business segment. In this business, we refine data to help global marketing leaders make better business decisions and achieve stronger results. The range of capabilities we provide includes data sourcing; data activation via analytics, integration and enhancement; the building and managing of customer marketing databases; partner integration; and the application of insights to the range of business applications that our clients’ value. Our offering spans technology, applications and tools, and consulting and analytics.

- Our IT Infrastructure Management business provides mainframe, server hosting and cloud computing services. We have unique experience hosting complex, processing-intensive database environments and maintaining a highly secure IT environment.

- The Other Services segment includes e-mail fulfillment - the execution of email campaigns for our clients; our risk business - providing solutions that combine proprietary, public and third-party information, analytics and advanced technology to assist clients in evaluating, predicting and managing risk and improving operational effectiveness (predominantly in the US); and our UK fulfillment business - providing outsourced call-center operations.

Market Growth Drivers

Empowered consumers have virtually unlimited choices and information creating new opportunities for engagement and value. But today's technologically advanced communications can be disruptive to our clients' loyalty and profit margin performance. In response, we believe organizations need to develop and control insight about their customers. They need multidimensional insight – intelligence refined across all relevant data signals - and an enterprise data management platform to activate and evaluate the signals at scale.

Looking forward, these global issues and challenges provide Acxiom with multiple growth opportunities:

- Big Data Challenges – Organizations will likely continue to struggle with the management, activation and retrieval of data across customer engagement channels. Managing increasing data volume, velocity, veracity, and variety is affecting all parts of the business world.

- Analytical & Consumer Insight Needs – In addition to managing the data, we believe organizations will be challenged by an increasing demand for business intelligence requiring marketers and business analysts to transform huge stores of structured and unstructured data into insight for operational decision making.

- Consumer Driven Engagement Model – Consumer empowerment is changing the way marketers engage and disrupting entire business and industry models. Technologies enable individuals to better choose, receive and reject information across all channels of communication from search engines to blogs to social networking and addressable TV.

- Global – While the highest absolute advertising spend is in the U.S., we see higher projected growth rates in advertising spend in four other top ten markets.

- Partner Eco-Systems – The classic agency interaction and media buying models are long gone. Collaboration across the lines of online and offline data, media options, insight, real-time decisioning, recognition, consumer autonomy and privacy - done in a cohesive, efficient fashion - is a necessity for many businesses.

    - Privacy & Compliance – Diligence in the areas of consumer privacy and security is and will continue to be paramount. Threats are increasing, new demands are coming from government agencies and consumer advocacy groups across the world, all increasing the liability every company faces when managing consumer data, thus driving the demand for data, insight and recognition services.

Acxiom's Growth Strategy

While the terms "big data" and "data management platforms" or "DMPs" have recently become more common, for over 40 years Acxiom has been a thought leader and innovator in solving large-scale data problems and improving marketing results through high-performance, highly scalable, highly secured and privacy-compliant marketing solutions.

We have three fundamental strengths on which to build: (1) excellent and strong client relationships, including relationships with 47 of the Fortune 100 companies and the Business-to-Consumer marketing leaders in key industries including financial services, retail, telecommunications, media, insurance, health care, automotive, technology, and travel and entertainment; (2) a sophisticated, dedicated and experienced team of associates who have a deep understanding of our business and in many cases have been with Acxiom for decades; and (3) a track record of building strong technology and being an innovator in the marketing services space.

Building upon a strong client roster, a talented team of associates and good technology, our Chief Executive Officer has instituted the following strategic imperatives throughout the Company:

1. We will reinforce our foundation of people, process and products. We are building a highly engaged culture around the concept of "PACT": Passion, Accountability, Creativity and Teamwork. We also continue to build a high-performance organization aligned to effective and collaborative organizational leadership with clear lines of sight and accountability.

2.

We will maniacally focus on the needs of our highest-value clients. We will further nurture client relationships, especially through joint development projects and through relationships at the senior levels between client executives and Acxiom's leadership team.

3. We will profitably serve the largest global markets, by creating and executing a common way of doing business across markets, with profitability as an unwavering requirement. We will "internationalize" Acxiom's offerings, establishing globalization as a design principle.

4. We will reinforce marketing and data services as our "North Star" and enable a broader partner ecosystem. We will identify and secure access to emerging data streams, and continuously improve core marketing data technologies, including data onboarding, matching, insights and analytics. We will be the leader in creating digital marketing databases with advanced audience segmentation and intuitive interfaces for business intelligence and reporting, for global marketing leaders and their suppliers.

5. We will advance our brand reputation by pursuing intellectual leadership around the most important industry topics.

6. We will innovate and develop for future differentiation and structural data advantage through a renewed emphasis on data content and data technology.

The centerpiece of our strategy is the Enterprise Data-Management Platform ("EDMP") a holistic solution for powering the intelligent enterprise. Acxiom's EDMP provides a technological foundation and the insight "heartbeat" for some of the world's largest marketers in the real-time, anonymous, consumer-powered world that we live in, both for the present and into the future.

Our Competitive Strengths

We believe our ability to deliver consumer insights enhances our clients' marketing and business decisions. Acxiom's abilities and competitive strengths revolve around the following key competencies:

- Data and Insight
  - o Multi-sourced insight into approximately 500 million consumers worldwide
  - o Over 500 predictions and likelihoods for nearly every U.S. consumer
- Partner and Consumer Connections
  - o Can responsibly reach nearly 1 billion addresses across a wide range of media and partners
- Enterprise Data Management, Data Quality and Recognition
  - o Manage over 15,000 databases and process roughly 13 trillion transactions a quarter for clients
  - o Manage over 2.5 billion customer relationships and maintain over 3.7 billion prospect records for our clients
  - o Perform nearly 11 trillion consumer record updates per year (including updates to an estimated 25 trillion individual fields or elements within those records)
- Strategy, Analytics and Cross-Channel Enablement
  - o

Perform due diligence on all external sources of data which includes data from hundreds of offline sources and data from over 75,000 websites per year

- Execute over 800 strategy and analytic projects per year

Privacy Considerations

The growth of the online advertising and e-commerce industries are converging, with consumers expecting a seamless experience across all channels, in real time. This challenges marketing organizations to balance the deluge of data and demands of the consumer with responsible, privacy-compliant methods of managing data internally and with advertising technology intermediaries.

We have policies governing Acxiom's use of data that we believe reflect leading best practices and actively promote a set of effective privacy guidelines for direct marketing via all channels of addressable media, e-commerce, risk management and information industries as a whole. We are certified under the European Union Safe Harbor and contractually comply with other international data protection requirements to ensure the continued ability to process information across borders. We have a dedicated team in place to oversee our compliance with the privacy regulations that govern our business activities in the various countries in which we operate.

The U.S. Congress continues to debate privacy legislation, and there are many different types of privacy legislation pending in the 50 states. In all of the non-U.S. locations in which we do business, laws and regulations governing the collection and use of personal data either exist or are being contemplated.

We expect the trend of enacting and revising data protection laws to continue and that new and expanded privacy legislation in various forms will be implemented in the U.S. and in non-U.S. countries around the globe. We are supportive of legislation that codifies the current industry guidelines of meaningful transparency for the individual and appropriate choices regarding whether information related to that individual is shared with independent third parties for marketing purposes. We also support legislation requiring all custodians of sensitive information to deploy reasonable information security safeguards to protect that information.

Clients

Our client base consists primarily of Fortune 1000 companies and organizations in the financial services, insurance, information services, direct marketing, retail, consumer packaged goods, technology, automotive, healthcare, travel and communications industries as well as in non-profit and the government sectors. We seek to maintain long-term relationships with our clients, many of which typically operate under contracts with initial terms of at least two years. We have historically experienced high retention rates among our clients.

Our ten largest clients represented approximately 35% of our revenue in fiscal year 2012. No single client accounted for more than 10% of the revenues of the Company as a whole.

Sales and Marketing

The process of buying marketing services has become more complex and therefore requires a more collaborative decision process between client and provider. As such, our approach to sales and marketing is strategy-led and client-intimate. We generally employ both a diagnostic approach, guided by client needs, and a prescriptive approach, which focuses on proven ideas.

Our Global Client Services organization focuses on new business development across all markets – sales to new clients and sales of new lines of business to existing clients, as well as revenue growth within existing accounts. We organize our go-to-market model around industries, as we believe that understanding and speaking to the nuances of each industry is the most effective way to positively impact our clients' businesses.

The focus of our marketing efforts is to disseminate our thought leadership. We do this by promoting topical points of view across multiple touch points and by fueling our sales efforts with prescriptive insights.

Business Segments

We report segment information consistent with the way we internally disaggregate our operations to assess performance and to allocate resources. We regularly review our segments and the approach used by management to evaluate performance and allocate resources.

During fiscal 2012, we realigned our business segments to better reflect the way management assesses the business. Our business segments now consist of Marketing and Data Services, IT Infrastructure Management, and Other Services. The Marketing and Data Services segment includes our global lines of business for Customer Data Integration, Consumer Insight Solutions, Marketing Management Services, and Consulting and Agency Services. The IT Infrastructure Management segment develops and delivers IT outsourcing and transformational solutions. The Other Services segment includes the e-mail fulfillment business, the US risk business, and the UK fulfillment business.

We evaluate performance of the segments based on segment operating income, which excludes certain gains, losses and other items. Information concerning the financial results of our fiscal year 2012 business segments is included in note 17 of the Notes to Consolidated Financial Statements and in Management's Discussion and Analysis of Financial Condition and Results of Operations, which are attached to this Annual Report as part of the Financial Supplement.

Financial information about geographic areas in which we operate, including revenues generated in foreign regions and long-lived assets located in foreign regions, is set forth in note 15, "Foreign Operations" of the Notes to Consolidated Financial Statements, which is attached to this Annual Report as part of the Financial Supplement.

Competition

Marketing and Data Services –We believe that we are a global leader in marketing and data services.

Our traditional competitors for data and marketing services have been database marketing services providers. We find that the competitive landscape is becoming more complex and now includes database marketing services providers, direct marketing and CRM agencies, digital agencies, technology consultants, business process outsourcers, analytics consultants, management consultants and digital pure plays, as well as in-house IT departments.

Different types of competitors have different core competencies and assets that they bring to bear. We compete for both broad-based and specific solutions. Our competitors can vary depending on the type of solution we are competing for. Generally, competition is based on the quality and reliability of the offering, whether the strategy will deliver the desired business results for the client, historical success and market presence. Competition for more granular offerings is based on variables that are more specific. With regard to data products in our Consumer Insights Solutions business, for example, we compete with two types of firms: data providers and list providers. Competition is based on the quality and comprehensiveness of the information provided, the ability to deliver the information in products and formats that our clients need, and, to a lesser extent, pricing.

In local markets outside the United States, we face both global players as well as local market players. Local market players vary between those offering a range of services and those who may compete with Acxiom in more limited areas, such as for data products or data integration services.

We continue to focus on levers to increase our competitiveness and believe that investing in the product and technology platform of our marketing and data services business is a key to our continued success. Further, we believe that focusing our sales on the range of Acxiom capabilities -- spanning technology, applications and tools, and consulting and analytics -- that enable us to refine data to help global marketing leaders make better business decisions and drive stronger results, will help us to continue to provide competitive differentiation.

IT Infrastructure Management – In the IT Infrastructure Management market, we compete with managed IT and full service cloud providers, where competition is grounded in technical expertise and innovation, financial stability, past experience with the provider, marketplace reputation, cultural fit, scale, quality and reliability of services, project management capabilities, processing environments and price.

Other Services – Competition in our e-mail fulfillment business comes from a range of stand-alone email service providers as well as traditional marketing services providers with proprietary email platforms. Competition is based on a number of factors including complexity of email program, agency services requirements, quality and differentiation of the platform offering, desired integration with a client's marketing database, price, and the client's alignment with Acxiom's strategy.

Competition in our risk business comes from traditional data providers with risk divisions; companies specializing in broad risk management solutions; and companies with various niche risk businesses. Competition is based primarily on range of offering, reliability and price.

Competition for our UK fulfillment business comes from both in-house call centers as well as from other out-sourced call centers. Competition is based primarily on range of offering, reliability, agility/responsiveness to client needs and price.

Maintaining technological competitiveness in our data products, processing functionality, software systems and services is key to our continued success. Our ability to continually improve our current processes and to develop and introduce new products and services is essential in order to maintain our competitive position and meet the increasingly sophisticated requirements of our clients. If we fail to do so, we could lose clients to current or future competitors, which could result in decreased revenues, net income and earnings per share.

Our industry has experienced a variety of business combinations that consolidate our competitors. The possibility of the consolidation or merger of companies who might combine forces to create a single-source provider of multiple services to the marketplace in which we compete could result in increased price competition for us which would negatively affect our business results. We currently compete against numerous providers of a single service or product in several separate market spaces. Since we offer a larger variety of services than many of our current competitors, we have been able to successfully compete against them in most instances. However, the dynamics of the marketplace could be significantly altered if some of the single-service providers were to combine with each other to provide a wider variety of services.

The complexity and uncertainty regarding the development of new technologies affect our business greatly, as does the loss of market share through competition, or the extent and timing of market acceptance of innovative products and technology. We are also potentially affected by:

§ Longer sales cycles for our solutions due to the nature of that technology as an enterprise-wide solution;

§ The introduction of competent, competitive products or technologies by other companies;

§ Changes in the marketing mix away from direct mail and toward alternate channels such as online advertising which, if we fail to address with new offerings, could result in lower revenues and profit margins;

§ The ability to protect our proprietary information and technology or to obtain necessary licenses on commercially reasonable terms; and

§ The impact of changing legislative, judicial, accounting, regulatory, cultural and consumer environments in the geographies where our products and services are deployed.

Further discussion of factors that could affect our competitive position are discussed in Item 1A "Risk Factors" below.

Seasonality and Inflation

Historically, our marketing and data services business has experienced the lowest revenue in the first quarter of each fiscal year. In order to minimize the impact of these fluctuations, we continue to pursue long-term contracts with more stable revenue.

Although we cannot accurately determine the amounts attributable to inflation, we are affected by inflation through increased costs of compensation and other operating expenses. If inflation were to increase over the low levels of recent years, the impact in the short run would be to cause an increase in costs, which we would attempt to pass on to clients, although there is no assurance we would be able to do so. Generally, the effects of inflation in recent years have been offset by technological advances, economies of scale and other operational efficiencies.

Pricing

Given the diverse nature of the markets and industries in which our clients operate, we deploy a number of pricing techniques designed to yield acceptable margins and returns on invested capital. In our top-tier markets, a substantial portion of Acxiom's revenue is generated from highly customized, outsourced solutions in which prices are dictated by the scope, complexity, nature of assets deployed and service levels required for the individual client engagements. For mid-tier markets, Acxiom offers pre-packaged or standard solutions for which prices are driven by standard rates applied to the volumes and frequencies of client inputs and outputs. Some product offerings, such as consumer data or data hygiene, are priced under a transactional model and others are priced under a subscription or license model. Acxiom's consulting and analytical services are typically priced per engagement, using a professional services model or on a fee-per-model basis.

Employees

Acxiom employs approximately 6,175 employees (associates) worldwide. No U.S. associates are represented by a labor union or are the subject of a collective bargaining agreement. To the best of management's knowledge, approximately 20 associates are elected members of work councils or trade unions representing Acxiom associates in the EU. Acxiom has never experienced a work stoppage, and we believe that our employee relations are good.

Executive Officers of the Registrant

Acxiom's executive officers, their current positions, ages and business experience are listed below. They are elected by the board of directors annually or as necessary to fill vacancies or to fill new positions. There are no family relationships among any of the officers or directors of the Company.

Scott E. Howe, age 44, is the Company's Chief Executive Officer and President and serves on the Company's Board of Directors. He joined Acxiom in July 2011. Prior to joining Acxiom he co-founded and served as interim CEO and president of King of the Web, Inc., a portfolio of online game shows. From 2007 – 2010, he served as corporate vice president of Microsoft Advertising Business Group. In this role, he managed a multi-billion dollar business encompassing all emerging businesses related to online advertising, including search, display, ad networks, in-game, mobile, digital cable and a variety of enterprise software applications. From 2004 – 2007, Mr. Howe was a corporate officer at aQuantive where he managed three lines of business, including Avenue A|Razorfish (one of the world's largest digital agencies), DRIVE Performance Media (now Microsoft Media Network) and Atlas International (one of the top two applications for enterprise software for advertising). Earlier in his career, he was with The Boston Consulting Group and Kidder, Peabody & Company, Inc. He serves on the board of directors of the Center for Medical Weight Loss. He is a magna cum laude graduate of Princeton University, with a degree in economics, and he earned an MBA from Harvard University.

Warren C. Jenson, age 55, is the Company's Chief Financial Officer and Executive Vice President. He joined Acxiom in 2012 and is responsible for all aspects of Acxiom's financial management. Prior to joining Acxiom, he served for three years as COO at Silver Spring Networks, a successful start-up specializing in smart grid networking technology, where he had responsibility for the company's service delivery, operations and manufacturing organizations. From 2002-2008 he was CFO at Electronic Arts Inc., a leading global interactive entertainment software company. He has more than 30 years of experience in operational finance and has served as CFO of Amazon.com, NBC and Electronic Arts. In addition, he was twice designated one of the "Best CFOs in America" by Institutional Investor magazine, and was also awarded Bay Area Venture CFO of the Year in 2010. He also has significant experience in mergers, acquisitions and in the development and formulation of strategic partnerships. His board experience includes Digital Globe (NYSE: DIG); California State Summer School of the Arts; and Marshall School of Business at the University of Southern California. Mr. Jenson received both an undergraduate degree in accounting and a Master of Accountancy from Brigham Young University.

Nada C. Stirratt, age 46, is the Company's Chief Revenue Officer and Executive Vice President. She joined Acxiom in 2012 and is responsible for leading Global Client Services, which includes sales, account management, delivery, operations and consulting across the globe. Prior to joining Acxiom, she served for two years as chief revenue officer at MySpace, where she led global sales, strategy and advertising operations. Previously, Ms. Stirratt served for three years as executive vice president of digital advertising at MTV Networks, where she successfully led the company's aggressive expansion into the digital advertising arena across all properties, overseeing advertising sales, strategy and operations. Earlier in her career, she was senior vice president and general manager of advertising sales at Advertising.com and also held senior positions with some of the world's most well known brands, including AOL, Moviefone, Hearst Publications and Condé Nast. Ms. Stirratt holds a bachelor's degree in advertising from the University of Illinois.

Philip L. Mui, age 40, is the Company's Chief Product and Engineering Officer and Executive Vice President. He joined Acxiom in May 2012 and is responsible for leading the strategic direction, development and management of Acxiom's global product management and engineering functions. He also has a decisive role in guiding Acxiom's renewed investment in research and development. Before joining Acxiom, he was employed by Google for over six years, most recently as group product manager for Google Analytics. He also led the development of an annotation infrastructure that underlies Google+, Google Maps Reviews and Ratings, and Google Bookmarks, among other Google products. Prior to Google, he served in leadership or engineering roles at Stanford Functional Genomics Facility, Oracle Corporation, Microsoft Corporation, Lycos Inc., and a London-based display ads startup. Mr. Mui has a Ph.D., M.Eng., and S.B. (EECS) from MIT where he was a Whitaker Fellow, Harvard/MIT Health Sciences and Technology Fellow, and National Institute of Health/NLM Fellow. He also has an M.Phil. (Management) from Oxford University where he was a Marshall Scholar.

Jerry C. Jones, age 56, is the Company's Chief Legal Officer, Senior Vice President and Assistant Secretary. He joined Acxiom in 1999, oversees legal and privacy matters and assists in the strategy and execution of mergers and alliances and the Company's strategic initiatives. Prior to joining Acxiom, he was employed for 19 years as an attorney with the Rose Law Firm in Little Rock, Arkansas, representing a broad range of business interests. He was a member of the board of directors of Entrust, Inc. until it was purchased by private investors in 2009, and he is chairman of the board of the Arkansas Virtual Academy, a statewide online public school, and is a co-founder of uhire U.S. Mr. Jones holds a juris doctorate degree and a bachelor's degree in public administration from the University of Arkansas.

Cindy K. Childers, age 52, is the Company's Senior Vice President – Human Resources. She joined Acxiom in 1985. In her current role, Ms. Childers leads strategic planning and execution in the areas of human resources, business culture, organizational effectiveness, associate development, recruiting and talent management. Previously, she served as leader of the financial services business unit and oversaw all of the financial and accounting functions of the Company. Before joining Acxiom, she was a certified public accountant in audit and tax for KPMG Peat Marwick. Ms. Childers holds a bachelor's degree in business administration from the University of Central Arkansas.

Timothy J. Suther, age 51, is the Company's Chief Marketing and Strategy Officer and Senior Vice President. Mr. Suther joined Acxiom in 2005 and is responsible for the Company's global marketing, strategy and business development activities. Previously, he led the Company's worldwide digital, agency and multichannel marketing services business. Prior to joining Acxiom, Mr. Suther served for three years at Metavante, a leading provider of banking and payment technology solutions, most recently as senior vice president and general manager of its Response Data Corporation subsidiary, a provider of consumer funds transfer services. For the preceding five years he was president of Protagona Worldwide, a then publicly traded global provider of enterprise marketing software. Earlier, he held various leadership positions at Unisys, a global information services provider. He is a member of the Direct Marketing Association board of directors, the board of advisors for Loyalty 360, and the North American advisory board for the CMO Council. He is also a former member of the executive board of directors for the Sam M. Walton College of Business Center for Retailing Excellence at the University of Arkansas, and the former co-chair of the iDirect leadership committee of the Direct Marketing Association. Mr. Suther holds a degree in finance and marketing from Loras College in Dubuque, Iowa.

Item 1A. Risk Factors

The risks described below could materially and adversely affect our business, financial condition and results of future operations. These risks are not the only ones we face. Our business operations could also be impaired by additional risks and uncertainties that are not presently known to us or that we currently consider immaterial.

Continued management and key employee turnover or failure to attract and retain qualified management and other personnel could adversely affect our operations.

We have recently experienced significant changes in our executive leadership. In 2011, we announced the resignations of our Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, and Executive Vice President - Sales, Marketing & Consulting. We have since appointed a new Chief Executive Officer, Scott Howe, in July 2011; a new Chief Financial Officer, Warren Jenson, in January 2012; a new Chief Revenue Officer, Nada Stirratt, also in January 2012; and a new Chief Product and Engineering Officer, Phil Mui, in May 2012. Continuing or unexpected turnover in key leadership positions within the Company may adversely impact our ability to manage the Company efficiently and effectively. Furthermore, such turnover can be disruptive and distracting to management, may lead to additional departures of existing personnel, and could have a material adverse effect on our business, operating results, financial results and internal controls over financial reporting.

Failure to keep up with rapidly changing technologies and marketing practices could cause our products and services to become less competitive or obsolete, which could result in loss of market share and decreased revenues and net income.

Maintaining the technological competitiveness of our data products, processing functionality, software systems and services is key to our continued success. However, the complexity and uncertainty regarding the development of new technologies and the extent and timing of market acceptance of innovative products and services create difficulties in maintaining this competiveness. Consumer needs and the business information industry as a whole are in a constant state of change. For example, in recent years, we have seen a decline in the use of direct mail marketing and an increase in the use of alternative marketing channels such as on-line advertising. Our ability to continually improve our current processes and products in response to changes in technology and to develop new products and services are essential in maintaining our competitive position, preserving our market share and meeting the increasingly sophisticated requirements of our clients. If we fail to enhance our current products and services or fail to develop new products in light of emerging technologies and industry standards, we could lose clients to current or future competitors, which could result in impairment of our growth prospects, loss of market share and decreased revenues.

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New products and pricing strategies introduced by our competitors in the markets where our products and services are offered could decrease our market share or cause us to lower our prices in a manner that reduces our operating margin and the profitability of our products.

The resources we allocate to each market in which we compete vary, just as do the number and size of our competitors across these markets. In any given market, our competitors may have significantly greater financial, technical, marketing or other resources allocated to serving customers. These competitors may be in a better position to develop new products and pricing strategies that more quickly and effectively respond to changes in customer requirements in these markets. Such introduction of competent, competitive products, pricing strategies or other technologies by our competitors that are superior to or that achieve greater market acceptance than our products and services could adversely affect our business. In such event, we could experience a decline in market share and be forced to reduce our prices, resulting in lower profit margins for the Company.

Changes in legislative, judicial, regulatory, cultural or consumer environments relating to consumer privacy or information collection and use may limit our ability to collect and use data. Such developments could cause revenues to decline and adversely affect the demand for our products.

There could be a material adverse impact on our business due to the enactment of legislation or industry regulations, the issuance of judicial interpretations, or simply a change in customs, arising from the increasing public concern over consumer privacy issues. In the U.S., both Congress and the legislatures of various states have recently focused their attention on matters concerning the collection and use of consumer data. In all of the non-U.S. locations in which we do business, legislation restricting the collection and use of personal data already exists or is being contemplated. Restrictions are often placed on the use of data upon the occurrence of unanticipated events that rapidly drive the adoption of legislation or regulation. Restrictions could be placed upon the collection, management, aggregation and use of information, which could result in a material increase in the cost of collecting certain kinds of data. In the U.S., non-sensitive data is generally usable under current rules and regulations so long as the person does not affirmatively "opt-out" of the collection of such data. In Europe the reverse is true. If the European model were to be adopted in the U.S. it would lead to less data being available and at a higher cost. The increased costs and decreased availability of information could adversely affect our ability to meet our clients' requirements and could result in decreased revenues. Additionally, legislative, regulatory or cultural change could negatively influence, change or reduce our current and prospective clients' demand for our products and services, which could also adversely affect our results of operations.

A significant breach of the confidentiality of the information we hold or of the security of our computer systems could be detrimental to our business, reputation and results of operations.

We operate complex computer systems that contain personally identifiable data, much of which must be maintained on a confidential basis. Unauthorized third parties could attempt to gain entry to our systems for the purpose of stealing data or disrupting the systems. We believe that we have taken adequate measures to protect our systems from intrusion, but we cannot be certain that advances in criminal capabilities, discovery of new vulnerabilities in our systems and attempts to exploit those vulnerabilities, physical system or facility break-ins and data thefts or other developments will not compromise or breach the technology protecting our systems and the information we possess. In the event that our protection efforts are unsuccessful and we experience an unauthorized disclosure of confidential information or the security of such information or our systems is compromised, we could suffer substantial harm. Such a security breach could result in operation disruptions that impair our ability to meet our clients' requirements, which could result in decreased revenues. Also, our reputation could suffer irreparable harm, causing our current and prospective clients to reject our products and services in the future. Further, we could be forced to expend significant Company resources in response to a security breach, including repairing system damage, increasing cyber security protection costs by deploying additional personnel and protection technologies, and litigating and resolving legal claims, all of which could divert the attention of our management and key personnel away from our business operations. In any event, a significant security breach could result in significant harm to our business, financial condition and operating results.

Significant system disruptions, loss of data center capacity or interruption of telecommunication links could adversely affect our business and results of operations.

Our business is heavily dependent upon highly complex data processing capability. Our ability to protect our data centers against damage or interruption from fire, flood, tornadoes, power loss, telecommunications or equipment failure or other disasters and events beyond our control is critical to our future. The online services we provide are dependent on links to telecommunication providers. We believe we have taken reasonable precautions to protect our data centers and telecommunication links from events that could interrupt our operations. Any damage to our data centers or any failure of our telecommunications links that causes loss of data center capacity or otherwise causes interruptions in our operations, however, could materially adversely affect our ability to quickly and effectively respond to our clients' requirements, which could result in loss of their confidence, adversely impact our ability to attract new clients and force us to expend significant Company resources to repair the damage. Such events could result in decreased revenues, net income, and earnings per share.

Data suppliers may withdraw data that we have previously collected or withhold data from us in the future, leading to our inability to provide products and services to our clients which could lead to a decrease in our operating results.

Much of the data that we use is either purchased or licensed from third-party data suppliers, and we are dependent upon our ability to obtain necessary data licenses on commercially reasonable terms. We compile the remainder of the data that we use from public record sources. We could suffer material adverse consequences if our data suppliers were to withhold their data from us, which could occur either because we fail to maintain sufficient relationships with the suppliers or if they decline to provide (or are prohibited from providing) such data to us due to legal, contractual, privacy, competition or other economic concerns. For example, data suppliers could withhold their data from us if there is a competitive reason to do so, if we breach our contract with a supplier, if they are acquired by one of our competitors, if legislation is passed restricting the use of the data they provide, or if judicial interpretations are issued restricting use of such data. Furthermore, we could terminate relationships with our data suppliers if they fail to adhere to our data quality standards. If a substantial number of data suppliers were to withdraw or withhold their data from us, our ability to provide products and services to our clients could be materially adversely impacted, which could result in decreased revenues, net income and earnings per share.

If the customer contracts upon which we rely for a significant portion of our revenues are cancelled or if the terms of these contracts were to materially change, or if these customers are negatively impacted by current or future economic conditions, our operating results could suffer.

While a significant amount of our total revenue is currently derived from clients who have long-term contracts (defined as contracts with initial terms of two years or more), these contracts have been entered into at various times, and some of them are in the latter part of their terms and are approaching their originally scheduled expiration dates. In addition, many of these contracts contain provisions allowing the client to terminate prior to the end of the term upon giving advance notice. There is no guarantee that these clients will renew their contracts upon expiration or will not terminate prior to then. Even if renewed by these clients, the terms of the renewal contracts may not have a term as long as, or may otherwise be on terms less favorable than, the original contract. Revenue from customers with long-term contracts is not necessarily "fixed" or guaranteed as portions of the revenue from these customers is volume-driven or project-related. With respect to the portion of our business that is not under long-term contract, revenues are even less predictable than with long-term contracts and are almost completely volume-driven or project-related. Therefore, we must engage in continual sales efforts to maintain revenue stability and future growth with all of our clients and customers or our operating results will suffer. If a significant customer fails to renew a contract, or renews the contract on terms less favorable to us than before, our business could be negatively impacted if additional business were not obtained to replace or supplement that which was lost.

Our products and services have long and variable sales cycles due to their nature as enterprise-wide solutions. Failure to accurately predict these sales cycles could impair our ability to forecast operating results, which could result in a decline in the market value of our stock.

Because we have longer sales cycles for our products and solutions, revenues and operating results may vary significantly from period to period. As purchasers of our products and services, our clients and prospective customers are often faced with a significant commitment of capital, integrating new software and/or hardware platforms and changes in operational procedures, all of which result in long sales cycles and delays in completing transactions. As a result, it is often difficult to accurately forecast our revenues on a quarterly basis as it is not always possible for us to predict the quarter in which sales will actually be completed. Our difficulty in predicting revenue, combined with the revenue fluctuations we may experience from quarter to quarter, can adversely affect our stock price.

Our operations outside the U.S. are subject to risks that may harm the Company's business, financial condition or results of operations.

During the last fiscal year, we received approximately 14% of our revenues from business outside the United States. As a result of recent dispositions of operations in certain foreign countries, we expect that our revenues from business outside the United States could account for a smaller portion of our revenues in future years.

The cost of executing our business plan in non-U.S. locations is increasingly expensive. In those non-U.S. locations where legislation restricting the collection and use of personal data currently exists, less data is available and at a much higher cost. In some foreign markets, the types of products and services we offer have not been generally available and thus are not fully understood by prospective customers. Upon entering these markets, we have to educate and condition the markets, increasing the cost and difficulty of successfully executing our business plan in these markets. Additionally, each of our foreign locations is generally expected to fund its own operations and cash flows, although periodically funds may be loaned or invested from the U.S. to the foreign subsidiaries. As a result of such loan or investment, exchange rate movements of foreign currencies may have an impact on our future costs of, or future cash flows from, foreign investments, and we have not entered into any foreign currency forward exchange contracts or other derivative instruments to hedge the effects of adverse fluctuations in foreign currency exchange rates.

Additional risks inherent in our non-U.S. business activities generally include, among others, potentially longer accounts receivable payment cycles, the costs and difficulties of managing international operations, potentially adverse tax consequences, and greater difficulty enforcing intellectual property rights. The various risks which are inherent in doing business in the U.S. are also generally applicable to doing business outside of the U.S., but such risks may be exaggerated by factors normally associated with international operations, such as differences in culture, laws and regulations, especially restrictions on collection, management, aggregation and use of information. Failure to effectively manage the risks facing our non-U.S. business activities could materially adversely affect our operating results.

Failure to favorably negotiate or effectively integrate acquisitions or alliances could adversely affect our business and growth prospects.

From time to time, we may continue to acquire other complementary businesses, products and technologies and enter into joint ventures or similar strategic relationships. While we believe we will be able to successfully integrate newly acquired businesses into our existing operations, there is no certainty that future acquisitions or alliances will be consummated on acceptable terms or that we will be able to integrate successfully the services, content, products and personnel of any such transaction into our operations. In addition, any future acquisitions, joint ventures or similar relationships may cause a disruption in our ongoing business and distract our management. Further, we may be unable to realize the revenue improvements, cost savings and other intended benefits of any such transaction. The occurrence of any of these events could result in decreased revenues, net income and earnings per share.

The decline in direct mail business -- which could be negatively affected by rising postal costs, uncertainty regarding the future of the United States Postal Service, the green movement, and the on-going shift to alternative marketing channels -- could occur more rapidly than we are able to offset with new revenues from investments in new products and services, which could, in turn, negatively impact revenue, net income and profit margins.

Postal rate increases are expected to continue to increase from time to time based on the rate of inflation. The most recent increase in the U.S. was announced in October 2011 and became effective in 2012. As postal costs continue to rise, we expect to see increased pressure on direct mailers to leverage digital and other forms of online communication and to mail fewer pieces.

The concerns of direct mailers are further exacerbated by the on-going financial struggles of the United States Postal Service ("USPS"). In recent years, the USPS has incurred significant financial losses and may, as a result, implement significant changes to the breadth or frequency of its mail delivery. The USPS recently announced its plan to cut billions of dollars in operating costs by 2015 in hopes of returning to profitability. The proposed cuts include, among other things, closing approximately half of its mail processing centers across the United States. These changes are expected to increase mail processing time and slow delivery frequency, which in turn may decrease marketers and the general public's willingness to continue to use traditional mail, which may negatively impact our direct mail customers and thus the Company's revenue derived from our traditional direct marketing business.

Additionally, those in the traditional direct mail business, as well as the USPS, are under growing pressure to reduce their impact on the environment. It is uncertain at this time what either marketers or the USPS will do to lessen their impact. From a postal service perspective, the actions to be taken may involve changing certain aspects of mail service that would negatively affect direct marketers. From a marketer's perspective, such actions could have the same effect as increased rates, thereby causing them to mail fewer pieces, which may negatively impact the Company's revenue derived from our traditional direct marketing business.

Industry consolidations may increase competition for our products and services, which could negatively impact our financial condition and operating results.

We primarily compete against numerous providers of a single service or product in several separate markets. (See the discussion above under "Competition.") Since we offer a larger variety of products and services than most of our competitors, we have been able to successfully compete against them in most instances. However, the dynamics of the marketplace would be significantly altered if several of these providers were to combine with each other to offer a wider variety of products and services that more directly compete with our portfolio of products and services. If our competitors were to combine forces to create a single-source provider of multiple products and services to the markets in which we compete, we could experience increased price competition, lower demand for our products and services, and loss of market share, each of which could negatively affect our operating results.

Processing errors or delays in completing service level requirements could result in loss of client confidence, harm to our reputation and negative financial consequences.

Processing errors, or significant errors and defects in our products, can be harmful to our business and result in increases in operating costs. Such errors may result in the issuance of credits to clients, re-performance of work, payment of damages, future rejection of our products and services by current and prospective customers and irreparable harm to our reputation. Likewise, the failure to meet contractual service level requirements or to meet specified goals within contractual timeframes could result in monetary penalties or lost revenue. Taken together, these issues could result in loss of revenue and decreases in profit margins as service and support costs increase.

Engagements with certain clients, particularly those with long-term, fixed price agreements, may prove to be more costly than anticipated, thereby adversely impacting future operating results.

The pricing and other terms of our client contracts, particularly our long-term IT outsourcing agreements, are based on estimates and assumptions we make at the time we enter into these contracts. These estimates reflect our best judgments regarding the nature of the engagement and our expected costs to provide the contracted services and could differ from actual results. Any increased or unexpected costs or unanticipated delays in connection with the performance of these engagements, including delays caused by factors outside our control, could make these contracts less profitable or unprofitable, which would have an adverse effect on our profit margin. Our exposure to this risk increases generally in proportion to the scope of the client contract and is higher in the early stages of such a contract. In addition, a majority of our IT outsourcing contracts contain some fixed-price, incentive-based or other pricing terms that condition our fee on our ability to meet defined goals. Our failure to meet a client's expectations in any type of contract may result in an unprofitable engagement which could adversely affect our operating results.

Failure to recover significant, up-front capital investments required by certain client contracts could be harmful to the Company’s financial condition and operating results.

Certain of our client contracts require significant investment in the early stages, which we expect to recover through billings over the life of the contract. These contracts may involve the construction of new computer systems and communications networks or the development and deployment of new technologies. Substantial performance risk exists in each contract with these characteristics, and some or all elements of service delivery under these contracts are dependent upon successful completion of the development, construction and deployment phases. Failure to successfully meet our contractual requirements under these contracts over their life increases the possibility that we may not recover our capital investments in these contracts. Failure to recover our capital investments could be detrimental to the profitability of the particular engagement as well as the Company’s operating results.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

Acxiom is headquartered in Little Rock, Arkansas with additional locations around the United States. We also have operations in Europe, Asia-Pacific and South America. In general, our facilities are in good condition, and we believe that they are adequate to meet our current needs. We do not anticipate that any substantial additional properties will be required for our existing business during fiscal year 2013. The table below sets forth the location, ownership and general use of our principal properties currently being used by each business segment.

Location	Held	Use	Business Segment
United States:			
Conway, Arkansas	Eleven facilities held in fee	Data center; office space	Marketing and Data Services, IT Infrastructure Management, and Other Services
Little Rock, Arkansas	Two buildings held in fee	Principal executive offices; office space; data center	Marketing and Data Services, IT Infrastructure Management, and Other Services
Foster City, California	Lease	Office space	Marketing and Data Services, Other Services
Broomfield, Colorado	Lease	Office space	Marketing and Data Services, Other Services
Cape Coral, Florida	Lease	Office space	Marketing and Data Services
Downers Grove, Illinois	Lease	Data center; office space	Marketing and Data Services, IT Infrastructure Management
Southfield, Michigan	Lease	Office space	IT Infrastructure Management
Shoreview, Minnesota	Lease	Office space	IT Infrastructure Management
New York, New York	Lease	Office space	Marketing and Data Services, IT Infrastructure Management, and Other

			Services
Memphis, Tennessee	Lease	Office space	Marketing and Data Services
Nashville, Tennessee	Lease	Office space	Marketing and Data Services

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Europe:			
London, England	Lease	Office space	Marketing and Data Services
Normanton, England	Lease	Data center; office space	Marketing and Data Services
Sunderland, England	Two leased offices	Data center; fulfillment service center; office space; warehouse space	Marketing and Data Services
Paris, France	Lease	Data center; office space	Marketing and Data Services
Frankfurt, Germany	Lease	Office space	Marketing and Data Services
Munich, Germany	Lease	Office space	Marketing and Data Services
Gdansk, Poland	Lease	Office space	Marketing and Data Services
Warsaw, Poland	Lease	Office space	Marketing and Data Services
Australia:			
Sydney, Australia	Lease	Office space	Marketing and Data Services
China:			
Shanghai, China	Lease	Office space	Marketing and Data Services
Nantong, China	Lease	Data center; office space	Marketing and Data Services
South America:			
Porto Alegre, Brazil	Lease	Office space	Marketing and Data Services

Item 3. Legal Proceedings

The Company is involved in various claims and litigation matters that arise in the ordinary course of the business. None of these, however, are believed by management to be material in their nature or scope, except those incorporated by reference under this Part I, Item 3.

Please refer to the discussion of certain legal proceedings pending against the Company in the Financial Supplement to this Annual Report on Form 10-K, Notes to Consolidated Financial Statements, Note 11 Commitments and Contingencies, Legal Matters, which discussion is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

The outstanding shares of Acxiom's common stock are listed and traded on the NASDAQ Global Select Market and trade under the symbol ACXM. The following table reflects the range of high and low sales prices of Acxiom's common stock as reported by NASDAQ Online for each quarter in fiscal 2012 and 2011.

Fiscal 2012	High	Low	Dividend Declared
Fourth Quarter	$ 14.92	$ 12.04	-
Third Quarter	14.33	9.30	-
Second Quarter	14.37	8.94	-
First Quarter	15.40	11.70	-

Fiscal 2011	High	Low	Dividend Declared
Fourth Quarter	$ 18.83	$ 12.58	-
Third Quarter	18.79	15.38	-
Second Quarter	16.75	12.19	-
First Quarter	19.99	14.51	-

Holders

As of May 23, 2012 the approximate number of record holders of the Company's common stock was 1,960.

Dividends

The Company has not paid dividends on its common stock in the past two fiscal years. The Board of Directors may consider paying dividends in the future but has no plans to pay dividends in the short term.

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Performance Graph

The following graph compares the cumulative five-year total return to shareholders of Acxiom's common stock relative to the cumulative total returns of the NASDAQ Composite index and the NASDAQ Computer & Data Processing index. The graph assumes that the value of the investment in the Company's common stock and in each of the indexes (including reinvestment of dividends) was $100 on March 31, 2007, and tracks it through March 31, 2012.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The table below provides information regarding purchases by Acxiom of its common stock during the periods indicated.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
1/1/12 – 1/31/12	0	n/a	0	$45,959,345
2/1/12 – 2/29/12	643,143	13.94	643,143	36,996,659
3/1/12 – 3/31/12	1,115,705	14.42	1,115,705	20,912,419
Total	1,758,848	14.24	1,758,848	$20,912,419

The repurchases listed above were made pursuant to a repurchase program adopted by the Board of Directors on August 29, 2011. That program was subsequently modified and expanded on December 5, 2011, and again on May 24, 2012. Under the modified common stock repurchase program, the Company may purchase up to $150 million worth of its common stock through the period ending May 24, 2013. Through March 31, 2012, the Company had repurchased 5.8 million shares of its stock for $68.2 million.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table contains information about our common stock which may be issued upon the exercise of options under our existing equity compensation plans as of the end of fiscal 2012 (March 31, 2012):

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by shareholders	8,100,971[1]	$21.10	5,358,736
Equity compensation plans not approved by shareholders	221,106[2]	13.74	212,204
Total	8,322,077	$20.91	5,570,940

1 This figure represents stock options issued under shareholder-approved stock option plans, 29,111 of which options were assumed in connection with our acquisitions of May & Speh, Inc. in 1998 and Digital Impact, Inc. in 2006.

2 Issued pursuant to the Company's 2008 and 2011 Nonqualified Equity Compensation Plans described below, which do not require shareholder approval under the exception provided for in NASDAQ Marketplace Rule 5635(c)(4).

Equity Compensation Plans Not Approved By Security Holders

The Company adopted the 2008 Nonqualified Equity Compensation Plan of Acxiom Corporation (the “2008 Plan”) for the purpose of making equity grants to induce new key executives to join the Company. The awards that may be made under the 2008 Plan include stock options, stock appreciation rights, restricted stock awards, RSU awards, performance awards, performance shares, performance units, qualified-performance based awards, or other stock unit awards. In order to receive such an award, a person must be newly employed with the Company with the award being provided as an inducement material to their employment, provided the award is first properly approved by the board of directors or an independent committee of the board. The board of directors and its compensation committee are the administrators of the 2008 Plan, and as such, determine all matters relating to awards granted under the 2008 Plan, including the eligible recipients, whether and to what extent awards are to be granted, the number of shares to be covered by each grant and the terms and conditions of the awards. The 2008 Plan has not been approved by the Company’s shareholders.

The Company adopted the 2011 Nonqualified Equity Compensation Plan of Acxiom Corporation (the “2011 Plan”) for the purpose of making equity grants to induce new key executives to join the Company. The Plan replaces the 2008 Plan effective July 25, 2011, and no further grants shall be made under the 2008 Plan. The awards that may be made under the 2011 Plan include stock options, stock appreciation rights, restricted stock awards, RSU awards, performance awards, or other stock unit awards. In order to receive such an award, a person must be newly employed with the Company with the award being provided as an inducement material to their employment, provided the award is first properly approved by the board of directors or an independent committee of the board. The board of directors and its compensation committee are the administrators of the 2011 Plan, and as such, determine all matters relating to awards granted under the 2011 Plan, including the eligible recipients, whether and to what extent awards are to be granted, the number of shares to be covered by each grant and the terms and conditions of the awards. The 2011 Plan has not been approved by the Company’s shareholders.

Item 6. Selected Financial Data

For information pertaining to selected financial data of Acxiom, refer to page F-2 of the Financial Supplement, which is attached hereto and incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by this item appears in the Financial Supplement at pp. F-3 – F-23, which is attached hereto and incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Acxiom’s earnings are affected by changes in short-term interest rates primarily as a result of its term loan agreement and its revolving credit agreement, which bear interest at a floating rate. Acxiom currently uses an interest rate swap agreement to mitigate the interest rate risk on $150 million of its floating-rate debt. Risk can be estimated by measuring the impact of a near-term adverse movement of one percentage point in short-term market interest rates. If short-term market interest rates increase one percentage point during the next four quarters compared to the previous four quarters, there would be no material adverse impact on Acxiom’s results of operations. Acxiom has no material future earnings or cash flow expenses from changes in interest rates related to its other long-term debt obligations, as substantially all of Acxiom’s remaining long-term debt instruments have fixed rates. At both March 31, 2012 and

2011, the fair value of the Company’s fixed rate long-term obligations approximated carrying value.

Acxiom has a presence in the United Kingdom, France, Germany, Poland, Australia, China and Brazil. In general, each of the foreign locations is expected to fund its own operations and cash flows, although funds may be loaned or invested from the U.S. to the foreign subsidiaries. Therefore, exchange rate movements of foreign currencies may have an impact on Acxiom’s future costs or on future cash flows from foreign investments. Acxiom has not entered into any foreign currency forward exchange contracts or other derivative instruments to hedge the effects of adverse fluctuations in foreign currency exchange rates.

Item 8. Financial Statements and Supplementary Data

The financial statements required by this item appear in the Financial Supplement at pp. F-27 – F-65, which is attached hereto and incorporated herein by reference.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of March 31, 2012, under the supervision and with the participation of our management, including our Chief Executive Officer (principal executive officer) and our Chief Financial Officer (principal financial and accounting officer), we evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act"). Based on this evaluation, our management, including our Chief Executive Officer and our Chief Financial Officer, concluded that as of March 31, 2012, our disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms; and (ii) accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Management's report on Acxiom's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act), and the related report of Acxiom's independent public accounting firm, are included in the Financial Supplement on pages F-24 and F-26, respectively, and are incorporated by reference.

Changes in Internal Controls over Financial Reporting

There has been no change in our internal control over financial reporting that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Please see the information concerning our executive officers contained in Part I of this Annual Report on Form 10-K under the caption "Executive Officers of the Registrant" which is included there pursuant to Instruction 3 to Item 401(b) of the SEC's Regulation S-K.

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The Acxiom Board of Directors has adopted a code of ethics applicable to our principal executive, financial and accounting officers and all other persons performing similar functions. A copy of this code of ethics is posted on Acxiom's website at www.acxiom.com under the Corporate Governance section of the site. The remaining information required by this item appears under the captions "Election of Directors," "Corporate Governance" and "Section 16(a) Beneficial Ownership Reporting Compliance" in Acxiom's 2012 Proxy Statement, which information is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item appears under the heading "Executive Compensation" in Acxiom's 2012 Proxy Statement, which information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item appears under the heading "Stock Ownership" in Acxiom's 2012 Proxy Statement, which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item appears under the headings "Related-Party Transactions" and "Corporate Governance - Board and Committee Matters" in Acxiom's 2012 Proxy Statement, which information is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this item appears under the heading "Ratification of Independent Registered Public Accountant - Fees Billed for Services Rendered by Independent Auditor" in Acxiom's 2012 Proxy Statement, which information is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as a part of this report:

1. Financial Statements.

	Page
The following consolidated financial statements of the registrant and its subsidiaries included in the Financial Supplement and the Independent Auditors' Reports thereof are attached hereto. Page references are to page numbers in the Financial Supplement.	
Reports of Independent Registered Public Accounting Firm	

2. Financial Statement Schedules.

All schedules are omitted because they are not applicable or not required or because the required information is included in the consolidated financial statements or notes thereto.

3. Exhibits.

The following exhibits are filed with this report or are incorporated by reference to previously filed material:

Exhibit No.

3.1 Amended and Restated Certificate of Incorporation (previously filed as Exhibit 3(i) to Acxiom Corporation's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996, Commission File No. 0-13163, and incorporated herein by reference)

3.2 Amended and Restated Bylaws (previously filed as Exhibit 3(b) to Acxiom Corporation’s Annual Report on Form 10-K for the fiscal year ended March 31, 2008, and incorporated herein by reference)

10.1 2005 Stock Purchase Plan of Acxiom Corporation (previously filed as Appendix B to Acxiom Corporation’s Proxy Statement dated June 24, 2005, and incorporated herein by reference)

10.2 Amended and Restated Key Associate Stock Option Plan of Acxiom Corporation (previously filed as Exhibit 10(e) to Acxiom Corporation’s Annual Report on Form 10-K for the fiscal year ended March 31, 2000, Commission File No. 0-13163, and incorporated herein by reference)

10.3 2005 Equity Compensation Plan of Acxiom Corporation (formerly known as the Amended and Restated 2000 Associate Stock Option Plan of Acxiom Corporation) (previously filed as Appendix B to Acxiom Corporation’s Proxy Statement dated November 16, 2007, and incorporated herein by reference)

10.4 UK Addendum to the 2005 Equity Compensation Plan of Acxiom Corporation adopted by the Compensation Committee of the Board on February 14, 2012

10.5 2008 Nonqualified Equity Compensation Plan of Acxiom Corporation (previously filed on May 15, 2008, as Exhibit 10.2 to Acxiom Corporation’s Current Report on Form 8-K, and incorporated herein by reference)

10.6 Acxiom Corporation U.K. Share Option Scheme (previously filed as Exhibit 10(f) to Acxiom Corporation's Annual Report on Form 10-K for the fiscal year ended March 31, 1997, Commission File No. 0-13163, and incorporated herein by reference)

10.7 2010 Executive Cash Incentive Plan of Acxiom Corporation (previously filed as Exhibit 10(g) to Acxiom Corporation's Annual Report on Form 10-K for the fiscal year ended March 31, 2010, and incorporated herein by reference)

10.8 Acxiom Corporation Executive Officer FY 2013 Cash Incentive Plan

10.9 2011 Nonqualified Equity Compensation Plan of Acxiom Corporation previously filed on July 27, 2011, as Exhibit 10.1 to Acxiom Corporation's Current Report on Form 8-K, and incorporated herein by reference)

10.10 Form of Performance Unit Award Agreement under the 2011 Nonqualified Equity Compensation Plan of Acxiom Corporation (previously filed on July 27, 2011, as Exhibit 10.3 to Acxiom Corporation's Current Report on Form 8-K, and incorporated herein by reference)

10.11 Form of Stock Option Grant Agreement under the 2011 Nonqualified Equity Compensation Plan of Acxiom Corporation (previously filed on July 27, 2011, as Exhibit 10.4 to Acxiom Corporation's Current Report on Form 8-K, and incorporated herein by reference)

10.12 Form of Restricted Stock Unit Award Agreement under the 2011 Nonqualified Equity Compensation Plan of Acxiom Corporation (previously filed on July 27, 2011, as Exhibit 10.5 to Acxiom Corporation's Current Report on Form 8-K, and incorporated herein by reference)

10.13 General Electric Capital Corporation Master Lease Agreement, dated as of September 30, 1999 (previously filed as Exhibit 10(m) to Acxiom Corporation's Annual Report on Form 10-K for the fiscal year ended March 31, 2001, Commission File No. 0-13163, and incorporated herein by reference)

10.14 Amendment to General Electric Capital Corporation Master Lease Agreement dated as of December 6, 2002 (previously filed as Exhibit 10 (j) to Acxiom Corporation's Annual Report on Form 10-K for the fiscal year ended March 31, 2003, Commission File No. 0-13163, and incorporated herein by reference)

10.15 Fourth Amended and Restated Credit Agreement dated as of September 15, 2006, by and among Acxiom Corporation, a Delaware corporation, the lenders party thereto and JPMorgan Chase Bank, N.A. (previously filed on September 19, 2006, as Exhibit 10.1 to Acxiom Corporation's Current Report on Form 8-K, and incorporated herein by reference)

10.16 First Amendment to Fourth Amended and Restated Credit Agreement dated as of November 13, 2009, among Acxiom Corporation, a Delaware corporation, the lenders party thereto and JPMorgan Chase Bank, N.A. (previously filed on November 19, 2009, as Exhibit 10.1 to Acxiom Corporation's Current Report on Form 8-K, and incorporated herein by reference)

10.17 Assignment of Head Lease dated as of February 10, 2003, by and between Wells Fargo Bank Northwest, National Association, as Owner Trustee under the AC Trust 2001-1 ("Assignor") and Acxiom Corporation, assigning all of Assignor's rights, title and interest in that certain Head Lease Agreement dated as of May 1, 2000, between the City of Little Rock, AR and Assignor, each relating to the lease of an office building in downtown Little Rock which was previously financed pursuant to a terminated synthetic real estate facility (previously filed as Exhibit 10 (l) to Acxiom Corporation's Annual Report on Form 10-K for the fiscal year ended March 31, 2003, Commission File No. 0-13163, and incorporated herein by reference)

10.18 Transition Agreement dated March 28, 2011, between Acxiom Corporation and John A. Meyer (previously filed on March 30, 2011, as Exhibit 10.1 to Acxiom Corporation's Current Report on Form 8-K, and incorporated herein by reference)

10.19 Retention Agreement dated May 6, 2011, between Acxiom Corporation and Christopher W. Wolf (previously filed on May 9, 2011, as Exhibit 10.1 to Acxiom Corporation's Current Report on Form 8-K, and incorporated herein by reference)

10.20 Amended and Restated Employment Agreement dated November 15, 2010, between Acxiom Corporation and John A. Adams (previously filed on November 16, 2010 as Exhibit 10.2 to Acxiom Corporation's Current Report on Form 8-K, and incorporated herein by reference)

10.21	Employment Agreement by and between Acxiom Corporation and Scott E. Howe dated as of July 26, 2011 (previously filed on July 27, 2011 as Exhibit 10.1 to Acxiom Corporation's Current Report on Form 8-K, and incorporated herein by reference)
10.22	Employment Agreement by and between Acxiom Corporation and Warren C. Jenson dated as of January 11, 2012 (previously filed on January 11, 2012 as Exhibit 10.1 to Acxiom Corporation's Current Report on Form 8-K, and incorporated herein by reference)
10.23	Employment Offer Letter dated January 30, 2012, between Acxiom Corporation and Nada C. Stirratt
10.24	Employment Offer Letter dated April 19, 2012, between Acxiom Corporation and Philip L. Mui
10.25	Acxiom Corporation 2010 Executive Officer Severance Policy (previously filed on November 16, 2010 as Exhibit 10.3 to Acxiom Corporation's Current Report on Form 8-K, and incorporated herein by reference)
10.26	Form of director indemnity agreement (previously filed as Exhibit 10(x) to Acxiom Corporation's Annual Report on Form 10-K for the fiscal year ended March 31, 2010, and incorporated herein by reference)
10.27	Form of officer and director indemnity agreement (previously filed as Appendix C to Acxiom Corporation's Proxy Statement dated January 22, 1987)
21	Subsidiaries of Acxiom Corporation
23	Consent of KPMG LLP
24	Powers of Attorney
31.1	Certification of Chief Executive Officer pursuant to SEC Rule 13a-14(a)/15d-14(a), as adopted pursuant to Sections 302 and 404 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to SEC Rule 13a-14(a)/15d-14(a), as adopted pursuant to Sections 302 and 404 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from our Annual Report on Form 10-K for the fiscal year ended March 31, 2012, formatted in XBRL: (i) Consolidated Balance Sheets as of March 31, 2012 and 2011; (ii) Consolidated Statements of Operations for the fiscal years ended March 31, 2012, 2011 and 2010; (iii) Consolidated Statements of Equity and Comprehensive Income (Loss) for the fiscal years ended March 31, 2012, 2011 and 2010; (iv) Consolidated Statements of Cash Flows for the fiscal years ended March 31, 2012, 2011 and 2010; and (v) Notes to the Consolidated Financial Statements

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

ACXIOM CORPORATION

Date: May 25, 2012 By: /s/Warren C. Jenson
Warren C. Jenson
Chief Financial Officer & Executive Vice President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature		
William T. Dillard II* William T. Dillard II	Director	May 25, 2012
Michael J. Durham* Michael J. Durham	Director	May 25, 2012
Jerry D. Gramaglia* Jerry D. Gramaglia	Director (Non-Executive Chairman of the Board)	May 25, 2012
Ann Die Hasselmo* Ann Die Hasselmo	Director	May 25, 2012
William J. Henderson* William J. Henderson	Director	May 25, 2012
Scott E. Howe* Scott E. Howe	Director, CEO & President (principal executive officer)	May 25, 2012
Clark M. Kokich* Clark M. Kokich	Director	May 25, 2012
Kevin M. Twomey* Kevin M. Twomey	Director	May 25, 2012
/s/Warren C. Jenson Warren C. Jenson	Chief Financial Officer & Executive Vice President (principal financial and accounting officer)	May 25, 2012

*By:	/s/ Catherine L. Hughes
Catherine L. Hughes	
Attorney-in-Fact	

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ACXIOM CORPORATION
INDEX TO FINANCIAL SUPPLEMENT
TO ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED MARCH 31, 2012

ACXIOM CORPORATION
SELECTED FINANCIAL DATA
(In thousands, except per share data)

Years ended March 31,	2012	2011	2010	2009	2008
Statement of operations data:					
Revenue	$1,130,624	$1,113,755	$1,063,598	$1,235,711	$1,339,765
Net earnings (loss) from continuing operations	$37,617	$(31,838)	$43,427	$36,498	$(9,624)
Net earnings from discontinued operations, net of tax	33,899	3,396	732	1,006	1,844
Net earnings (loss)	$71,516	$(28,442)	$44,159	$37,504	$(7,780)
Net earnings (loss) attributable to Acxiom	$77,263	$(23,147)	$44,549	$37,504	$(7,780)
Basic earnings (loss) per share:					
Net earnings (loss) from continuing operations	$0.47	$(0.40)	$0.55	$0.47	$(0.12)
Net earnings from discontinued operations	0.43	0.04	0.01	0.01	0.02
Net earnings (loss)	$0.90	$(0.36)	$0.56	$0.48	$(0.10)
Net earnings (loss) attributable to Acxiom	$0.97	$(0.29)	$0.56	$0.48	$(0.10)
Diluted earnings (loss) per share:					
Net earnings (loss) from continuing operations	$0.47	$(0.40)	$0.54	$0.47	$(0.12)
Net earnings from discontinued operations	0.42	0.04	0.01	0.01	0.02
Net earnings (loss)	$0.89	$(0.36)	$0.55	$0.48	$(0.10)
Net earnings (loss) attributable to Acxiom	$0.96	$(0.29)	$0.56	$0.48	$(0.10)
Cash dividend per common share	$0.00	$0.00	$0.00	$0.12	$0.12

As of March 31,	2012	2011	2010	2009	2008
Balance sheet data:					
Current assets	$472,005	$480,276	$458,705	$458,522	$384,508
Current liabilities	$265,616	$229,494	$255,056	$254,554	$339,626
Total assets	$1,226,851	$1,306,625	$1,363,420	$1,366,792	$1,471,304
Long-term debt, excluding current installments	$251,886	$394,260	$458,629	$537,272	$575,308
Total equity	$611,855	$591,033	$578,497	$503,414	$496,256

The selected financial data for the periods reported above has been derived from the consolidated financial statements. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements and related notes. Previously reported amounts have been reclassified as a result of the discontinued operations. The historical results are not necessarily indicative of results to be expected in any future period.

Management's Discussion and Analysis of Financial Condition and Results of Operations

We present Management's Discussion and Analysis of Financial Condition and Results of Operations in seven parts: Introduction and Overview, Results of Operations, Capital Resources and Liquidity, Seasonality and Inflation, Non-U.S. Operations, Critical Accounting Policies, and New Accounting Pronouncements.

Introduction and Overview

Acxiom is a recognized leader in marketing technology and services 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 of 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, South America and the Asia-Pacific region.

Effective October 1, 2011, we realigned our business segments to better reflect the way we assess the business. Our new business segments consist of Marketing and Data Services, IT Infrastructure Management, and Other Services. The Marketing and Data Services segment includes the Company's global lines of business for Customer Data Integration (CDI), Consumer Insight Solutions, Marketing Management Services, and Consulting and Agency Services. The IT Infrastructure Management segment develops and delivers IT outsourcing and transformational solutions. The Other Services segment includes the e-mail fulfillment business, the U.S. risk business, and the UK fulfillment business. The segment results do not include any inter-company transactions. Additionally, items reported as impairment expense or gains, losses, and other items, net on the consolidated statement of operations are excluded from segment results.

During fiscal 2012 we announced the sale of our background screening unit, Acxiom Information Security Systems (AISS). This transaction closed on February 1, 2012. AISS results are presented as discontinued operations in the consolidated balance sheets and the consolidated statement of operations. Revenue and expenses related to discontinued operations as well as the gain from sale of the business are presented together, net of tax, in the statement of operations for all periods presented. Unless otherwise indicated, we refer to captions such as revenues, earnings, and earnings per share from continuing operations attributable to the Company simply as "revenues", "earnings", and "earnings per share" throughout this Management's Discussion and Analysis. Similarly, discussion of other matters in our consolidated financial statements relates to continuing operations unless otherwise indicated.

As we complete fiscal 2012 and look ahead to 2013, our Company is transitioning to a new executive leadership team. We named a new chief executive officer on July 25, 2011, a new chief financial officer on January 11, 2012, a new chief revenue officer on January 31, 2012 and a new chief product and engineering officer on April 19, 2012. During fiscal 2012 we announced plans to significantly accelerate investment in product development in fiscal 2013, which management believes will help drive revenue growth in fiscal 2014 and beyond.

Highlights of the most recently completed fiscal year are identified below.

- Revenue of $1.131 billion, a 1.5% increase from $1.114 billion in the prior fiscal year.
- Income from operations was $85.6 million compared to $25.2 million in the prior fiscal year.
- Earnings from discontinued operations include a pretax gain of $48.4 million, or $30.9 million net of tax, from the sale of AISS.
- Diluted earnings (loss) per share was $0.47 compared to ($0.40) in the prior fiscal year.
- Operating cash flow was $229.5 million compared to $166.2 million in the prior fiscal year.
- The Company recorded $17.8 million in impairment charges related to goodwill and other intangibles related to the Brazil operations. The related earn-out liability was reduced to zero to reflect the expected outcome of the earn-out calculation.
- The Company disposed of its ownership interest in Acxiom MENA - its operations in the Middle East. The Company recorded a net loss on the disposal of $2.5 million in gains, losses, and other items, net, and $0.9 million in net loss attributable to noncontrolling interest in the consolidated statement of operations.
- The Company recorded $12.6 million in restructuring charges and adjustments included in gains, losses and other items in the consolidated statement of operations.
- The Company made term loan prepayments of $125.0 million.
- The Company acquired $68.2 million of its stock as part of a stock repurchase program.

The highlights above are intended to identify to the reader some of the more significant events and transactions of the Company during the fiscal year ended March 31, 2012. However, these highlights are not intended to be a full discussion of the Company's 2012 fiscal year. These highlights should be read in conjunction with the following discussion of Results of Operations and Capital Resources and Liquidity and with the Company's consolidated financial statements and footnotes accompanying this report.

Results of Operations

A summary of selected financial information for each of the years in the three-year period ended March 31, 2012 is presented below (dollars in millions, except per share amounts):

	2012	2011	2010	% Change 2012-2011	% Change 2011-2010
Revenues	$1,130.6	$1,113.8	$1,063.6	2 %	5 %
Total operating costs and expenses	1,045.0	1,088.6	966.1	4	(13)
Income from operations	$85.6	$25.2	$97.5	240 %	(74)%
Diluted earnings (loss) per share attributable to Acxiom shareholders	$0.96	$(0.29)	$0.56	431 %	(152)%

Revenues

The following table presents the Company's revenue for each of the years in the three-year period ended March 31, 2012 (dollars in millions):

	2012	2011	2010	% Change 2012-2011	% Change 2011-2010
Revenues					
Marketing and data services	$771.7	$736.1	$721.2	5 %	2 %
IT Infrastructure management services	291.5	302.7	276.4	(4)	10
Other services	67.4	75.0	66.0	(10)	14
Total revenues	$1,130.6	$1,113.8	$1,063.6	2 %	5 %

Total revenue increased 1.5%, or $16.9 million, to $1,130.6 million in fiscal 2012. Revenue in fiscal 2011 included $9.9 million related to the disposed Portugal, Netherlands, and MENA operations. Excluding the impact of the disposed operations and the favorable impact of foreign currency translation of $6.3 million, revenue increased 1.7% in fiscal 2012.

Total revenue increased 4.7%, or $50.2 million, to $1,113.8 million in fiscal 2011. Of the revenue increase, $10.1 million related to the MENA and GoDigital acquisitions. Excluding unfavorable exchange rate movements of $2.7 million and the acquisition-related revenue, total revenue increased $42.7 million.

Marketing and data service (MDS) revenue increased $35.6 million, or 4.8% in fiscal 2012. On a geographic basis, International MDS revenue increased $3.7 million, or 2.9%, and U.S. MDS revenue increased $31.9 million, or 5.2%. Excluding the impact of the disposed Portugal and Netherlands operations of $4.2 million and the favorable impact of foreign currency translation, International MDS revenue increased $1.6 million. A $1.2 million revenue decline in Brazil was offset by revenue increases in Australia and China. The increase in U.S. MDS revenue was broad-based, with increases in business activity in most industry verticals, in particular, the Consumer, Convergent, and Financial Services vertical markets.

MDS revenue increased in all lines of business in fiscal 2012. The largest increases were in Consulting and Agency Services ($14.1 million, or 14.1%) and Marketing Management ($12.1 million or 4.1%). Increases in the Consumer Insight Products ($4.5 million or 3.1%) and the CDI Services ($4.8 million or 2.3%) lines of business were impacted by a prior year one-time project with a large customer ($4.1 million) and the revenue decline in Brazil.

MDS revenue increased $14.9 million, or 2.1% in fiscal 2011. On a geographic basis, International MDS revenue decreased $4.8 million, or 3.7% and U.S. MDS revenue increased $19.7 million, or 3.3%. The decrease in

International MDS revenue was primarily in Europe where revenue was down $19.8 million. The revenue declines in Europe were partially offset by revenue increases in Australia and China and by the GoDigital acquisition in Brazil. The increase in U.S. MDS was primarily attributable to the retail industry which increased by $20.7 million due mostly to increases with existing clients.

IT Infrastructure management services (IM) revenue decreased $11.1 million, or 3.7%, to $291.5 million in fiscal 2012. IM revenue decreased $23.5 million primarily as a result of contract losses during the fourth quarter of fiscal 2011 and the fourth quarter of fiscal 2012, partially offset by one-time projects and revenue growth with existing clients.

IM revenue increased $26.3 million, or 9.5% in fiscal 2011. The increase in IM revenue was due to a major new client that was added during fiscal 2010, as well as other new client wins in fiscal 2010 and fiscal 2011.

Other services (OS) revenue decreased $7.6 million, or 10.2%, to $67.4 million in fiscal 2012. Excluding the impact of the Mena disposal of $4.4 million, OS revenue decreased $3.3 million during the year. OS revenue from U.S. Risk operations decreased $3.9 million, or 2.8%, during the year due to lower project volume from existing customers. The decrease was partially offset by modest increases in other operations.

OS revenue increased $9.0 million, or 13.6% in fiscal 2011. $4.0 million of the increase was related to the MENA operation, which was included for the full year in fiscal 2011 and only four months in fiscal 2010. Additionally, the UK fulfillment operation increased by $4.3 million and OS revenue in the U.S. increased by $0.7 million.

Operating Costs and Expenses

The following table presents the Company’s operating costs and expenses for each of the years in the three-year period ended March 31, 2012 (dollars in millions):

	2012	2011	2010	% Change 2012-2011	% Change 2011-2010
Cost of revenue	$869.8	$853.2	$808.8	(2)%	(5)%
Selling, general and administrative	144.8	151.1	158.2	4	4
Impairment of goodwill and other intangibles	17.8	79.7	-	78	(100)
Gains, losses and other items, net	12.6	4.6	(0.9)	(175)	(611)
Total operating costs and expenses	$1,045.0	$1,088.6	$966.1	4 %	(13)%

Cost of revenue increased 1.9%, or $16.6 million, to $869.8 million in fiscal 2012. Gross margins decreased from 23.4% in fiscal 2011 to 23.1% in fiscal 2012. U.S. gross margins decreased from 24.8% to 24.4% primarily due to increasing compensation and delivery costs. International gross margins decreased from 15.4% to 15.2% in fiscal 2012 primarily due to increasing losses in Brazil. International gross margin benefitted in fiscal 2012 from the Mena disposal in the second quarter of the year.

Cost of revenue increased 5.5%, or $44.4 million, to $853.2 million in fiscal 2011. Gross margins decreased from 24.0% in fiscal 2010 to 23.4% in fiscal 2011. Margins were negatively impacted by a decline in higher margin Customer Data Integration Services revenue, lost contracts in Europe and negative gross margins on acquired operations in Saudi Arabia and Brazil, offset by cost reductions in Europe. The fiscal 2011 margin was also impacted by higher than expected migration costs of approximately $10.0 million on a large IM contract.

Selling, general and administrative expense was $144.8 million for the year ended March 31, 2012 representing a $6.3 million, or 4.2%, decrease from the prior year. As a percent of total revenue, these expenses were 12.8% this year compared to 13.6% in fiscal 2011. Decreases in 2012 selling, general, and administrative expense resulted from lower non-cash stock compensation costs of $4.1 million due to executive changes as well as lower marketing and legal expenditures during the period.

Selling, general and administrative expense was $151.1 million for the year ended March 31, 2011 representing a $7.0 million decrease from the prior year. As a percent of total revenue, these expenses were 13.6% in fiscal 2011 compared to 14.9% in fiscal 2010. Europe costs were approximately $5.1 million lower than the prior year due to cost reductions necessitated by lower revenues. Offsetting these reductions were expense increases in Australia and China on higher revenue levels.

Impairment of goodwill and other intangibles was $17.8 million for the year ended March 31, 2012. During the quarter ended December 31, 2011, management determined that results for the Brazil operation were likely to be significantly lower than had been projected in the previous goodwill test that was performed as of April 1, 2011. Management further determined that the failure of the Brazil operation to meet expectations, combined with the expectation that future budget projections would also be lowered, constituted a triggering event, requiring an interim goodwill impairment test. In conjunction with the interim goodwill impairment test, management also tested for impairment all other intangible assets other than goodwill associated with the Brazil operation. This test was performed during the quarter ended December 31, 2011, resulting in a total impairment charge of $17.8 million, of which $13.8 million was recorded as impairment of goodwill and $4.0 million was recorded as impairment of other intangible assets. In addition, the $2.6 million earn-out liability relating to the Brazil acquisition was reduced to zero as there is no future expectation of an earn-out payment. The reduction of the earn-out liability is reflected as a credit to gains, losses and other items, net (see note 6).

Impairment of goodwill and other intangibles was $79.7 million for the year ended March 31, 2011. During the quarter ended March 31, 2011, triggering events occurred which required the Company to test the goodwill associated with its International operations for impairment. The triggering events were changes to the Company's projected long-term growth and margins in both Europe and the Middle East and North Africa (MENA), as well as the disposal of the Company's Portugal and Netherlands operations. Results of the two-step test indicated impairment associated with these operations, and the Company recorded an impairment charge of $79.7 million, of which $77.3 million was related to goodwill and $2.4 million was related to other intangible assets (see note 6).

Gains, losses and other items, net for each of the years presented are as follows (dollars in thousands):

	2012	2011	2010
Loss (gain) on disposition of operations in Portugal (see note 4)	$(7)	$828	$-
Loss on disposition of operations in Netherlands (see note 4)	30	2,511	-
Loss on disposition of operations in MENA (see note 4)	2,505	-	-
Legal contingency	-	(2,125)	-
Restructuring plan charges and adjustments	12,778	4,435	(1,292)
Earnout liability adjustment (see note 3)	(2,598)	(1,058)	-
Other	(70)	9	348
	$12,638	$4,600	$(944)

Gains, losses and other items, net was $12.6 million in fiscal 2012. The Company recorded a total of $12.8 million in restructuring charges and adjustments which includes severance and other associate-related payments of $9.9 million, lease accruals of $2.6 million, and adjustments to the fiscal 2011 restructuring plan of $0.3 million. On July 12, 2011, the Company entered into a transaction with MENA's minority partners to fully dispose of the Company's interest in its MENA subsidiary. The Company recorded a loss on the MENA disposal of $3.4 million in the statement of operations. Of the $3.4 million loss, $2.5 million is recorded in gains, losses and other items, net and $0.9 million is recorded in net loss attributable to noncontrolling interest. During fiscal 2012, the Company adjusted the value of the earnout related to the Brazil acquisition from $2.6 million to zero through gains, losses and other items, since there is no expectation of an earnout payment.

Gains, losses and other items, net was $4.6 million in fiscal 2011. The Company recorded $4.4 million in restructuring charges and adjustments which included severance and other associate-related charges of $3.4 million and executive leadership transition charges of $2.7 million. These were offset by adjustments to previous restructuring plans of $1.7 million. In fiscal 2011, the Company entered into an agreement to dispose of the Company's operations in Portugal. The Company made a cash payment of $0.9 million as part of the disposal and recorded a loss in gains, losses and other items, net of $0.8 million. Also in fiscal 2011, the Company entered into an agreement to dispose of the Company's operations in The Netherlands. The Company transferred $0.2 million in cash as part of the sale and recorded a loss in gains, losses and other items, net of $2.5 million. In fiscal 2011, the Company completed the acquisition of a 70% interest in GoDigital Tecnologia E Participacoes, Ltda. ("GoDigital"), a Brazilian marketing services business. The value of the earnout related to this acquisition was originally estimated at $3.6 million. During fiscal 2011, the Company estimated the value of the earnout to have decreased by $1.1 million and recorded the adjustment in gains, losses and other items, net. The value of the earnout liability was subsequently adjusted to zero in fiscal 2012 since there is no expectation of an earnout payment.

In previous fiscal years the Company accrued a total of $5.0 million for the estimated settlement cost on an ongoing lawsuit. In fiscal 2011 the Company settled the lawsuit and reversed $2.1 million of the accrual.

The following table shows the balances that were accrued for restructuring plans discussed above, as well as the changes in those balances during the years ended March 31, 2010, 2011 and 2012 (dollars in thousands):

	Associate-related reserves	Ongoing contract costs	Total
March 31, 2009	$ 8,233	$23,932	$32,165
Adjustments	1,026	(1,336)	(310)
Payments	(6,389)	(9,692)	(16,081)
March 31, 2010	$ 2,870	$12,904	$15,774
Fiscal year 2011 restructuring plan	6,064	-	6,064
Adjustments	(291)	(1,338)	(1,629)
Payments	(3,081)	(2,024)	(5,105)
March 31, 2011	$ 5,562	$9,542	$15,104
Fiscal year 2012 restructuring plan	9,855	2,652	12,507
Adjustments	271	-	271
Payments	(6,091)	(1,145)	(7,236)
March 31, 2012	$ 9,597	$11,049	$20,646