ACXIOM CORP
Form 10-Q/A
February 20, 2013

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

Form 10-Q/A
(Amendment No. 1)

(Mark One)

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

For the quarterly period ended December 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	71-0581897
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

P.O. Box 8180, 601 E. Third Street, Little Rock, Arkansas	72201
(Address of Principal Executive Offices)	(Zip Code)

(501) 342-1000

(Registrant's Telephone Number, Including Area Code)

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

(§232.405 of this chapter) 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 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 number of shares of Common Stock, $ 0.10 par value per share, outstanding as of February 4, 2013 was 73,827,393.

Explanatory Note

This Amendment No. 1 to Acxiom Corporation’s (the “Company”) Quarterly Report on Form 10-Q for the period ended December 31, 2012, originally filed with the U.S. Securities and Exchange Commission on February 8, 2013 (the “Original Quarterly Report”), is being filed for the sole purpose of providing pages 13-38 which were inadvertently omitted when the Original Quarterly Report was filed due to a transmission error associated with the EDGAR filing software used by the Company. No other changes to the Original Quarterly Report have been made in this Form 10-Q/A.

This Amendment No. 1 speaks as of the original filing date of the Original Quarterly Report and does not reflect events occurring after the filing date of the Original Quarterly Report, or modify or update the disclosures therein in any way. No revisions have been made to the Company’s financial statements contained in the Original Quarterly Report.

ACXIOM CORPORATION AND SUBSIDIARIES
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REPORT ON FORM 10-Q
December 31, 2012

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	December 31, 2012	March 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$186,220	$229,648
Trade accounts receivable, net	182,457	169,446
Deferred income taxes	15,082	15,107
Other current assets	52,750	57,804
Total current assets	436,509	472,005
Property and equipment, net of accumulated depreciation and amortization	231,774	253,373
Software, net of accumulated amortization	19,491	13,211
Goodwill	382,704	382,285
Purchased software licenses, net of accumulated amortization	21,583	25,294
Deferred costs, net	47,211	61,977
Data acquisition costs, net	11,540	15,009
Other assets, net	2,831	3,697
	$1,153,643	$1,226,851
LIABILITIES AND EQUITY		
Current liabilities:		
Current installments of long-term debt	$19,814	$26,336
Trade accounts payable	19,873	31,030
Accrued expenses		
Payroll	47,041	54,839
Other	73,696	77,062
Deferred revenue	47,389	59,949
Income taxes payable	3,229	16,400
Total current liabilities	211,042	265,616
Long-term debt	240,774	251,886
Deferred income taxes	86,614	93,039
Other liabilities	4,178	4,455
Commitments and contingencies		
Equity:		
Common stock	12,108	12,003
Additional paid-in capital	877,619	860,165
Retained earnings	580,728	536,359
Accumulated other comprehensive income	14,714	13,601
Treasury stock, at cost	(873,893)	(810,381)
Total Acxiom stockholders' equity	611,276	611,747
Noncontrolling interest	(241)	108
Total equity	611,035	611,855
	$1,153,643	$1,226,851

See accompanying notes to condensed consolidated financial statements.

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

	For the Three Months ended December 31	
	2012	2011
Revenues	$273,102	$280,893
Operating costs and expenses:		
Cost of revenue	209,027	213,925
Selling, general and administrative	37,303	36,318
Impairment of goodwill and other intangibles	-	17,803
Gains, losses and other items, net	(126)	(2,671)
Total operating costs and expenses	246,204	265,375
Income from operations	26,898	15,518
Other expense:		
Interest expense	(3,178)	(3,883)
Other, net	565	(98)
Total other expense	(2,613)	(3,981)
Earnings from continuing operations before income taxes	24,285	11,537
Income taxes	9,836	9,700
Net earnings from continuing operations	$14,449	$1,837
Earnings from discontinued operations, net of tax	-	814
Net earnings	$14,449	$2,651
Less: Net loss attributable to noncontrolling interest	(76)	(5,279)
Net earnings attributable to Acxiom	$14,525	$7,930
Basic earnings per share:		
Net earnings from continuing operations	$0.19	$0.02
Net earnings from discontinued operations	-	0.01
Net earnings	$0.19	$0.03
Net earnings attributable to Acxiom stockholders	$0.20	$0.10
Diluted earnings per share:		
Net earnings from continuing operations	$0.19	$0.02
Net earnings from discontinued operations	-	0.01
Net earnings	$0.19	$0.03
Net earnings attributable to Acxiom stockholders	$0.19	$0.10

See accompanying notes to condensed consolidated financial statements.

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

	For the Nine Months ended December 31	
	2012	2011
Revenues	$822,228	$843,369
Operating costs and expenses:		
Cost of revenue	628,239	649,701
Selling, general and administrative	111,393	112,554
Impairment of goodwill and other intangibles	-	17,803
Gains, losses and other items, net	66	38
Total operating costs and expenses	739,698	780,096
Income from operations	82,530	63,273
Other expense:		
Interest expense	(9,735)	(14,057)
Other, net	(36)	(1,150)
Total other expense	(9,771)	(15,207)
Earnings from continuing operations before income taxes	72,759	48,066
Income taxes	28,739	25,291
Net earnings from continuing operations	$44,020	$22,775
Earnings from discontinued operations, net of tax	-	2,868
Net earnings	$44,020	$25,643
Less: Net loss attributable to noncontrolling interest	(349)	(5,554)
Net earnings attributable to Acxiom	$44,369	$31,197
Basic earnings per share:		
Net earnings from continuing operations	$0.59	$0.28
Net earnings from discontinued operations	-	0.04
Net earnings	$0.59	$0.32
Net earnings attributable to Acxiom stockholders	$0.59	$0.39
Diluted earnings per share:		
Net earnings from continuing operations	$0.57	$0.28
Net earnings from discontinued operations	-	0.04
Net earnings	$0.57	$0.32
Net earnings attributable to Acxiom stockholders	$0.58	$0.39

See accompanying notes to condensed consolidated financial statements.

ACXIOM CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(Dollars in thousands)

	For the Three Months ended December 31	
	2012	2011
Net earnings	$14,449	$2,651
Other comprehensive income:		
Change in foreign currency translation adjustment	862	1,528
Unrealized gain on interest rate swap	200	494
Other comprehensive income	1,062	2,022
Comprehensive income	15,511	4,673
Less: Comprehensive loss attributable to noncontrolling interest	(76)	(5,279)
Comprehensive income attributable to Acxiom stockholders	$15,587	$9,952

See accompanying notes to condensed consolidated financial statements.

ACXIOM CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(Dollars in thousands)

	For the Nine Months ended December 31	
	2012	2011
Net earnings	$44,020	$25,643
Other comprehensive income (loss):		
Change in foreign currency translation adjustment	1,046	(4,190)
Unrealized gain on interest rate swap	67	194
Other comprehensive income (loss)	1,113	(3,996)
Comprehensive income	45,133	21,647
Less: Comprehensive loss attributable to noncontrolling interest	(349)	(5,554)
Comprehensive income attributable to Acxiom stockholders	$45,482	$27,201

See accompanying notes to condensed consolidated financial statements.

ACXIOM CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
NINE MONTHS ENDED DECEMBER 31, 2012
(Unaudited)
(Dollars in thousands)

	Common Stock		Additional		Accumulated other	Treasury Stock			
	Number of shares	Amount	paid-in Capital	Retained earnings	comprehensive income	Number of shares	Amount	Noncontrolling Interest	Total Equity
Balances at March 31, 2012	120,027,013	$12,003	$ 860,165	$ 536,359	$13,601	(43,213,271)	$(810,381)	108	$611,855
Employee stock awards, benefit plans and other issuances	590,028	59	8,594	-	-	(56,600)	(790)	-	7,863
Restricted stock units vested	464,688	46	(46)	-	-	-	-	-	-
Non-cash share-based compensation	-	-	8,906	-	-	-	-	-	8,906
Acquisition of treasury stock	-	-	-	-	-	(4,059,002)	(62,722)	-	(62,722)
Comprehensive income:									
Foreign currency translation	-	-	-	-	1,046	-	-	-	1,046
Unrealized loss on interest rate swap	-	-	-	-	67	-	-	-	67
Net earnings (loss)	-	-	-	44,369	-	-	-	(349)	44,020
Balances at December 31, 2012	121,081,729	$12,108	$ 877,619	$ 580,728	$14,714	(47,328,873)	$(873,893)	(241)	$611,035

See accompanying notes to condensed consolidated financial statements

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

	For the Nine Months ended December 31	
	2012	2011
Cash flows from operating activities:		
Net earnings	$44,020	$25,643
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation and amortization	89,594	103,240
Loss on disposal or impairment of assets	25	183
Impairment of goodwill and other intangibles	-	17,803
Deferred income taxes	(6,428)	2,539
Non-cash share-based compensation expense	8,906	6,910
Changes in operating assets and liabilities:		
Accounts receivable, net	(13,925)	(2,763)
Other assets	756	(202)
Deferred costs	(1,600)	(1,879)
Accounts payable and other liabilities	(32,607)	7,391
Deferred revenue	(12,830)	14,143
Net cash provided by operating activities	75,911	173,008
Cash flows from investing activities:		
Disposition of operations	-	(1,043)
Capitalized software development costs	(13,190)	(3,167)
Capital expenditures	(21,976)	(39,147)
Payments received for investments	-	370
Data acquisition costs	(6,464)	(8,549)
Net cash paid in acquisitions	-	(255)
Net cash used in investing activities	(41,630)	(51,791)
Cash flows from financing activities:		
Payments of debt	(19,790)	(145,768)
Acquisition liability payment	-	(326)
Acquisition of treasury stock	(65,356)	(42,827)
Sale of common stock	7,863	7,318
Contingent consideration paid for prior acquisitions	(287)	-
Net cash used in financing activities	(77,570)	(181,603)
Effect of exchange rate changes on cash	(139)	(724)
Net change in cash and cash equivalents	(43,428)	(61,110)
Cash and cash equivalents at beginning of period	229,648	206,973
Cash and cash equivalents at end of period	$186,220	$145,863

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)
(Dollars in thousands)

	For the Nine Months ended December 31	
	2012	2011
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	$9,678	$15,491
Income taxes	48,268	15,171
Payments on capital leases and installment payment arrangements	12,948	13,687
Prepayments of debt	-	125,000
Other debt payments	6,842	7,081
Non-cash investing and financing activities:		
Acquisition of property and equipment under capital leases and installment payment arrangements	2,157	8,733

See accompanying notes to condensed consolidated financial statements.

ACXIOM CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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

These condensed consolidated financial statements have been prepared by Acxiom Corporation ("Registrant," "Acxiom" or "the Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC" or "the Commission"). In the opinion of the Registrant's management all adjustments necessary for a fair presentation of the results for the periods included have been made and the disclosures are adequate to make the information presented not misleading. All such adjustments are of a normal recurring nature. Certain note information has been omitted because it has not changed significantly from that reflected in notes 1 through 18 of the Notes to Consolidated Financial Statements filed as part of Item 8 of the Registrant's annual report on Form 10-K for the fiscal year ended March 31, 2012 ("2012 Annual Report"), as filed with the Commission on May 25, 2012. This report and the accompanying condensed consolidated financial statements should be read in connection with the 2012 Annual Report. The financial information contained in this report is not necessarily indicative of the results to be expected for any other period or for the full fiscal year ending March 31, 2013.

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States. Actual results could differ from those estimates. Certain of the accounting policies used in the preparation of these condensed consolidated financial statements are complex and require management to make judgments and/or significant estimates regarding amounts reported or disclosed in these financial statements. Additionally, the application of certain of these accounting policies is governed by complex accounting principles and their interpretation. A discussion of the Company's significant accounting principles and their application is included in note 1 and in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, to the Company's 2012 Annual Report.

Discontinued Operations -

During the quarter ended December 31, 2011, the Company announced the sale of its background screening unit, Acxiom Information Security Systems (AISS). The sale was completed in the quarter ended March 31, 2012. As a result, AISS results for the prior year are presented as discontinued operations in the condensed consolidated statement of operations. Revenue and expenses related to discontinued operations are netted and presented on one line, net of tax, in the statement of operations.

Reclassifications -

Certain amounts reported in previous periods have been reclassified to conform to the current presentation.

Recent Accounting Pronouncements -

In June 2011, the FASB issued an amendment to an existing accounting standard which requires companies to present net income and other comprehensive income in one continuous statement or in two separate, but consecutive, statements. The Company adopted the standard in the first quarter of fiscal 2013.

2. EARNINGS PER SHARE AND STOCKHOLDERS' EQUITY:

Earnings Per Share

A reconciliation of the numerator and denominator of basic and diluted earnings per share is shown below (in thousands, except per share amounts):

	For the quarter ended December 31		For the nine months ended December 31	
	2012	2011	2012	2011
Basic earnings per share:				
Net earnings from continuing operations	$14,449	$1,837	$44,020	$22,775
Net earnings from discontinued operations	-	814	-	2,868
Net earnings	$14,449	$2,651	$44,020	$25,643
Net loss attributable to noncontrolling interest	(76)	(5,279)	(349)	(5,554)
Net earnings attributable to Acxiom	$14,525	$7,930	$44,369	$31,197
Basic weighted-average shares outstanding	74,103	78,189	75,195	80,039
Basic earnings per share:				
Continuing operations	$0.19	$0.02	$0.59	$0.28
Discontinued operations	-	$0.01	-	$0.04
Net earnings	$0.19	$0.03	$0.59	$0.32
Net loss attributable to noncontrolling interest	-	$(0.07)	-	$(0.07)
Net earnings attributable to Acxiom	$0.20	$0.10	$0.59	$0.39
Diluted earnings per share:				
Basic weighted-average shares outstanding	74,103	78,189	75,195	80,039
Dilutive effect of common stock options, warrants, and restricted stock as computed under the treasury stock method	1,775	831	1,792	838
Diluted weighted-average shares outstanding	75,878	79,020	76,987	80,877
Diluted earnings per share:				
Continuing operations	$0.19	$0.02	$0.57	$0.28
Discontinued operations	-	$0.01	-	$0.04
Net earnings	$0.19	$0.03	$0.57	$0.32
Net loss attributable to noncontrolling interest	-	$(0.07)	-	$(0.07)
Net earnings attributable to Acxiom	$0.19	$0.10	$0.58	$0.39

Some earnings per share amounts may not add due to rounding.

As of December 31, 2012, the Company had options and warrants outstanding providing for the purchase of approximately 9.7 million shares of common stock together with restricted stock units relating to 1.2 million shares of stock. Options, warrants and restricted stock units that were outstanding during the periods presented, but were not included in the computation of diluted earnings per share because the effect was antidilutive are shown below (in thousands, except per share amounts):

	For the quarter ended December 31		For the nine months ended December 31	
	2012	2011	2012	2011
Number of shares outstanding under options, warrants and restricted stock units	4,752	9,515	7,872	9,438
Range of exercise prices for options and warrants	$17.76-$62.06	$12.25-$62.06	$13.10-$62.06	$13.14-$62.06

Stockholders' Equity

On August 29, 2011, the board of directors adopted a common stock repurchase program. That program was subsequently modified and expanded on December 5, 2011, on May 24, 2012, and again on February 5, 2013. Under the modified common stock repurchase program, the Company may purchase up to $200.0 million of its common stock through the period ending February 5, 2014. During the nine months ended December 31, 2012, the Company repurchased 4.1 million shares of its common stock for $62.7 million. Cash paid for acquisition of treasury stock in the condensed consolidated statement of cash flows may differ from the aggregate purchase price due to trades made during one fiscal period that settle in a different fiscal period. Through December 31, 2012, the Company had repurchased 9.9 million shares of its stock for $130.9 million, leaving remaining capacity of $69.1 million under the stock repurchase program.

3. SHARE-BASED COMPENSATION:

Share-based Compensation Plans

Stock Option Activity
The Company has stock option and equity compensation plans for which a total of 38.2 million shares of the Company's common stock have been reserved for issuance since inception of the plans. These plans provide that the exercise prices of qualified options will be at or above the fair market value of the common stock at the time of the grant. Board policy requires that nonqualified options be priced at or above the fair market value of the common stock at the time of grant. At December 31, 2012, there were a total of 4.4 million shares available for future grants under the plans.

The Company granted 497,409 stock options in the nine months ended December 31, 2012. The per-share weighted-average fair value of the stock options granted during the nine months ended December 31, 2012 was $5.00. This valuation was determined using a customized binomial lattice approach with the following weighted-average assumptions: dividend yield of 0.0%; risk-free interest rate of 1.7%; expected option life of 4.5 years; expected volatility of 43% and a suboptimal exercise multiple of 1.4.

Option activity for the nine months ended December 31, 2012 was as follows:

	Number of shares	Weighted-average exercise price per share	Weighted-average remaining contractual	Aggregate intrinsic value

				term (in years)	(in thousands)
Outstanding at March 31, 2012	8,322,077	$	20.91		
Granted	497,409	$	13.31		
Exercised	(243,026)	$	13.14		$1,050
Forfeited or cancelled	(207,993)	$	18.66		
Outstanding at December 31, 2012	8,368,467	$	20.74	3.87	$13,207
Exercisable at December 31, 2012	7,125,099	$	22.00	2.98	$8,248

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between Acxiom's closing stock price on the last trading day of its third quarter of fiscal 2013 and the exercise price for each in-the-money option) that would have been received by the option holders had option holders exercised their options on December 31, 2012. This amount changes based upon changes in the fair market value of Acxiom's stock.

Following is a summary of stock options outstanding and exercisable as of December 31, 2012:

	Options outstanding			Options exercisable	
Range of exercise price per share	Options outstanding	Weighted- average remaining contractual life	Weighted-average exercise price per share	Options exercisable	Weighted-average exercise price per share
6.32 - $$ 9.62	100,640	5.43 years	$ 8.68	73,640	$ 8.60
10.22 - $$ 15.00	2,379,967	6.60 years	$ 13.02	1,186,743	$ 12.53
15.10 - $$ 19.82	1,789,933	3.28 years	$ 16.72	1,766,789	$ 16.70
20.12 - $$ 25.00	2,093,895	3.33 years	$ 22.92	2,093,895	$ 22.92
25.98 - $$ 29.30	1,095,987	1.68 years	$ 26.69	1,095,987	$ 26.69
30.93 - $$ 39.12	668,512	1.46 years	$ 35.81	668,512	$ 35.81
40.88 - $$ 62.06	239,533	1.81 years	$ 44.07	239,533	$ 44.07
	8,368,467	3.87 years	$ 20.74	7,125,099	$ 22.00

Total expense related to stock options for the nine months ended December 31, 2012 and 2011 was approximately $1.4 million and $0.9 million respectively. Future expense for these options is expected to be approximately $5.4 million over the next four years.

Restricted Stock Unit Activity

During the nine months ended December 31, 2012, the Company granted time-vesting restricted stock units covering 650,251 shares of common stock with a value at the date of grant of $9.0 million. Of the restricted stock units granted in the current period, 573,072 vest in equal annual increments over four years and 77,179 vest in one year. Valuation of these units is equal to the quoted market price for the shares on the date of grant.

Non-vested time-vesting restricted stock unit activity for the nine-month period ending December 31, 2012 was as follows:

	Number of shares	Weighted average fair value per share at grant	Weighted-average remaining contractual term (in years)

		date (in thousands)	
Outstanding at March 31, 2012	1,175,161	$13.40	2.21
Granted	650,251	$13.89	
Vested	(464,688)	$12.63	
Forfeited or cancelled	(166,588)	$13.97	
Outstanding at December 31, 2012	1,194,136	$13.89	2.46

During the nine months ended December 31, 2012, the Company granted performance-based restricted stock units covering 384,563 shares of common stock with a value at the date of grant of $5.2 million. All of the performance-based restricted stock units granted in the current period vest subject to attainment of performance criteria established by the compensation committee of the board of directors. Of the units granted in the current period, 333,463 may vest in a number of shares from zero to 200% of the award, based on the attainment of an earnings-per-share target for fiscal 2015, with a multiplier based on the total shareholder return of Acxiom stock compared to total shareholder return of a group of peer companies established by the committee for the period from April 1, 2012 to March 31, 2015. The remaining 51,100 units represent inducement awards granted to an executive officer. The executive officer may vest in up to 100% of the inducement award based on price targets for the Company's common stock during the determination period from January 26, 2013 to July 26, 2014. The value of the performance units is determined using a Monte Carlo simulation model.

Non-vested performance-based restricted stock unit activity for the nine-month period ending December 31, 2012 was as follows:

	Number of shares	Weighted average fair value per share at grant date (in thousands)	Weighted-average remaining contractual term (in years)
Outstanding at March 31, 2012	511,864	$10.91	2.31
Granted	384,563	$13.50	
Outstanding at December 31, 2012	896,427	$12.02	1.81

Total expense related to restricted stock units in the nine months ended December 31, 2012 and 2011 was approximately $7.5 million and $6.0 million respectively. Future expense for these restricted stock units is expected to be approximately $19.5 million over the next four years.

4. DIVESTITURES:

Discontinued Operation

On February 1, 2012 the Company completed the sale of its background screening unit, Acxiom Information Security Systems (AISS), to Sterling Infosystems, a New York-based technology firm, for $74 million. The results of operations pertaining to the AISS business have been classified as discontinued operations in the condensed consolidated financial statements.

Summary results of operations of the AISS business unit for the quarter and nine months ended December 31, 2011 are segregated and included in income from discontinued operations, net of tax, in the condensed consolidated statements of operations and are as follows (dollars in thousands):

	For the quarter ended December 31, 2011	For the nine months ended December 31, 2011
Revenues	$ 12,324	$ 38,816
Earnings from discontinued operations before income taxes	$ 1,356	$ 4,778
Income taxes	542	1,910
Income from discontinued operations, net of tax	$ 814	$ 2,868

The net cash flows related to the AISS discontinued operation for each of the categories of operating, investing, and financing activities were not significant for the nine months ending December 31, 2011.

5. OTHER CURRENT AND NONCURRENT ASSETS:

Other current assets consist of the following (dollars in thousands):

	December 31, 2012	March 31, 2012
Prepaid expenses	$38,822	$43,768
Assets of non-qualified retirement plan	13,394	13,344
Other miscellaneous assets	534	692
Other current assets	$52,750	$57,804

Other noncurrent assets consist of the following (dollars in thousands):

	December 31, 2012	March 31, 2012
Acquired intangible assets, net	$665	$1,525
Other miscellaneous noncurrent assets	2,166	2,172
Other assets	$2,831	$3,697

The acquired intangible assets noted above represent customer relationship intangibles acquired through purchase acquisitions, net of accumulated amortization.

6. GOODWILL:

Goodwill is measured and tested for impairment on an annual basis in the first quarter of the Company's fiscal year in accordance with applicable accounting standards, or more frequently if indicators of impairment exist. Triggering events for interim impairment testing include indicators such as adverse industry or economic trends, restructuring actions, downward revisions to projections of financial performance, or a sustained decline in market capitalization. The performance of the impairment test involves a two-step process. The first step requires comparing the estimated fair value of a reporting unit to its net book value, including goodwill. A potential impairment exists if the estimated fair value of the reporting unit is lower than its net book value. The second step of the impairment test involves assigning the estimated fair value of the reporting unit to its identifiable assets, with any residual fair value being assigned to goodwill. If the carrying value of an individual indefinite-lived intangible asset (including goodwill) exceeds its estimated fair value, such asset is written down by an amount equal to the excess, and a corresponding amount is recorded as a charge to operations for the period in which the impairment test is completed. Completion of the Company's annual impairment test during the quarter ended June 30, 2012 indicated no potential impairment of its goodwill balances.

The carrying amount of goodwill, by operating segment, at December 31, 2012, and the changes in those balances are presented in the following table.

(dollars in thousands)	Marketing and data services	IT Infrastructure management	Other services	Total
Balance at March 31, 2012	$306,077	$ 71,508	$4,700	$382,285
Change in foreign currency translation adjustment	364	-	55	419
Balance at December 31, 2012	$306,441	$ 71,508	$4,755	$382,704

Goodwill by component included in Marketing and data services as of December 31, 2012 is US, $264.6 million; Europe, $19.8 million; Australia, $15.0 million; China, $6.0 million; and Brazil, $1.0 million.

In order to estimate a valuation for each of the components, management used an income approach based on a discounted cash flow model (income approach) together with valuations based on an analysis of public company market multiples and a similar transactions analysis.

The key assumptions used in the discounted cash flow valuation model include discount rates, growth rates, cash flow projections and terminal value rates. Discount rates, growth rates and cash flow projections are the most sensitive and susceptible to change as they require significant management judgment. Discount rates are determined by using a

weighted average cost of capital (“WACC”). The WACC considers market and industry data as well as company-specific risk factors for each reporting unit in determining the appropriate discount rate to be used. The discount rate utilized for each reporting unit is indicative of the return an investor would expect to receive for investing in such a business. Management, considering industry and company-specific historical and projected data, develops growth rates and cash flow projections for each reporting unit. Terminal value rate determination follows common methodology of capturing the present value of perpetual cash flow estimates beyond the last projected period assuming a constant WACC and low long-term growth rates.

The public company market multiple method was used to estimate values for each of the components by looking at market value multiples to revenue and EBITDA (earnings before interest, taxes, depreciation and amortization) for selected public companies that were believed to be representative of companies that marketplace participants would use to arrive at comparable multiples for the individual component being tested. These multiples were then used to develop an estimated value for each respective component.

The similar transactions method compared multiples based on acquisition prices of other companies believed to be those that marketplace participants would use to compare to the individual component being tested. Those multiples were then used to develop an estimated value for that component.

In order to arrive at an estimated value for each component, management used a weighted-average approach to combine the results of each analysis. Management believes that using multiple valuation approaches and then weighting them appropriately is a technique that a marketplace participant would use.

As a final test of the valuation results, the total of the values of the components was reconciled to the actual market value of Acxiom common stock as of the valuation date. This reconciliation indicated an implied control premium. Management believes this control premium is reasonable compared to historical control premiums observed in actual transactions.

Goodwill is tested for impairment at the reporting unit level, which is defined as either an operating segment or one step below operating segment, known as a component. Acxiom's segments are the Marketing and data services segment, the IT Infrastructure management segment, and the Other services segment. Because the Marketing and data services segment and the Other services segment contained both U.S. and International components, and there were differences in economic characteristics between the components in the different geographic regions, management tested a total of eight components at the beginning of the year. The goodwill amounts as of April 1, 2012 included in each component tested were: U.S. Marketing and data services, $264.6 million; Europe Marketing and data services, $19.5 million; Australia Marketing and data services, $14.9 million; China Marketing and data services, $6.0 million; Brazil Marketing and data services, $1.1 million; U.S. Infrastructure management, $71.5 million; U.S. Other services, $1.8 million; and Europe Other services, $2.9 million.

As of April 1, 2012, each of the components had an estimated fair value in excess of its carrying value, indicating no impairment. All of the components had a substantial excess carrying value, except for the Brazil component, for which the excess was 11%.

Management believes that the estimated valuations it arrived at are reasonable and consistent with what other marketplace participants would use in valuing the Company's components. However, management cannot give any assurance that these market values will not change in the future. For example, if discount rates demanded by the market increase, this could lead to reduced valuations under the income approach. If the Company's projections are not achieved in the future, this could lead management to reassess their assumptions and lead to reduced valuations under the income approach. If the market price of the Company's stock decreases, this could cause the Company to reassess the reasonableness of the implied control premium, which might cause management to assume a higher discount rate under the income approach which could lead to reduced valuations. If future similar transactions exhibit lower multiples than those observed in the past, this could lead to reduced valuations under the similar transactions approach. And finally, if there is a general decline in the stock market and particularly in those companies selected as comparable to the Company's components, this could lead to reduced valuations under the public company market multiple approach. The Company's next annual impairment test will be performed during the first quarter of fiscal 2014. The fair value of the Company's components could deteriorate which could result in the need to record impairment charges in future periods. The Company continues to monitor potential triggering events including changes in the business climate in which it operates, attrition of key personnel, the volatility in the capital markets, the Company's market capitalization compared to its book value, the Company's recent operating performance, and the Company's financial projections. The occurrence of one or more triggering events could require additional impairment testing, which could result in impairment charges.

7. LONG-TERM DEBT:

Long-term debt consists of the following (dollars in thousands):

	December 31, 2012	March 31, 2012
Term loan credit agreement	$219,500	$224,000
Capital leases and installment payment obligations on land, buildings and equipment payable in monthly payments of principal plus interest at rates ranging from approximately 3% to 8%; remaining terms up to ten years	24,935	35,726
Other debt and long-term liabilities	16,153	18,496
Total long-term debt and capital leases	260,588	278,222
Less current installments	19,814	26,336
Long-term debt, excluding current installments	$240,774	$251,886

The Company's amended and restated credit agreement provides for (1) term loans up to an aggregate principal amount of $600 million and (2) revolving credit facility borrowings consisting of revolving loans, letter of credit participations and swing-line loans up to an aggregate amount of $120 million.

The term loan is payable in quarterly installments of approximately $1.5 million each, through December 31, 2014, with a final payment of approximately $207.5 million due March 15, 2015. The revolving loan commitment expires March 15, 2014.

Revolving credit facility borrowings currently bear interest at LIBOR plus a credit spread, or at an alternative base rate or at the Federal Funds rate plus a credit spread, depending on the type of borrowing. The LIBOR credit spread is 2.75%. There were no revolving credit borrowings outstanding at December 31, 2012 or March 31, 2012. Term loan borrowings bear interest at LIBOR plus a credit spread of 3.00%. The weighted-average interest rate on term loan borrowings at December 31, 2012 was 3.7%. Outstanding letters of credit at December 31, 2012 were $2.2 million.

The term loan allows prepayments before maturity. The credit agreement is secured by the accounts receivable of Acxiom and its domestic subsidiaries, as well as by the outstanding stock of certain Acxiom subsidiaries.

Under the terms of the term loan, the Company is required to maintain certain debt-to-cash flow and debt service coverage ratios, among other restrictions. At December 31, 2012, the Company was in compliance with these covenants and restrictions. In addition, if certain financial ratios and other conditions are not satisfied, the revolving credit facility limits the Company's ability to pay dividends in excess of $30 million in any fiscal year (plus additional amounts in certain circumstances).

On July 25, 2011, the Company entered into an interest rate swap agreement. The agreement provides for the Company to pay interest through January 27, 2014 at a fixed rate of 0.94% plus the applicable credit spread on $150.0 million notional amount, while receiving interest for the same period at the LIBOR rate on the same notional amount. The LIBOR rate as of December 31, 2012 was 0.32%. The swap was entered into as a cash flow hedge against LIBOR interest rate movements on the term loan. As of December 31, 2012, the hedge relationship qualified as an effective hedge under applicable accounting standards. Consequently, all changes in fair value of the derivative are deferred and recorded in other comprehensive income (loss) until the related forecasted transaction is recognized in the consolidated statement of operations. The fair market value of the derivative was zero at inception and an unrealized loss of $1.0 million since inception is recorded in other comprehensive income (loss) with the offset

recorded to other noncurrent liabilities. The fair value of the interest rate swap agreement recorded in accumulated other comprehensive income (loss) may be recognized in the statement of operations if certain terms of the floating-rate debt change, if the floating-rate debt is extinguished or if the interest rate swap agreement is terminated prior to maturity. The Company has assessed the creditworthiness of the counterparty of the swap and concludes that no substantial risk of default exists as of December 31, 2012.

8. ALLOWANCE FOR DOUBTFUL ACCOUNTS:

Trade accounts receivable are presented net of allowances for doubtful accounts, returns and credits of $5.1 million at December 31, 2012 and $4.9 million at March 31, 2012.

9. SEGMENT INFORMATION:

The Company reports segment information consistent with the way management internally disaggregates its 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. The Company's 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 US risk business, and the UK fulfillment business.

Our management uses the revenues and earnings of the three operating segments, among other factors, for performance evaluation and resource allocation. The Company evaluates performance of the segments based on segment operating income. The Company's calculation of segment operating income does not include inter-company transactions and allocates all corporate expenses, excluding those reported as impairments or gains, losses and other items. Because segment operating income excludes certain impairments and gains, losses and other items this measure is considered a non-GAAP financial measure, which is not a financial measure calculated in accordance with generally accepted accounting principles. Management believes segment operating income is a helpful measure in evaluating performance of the business segments. While management considers segment operating income to be a helpful measure of comparative operating performance, this measure should be considered in addition to, but not as a substitute for, measures of financial performance prepared in accordance with GAAP presented elsewhere in the financial statements. In addition, the Company's calculation of segment operating income may be different from measures used by other companies and therefore comparability may be affected.

The following tables present information by business segment (dollars in thousands):

	For the quarter ended December 31		For the nine months ended December 31	
	2012	2011	2012	2011
Revenue:				
Marketing and data services	$190,138	$187,461	$570,286	$568,314
IT Infrastructure management	69,916	77,173	210,267	223,935
Other services	13,048	16,259	41,675	51,120
Total revenue	$273,102	$280,893	$822,228	$843,369
Income (loss) from operations:				
Marketing and data services	$17,971	$21,388	$59,277	$65,726
IT Infrastructure management	9,622	9,795	26,973	19,133
Other services	(821)	(533)	(3,654)	(3,745)
Corporate	126	(15,132)	(66)	(17,841)
Income from operations	$26,898	$15,518	$82,530	$63,273

10. RESTRUCTURING, IMPAIRMENT AND OTHER CHARGES:

The Company records costs associated with employee terminations and other exit activity in accordance with applicable accounting standards when those costs become probable and are reasonably estimable. The following table summarizes the restructuring activity for the nine months ended December 31, 2012 (dollars in thousands):

	Associate-related reserves	Ongoing contract costs	Total
Balance at March 31, 2012	$ 9,597	$11,049	$20,646
Payments	(6,414)	(1,572)	(7,986)
Charges and adjustments	(221)	171	(50)
Balance at December 31, 2012	$ 2,962	$9,648	$12,610

The above balances are included in accrued expenses on the condensed consolidated balance sheet.

Restructuring Plans

In fiscal 2012, the Company recorded a total of $12.8 million in restructuring charges and adjustments included in gains, losses and other items in the consolidated statement of operations. The expense included 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.

The associate-related accruals of $9.9 million relate to the termination of associates in the United States, Australia, Europe, and Brazil. Of the amount accrued, $2.9 million remained accrued as of December 31, 2012. These costs are expected to be paid out in fiscal 2013.

The lease accruals of $2.6 million were evaluated under the accounting standards which govern exit costs. These accounting standards require the Company to make an accrual for the liability for lease costs that will continue to be incurred without economic benefit to the Company upon the date that the Company ceases using the leased property. On or before March 31, 2012, the Company ceased using certain leased office facilities. The Company intends to attempt to sublease those facilities to the extent possible. The Company established a liability for the fair value of the remaining lease payments, partially offset by the estimated sublease payments to be received over the course of those leases. The fair value of these liabilities is based on a net present value model using a credit-adjusted risk-free rate. These liabilities will be paid out over the remainder of the leased properties' terms, of which the longest continues through July 2019. Actual sublease terms may differ from the estimates originally made by the Company. Any future changes in the estimates or in the actual sublease income could require future adjustments to the liability for these leases, which would impact net income in the period the adjustment is recorded. The remaining amount accrued at December 31, 2012 is $1.9 million.

As part of its restructuring plans in fiscal 2008 and 2009, the Company recorded a total of $22.2 million in lease accruals included in gains, losses and other items in the consolidated statement of operations. The lease accruals were evaluated under the accounting standards which govern exit costs. These accounting standards require the Company to make an accrual for the liability for lease costs that will continue to be incurred without economic benefit to the Company upon the date that the Company ceases using the leased property. On or before the date of the restructuring plan, the Company ceased using certain leased office facilities. The Company attempts to sublease those facilities to the extent possible. The Company established a liability for the fair value of the remaining lease payments, partially offset by the estimated sublease payments to be received over the course of those leases. The fair value of these

liabilities is based on a net present value model using a credit-adjusted risk-free rate. These liabilities will be paid out over the remainder of the leased properties' terms, of which the longest continues through November 2021. Actual sublease terms may differ from the estimates originally made by the Company. Any future changes in the estimates or in the actual sublease income could require future adjustments to the liability for these leases, which would impact net income in the period the adjustment is recorded. The remaining amount accrued at December 31, 2012 is $7.7 million.

11. COMMITMENTS AND CONTINGENCIES:

Legal Matters

The Company is involved in various claims and legal proceedings. Management routinely assesses the likelihood of adverse judgments or outcomes to these matters, as well as ranges of probable losses, to the extent losses are reasonably estimable. The Company records accruals for these matters to the extent that management concludes a loss is probable and the financial impact, should an adverse outcome occur, is reasonably estimable. These accruals are reflected in the Company's consolidated financial statements. In management's opinion, the Company has made appropriate and adequate accruals for these matters and management believes the probability of a material loss beyond the amounts accrued to be remote; however, the ultimate liability for these matters is uncertain, and if accruals are not adequate, an adverse outcome could have a material effect on the Company's consolidated financial condition or results of operations. Listed below are certain matters pending against the Company and/or its subsidiaries for which the potential exposure is considered material to the Company's consolidated financial statements. Management believes the Company has substantial defenses to the claims made and intends to vigorously defend these matters.

A putative class action is pending against the Company, AISS (which was sold to another company in fiscal 2012), and Acxiom Risk Mitigation, Inc., a Colorado corporation and wholly-owned subsidiary of Acxiom, in the United States District Court for the Eastern District of Virginia seeking to certify nationwide classes of persons who requested a consumer file from any Acxiom entity from 2007 forward; who were the subject of an Acxiom report sold to a third party that contained information not obtained directly from a governmental entity and who did not receive a timely copy of the report; who were subject of an Acxiom report and about whom Acxiom adjudicated the hire/no hire decision on behalf of the employer; who, from 2010 forward, disputed an Acxiom report and Acxiom did not complete the investigation within 30 days; or who, from 2007 forward, were subject to an Acxiom report for which no permissible purpose existed. The complaint alleges various violations of the Fair Credit Reporting Act. The Company has not recorded an accrual for this matter as it believes no loss is probable. The Company cannot estimate the range of reasonably possible loss.

The founders of GoDigital, a subsidiary of the Company, have sued the Company in Brazil contending that the Company breached its obligations to maximize the founders' earnout revenue and reduced the value of the founders' remaining holdings. The Company acquired a 70% interest in GoDigital in fiscal 2011. The acquisition agreement provided for an up-front payment with the possibility of a future payment based upon the performance of the business over a two-year period of time. The Company has not recorded an accrual for this matter as it believes no loss is probable, and the range of reasonably possible loss is not material.

In the opinion of management, the ultimate disposition of all of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Commitments

The Company leases or licenses data processing equipment, software, office furniture and equipment, land and office space under noncancellable operating leases or licenses. The Company has a future commitment for lease or license payments over the next 28 years of $117.1 million.

In connection with a certain building, the Company has entered into a 50/50 joint venture with a local real estate developer. The Company is guaranteeing a portion of the loan for the building. In addition, in connection with the disposal of certain assets, the Company has guaranteed a lease for the buyer of the assets. These guarantees were made by the Company primarily to facilitate favorable financing terms for those third parties. Should the third parties

default, the Company would be required to perform under these guarantees. A portion of the guaranteed amount is collateralized by real property. At December 31, 2012 the Company's maximum potential future payments under these guarantees were $3.2 million.

12. INCOME TAX

In determining the quarterly provision for income taxes, the Company makes its best estimate of the effective tax rate expected to be applicable for the full fiscal year. The anticipated effective tax rate for fiscal 2013 is approximately 39.5%, excluding any impact of the American Taxpayer Relief Act of 2012.

In accordance with accounting standards, the Company has not recorded any effects of the American Taxpayer Relief Act of 2012, which was signed into law on January 2, 2013, since the law was not enacted before the end of the fiscal period. The impact of this law will be recorded by the Company in the fourth quarter. The Company anticipates the impact of this law will lower tax expense for the full year by approximately $1.0 million, principally due to retroactive reinstatement of the research and experimentation tax credit.

13. FINANCIAL INSTRUMENTS:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, trade receivables, unbilled and notes receivable, short-term borrowings and trade payables - The carrying amount approximates fair value because of the short maturity of these instruments.

Long-term debt - The interest rate on the term loan and revolving credit agreement is adjusted for changes in market rates and therefore the carrying value of these loans approximates fair value. The estimated fair value of other long-term debt was determined based upon the present value of the expected cash flows considering expected maturities and using interest rates currently available to the Company for long-term borrowings with similar terms. At December 31, 2012, the estimated fair value of long-term debt approximates its carrying value.

Derivative instruments included in other liabilities - The carrying value is adjusted to fair value through other comprehensive income (loss) at each balance sheet date. The fair value is determined from an interest-rate futures model.

Under applicable accounting standards financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The Company assigned assets and liabilities to the hierarchy in the accounting standards, which is Level 1 - quoted prices in active markets for identical assets or liabilities, Level 2 - significant other observable inputs and Level 3 - significant unobservable inputs.

The following table presents the balances of assets and liabilities measured at fair value as of December 31, 2012 (dollars in thousands):

	Level 1	Level 2	Level 3	Total
Assets:				
Other current assets	$13,394	$-	$-	$13,394
Total assets	$13,394	$-	$-	$13,394
Liabilities:				
Other current liabilities	$13,394	$-	$-	$13,394
Other liabilities	-	996	-	996
Total liabilities	$13,394	$996	$-	$14,390

PART I. FINANCIAL INFORMATION
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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.

During the quarter ended December 31, 2011, the Company announced the sale of its background screening unit, Acxiom Information Security Systems (AISS). The sale was completed in the quarter ended March 31, 2012. As a result, AISS results for the prior year are presented as discontinued operations in the condensed consolidated statement of operations. Revenue and expenses related to discontinued operations are netted and presented on one line, net of tax, in the statement of operations.

As we complete the third quarter of fiscal 2013, our Company has completed the transition to a new executive leadership team. During fiscal 2012 we named a new chief executive officer, a new chief financial officer, and a new chief revenue officer. During the first quarter of fiscal 2013 we named a new chief product and engineering officer. During fiscal 2012 we also announced plans to significantly accelerate investment in product development in fiscal 2013, which management believes will help drive revenue growth later in fiscal 2014 and beyond.

Highlights of the quarter ended December 31, 2012 are identified below.

- Revenue of $273.1 million, a 2.8% decrease from $280.9 million in the same quarter a year ago.
- Total operating expenses of $246.2 million, a 7.2% decrease from $265.4 million in the same quarter a year ago. The prior-year quarter included $15.1 million in impairment charges and adjustments related to the Brazil operations.
- Income from operations of $26.9 million, representing a 9.8% operating margin, compared to $15.5 million, a 5.5% operating margin, in the same quarter a year ago.
- Pre-tax earnings from continuing operations of $24.3 million, compared to $11.5 million in the same quarter a year ago.
- Diluted earnings per share attributable to Acxiom stockholders of $0.19 compared to $0.10 in the same quarter a year ago. The Brazil impairment charges and adjustments in the prior quarter reduced diluted earnings per share attributable to Acxiom stockholders by $0.12.
- Operating cash flow was $38.5 million compared to $82.5 million in the same quarter a year ago.
- The Company paid $18.3 million to acquire common shares as part of a common stock repurchase program.

The highlights above are intended to identify to the reader an overview of the financial results, as well as some of the more significant events and transactions of the Company during the fiscal quarter ended December 31, 2012. However, these highlights are not intended to be a full discussion of the Company's results for the quarter. 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 periods reported is presented below (dollars in millions, except per share amounts):

	For the quarter ended December 31			For the nine months ended December 31		
	2012	2011	% Change	2012	2011	% Change
Revenues	$273.1	$280.9	(3 %)	$822.2	$843.4	(3 %)
Total operating costs and expenses	246.2	265.4	(7 %)	739.7	780.1	(5 %)
Income from operations	$26.9	$15.5	73 %	$82.5	$63.3	30 %
Diluted earnings per share attributable to Acxiom stockholders	$0.19	$0.10	90 %	$0.58	$0.39	49 %

Revenues

The following table presents the Company's revenue for each of the periods reported (dollars in millions):

	For the quarter ended December 31			For the nine months ended December 31		
	2012	2011	% Change	2012	2011	% Change
Marketing and data services	$190.1	$187.5	1 %	$570.3	$568.3	0 %
IT Infrastructure management services	69.9	77.2	(9 %)	210.3	223.9	(6 %)
Other services	13.1	16.2	(20 %)	41.6	51.2	(19 %)
Total revenue	$273.1	$280.9	(3 %)	$822.2	$843.4	(3 %)

Total revenue decreased 2.8%, or $7.8 million, to $273.1 million in the quarter ended December 31, 2012 from $280.9 million in the same quarter a year ago. For the nine months ended December 31, 2012 total revenue was $822.2 million, a $21.1 million, or 2.5%, decrease from $843.4 million during the same period a year ago. Revenue in the prior-year nine-month period included $1.3 million related to the disposed MENA operations. Excluding the impact of the MENA revenue and the impact of unfavorable foreign currency translation, revenue decreased 1.9% between the two comparable nine-month periods.

Marketing and data service (MDS) revenue for the quarter ended December 31, 2012 was $190.1 million, an increase of 1.4%, or $2.7 million, when compared to the same quarter a year ago. On a geographic basis, International MDS revenue decreased $3.2 million, or 9.6%, and U.S. MDS revenue increased $5.9 million, or 3.8%. International MDS revenue decreased $5.1 million in Europe and Australia, primarily the result of lower transaction volume and lost business. This decrease was offset by revenue increases in China and Brazil. The increase in U.S. MDS revenue was primarily attributable to increases from new projects with existing customers in the Insurance ($2.4 million), Information Management ($2.2 million), and Government ($0.9 million) industries. By line of business, MDS revenue increases in Marketing Management ($5.6 million or 7.6%), CDI Services ($2.0 million or 5.9%), and Consulting ($1.0 million or 9.2%) were partially offset by declines in Consumer Insights ($3.8 million or 7.1%) and Agency Services ($2.1 million or 13.0%). Consumer Insights revenue was impacted by lower project activity in Europe and Australia. Agency Services revenue was impacted by the loss of a client.

MDS revenue for the nine months ended December 31, 2012 was $570.3 million, or flat when compared to the same period a year ago. On a geographic basis, International MDS revenue decreased $11.1 million, or 11.6%, and U.S. MDS revenue increased $13.0 million, or 2.8%. Excluding the impact of unfavorable foreign currency translation, International MDS revenue decreased $7.8 million, primarily the result of lower transaction volume and lost business in Europe and Australia. The increase in U.S. MDS revenue was primarily attributable to increases from new business revenue and one-time projects in the Retail ($8.6 million), Technology ($7.3 million), and Insurance ($5.8 million) industries, partially offset by a decrease in the Healthcare industry of $10.3 million due to expiration of a large contract. By line of business, MDS revenue increases in Marketing Management and Consulting ($10.1 million, or 3.9%) were offset by decreases in CDI Services and Consumer Insights ($7.5 million, or 2.9%). CDI Services and Marketing Management revenues were impacted by the expiration of a large Healthcare industry contract. Consumer Insights revenue was impacted by decreases in Europe and Australia.

IT Infrastructure management services (IM) revenue for the quarter ended December 31, 2012 was $69.9 million, a $7.3 million, or 9.4%, decrease compared to $77.2 million in the same quarter a year ago. The IM revenue decrease results primarily from the loss of a large contract during the prior-year quarter ($5.2 million) and a decline in one-time projects from existing customers.

IM revenue for the nine months ended December 31, 2012 was $210.3 million, a $13.7 million, or 6.1%, decrease compared to $223.9 million in the same period a year ago. The IM revenue decrease results primarily from the loss of a large contract during the third quarter of fiscal 2012 ($15.5 million), partially offset by revenue increases with existing clients.

Other services revenue for the quarter ended December 31, 2012 was $13.1 million, a $3.1 million, or 19.7%, decrease compared to $16.2 million in the same quarter a year ago. Revenue from the U.S. e-mail fulfillment operations decreased $2.2 million in the quarter due to lower project revenue with existing customers as well as the wind-down of an e-mail contract. The Company completed transitioning Risk customers to a third-party partner as part of the plan to exit this business. As a result, revenue from the Risk business decreased $1.8 million in the quarter.

Other services revenue for the nine months ended December 31, 2012 was $41.6 million, a $9.6 million, or 18.5%, decrease compared to $51.2 million in the same period a year ago. Excluding the impact of the MENA disposal, revenue decreased approximately $8.3 million during the period. Revenue from the U.S. e-mail fulfillment operations decreased $3.7 million in the period due to lower project revenue with existing customers as well as the wind-down of an e-mail contract. During the third quarter, the Company completed the transition of Risk customers to a third-party partner as part of the plan to exit this business. As a result, revenue from the Risk business decreased $4.1 million in the nine-month period.

Operating Costs and Expenses

The following table presents the Company's operating costs and expenses for each of the periods presented (dollars in millions):

	For the quarter ended December 31			For the nine months ended December 31		
	2012	2011	% Change	2012	2011	% Change
Cost of revenue	$209.0	$213.9	(2%)	$628.2	$649.7	(3%)
Selling, general and administrative	37.3	36.4	3%	111.4	112.6	(1%)
Impairment of goodwill and other intangibles	-	17.8	(100%)	-	17.8	(100%)
Gains, losses and other items, net,	(0.1)	(2.7)	95%	0.1	-	-
Total operations costs and expenses	$246.2	$265.4	(7%)	$739.7	$780.1	(5%)

Cost of revenue for the quarter ended December 31, 2012 was $209.0 million, a $4.9 million, or 2.3%, decrease from $213.9 million in the same quarter a year ago. Gross margins decreased from 23.8% to 23.5% in the two comparable periods. Margins in the fiscal 2013 quarter benefited from improving IM margins. These benefits were offset by higher costs of delivery and investments in data in the U.S. MDS business. U.S. gross margins decreased from 24.7% to 24.5%. International gross margins decreased from 18.5% to 16.6% on declining revenue.

Cost of revenue for the nine months ended December 31, 2012 was $628.2 million, a $21.5 million, or 3.3%, decrease from $649.7 million in the same period a year ago. Gross margins increased from 23.0% to 23.6% in the two

comparable periods. Margins in the fiscal 2013 period benefited from improving IM margins and international cost reduction actions taken during the fourth quarter of fiscal 2012. These benefits were offset by higher costs of delivery and investments in data in the U.S. MDS business. U.S. gross margins increased from 24.6% to 24.8% due to IM margin improvements, and international gross margins improved to 15.6% from 13.2% on declining revenue due to the cost reduction actions in international markets.

Selling, general and administrative expense for the quarter ended December 31, 2012 was $37.3 million, a $1.0 million, or 2.7%, increase from the same quarter a year ago. As a percent of total revenue, these expenses were 13.7% this year compared to 12.9% in the prior-year period. Selling, general and administrative expense for the nine months ended December 31, 2012 was $111.4 million, a $1.2 million, or 1.0%, decrease from $112.6 million in the same period a year ago. As a percent of total revenue, these expenses were 13.5% this year compared to 13.3% in the prior-year period. In the current periods, higher incentive and non-cash compensation costs, as well as higher litigation costs in Brazil, were offset by lower selling expenses resulting from U.S. and international cost reductions and lower commissions.

In the prior quarter ended December 31, 2011, both the impairment of goodwill and other intangibles of $17.8 million and the credit to gains, losses and other items, net of $2.7 million relate primarily to the Company's Brazil operations. The result of management's reassessment of the fair value of Brazil operations indicated an impairment of goodwill and other intangibles. In addition, the $2.6 million earn-out liability relating to the Brazil acquisition was reduced to zero during the prior-year quarter as there was no future expectation of an earn-out payment. In the prior year-to-date period, the $2.6 million gain is offset by a $2.5 million net loss attributed to the MENA disposition.

Operating Profit and Profit Margins

The following table presents the Company's operating profit (income from operations) and profit margin by segment for each of the periods presented (dollars in thousands):

	For the quarter ended December 31		For the nine months ended December 31	
	2012	2011	2012	2011
Operating profit and profit margin:				
Marketing and data services	$17,971	$21,388	$59,277	$65,726
	9.5 %	11.4 %	10.4 %	11.6 %
IT Infrastructure management services	$9,622	$9,795	$26,973	$19,133
	13.8 %	12.7 %	12.8 %	8.5 %
Other services	$(821)	$(533)	$(3,654)	$(3,745)
	(6.3 %)	(3.3 %)	(8.8 %)	(7.3 %)
Corporate	$126	$(15,132)	$(66)	$(17,841)
Total operating profit	$26,898	$15,518	$82,530	$63,273
Total operating profit margin	9.8 %	5.5 %	10.0 %	7.5 %

MDS operating profit for the quarter ended December 31, 2012 was $18.0 million, a 9.5% margin, compared to $21.4 million, an 11.4% margin, in the same quarter a year ago. Margins in the U.S. declined from 14.1% in fiscal 2012 to 12.2% in fiscal 2013 while international losses increased from $0.3 million in fiscal 2012 to $1.6 million in fiscal 2013. The U.S. margin decrease resulted primarily from additional personnel and data costs required to support new investment initiatives and business implementations as well as higher incentive compensation. International margins were impacted by lower revenues in Europe and Australia.

MDS operating profit for the nine months ended December 31, 2012 was $59.3 million, a 10.4% margin, compared to $65.7 million, an 11.6% margin, in the same period a year ago. Margins in the U.S. declined from 15.7% in fiscal 2012 to 13.3% in fiscal 2013 while international losses decreased from $8.5 million in fiscal 2012 to $5.1 million in fiscal 2013. The U.S. margin decrease was primarily due to additional personnel and data costs required to support new investment initiatives and business implementations as well as increased incentive compensation in the current-year period. International margins benefited from cost reduction actions in all operations.

IM operating profit for the quarter ended December 31, 2012 was $9.6 million, a 13.8% margin, compared to $9.8 million, a 12.7% margin, in the same period a year ago. IM operating profit for the nine months ended December 31,

2012 was $27.0 million, a 12.8% margin, compared to $19.1 million, an 8.5% margin, in the same period a year ago. IM margins benefitted primarily from ongoing efficiency improvements.

Other services operating loss for the quarter ended December 31, 2012 was $0.8 million, a negative 6.3% margin, compared to $0.5 million, a negative 3.3% margin, in the same period a year ago. Other services operating losses were impacted by revenue decreases in both the U.S. Risk and e-mail fulfillment operations. Other services operating loss for the nine months ended December 31, 2012 was $3.7 million, a negative 8.8% margin, compared to $3.7 million, a negative 7.3% margin, in the same period a year ago. A $1.0 million improvement in operations from the disposition of the MENA operation was offset by a decline in the U.S. Risk business resulting from the transition and wind-down of the business.

Corporate loss from operations of $15.1 million and $17.8 million in the quarter and nine months ended December 31, 2012, respectively, consist of items reported as impairment of goodwill and other intangibles and gains, losses, and other items, net on the condensed consolidated statement of operations and are described above.

Other Expense, Income Taxes and Other Items

Interest expense was $3.2 million for the quarter ended December 31, 2012 compared to $3.9 million in the same period a year ago. The decrease primarily relates to a reduction in outstanding borrowing under the Company's term loan. The average term loan balance declined approximately $30 million between the two periods presented. The average interest rate remained relatively flat. Interest on other debt, such as capital leases, also decreased.

Interest expense was $9.7 million for the nine months ended December 31, 2012 compared to $14.1 million in the same period a year ago. The decrease primarily relates to a reduction in outstanding borrowing under the Company's term loan. The average term loan balance declined approximately $65 million between the two periods presented. The average interest rate decreased approximately 15 basis points.   Interest on other debt, such as capital leases, also decreased.

Other income (expense) was $0.6 million for the quarter ended December 31, 2012 compared to ($0.1) million in the same period a year ago. Other expense was approximately zero for the nine months ended December 31, 2012 compared to $1.2 million in the same period a year ago. Other income (expense) is primarily due to foreign currency gains and losses.

The effective tax rate for the quarter ended December 31, 2012 was 40.5% compared to 84.1% for the same period a year ago. The effective tax rate for the nine months ended December 31, 2012 was 39.5% compared to 52.6% for the same period a year ago.   Excluding the impact of the Brazil impairment charge, the prior quarter rate was 40%. Excluding the impact of the Brazil impairment charge and the MENA disposal loss, the prior nine-month period rate was 40%.   Each fiscal period tax rate was impacted by losses in foreign jurisdictions. The Company does not record the tax benefit of certain of those losses due to uncertainty of future benefit.

In accordance with accounting standards, the Company has not recorded any effects of the American Taxpayer Relief Act of 2012, which was signed into law on January 2, 2013, since the law was not enacted before the end of the fiscal period covered by this report. The impact of this law will be recorded by the Company in the fourth quarter. The Company anticipates the impact of this law will lower tax expense for the full year by approximately $1.0 million, principally due to retroactive reinstatement of the research and experimentation tax credit.

Discontinued operations in the quarter and nine months ended December 31, 2011 are the results of operations of AISS, net of tax. The AISS disposal was completed in the quarter ended March 31, 2012.

Gains and losses attributable to noncontrolling interest include the noncontrolling interest in the Company's Brazilian subsidiary for each period presented, and the noncontrolling interest in the MENA operation during the prior nine-month period.

Capital Resources and Liquidity

Working Capital and Cash Flow

Working capital at December 31, 2012 totaled $225.5 million compared to $206.4 million at March 31, 2012. Total current assets decreased $35.5 million. The decrease primarily resulted from a decrease in cash and cash equivalents of $43.4 million (related to increases in incentive compensation payments, income tax payments, capital expenditures, payments of debt and the acquisition of Company stock pursuant to the board of directors' approved stock repurchase plan), offset by a $13.1 million increase in trade accounts receivable, net (primarily related to an increase in days sales outstanding from 54 days at March 31, 2012 to 61 days at December 31, 2012). Current liabilities decreased $54.6

million due primarily to decreases in trade accounts payable of $11.2 million, accrued payroll and related expenses of $7.8 million, deferred revenue of $12.6 million, and income taxes of $13.2 million.

The Company's cash is primarily located in the United States. Approximately $11.6 million of the total cash balance of $186.2 million, or approximately 6%, is located outside the United States. The Company has no current plans to repatriate this cash to the United States.

Accounts receivable days sales outstanding was 61 days at December 31, 2012 compared to 54 days at March 31, 2012, and is calculated as follows (dollars in thousands):

	December 31, 2012	March 31, 2012
Numerator – trade accounts receivable, net	$182,457	$169,446
Denominator:		
Quarter revenue	273,102	287,255
Number of days in quarter	92	91
Average daily revenue	$2,969	$3,157
Days sales outstanding	61	54

Net cash provided by operating activities was $75.9 million in the nine months ended December 31, 2012 compared to $173.0 million in the same period a year ago. The change is primarily related to a $13.6 million reduction in depreciation and amortization and changes in operating assets and liabilities of $76.9 million. In the current-year period, incentive compensation payments were approximately $16 million greater than in the prior-year period, and income tax payments were $33.1 million greater than in the prior-year period including tax payments of approximately $17.5 million related to the gain on the disposition of AISS. In addition, the increase in days sales outstanding negatively impacted accounts receivable by approximately $20.0 million and decreased deferred revenue impacted cash flow by $27.0 million.

Investing activities used $41.6 million in cash during the nine months ended December 31, 2012 compared to $51.8 million in the prior year. The current-year activities include capital expenditures of $22.0 million, capitalization of data acquisition costs of $6.4 million, and capitalization of software development costs of $13.2 million.

Financing activities used $77.6 million in cash during the nine months ended December 31, 2012 compared to $181.6 million in the prior year. Financing activities include payments of debt, purchases of Company stock and sales of stock under options. Payments of debt of $19.8 million include capital lease and installment credit payments of $13.0 million and other debt payments of $6.8 million. The current period also includes payments of approximately $65.3 million for acquisition of the Company's stock pursuant to the board of directors' approved stock repurchase plan. The Company purchased 4.1 million shares at a cost of $62.7 million during the current period. In addition, $2.6 million was paid during the current period which was included in other accrued expenses as of March 31, 2012. Prior-year financing activities included term loan prepayments of $125.0 million.

Non-cash investing and financing activities included acquisition of property and equipment under capital leases and installment payment arrangements of $2.2 million in the nine months ended December 31, 2012, compared to $8.7 million in the same period last year. Future payments under these arrangements will be reflected as debt payments.

Credit and Debt Facilities

The Company's amended and restated credit agreement provides for (1) term loans up to an aggregate principal amount of $600 million and (2) revolving credit facility borrowings consisting of revolving loans, letter of credit participations and swing-line loans up to an aggregate amount of $120 million.

The term loan is payable in quarterly installments of approximately $1.5 million each, through December 31, 2014, with a final payment of approximately $207.5 million due March 15, 2015. The revolving loan commitment expires March 15, 2014.

Revolving credit facility borrowings currently bear interest at LIBOR plus a credit spread, or at an alternative base rate or at the Federal Funds rate plus a credit spread, depending on the type of borrowing. The LIBOR credit spread is 2.75%. There were no revolving credit borrowings outstanding at December 31, 2012 or March 31, 2012. Term loan borrowings bear interest at LIBOR plus a credit spread of 3.00%. The weighted-average interest rate on term loan borrowings at December 31, 2012 was 3.7%. Outstanding letters of credit at December 31, 2012 were $2.2 million.

The term loan allows prepayments before maturity. The credit agreement is secured by the accounts receivable of Acxiom and its domestic subsidiaries, as well as by the outstanding stock of certain Acxiom subsidiaries.

Under the terms of the term loan, the Company is required to maintain certain debt-to-cash flow and debt service coverage ratios, among other restrictions. At December 31, 2012, the Company was in compliance with these covenants and restrictions. In addition, if certain financial ratios and other conditions are not satisfied, the revolving credit facility limits the Company's ability to pay dividends in excess of $30 million in any fiscal year (plus additional amounts in certain circumstances).

On July 25, 2011, the Company entered into an interest rate swap agreement. The agreement provides for the Company to pay interest through January 27, 2014 at a fixed rate of 0.94% plus the applicable credit spread on $150.0 million notional amount, while receiving interest for the same period at the LIBOR rate on the same notional amount. The LIBOR rate as of December 31, 2012 was 0.32%. The swap was entered into as a cash flow hedge against LIBOR interest rate movements on the term loan. As of December 31, 2012, the hedge relationship qualified as an effective hedge under applicable accounting standards. Consequently, all changes in fair value of the derivative are deferred and recorded in other comprehensive income (loss) until the related forecasted transaction is recognized in the consolidated statement of operations. The fair market value of the derivative was zero at inception and an unrealized loss of $1.0 million since inception is recorded in other comprehensive income (loss) with the offset recorded to other noncurrent liabilities. The fair value of the interest rate swap agreement recorded in accumulated other comprehensive income (loss) may be recognized in the statement of operations if certain terms of the floating-rate debt change, if the floating-rate debt is extinguished or if the interest rate swap agreement is terminated prior to maturity. The Company has assessed the creditworthiness of the counterparty of the swap and concludes that no substantial risk of default exists as of December 31, 2012.

Based on our current expectations, we believe our liquidity and capital resources will be sufficient to operate our business. However, we may take advantage of opportunities to generate additional liquidity or refinance existing debt through capital market transactions. The amount, nature and timing of any capital market transactions will depend on: our operating performance and other circumstances; our then-current commitments and obligations; the amount, nature and timing of our capital requirements; any limitations imposed by our current credit arrangements; and overall market conditions.

Off-Balance Sheet Items and Commitments

In connection with a certain building, the Company has entered into a 50/50 joint venture with a local real estate developer. The Company is guaranteeing a portion of the loan for the building. In addition, in connection with the disposal of certain assets, the Company has guaranteed a lease for the buyer of the assets. These guarantees were made by the Company primarily to facilitate favorable financing terms for those third parties. Should the third parties default, the Company would be required to perform under these guarantees. A portion of the guaranteed amount is collateralized by real property. At December 31, 2012 the Company's maximum potential future payments under these guarantees were $3.2 million.

Contractual Commitments

The following table presents Acxiom's contractual cash obligations, exclusive of interest, and purchase commitments at December 31, 2012. The table does not include the future payment of gross unrealized tax benefit liabilities of $3.2 million or the future payment, if any, against the Company's non-current interest rate swap liability of $1.0 million as the Company is not able to predict the periods in which these payments will be made. The column for 2013 represents the three months ending March 31, 2013. All other columns represent fiscal years ending March 31 (dollars in thousands).

	For the years ending March 31						
	2013	2014	2015	2016	2017	Thereafter	Total
Term loan	$1,500	$6,000	$212,000	$-	$-	$-	$219,500

Capital lease and installment payment obligations	3,563	8,409	3,944	926	1,001	7,092	24,935
Other long-term debt	2,108	1,607	1,663	7,323	582	2,870	16,153
Total long-term obligations	7,171	16,016	217,607	8,249	1,583	9,962	260,588
Operating lease payments	5,794	22,434	17,140	13,977	13,122	44,613	117,080
Total contractual cash obligations	$12,965	$38,450	$234,747	$22,226	$14,705	$54,575	$377,668

	For the years ending March 31						
	2013	2014	2015	2016	2017	Thereafter	Total
Total purchase commitments	$28,884	$47,745	$42,344	$25,863	$15,991	$2,488	$163,315

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Purchase commitments include contractual commitments for the purchase of data and open purchase orders for equipment, paper, office supplies, construction and other items. Purchase commitments in some cases will be satisfied by entering into future operating leases, capital leases, or other financing arrangements, rather than payment of cash. The above commitments relating to long-term obligations do not include future payments of interest. The Company estimates future interest payments on debt and capital leases for the remainder of fiscal 2013 to be $3.1 million.

The following are contingencies or guarantees under which the Company could be required, in certain circumstances, to make cash payments as of December 31, 2012 (dollars in thousands):

Loan guarantee	$	1,084
Lease guarantee		2,134
Outstanding letters of credit		2,238
Surety bonds		388

While the Company does not have any other material contractual commitments for capital expenditures, certain levels of investments in facilities and computer equipment continue to be necessary to support the growth of the business. In some cases, the Company also sells software and hardware to clients. In addition, new IT Infrastructure management contracts frequently require substantial up-front capital expenditures to acquire or replace existing assets. Management believes that the Company's existing available debt and cash flow from operations will be sufficient to meet the Company's working capital and capital expenditure requirements for the foreseeable future. The Company also evaluates acquisitions from time to time, which may require up-front payments of cash.

To help accelerate the pace of product development, the Company is significantly increasing the level of product investment over the current and following fiscal years. The incremental investment for fiscal 2013 could be as much as $30 million with a large portion of that amount being research and development and investments in data. This investment is expected to ramp up during the fourth quarter of this fiscal year.

For a description of certain risks that could have an impact on results of operations or financial condition, including liquidity and capital resources, see "Risk Factors" contained in Part I, Item 1A, of the Company's 2012 Annual Report.

Non-U.S. Operations

The Company has a presence in the United Kingdom, France, Germany, Poland, Australia, China and Brazil. Most of the Company's exposure to exchange rate fluctuation is due to translation gains and losses as there are no material transactions that cause exchange rate impact. 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 subject to limitations in the Company's revolving credit facility. These advances are considered to be long-term investments, and any gain or loss resulting from changes in exchange rates as well as gains or losses resulting from translating the foreign financial statements into U.S. dollars are included in accumulated other comprehensive income (loss). Exchange rate movements of foreign currencies may have an impact on the Company's future costs or on future cash flows from foreign investments. The Company 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.

Critical Accounting Policies

We prepare our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. These accounting principles require management to make certain judgments and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and

liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The consolidated financial statements in the Company's 2012 Annual Report include a summary of significant accounting policies used in the preparation of Acxiom's consolidated financial statements. In addition, the Management's Discussion and Analysis filed as part of the 2012 Annual Report contains a discussion of the policies which management has identified as the most critical because they require management's use of complex and/or significant judgments. None of the Company's critical accounting policies have materially changed since the date of the last annual report.

Valuation of Goodwill
Goodwill is measured and tested for impairment on an annual basis in the first quarter of the Company's fiscal year in accordance with applicable accounting standards, or more frequently if indicators of impairment exist. Triggering events for interim impairment testing include indicators such as adverse industry or economic trends, restructuring actions, downward revisions to projections of financial performance, or a sustained decline in market capitalization. The performance of the impairment test involves a two-step process. The first step requires comparing the estimated fair value of a reporting unit to its net book value, including goodwill. A potential impairment exists if the estimated fair value of the reporting unit is lower than its net book value. The second step of the impairment test involves assigning the estimated fair value of the reporting unit to its identifiable assets, with any residual fair value being assigned to goodwill. If the carrying value of an individual indefinite-lived intangible asset (including goodwill) exceeds its estimated fair value, such asset is written down by an amount equal to such excess, and a corresponding amount is recorded as a charge to operations for the period in which the impairment test is completed. Completion of the Company's annual impairment test during the quarter ended June 30, 2012 indicated no potential impairment of its goodwill balances.

In order to estimate a valuation for each of the tested components, management used an income approach based on a discounted cash flow model (income approach) together with valuations based on an analysis of public company market multiples and a similar transactions analysis.

The key assumptions used in the discounted cash flow valuation model include discount rates, growth rates, cash flow projections and terminal value rates. Discount rates, growth rates and cash flow projections are the most sensitive and susceptible to change as they require significant management judgment. Discount rates are determined by using a weighted average cost of capital ("WACC"). The WACC considers market and industry data as well as company-specific risk factors for each reporting unit in determining the appropriate discount rate to be used. The discount rate utilized for each reporting unit is indicative of the return an investor would expect to receive for investing in such a business. Management, considering industry and company-specific historical and projected data, develops growth rates and cash flow projections for each reporting unit. Terminal value rate determination follows common methodology of capturing the present value of perpetual cash flow estimates beyond the last projected period assuming a constant WACC and low long-term growth rates.

The public company market multiple method was used to estimate values for each of the components by looking at market value multiples to revenue and EBITDA (earnings before interest, taxes, depreciation and amortization) for selected public companies that were believed to be representative of companies that marketplace participants would use to arrive at comparable multiples for the individual component being tested. These multiples were then used to develop an estimated value for each respective component.

The similar transactions method compared multiples based on acquisition prices of other companies believed to be those that marketplace participants would use to compare to the individual component being tested. Those multiples were then used to develop an estimated value for that component.

In order to arrive at an estimated value for each component, management used a weighted-average approach to combine the results of each analysis. Management believes that using multiple valuation approaches and then weighting them appropriately is a technique that a marketplace participant would use.

As a final test of the valuation results, the total of the values of the components was reconciled to the actual market value of Acxiom common stock as of the valuation date. This reconciliation indicated an implied control premium. Management believes this control premium is reasonable compared to historical control premiums observed in actual transactions.

Goodwill is tested for impairment at the reporting unit level, which is defined as either an operating segment or one step below operating segment, known as a component. Acxiom's segments are the Marketing and data services segment, the IT Infrastructure management segment, and the Other services segment. Because the Marketing and data services segment and the Other services segment contained both U.S. and International components, and there were differences in economic characteristics between the components in the different geographic regions, management tested a total of eight components at the beginning of the year. The goodwill amounts as of April 1, 2012 included in each component tested were: U.S. Marketing and data services, $264.6 million; Europe Marketing and data services, $19.5 million; Australia Marketing and data services, $14.9 million; China Marketing and data services, $6.0 million; Brazil Marketing and data services, $1.1 million; U.S. Infrastructure management, $71.5 million; U.S. Other services, $1.8 million; and Europe Other services, $2.9 million.

As of April 1, 2012, each of the components had an estimated fair value in excess of its carrying value, indicating no impairment. All of the components had a substantial excess carrying value, except for the Brazil component, for which the excess was 11%.

Management believes that the estimated valuations it arrived at are reasonable and consistent with what other marketplace participants would use in valuing the Company's components. However, management cannot give any assurance that these market values will not change in the future. For example, if discount rates demanded by the market increase, this could lead to reduced valuations under the income approach. If the Company's projections are not achieved in the future, this could lead management to reassess their assumptions and lead to reduced valuations under the income approach. If the market price of the Company's stock decreases, this could cause the Company to reassess the reasonableness of the implied control premium, which might cause management to assume a higher discount rate under the income approach which could lead to reduced valuations. If future similar transactions exhibit lower multiples than those observed in the past, this could lead to reduced valuations under the similar transactions approach. And finally, if there is a general decline in the stock market and particularly in those companies selected as comparable to the Company's components, this could lead to reduced valuations under the public company market multiple approach. The Company's next annual impairment test will be performed during the first quarter of fiscal 2014. The fair value of the Company's components could deteriorate which could result in the need to record impairment charges in future periods. The Company continues to monitor potential triggering events including changes in the business climate in which it operates, attrition of key personnel, the volatility in the capital markets, the Company's market capitalization compared to its book value, the Company's recent operating performance, and the Company's financial projections. The occurrence of one or more triggering events could require additional impairment testing, which could result in impairment charges.

Recent Accounting Pronouncements

In June 2011, the FASB issued a new accounting standard, which eliminates the option to report other comprehensive income and its components in the statement of stockholders' equity. Instead, an entity is required to present items of net income and other comprehensive income in one continuous statement or in two separate, but consecutive, statements. The standard is effective for fiscal years beginning after December 15, 2011. We adopted this standard in the first quarter of fiscal 2013.

Forward-looking Statements

This document contains forward-looking statements. 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 words or 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:

- statements regarding the impact of the American Taxpayer Relief Act of 2012;
- statements regarding plans to accelerate investment in product development in fiscal 2013 and beyond;
- management beliefs that increased product investment will drive revenue growth in 2014 and beyond;
- management's expectations about the macro economy;
- statements of the plans and objectives of management for future operations;

- statements of future economic performance, including, but not limited to, those statements contained in Management's Discussion and Analysis of Financial Condition and Results of Operations;

- 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" included in the Company's 2012 Annual Report and those described from time to time in our future reports filed with the SEC;

- the possibility that certain contracts may not generate the anticipated revenue or profitability or may not be closed within the anticipated time frames;

  - the possibility that significant customers may experience severe economic difficulty or otherwise reduce the amount of business they do with us;

- the possibility that we will not successfully complete customer contract requirements on time or meet the service levels specified in the contracts, which may result in contract penalties or lost revenue;
- the possibility that data suppliers might withdraw data from us, leading to our inability to provide certain products and services to our clients, which could lead to decreases in our operating results;
- the possibility that we may not be able to attract, retain or motivate qualified technical, sales and leadership associates, or that we may lose key associates;
- the possibility that we may not be able to adequately adapt to rapidly changing computing environments, technologies and marketing practices;
- the possibility that we will not be able to continue to receive credit upon satisfactory terms and conditions;
- the possibility that negative changes in economic conditions in general or other conditions might lead to a reduction in demand for our products and services;
- the possibility that there will be changes in consumer or business information industries and markets that negatively impact our business;
- the possibility that the historical seasonality of our business may change;
- the possibility that we will not be able to achieve cost reductions and avoid unanticipated costs;
- the possibility that the fair value of certain of our assets may not be equal to the carrying value of those assets now or in future time periods;
- the possibility that unusual charges may be incurred;
- the possibility that changes in accounting pronouncements may occur and may impact forward-looking statements;
- the possibility that we may encounter difficulties when entering new markets or industries;
- the possibility that we could experience loss of data center capacity or interruption of telecommunication links;
- the possibility that new laws may be enacted which will limit our ability to provide services to our clients and/or which limit the use of data; 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 3. 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 and revolving credit agreement, which bears interest at a floating rate. Acxiom currently uses an interest-rate swap agreement to mitigate the changes in 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 December 31, 2012 and March 31, 2012, the fair value of Acxiom's fixed rate long-term debt approximated carrying value.

The Company 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 our U.S. operations to our 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, at this time, 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 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures.

Our management, with the participation of our Chief Executive Officer and President (our principal executive officer) and our Chief Financial Officer and Executive Vice President (our principal financial and accounting officer), evaluated the effectiveness of our disclosure controls and procedures (as defined under Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended). Based on this evaluation, our principal executive officer and our principal financial and accounting officer concluded that, as of December 31, 2012, our disclosure controls and procedures were effective.

(b) Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the fiscal quarter ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, such internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in various claims and legal matters that arise in the ordinary course of the business. None of these, however, are believed to be material in their nature or scope. Listed below are certain matters pending against the Company and/or its subsidiaries that are considered material. While the ultimate results of these matters cannot be determined, they are not expected to have a material adverse effect on our consolidated financial position, results of operations or cash flows.

On August 16, 2012, a putative class action styled Henderson, et al. v. Acxiom Risk Mitigation, Inc., et al. was filed in the United States District Court for the Eastern District of Virginia against the Company, AISS (which was sold to another company in fiscal 2012), and Acxiom Risk Mitigation, Inc., a Colorado corporation and subsidiary of the Company, seeking to certify nationwide classes of persons who requested a consumer file from any Acxiom entity from 2007 forward; who were the subject of an Acxiom report sold to a third party that contained information not obtained directly from a governmental entity and who did not receive a timely copy of the report; who were subject of an Acxiom report and about whom Acxiom adjudicated the hire/no hire decision on behalf of the employer; who, from 2010 forward, disputed an Acxiom report and Acxiom did not complete the investigation within 30 days; or who, from 2007 forward, were subject to an Acxiom report for which no permissible purpose existed. The complaint alleges various violations of the Fair Credit Reporting Act and seeks injunctive relief, an unspecified amount of statutory, compensatory and punitive damages, attorneys' fees and costs. The Company intends to vigorously dispute the allegations.

On February 10, 2012, the founders of GoDigital Tecnologia E Participacoes, Ltda., a Brazilian entity and subsidiary of the Company ("GoDigital"), filed suit against the Company in the Lower Civil Court of the Judicial District of Porto Alegre, Brazil, contending that the Company breached its obligations to maximize the founders' earnout revenue and reduced the value of the founders' remaining holdings. The Company acquired a 70% interest in GoDigital in fiscal 2011. The acquisition agreement provided for an up-front payment with the possibility of a future payment (also known as an "earnout") based upon the performance of GoDigital over a two-year period of time. The founders are seeking compensatory damages. The Company disputes the allegations and intends, if appropriate, to bring forth certain opposing claims. The Company has brought an action against the founders of GoDigital in the courts of Delaware asserting that Delaware law controls the parties' relationship, that under Delaware law it is clear that the claims asserted against Acxiom in the Brazil action are without merit, that the founders of GoDigital misrepresented the value of the business by not properly advising Acxiom of a material adverse change in the business prior to closing and that the founders were unjustly enriched.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Not Applicable

(b) Not Applicable

(c) 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	Maximum Number (or Approximate Dollar Value) of Shares that

			Publicly Announced Plans or Programs	May Yet Be Purchased Under the Plans or Programs
10/1/12 – 10/31/12	0	n/a	0	$ 34,610,507
11/1/12 – 11/30/12	891,374	17.39	891,374	19,108,980
12/1/12 – 12/31/12	0	n/a	0	19,108,980
Total	891,374	17.39	891,374	$ 19,108,980

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, on May 24, 2012, and again on February 5, 2013 (subsequent to the end of the most recent quarter). The most recent modification increased the maximum amount by $50.0 million, to $200.0 million. Under the modified common stock repurchase program, the Company may purchase up to $200.0 million of its common stock through the period ending February 5, 2014. Through December 31, 2012, the Company had repurchased 9.9 million shares of its stock for $130.9 million, leaving remaining capacity of $69.1 million under the modified stock repurchase program.

Item 6. Exhibits

(a) The following exhibits are filed with this Report:

31.1 Certification of Chief Executive Officer and President (principal 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 and Executive Vice President (principal financial and accounting 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 and President (principal executive officer) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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101 The following financial information from our Quarterly Report on Form 10-Q for the quarter ended December 31, 2012, formatted in XBRL: (i) Condensed Consolidated Balance Sheets at December 31, 2012, and March 31, 2012, (ii) Condensed Consolidated Statements of Operations for the three months ended December 31, 2012 and 2011, (iii) Condensed Consolidated Statements of Operations for the nine months ended December 31, 2012 and 2011, (iv) Condensed Consolidated Statements of Comprehensive Income for the three months ended December 31, 2012 and 2011, (v) Condensed Consolidated Statements of Comprehensive Income for the nine months ended December 31, 2012 and 2011, (vi) Condensed Consolidated Statement of Stockholders' Equity for the nine months ended December 31, 2012, (vii) Condensed Consolidated Statements of Cash Flows for the nine months ended December 31, 2012 and 2011, and (viii) the Notes to Condensed Consolidated Financial Statements, tagged in detail.

SIGNATURE

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

Acxiom Corporation

Dated: February 8, 2013

By: /s/Warren C. Jenson
(Signature)
Warren C. Jenson
Chief Financial Officer & Executive Vice President
(principal financial and accounting officer)

EXHIBIT INDEX

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