

ACXIOM CORP
Form 10-Q
November 12, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2013

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

Axiom Corporation
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE
(State or Other Jurisdiction of
Incorporation or Organization)

71-0581897
(I.R.S. Employer
Identification No.)

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

72201
(Zip Code)

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

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

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).

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Yes

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

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

The number of shares of Common Stock, \$ 0.10 par value per share, outstanding as of November 7, 2013 was 75,118,140.

ACXIOM CORPORATION AND SUBSIDIARIES
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REPORT ON FORM 10-Q
September 30, 2013

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

| | September 30, 2013 | March 31, 2013 |
|--|--------------------------|-------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$216,616 | \$222,974 |
| Trade accounts receivable, net | 167,979 | 159,882 |
| Deferred income taxes | 13,944 | 13,496 |
| Refundable income taxes | 1,881 | 5,809 |
| Other current assets | 60,052 | 58,935 |
| Total current assets | 460,472 | 461,096 |
| Property and equipment, net of accumulated depreciation and amortization | 222,336 | 230,752 |
| Software, net of accumulated amortization | 34,385 | 24,471 |
| Goodwill | 380,963 | 381,129 |
| Purchased software licenses, net of accumulated amortization | 21,795 | 23,604 |
| Deferred costs, net | 32,834 | 42,971 |
| Data acquisition costs, net | 8,607 | 10,631 |
| Other assets, net | 12,819 | 13,052 |
| | \$1,174,211 | \$1,187,706 |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Current installments of long-term debt | \$13,560 | \$16,105 |
| Trade accounts payable | 28,628 | 35,786 |
| Accrued expenses | | |
| Payroll | 37,803 | 62,390 |
| Other | 77,822 | 68,270 |
| Deferred revenue | 47,401 | 41,388 |
| Income taxes payable | 567 | 637 |
| Total current liabilities | 205,781 | 224,576 |
| Long-term debt | 230,713 | 237,400 |
| Deferred income taxes | 94,634 | 94,918 |
| Other liabilities | 12,814 | 11,444 |
| Commitments and contingencies | | |
| Equity: | | |
| Common stock | 12,295 | 12,134 |
| Additional paid-in capital | 912,446 | 885,184 |
| Retained earnings | 616,985 | 593,966 |
| Accumulated other comprehensive income | 12,754 | 11,423 |
| Treasury stock, at cost | (923,771) | (882,959) |
| Total Acxiom stockholders' equity | 630,709 | 619,748 |
| Noncontrolling interest | (440) | (380) |
| Total equity | 630,269 | 619,368 |

\$1,174,211 \$1,187,706

See accompanying notes to condensed consolidated financial statements.

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

| | For the Three Months ended September 30 | |
|---|---|-----------|
| | 2013 | 2012 |
| Revenues | \$276,271 | \$277,467 |
| Operating costs and expenses: | | |
| Cost of revenue | 207,394 | 209,164 |
| Selling, general and administrative | 42,859 | 38,063 |
| Gains, losses and other items, net | 6,387 | 32 |
| Total operating costs and expenses | 256,640 | 247,259 |
| Income from operations | 19,631 | 30,208 |
| Other expense: | | |
| Interest expense | (2,980) | (3,317) |
| Other, net | (350) | (54) |
| Total other expense | (3,330) | (3,371) |
| Earnings before income taxes | 16,301 | 26,837 |
| Income taxes | 6,437 | 10,465 |
| Net earnings | \$9,864 | \$16,372 |
| Less: Net gain (loss) attributable to noncontrolling interest | 25 | (139) |
| Net earnings attributable to Acxiom | \$9,839 | \$16,511 |
| | | |
| Earnings per share: | | |
| Basic | \$0.13 | \$0.22 |
| Diluted | \$0.13 | \$0.21 |
| | | |
| Earnings per share attributable to Acxiom stockholders: | | |
| Basic | \$0.13 | \$0.22 |
| Diluted | \$0.13 | \$0.21 |

See accompanying notes to condensed consolidated financial statements.

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

| | For the Six Months ended September 30 | |
|---|--|-----------|
| | 2013 | 2012 |
| Revenues | \$542,464 | \$549,126 |
| Operating costs and expenses: | | |
| Cost of revenue | 411,900 | 418,475 |
| Selling, general and administrative | 80,474 | 74,827 |
| Gains, losses and other items, net | 6,387 | 192 |
| Total operating costs and expenses | 498,761 | 493,494 |
| Income from operations | 43,703 | 55,632 |
| Other expense: | | |
| Interest expense | (5,999) | (6,557) |
| Other, net | (246) | (601) |
| Total other expense | (6,245) | (7,158) |
| Earnings before income taxes | 37,458 | 48,474 |
| Income taxes | 14,499 | 18,903 |
| Net earnings | \$22,959 | \$29,571 |
| Less: Net loss attributable to noncontrolling interest | (60) | (273) |
| Net earnings attributable to Acxiom | \$23,019 | \$29,844 |
| | | |
| Earnings per share: | | |
| Basic | \$0.31 | \$0.39 |
| Diluted | \$0.30 | \$0.38 |
| | | |
| Earnings per share attributable to Acxiom stockholders: | | |
| Basic | \$0.31 | \$0.39 |
| Diluted | \$0.30 | \$0.38 |

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 September 30 | |
|--|--|-----------|
| | 2013 | 2012 |
| Net earnings | \$ 9,864 | \$ 16,372 |
| Other comprehensive income (loss): | | |
| Change in foreign currency translation adjustment | 3,660 | 1,919 |
| Unrealized gain (loss) on interest rate swap | 220 | (195) |
| Other comprehensive income | 3,880 | 1,724 |
| Comprehensive income | 13,744 | 18,096 |
| Less: comprehensive income (loss) attributable to noncontrolling interests | 25 | (139) |
| Comprehensive income attributable to Acxiom stockholders | \$ 13,719 | \$ 18,235 |

See accompanying notes to condensed consolidated financial statements.

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

| | For the Six Months ended September 30 | |
|---|--|----------|
| | 2013 | 2012 |
| Net earnings | \$22,959 | \$29,571 |
| Other comprehensive income (loss): | | |
| Change in foreign currency translation adjustment | 913 | 184 |
| Unrealized gain (loss) on interest rate swap | 418 | (133) |
| Other comprehensive income | 1,331 | 51 |
| Comprehensive income | 24,290 | 29,622 |
| Less: comprehensive loss attributable to noncontrolling interests | (60) | (273) |
| Comprehensive income attributable to Acxiom stockholders | \$24,350 | \$29,895 |

See accompanying notes to condensed consolidated financial statements.

ACXIOM CORPORATION AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF EQUITY
 SIX MONTHS ENDED SEPTEMBER 30, 2013
 (Unaudited)
 (Dollars in thousands)

| | Common Stock | | Additional paid-in Capital | Retained earnings \$ | Accumulated other comprehensive income | Treasury Stock | | Noncontrolling Interest | Total Equity |
|--|---------------------|----------|----------------------------------|----------------------------|---|------------------------|----------|----------------------------|-----------------|
| | Number of shares | Amount | | | | Number of shares | Amount | | |
| Balances at March 31, 2013 | 121,342,916 | \$12,134 | \$885,184 | 593,966 | \$11,423 | (47,825,038) | \$82,959 | (380) | \$619,368 |
| Employee stock awards, benefit plans and other issuances | 1,149,584 | 115 | 20,419 | - | - | (87,651) | (1,975) | - | 18,559 |
| Restricted stock units vested | 462,048 | 46 | (46) | - | - | - | - | - | - |
| Non-cash share-based compensation | - | - | 6,889 | - | - | - | - | - | 6,889 |
| Acquisition of treasury stock | - | - | - | - | - | (1,614,713) | (38,837) | - | (38,837) |
| Comprehensive income: | | | | | | | | | |
| Foreign currency translation | - | - | - | - | 913 | - | - | - | 913 |
| Unrealized gain on interest rate swap | - | - | - | - | 418 | - | - | - | 418 |
| Net earnings (loss) | - | - | - | 23,019 | - | - | - | (60) | 22,959 |
| Balances at September 30, 2013 | 122,954,548 | \$12,295 | \$912,446 | 616,985 | \$12,754 | (49,527,306) | \$23,771 | (440) | \$630,269 |

See accompanying notes to condensed consolidated financial statements

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

| | For the Six Months ended September 30 | |
|--|--|-----------|
| | 2013 | 2012 |
| Cash flows from operating activities: | | |
| Net earnings | \$22,959 | \$29,571 |
| Adjustments to reconcile net earnings to net cash from operating activities: | | |
| Depreciation and amortization | 50,519 | 60,231 |
| Loss on disposal or impairment of assets | - | 25 |
| Deferred income taxes | (528) | (3,466) |
| Non-cash share-based compensation expense | 6,889 | 5,803 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | (5,864) | 1,942 |
| Other assets | 145 | (4,736) |
| Deferred costs | - | (1,274) |
| Accounts payable and other liabilities | (20,667) | (38,132) |
| Deferred revenue | 3,917 | (12,596) |
| Net cash provided by operating activities | 57,370 | 37,368 |
| Cash flows from investing activities: | | |
| Capitalized software development costs | (13,614) | (7,747) |
| Capital expenditures | (18,189) | (11,716) |
| Data acquisition costs | (2,874) | (3,698) |
| Net cash used in investing activities | (34,677) | (23,161) |
| Cash flows from financing activities: | | |
| Payments of debt | (9,233) | (13,538) |
| Acquisition liability payment | - | (287) |
| Acquisition of treasury stock | (38,837) | (47,100) |
| Sale of common stock | 18,559 | 5,735 |
| Net cash used in financing activities | (29,511) | (55,190) |
| Effect of exchange rate changes on cash | 460 | (261) |
| Net change in cash and cash equivalents | (6,358) | (41,244) |
| Cash and cash equivalents at beginning of period | 222,974 | 229,648 |
| Cash and cash equivalents at end of period | \$216,616 | \$188,404 |

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

| | For the Six Months ended September 30 | |
|---|--|---------|
| | 2013 | 2012 |
| Supplemental cash flow information: | | |
| Cash paid during the period for: | | |
| Interest | \$5,986 | \$6,500 |
| Income taxes | 11,008 | 36,134 |
| Payments on capital leases and installment payment arrangements | 5,239 | 8,946 |
| Other debt payments | 3,994 | 4,592 |
| Non-cash investing and financing activities: | | |
| Acquisition of property and equipment under capital leases and installment payment arrangements | - | 2,157 |

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, 2013 (“2013 Annual Report”), as filed with the Commission on May 29, 2013. This report and the accompanying condensed consolidated financial statements should be read in connection with the 2013 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, 2014.

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 2013 Annual Report.

Reclassifications -

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

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 September 30 | | For the six months ended September 30 | |
|---|---------------------------------------|----------|--|----------|
| | 2013 | 2012 | 2013 | 2012 |
| Basic earnings per share: | | | | |
| Net earnings | \$9,864 | \$16,372 | \$22,959 | \$29,571 |
| Net gain (loss) attributable to noncontrolling interest | 25 | (139) | (60) | (273) |
| Net earnings attributable to Acxiom | \$9,839 | \$16,511 | \$23,019 | \$29,844 |
| Basic weighted-average shares outstanding | | | | |
| | 73,778 | 75,009 | 73,728 | 75,741 |
| Basic earnings per share: | | | | |
| Net earnings | \$0.13 | \$0.22 | \$0.31 | \$0.39 |
| Net loss attributable to noncontrolling interest | - | - | - | - |
| Net earnings attributable to Acxiom | \$0.13 | \$0.22 | \$0.31 | \$0.39 |
| Diluted earnings per share: | | | | |
| Basic weighted-average shares outstanding | | | | |
| | 73,778 | 75,009 | 73,728 | 75,741 |
| Dilutive effect of common stock options, warrants, and restricted stock as computed under the treasury stock method | | | | |
| | 2,258 | 2,016 | 2,036 | 1,800 |
| Diluted weighted-average shares outstanding | 76,036 | 77,025 | 75,764 | 77,541 |
| Diluted earnings per share: | | | | |
| Net earnings | \$0.13 | \$0.21 | \$0.30 | \$0.38 |
| Net loss attributable to noncontrolling interest | - | - | - | - |
| Net earnings attributable to Acxiom | \$0.13 | \$0.21 | \$0.30 | \$0.38 |

As of September 30, 2013, the Company had options and warrants outstanding providing for the purchase of approximately 8.5 million shares of common stock together with restricted stock units relating to 2.2 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 September 30 | | For the six months ended September 30 | |
|---|---------------------------------------|-----------------|--|-----------------|
| | 2013 | 2012 | 2013 | 2012 |
| Number of shares outstanding under options, warrants and restricted stock units | 2,224 | 4,762 | 3,390 | 7,093 |
| Range of exercise prices for options and warrants | \$21.46-\$62.06 | \$17.76-\$62.06 | \$21.46-\$62.06 | \$15.31-\$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 worth of its common stock through the period ending February 5, 2014. During the six months ended September 30, 2013, the Company repurchased 1.6 million shares of its common stock for \$38.8 million. Through September 30, 2013, the Company had repurchased 12.0 million shares of its stock for \$178.8 million, leaving remaining capacity of \$21.2 million under the stock repurchase program.

Accumulated Other Comprehensive Income

The accumulated balances for each component of other comprehensive income are as follows (dollars in thousands):

| | September 30, 2013 | March 31, 2013 |
|---------------------------------------|--------------------------|-------------------|
| Foreign currency translation | \$13,088 | \$12,175 |
| Unrealized loss on interest rate swap | (334) | (752) |
| | \$12,754 | \$11,423 |

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 26.4 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. On May 13, 2013 the Company's compensation committee, acting on behalf of the full board of directors, approved an amendment to one of the Company's equity compensation plans which would permit the issuance of an additional 4,000,000 shares under the plan. That amendment received shareholder approval at the August 6, 2013 annual shareholders' meeting. On May 23, 2013, the board terminated one of the Company's equity compensation plans under which 1.7 million shares remained available for future grant. This plan termination did not require shareholder approval. At September 30, 2013, there were a total of 5.9 million shares available for future grants under the plans.

The Company granted 301,508 stock options in the six months ended September 30, 2013. The per-share weighted-average fair value of the stock options granted during the six months ended September 30, 2013 was \$6.75. 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 2.0%; expected option life of 4.3 years; expected volatility of 35% and a suboptimal exercise multiple of 1.3.

Option activity for the six months ended September 30, 2013 was as follows:

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

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| | | | term (in years) | (in thousands) |
|-----------------------------------|-------------|----------|-----------------|----------------|
| Outstanding at March 31, 2013 | 8,193,248 | \$ 20.85 | | |
| Granted | 301,508 | \$ 21.46 | | |
| Exercised | (1,168,779) | \$ 17.55 | | \$12,665 |
| Forfeited or cancelled | (184,323) | \$ 32.81 | | |
| Outstanding at September 30, 2013 | 7,141,654 | \$ 21.11 | 3.56 | \$59,444 |
| Exercisable at September 30, 2013 | 5,987,849 | \$ 22.18 | 2.59 | \$44,613 |

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 the quarter 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 September 30, 2013. 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 September 30, 2013:

| Range of exercise price per share | Options outstanding | Options outstanding | | Options exercisable | |
|-----------------------------------|---------------------|---|---|---------------------|---|
| | | Weighted-average remaining contractual life | Weighted-average exercise price per share | Options exercisable | Weighted-average exercise price per share |
| \$ 6.32 - | | | | | |
| \$ 9.62 | 48,480 | 3.94 years | \$ 8.57 | 48,480 | \$ 8.57 |
| \$ 11.08 - | | | | | |
| \$ 15.00 | 2,070,966 | 6.17 years | \$ 13.07 | 1,217,776 | \$ 12.78 |
| \$ 15.10 - | | | | | |
| \$ 19.82 | 1,134,853 | 2.65 years | \$ 16.51 | 1,125,071 | \$ 16.50 |
| \$ 20.12 - | | | | | |
| \$ 25.00 | 2,082,859 | 3.71 years | \$ 22.83 | 1,792,026 | \$ 23.05 |
| \$ 25.98 - | | | | | |
| \$ 29.30 | 1,010,218 | 0.99 years | \$ 26.74 | 1,010,218 | \$ 26.74 |
| \$ 30.93 - | | | | | |
| \$ 39.12 | 616,600 | 0.79 years | \$ 35.96 | 616,600 | \$ 35.96 |
| \$ 40.88 - | | | | | |
| \$ 62.06 | 177,678 | 1.50 years | \$ 43.74 | 177,678 | \$ 43.74 |
| | 7,141,654 | 3.56 years | \$ 21.11 | 5,987,849 | \$ 22.18 |

Total expense related to stock options for the six months ended September 30, 2013 and 2012 was approximately \$1.1 million and \$0.9 million respectively. Future expense for these options is expected to be approximately \$5.7 million over the next four years.

Restricted Stock Unit Activity

During the six months ended September 30, 2013, the Company granted time-vesting restricted stock units covering 451,578 shares of common stock with a value at the date of grant of \$10.0 million. Of the restricted stock units granted in the current period, 395,681 vest in equal annual increments over four years and 55,897 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 period ending September 30, 2013 was as follows:

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

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| | | (in thousands) | |
|-----------------------------------|------------|-------------------|------|
| Outstanding at March 31, 2013 | 1,212,286 | \$13.97 | 2.24 |
| Granted | 451,578 | \$22.24 | |
| Vested | (462,048) | \$13.76 | |
| Forfeited or cancelled | (74,993) | \$15.75 | |
| Outstanding at September 30, 2013 | 1,126,823 | \$17.27 | 2.61 |

During the six months ended September 30, 2013, the Company granted performance-based restricted stock units covering 218,825 shares of common stock with a value at the date of grant of \$5.1 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. The units granted in the current period 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 2016, with a modifier 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, 2013 to March 31, 2016. The value of the performance units is determined using a Monte Carlo simulation model.

Non-vested performance-based restricted stock unit activity for the period ending September 30, 2013 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, 2013 | 863,721 | \$ 11.52 | 1.63 |
| Granted | 218,825 | \$ 23.21 | |
| Forfeited or cancelled | (25,304) | \$ 17.34 | |
| Outstanding at September 30, 2013 | 1,057,242 | \$ 13.80 | 1.65 |

Total expense related to all restricted stock units in the six months ended September 30, 2013 and 2012 was approximately \$5.8 million and \$4.9 million respectively. Future expense for these restricted stock units is expected to be approximately \$24.8 million over the next four years.

4. OTHER CURRENT AND NONCURRENT ASSETS:

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

| | September 30, 2013 | March 31, 2013 |
|---|--------------------------|-------------------|
| Prepaid expenses | \$45,476 | \$45,032 |
| Assets of non-qualified retirement plan | 14,131 | 13,771 |
| Other miscellaneous assets | 445 | 132 |
| Other current assets | \$60,052 | \$58,935 |

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

| | September 30, 2013 | March 31, 2013 |
|---------------------------------------|--------------------------|-------------------|
| Acquired intangible assets, net | \$410 | \$564 |
| Deferred income tax asset | 7,359 | 7,099 |
| Other miscellaneous noncurrent assets | 5,050 | 5,389 |
| Noncurrent assets | \$12,819 | \$13,052 |

5. 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, 2013 indicated no potential impairment of its goodwill balances.

The carrying amount of goodwill, by operating segment, at September 30, 2013, 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, 2013 | \$306,854 | \$ 71,508 | \$2,767 | \$381,129 |
| Change in foreign currency translation adjustment | (350) | - | 184 | (166) |
| Balance at September 30, 2013 | \$306,504 | \$ 71,508 | \$2,951 | \$380,963 |

Goodwill by component included in Marketing and Data Services as of September 30, 2013 is US, \$266.3 million; Europe, \$19.8 million; Australia, \$13.5 million; China, \$6.0 million; and Brazil, \$0.9 million.

In order to estimate the fair value for each of the components, management uses an income approach based on a discounted cash flow model 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 is 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 are believed to be representative of companies that marketplace participants would use to arrive at comparable multiples for the individual component being tested. These multiples are then used to develop an estimated value for each respective component.

The similar transactions method compares 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 are then used to develop an estimated value for that component.

In order to arrive at an estimated value for each component, management uses 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 is 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 an 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 contains both U.S. and International components, and there are differences in economic characteristics between the components in the different geographic regions, management tested a total of seven components at the beginning of the year. The goodwill amounts as of April 1, 2013 included in each component tested were: U.S. Marketing and data services, \$266.3 million; Europe Marketing and data services, \$18.5 million; Australia Marketing and data services, \$15.0 million; China Marketing and data services, \$6.0 million; Brazil Marketing and data services, \$1.0 million; U.S. Infrastructure management, \$71.5 million; and Europe Other services, \$2.8 million.

As of April 1, 2013, 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 fair value.

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 2015. 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 Company has recently initiated a cost reduction program. The initiative seeks to improve the Company's performance by simplifying the Company's management structure, centralizing duplicative efforts and standardizing workflows. The components of the restructuring program are not yet finalized. The Company will monitor the progress of the program to determine whether any resulting activities constitute a triggering event. The occurrence of one or more triggering events could require additional impairment testing, which could result in impairment charges.

6. LONG-TERM DEBT:

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

| | September 30, 2013 | March 31, 2013 |
|---|--------------------------|-------------------|
| Term loan credit agreement | \$215,000 | \$218,000 |
| 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 nine years | 16,130 | 21,368 |
| Other debt and long-term liabilities | 13,143 | 14,137 |
| Total long-term debt and capital leases | 244,273 | 253,505 |
| Less current installments | 13,560 | 16,105 |
| Long-term debt, excluding current installments | \$230,713 | \$237,400 |

As of September 30, 2013, the Company's amended and restated credit agreement provided 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 was 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 expired March 15, 2014.

Revolving credit facility borrowings bore 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 was 2.75%. There were no revolving credit borrowings outstanding at September 30, 2013 or March 31, 2013. Term loan

borrowings bore interest at LIBOR plus a credit spread of 3.00% or at an alternative base rate. The weighted-average interest rate on term loan borrowings at September 30, 2013 was 4.1%. Outstanding letters of credit at September 30, 2013 were \$2.2 million.

The term loan allowed prepayments before maturity. The credit agreement was 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 was required to maintain certain debt-to-cash flow and debt service coverage ratios, among other restrictions. At September 30, 2013, the Company was in compliance with these covenants and restrictions. In addition, if certain financial ratios and other conditions were not satisfied, the revolving credit facility limited the Company's ability to pay dividends in excess of \$30 million in any fiscal year (plus additional amounts in certain circumstances).

On October 9, 2013, subsequent to the end of the most recent fiscal quarter, the Company refinanced its existing credit agreement. The amended and restated credit agreement provides for (1) term loans up to an aggregate principal amount of \$300 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 \$300 million. On that day, the Company borrowed \$300 million of this term loan and used the proceeds to pay off the existing \$215 million term loan balance in its entirety. The remaining proceeds will be used for other general corporate purposes including the costs related to refinancing the credit agreement. The amended and restated credit agreement contains customary representations, warranties, affirmative and negative covenants (including without limitation, requirements to maintain certain leverage and fixed charge coverage ratios), default and acceleration provisions.

The new term loan agreement is payable in quarterly installments of \$3.8 million through September 2014, followed by quarterly installments of \$7.5 million through September 2017, followed by quarterly installments of \$11.3 million through June 2018, with a final payment of \$161.3 million due October 9, 2018.

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 September 30, 2013 was .25%. The swap was entered into as a cash flow hedge against LIBOR interest rate movements on the term loan. As of September 30, 2013, 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 \$0.3 million since inception is recorded in other comprehensive income (loss) with the offset recorded to other accrued expenses. The fair value of the interest rate swap agreement recorded in accumulated other comprehensive income (loss) will be recognized in the statement of operations in the third and fourth quarters of fiscal 2014 since the previous term loan has been extinguished. The Company has assessed the creditworthiness of the counterparty of the swap and concludes that no substantial risk of default exists as of September 30, 2013.

7. ALLOWANCE FOR DOUBTFUL ACCOUNTS:

Trade accounts receivable are presented net of allowances for doubtful accounts, returns and credits of \$4.5 million at September 30, 2013 and \$4.1 million at March 31, 2013.

8. 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. During the quarter ended June 30, 2013, the Company realigned its business segments to better reflect the way management assesses the business. The e-mail fulfillment business was moved from the Other services segment to the Marketing and data services segment. The prior-year segment information has been restated to conform to the new segment presentation. The Marketing and data services segment now includes the Company's global lines of business for Customer Data

Integration (CDI), Consumer Insight Solutions, the Audience Operating System, Marketing Management Services, E-mail Fulfillment Services, and Consulting and Agency Services. The IT Infrastructure management segment develops and delivers IT outsourcing and transformational solutions. The Other services segment now consists solely of the UK fulfillment business.

Company 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, as well as certain business separation expenses. Because segment operating income excludes certain impairments and gains, losses and other items and business separation expenses 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 | | For the six months ended | |
|--------------------------------|-----------------------|-----------|--------------------------|-----------|
| | September 30 | | September 30 | |
| | 2013 | 2012 | 2013 | 2012 |
| Revenue: | | | | |
| Marketing and data services | \$200,952 | \$198,602 | \$388,745 | \$391,084 |
| IT Infrastructure management | 66,825 | 70,061 | 136,210 | 140,351 |
| Other services | 8,494 | 8,804 | 17,509 | 17,691 |
| Total revenue | \$276,271 | \$277,467 | \$542,464 | \$549,126 |
| Income (loss) from operations: | | | | |
| Marketing and data services | \$16,014 | \$22,262 | \$28,671 | \$40,965 |
| IT Infrastructure management | 11,967 | 8,520 | 22,728 | 17,351 |
| Other services | 223 | (542) | 877 | (2,492) |
| Corporate | (8,573) | (32) | (8,573) | (192) |
| Income from operations | \$19,631 | \$30,208 | \$43,703 | \$55,632 |

9. 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 six months ended September 30, 2013 (dollars in thousands):

| | Associate-related | Ongoing | Total |
|-------------------------------|-------------------|----------|----------|
| | reserves | contract | |
| | | costs | |
| Balance at March 31, 2013 | \$ 3,689 | \$9,021 | \$12,710 |
| Payments | (2,341) | (937) | (3,278) |
| Charges and adjustments | 809 | 2,378 | 3,187 |
| Balance at September 30, 2013 | \$ 2,157 | \$10,462 | \$12,619 |

The above balances are included in accrued expenses and other liabilities on the consolidated balance sheet.

Restructuring Plans

In the second quarter of fiscal 2014, the Company recorded a total of \$3.2 million in restructuring charges and adjustments included in gains, losses and other items in the consolidated statement of operations. The expense includes severance and other associate-related charges of \$1.0 million, a lease accrual of \$2.5 million, and credit adjustments to fiscal 2012 and 2013 restructuring plans of \$0.3 million.

The associate-related accruals of \$1.0 million relate to the termination of associates in the United States, Australia, and Europe. Of the amount accrued, \$0.6 million remained accrued as of September 30, 2013. These costs are expected to be paid out in fiscal 2014.

The lease accrual of \$2.5 million was 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 September 30, 2013, the Company ceased using a certain leased office facility. The Company intends to attempt to sublease the facility 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 the lease. The fair value of this liability is based on a net present value model using a credit-adjusted risk-free rate. The liability will be paid out over the remainder of the leased property's term, which 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 this lease, which would impact net income in the period the adjustment is recorded. The remaining amount accrued at September 30, 2013 is \$2.5 million.

In fiscal 2013, the Company recorded a total of \$2.9 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 \$2.8 million and lease accruals of \$0.1 million.

The associate-related accruals of \$2.8 million relate to the termination of associates in the United States, Australia, and Europe. Of the amount recorded, \$0.6 million remained accrued as of September 30, 2013. These costs are expected to be paid out in fiscal 2014. Of the amount accrued for lease costs, less than \$0.1 million remained accrued as of September 30, 2013. These costs are expected to be paid out in fiscal 2014.

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, \$1.0 million remained accrued as of September 30, 2013. These costs are expected to be paid out in fiscal 2014.

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 September 30, 2013 is \$1.3 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 September 30, 2013 is \$6.7 million.

Gains, Losses and Other Items

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

| | For the quarter ended | | For the six months ended | |
|--|-----------------------|------|--------------------------|-------|
| | September 30 | | September 30 | |
| | 2013 | 2012 | 2013 | 2012 |
| Restructuring plan charges and adjustments | 3,187 | 32 | 3,187 | 192 |
| Legal contingencies (see note 10) | 3,200 | - | 3,200 | - |
| | \$6,387 | \$32 | \$6,387 | \$192 |

10. 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. This action seeks 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 the 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 accrued \$2.5 million in gains, losses and other expenses during the quarter ended September 30, 2013 as its estimate of the probable loss. The Company cannot estimate the range of reasonably possible additional loss.

The founders of GoDigital, a subsidiary of the Company, 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 brought an action against the founders of GoDigital in the courts of Delaware contending, among other things, that under the contractually agreed upon choice of law of Delaware, that there is no legal basis for the claims of GoDigital related to the earnout. 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. Subsequent to September 30, 2013, the Company entered into a settlement agreement under which it agreed to purchase the founders' remaining holdings for \$1.3 million. As of September 30, 2013, the Company accrued \$0.7 million in gains, losses and other expenses for the amount of the settlement which represents a settlement expense. The remaining \$0.6 million of the settlement is estimated to be the fair value of the founders' shares, and will be recorded as the purchase price for the founders' interests in the quarter

ended December 31, 2013.

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.

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Commitments

The Company leases data processing equipment, office furniture and equipment, land and office space under noncancellable operating leases. The Company has a future commitment for lease payments over the next 27 years of \$132.0 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. The guaranteed amount is collateralized by real property. 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. At September 30, 2013 the Company's maximum potential future payments under these guarantees were \$2.7 million.

11. 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 2014, excluding any potential discrete items, is approximately 39%.

12. 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 September 30, 2013, the estimated fair value of long-term debt approximates its carrying value.

Derivative instruments included in other accrued expenses - 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 September 30, 2013 (dollars in thousands):

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------|----------|---------|---------|----------|
| Assets: | | | | |
| Other current assets | \$14,131 | \$- | \$- | \$14,131 |
| Total assets | \$14,131 | \$- | \$- | \$14,131 |

Liabilities:

| | | | | |
|------------------------|-----|-------|-----|-------|
| Other accrued expenses | - | 334 | - | 334 |
| Total liabilities | \$- | \$334 | \$- | \$334 |

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction and Overview

Acxiom is an enterprise data, analytics and software-as-a-service company. For over 40 years, Acxiom has been an innovator in harnessing the powerful potential of data to strengthen connections between people, businesses and their partners. We focus on creating better connections that enable better living for people and better results for the businesses who serve them.

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 June 30, 2013, the Company realigned its business segments to better reflect the way management assesses the business. The e-mail fulfillment business was moved from the Other services segment to the Marketing and data services segment. The Marketing and data services segment now includes the Company's global lines of business for Customer Data Integration (CDI), Consumer Insight Solutions, the Audience Operating System, Marketing Management Services, E-mail Fulfillment Services, and Consulting and Agency Services. The IT Infrastructure management segment develops and delivers IT outsourcing and transformational solutions. The Other services segment now consists solely of the UK fulfillment business.

As announced in fiscal 2012 we continue to significantly invest in product innovation which management believes will help drive revenue growth later in fiscal 2014 and beyond. The Company launched the Acxiom Audience Operating System (AOS) on September 24, 2013. The AOS is an innovative new technology that powers more effective marketing decisions through better data, valuable insights and powerful applications. It presents marketers with a comprehensive view of their audiences and allows one-to-one marketing capabilities at scale across all channels and devices. The Company also recently launched a new consumer portal, AboutTheData.com, which is the first online consumer portal which allows individuals to view and update marketing data that Acxiom's clients use for digital marketing.

Notable results and events of the quarter ended September 30, 2013 are identified below.

- Revenue of \$276.3 million, a 0.4% decrease from \$277.5 million in the same quarter a year ago.
- Total operating expenses of \$256.6 million, a 3.8% increase from \$247.3 million in the same quarter a year ago. Total operating expenses include restructuring charges and loss contingency accruals of \$6.4 million recorded in gains, losses and other items, net and business separation expenses of \$2.2 million.
- Income from operations of \$19.6 million, representing a 7.1% operating margin, compared to \$30.2 million, representing a 10.9% operating margin, in the same quarter a year ago.
- Diluted earnings per share attributable to Acxiom stockholders of \$0.13 in the quarter ended September 30, 2013 compared to \$0.21 in the same quarter a year ago.
- Cash used by investing activities was \$17.8 million, compared to \$13.6 million in the same quarter a year ago.
- The Company paid \$22.7 million to acquire common shares as part of the Company's common stock repurchase program.

The summary above is intended to identify to the reader some of the more significant events and transactions of the Company during the fiscal quarter ended September 30, 2013. However, this is not intended to be a full discussion of the Company's results for the quarter. This 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 thousands, except per share amounts):

| | For the quarter ended September 30 | | | For the six months ended September 30 | | |
|--|---------------------------------------|-----------|----------|--|-----------|----------|
| | 2013 | 2012 | % Change | 2013 | 2012 | % Change |
| Revenues | \$276,271 | \$277,467 | (0 %) | \$542,464 | \$549,126 | (1 %) |
| Total operating costs and expenses | 256,640 | 247,259 | 4 % | 498,761 | 493,494 | 1 % |
| Income from operations | \$19,631 | \$30,208 | (35 %) | \$43,703 | \$55,632 | (21 %) |
| Diluted earnings per share attributable to Acxiom stockholders | \$0.13 | \$0.21 | (38 %) | \$0.30 | \$0.38 | (21 %) |

Revenues

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

| | For the quarter ended September 30 | | | For the six months ended September 30 | | |
|---------------------------------------|---------------------------------------|-----------|----------|--|-----------|----------|
| | 2013 | 2012 | % Change | 2013 | 2012 | % Change |
| Marketing and data services | \$200,952 | \$198,602 | 1 % | \$388,745 | \$391,084 | (1 %) |
| IT Infrastructure management services | 66,825 | 70,061 | (5 %) | 136,210 | 140,351 | (3 %) |
| Other services | 8,494 | 8,804 | (4 %) | 17,509 | 17,691 | (1 %) |
| Total revenue | \$276,271 | \$277,467 | 0 % | \$542,464 | \$549,126 | (1 %) |

Total revenue decreased 0.4%, or \$1.2 million, to \$276.3 million in the quarter ended September 30, 2013 from \$277.5 million in the same quarter a year ago. For the six months ended September 30, 2013 total revenue was \$542.5 million, a \$6.7 million, or 1.2%, decrease from \$549.1 million during the same period a year ago.

Marketing and data services (MDS) revenue for the quarter ended September 30, 2013 was \$201.0 million, which is an increase of \$2.4 million, or 1.2%, when compared to \$198.6 million in the same quarter a year ago. On a geographic basis, International MDS revenue decreased \$0.5 million, or 2.0%, while U.S. MDS revenue increased \$2.9 million, or 1.7%, in the quarter ended September 30, 2013. International MDS revenue decreased \$1.9 million primarily from decreases in Europe and Australia. The decrease was partially offset by increases in China and Brazil. In U.S. MDS revenue, increases in the Retail (\$1.4 million), Financial Services (\$0.9 million), Information Services (\$0.9 million), and Media (\$0.8 million) industries were partially offset by decreases in the Entertainment (\$0.7 million) and Broker/Reseller (\$0.6 million) industries from volume and project reductions. By line of business, MDS revenue increases in Marketing Management (\$5.1 million or 6.2%) and Data Management (\$1.0 million or 3.4%) were partially offset by decreases in Consumer Insights (\$2.4 million or 4.4%) and E-mail and Agency services (\$1.4 million or 7.4%). The Marketing Management increase resulted primarily from increases in existing accounts and new business that was closed in the previous year. Consumer Insights was impacted by lower project activity in the U.S., Europe and Australia.

MDS revenue for the six months ended September 30, 2013 was \$388.7 million, which is a decrease of \$2.3 million, or 0.6%, compared to the same period a year ago. On a geographic basis, International MDS revenue decreased \$2.2 million, or 4.0%, and U.S. MDS revenue was flat when compared to the same period a year ago. International MDS revenue decreases of \$4.9 million were primarily the result of lower transaction volume in Europe and Australia,

partially offset by increases in China and Brazil MDS revenue. U.S. MDS revenue decreases in the Broker/Reseller (\$1.3 million), Banking (\$0.7 million), and Information Services (\$0.6 million) industries from volume and project reductions were offset by increases in the Retail (\$1.4 million), Insurance (\$0.8 million), and Communications (\$0.5 million) industries. By line of business, MDS revenue increases in Marketing Management (\$3.4 million or 2.0%) and Consulting (\$1.1 million or 5.3%) were partially offset by decreases in Consumer Insights (\$4.4 million or 4.3%) and E-mail and Agency services (\$3.0 million or 7.7%). The Marketing Management and Consulting increases resulted primarily from increases in existing accounts and new business that was closed in the previous year. Consumer Insights was impacted by lower project activity in the U.S., Europe and Australia and Email and Agency services were impacted by lost business.

IT Infrastructure Management (IM) revenue for the quarter ended September 30, 2013 was \$66.8 million. This represents a \$3.2 million, or 4.6%, decrease from the same quarter a year ago. IM revenue for the six months ended September 30, 2013 was \$136.2 million, a \$4.1 million, or 3.0% decrease from the same period a year ago. IM revenue included termination fees of \$4.2 million and \$5.3 million in the quarter and six-month period, respectively, from customers that are winding down their contractual relationship with the Company. Excluding impact of the termination fees, the IM revenue decreases in both the quarter and six-month period resulted from lower project revenue and lost business. The Company has recently received notifications of client contract terminations from certain IM clients in addition to those previously disclosed in its 2013 annual report. The Company expects to record fiscal 2014 revenue for IM customers that have given notice of termination of between \$65 and \$70 million, as many of these terminations are not effective immediately and there are termination penalties associated with some of them. However, these customer terminations will impact revenue in future periods as revenue from these contracts is expected to be negligible in fiscal 2015.

Other services (OS) revenue for the quarter ended September 30, 2013 was \$8.5 million, a slight decrease from \$8.8 million in the same quarter a year ago. OS revenue for the six months ended September 30, 2013 was \$17.5 million, a slight decrease from \$17.7 million in the same period a year ago. Revenue from the UK fulfillment operation increased \$0.6 million and \$2.8 million from new business during the quarter and six-month period ended September 30, 2013, respectively. The Company has completed transition of all risk customers previously included in the OS segment to a third-party partner as a part of the exit from that business. As a result, OS revenue decreased \$1.0 million and \$3.0 million during the quarter and six-month period ended September 30, 2013, respectively.

Operating Costs and Expenses

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

| | For the quarter ended September 30 | | | For the six months ended September 30 | | |
|-------------------------------------|---------------------------------------|-----------|----------|--|-----------|----------|
| | 2013 | 2012 | % Change | 2013 | 2012 | % Change |
| Cost of revenue | \$207,394 | \$209,164 | (1 %) | \$411,900 | \$418,475 | (2 %) |
| Selling, general and administrative | 42,859 | 38,063 | 13 % | 80,474 | 74,827 | 8 % |
| Gains, losses and other items, net, | 6,387 | 32 | | 6,387 | 192 | |
| Total operations costs and expenses | \$256,640 | \$247,259 | 4 % | \$498,761 | \$493,494 | 1 % |

Cost of revenue was \$207.4 million for the quarter ended September 30, 2013, a \$1.8 million, or 0.8%, decrease when compared to the same quarter a year ago. Gross margins increased from 24.6% to 24.9% between the two comparable periods. Margins were impacted by a \$1.2 million improvement in OS gross margins resulting from the Company's exit from the U.S. risk business. Margins also improved from the positive impact of the IM termination fee revenue. U.S. gross margins increased from 25.7% to 26.4% and International gross margins decreased from 17.7% to 15.6%. U.S. margins benefited from the OS margin increase and improving IM margins but was partially offset by increased investment spending (data and engineering) in the MDS segment. International margins were impacted by revenue declines in Europe.

Cost of revenue was \$411.9 million for the six months ended September 30, 2013, a \$6.6 million, or 1.6%, decrease from \$418.5 million in the same period a year ago. Gross margins increased from 23.8% to 24.1% between the two comparable periods. Margins were impacted by a \$3.5 million improvement in OS gross margins resulting from the Company's exit from the U.S. risk business. Margins also improved from the positive impact of the IM termination

fee revenue. U.S. gross margins increased from 25.1% to 25.8% and International gross margins decreased from 15.0% to 12.1%. U.S. margins benefited from the OS margin increase and improving IM margins but was partially offset by increased investment spending (data and engineering) in the MDS segment. International margins were impacted by revenue declines in Europe and Australia.

Selling, general, and administrative (SG&A) expenses were \$42.9 million for the quarter ended September 30, 2013, a \$4.8 million, or 12.6%, increase when compared to the same quarter a year ago. SG&A included \$2.2 million of costs associated with separating shared operations of the MDS and IM operating segments. Excluding those separation costs, SG&A expense increased \$2.6 million, or 6.9%. As a percentage of total revenue, and excluding the separation costs, SG&A expenses were 14.7% compared to 13.7% a year ago. The increase primarily resulted from higher marketing costs related to the launch of AOS, higher legal fees and other consulting expenses.

SG&A expenses were \$80.5 million for the six months ended September 30, 2013, a \$5.6 million, or 7.5%, increase when compared to the same period a year ago. The current period SG&A included \$2.2 million of costs associated with separating the MDS and IM operating segments. Excluding those separation costs, SG&A expense increased \$3.5 million, or 4.6%. As a percentage of total revenue, and excluding the separation costs, SG&A expenses were 14.4% compared to 13.6% a year ago. The increase primarily resulted from higher marketing costs related to the launch of AOS, higher legal fees and other consulting expenses.

The Company continues to develop and execute plans to create operating independence between its operating segments. As the Company executes these plans, it is likely to incur incremental outside consulting and other third-party expenses to create formal documentation of intercompany agreements and to separate IT and network operations.

Gains, losses and other items, net was \$6.4 million for the quarter and six months ended September 30, 2013. The current-year periods include restructuring charges and adjustments of \$3.2 million, of which \$2.5 million was for a lease accrual, (see note 9) and loss contingency accruals of \$3.2 million (see note 10).

Operating Profit and Profit Margins

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

| | For the quarter ended September 30 | | For the six months ended September 30 | |
|---------------------------------------|---------------------------------------|----------|--|-----------|
| | 2013 | 2012 | 2013 | 2012 |
| Operating profit and profit margin: | | | | |
| Marketing and data services | \$16,014 | \$22,262 | \$28,671 | \$40,965 |
| | 8.0 | % 11.2 | % 7.4 | % 10.5 |
| IT Infrastructure management services | \$11,967 | \$8,520 | \$22,728 | \$17,351 |
| | 17.9 | % 12.2 | % 16.7 | % 12.4 |
| Other services | \$223 | \$(542) | \$877 | \$(2,492) |
| | 2.6 | % (6.2) | % 5.0 | % (14.1) |
| Corporate | \$(8,573) | \$(32) | \$(8,573) | \$(192) |
| Total operating profit | \$19,631 | \$30,208 | \$43,703 | \$55,632 |
| Total operating profit margin | 7.1 | % 10.9 | % 8.1 | % 10.1 |

MDS income from operations was \$16.0 million, an 8.0% margin, for the quarter ended September 30, 2013 compared to \$22.3 million, an 11.2% margin, for the same quarter a year ago. Margins in the U.S. declined from 13.5% to 9.9% and International operating losses increased from \$0.7 million to \$1.1 million between the two comparable periods. The U.S. margin decrease primarily resulted from additional personnel and data costs required to support investment initiatives and higher levels of general and administrative costs in the current fiscal year, including higher marketing costs related to the AOS product launch on September 24, 2013. International operating losses primarily resulted from revenue reductions in Europe.

MDS income from operations was \$28.7 million, a 7.4% margin, for the six months ended September 30, 2013 compared to \$41.0 million, a 10.5% margin, for the same period a year ago. Margins in the U.S. declined from 13.2% to 10.1% and International operating losses increased from \$3.6 million to \$5.2 million between the two comparable periods. The U.S. margin decrease primarily resulted from additional personnel and data costs required to support investment initiatives and higher levels of general and administrative costs in the current fiscal year. International operating losses primarily resulted from increasing losses in Europe and Australia.

IM income from operations was \$12.0 million, a 17.9% margin, for the quarter ended September 30, 2013 compared to \$8.5 million, a 12.2% margin, for the same quarter a year ago. IM income from operations was \$22.7 million, a 16.7% margin, for the six months ended September 30, 2013 compared to \$17.4 million, a 12.4% margin, for the same period a year ago. IM margins benefited from termination fee revenue in the current-year periods.

OS income from operations was \$0.2 million for the quarter ended September 30, 2013 compared to a loss of \$0.5 million in the same quarter a year ago. OS income from operations was \$0.9 million for the six months ended September 30, 2013 compared to a loss of \$2.5 million in the same period a year ago. The improvement resulted from the Company's exit from the risk business which lost \$1.1 million and \$3.5 million in the quarter and six months ended September 30, 2012, respectively.

Corporate loss from operations of \$8.6 million in the quarter and six months ended September 30, 2013 consists of the restructuring charges and legal contingency costs recorded in gains, losses and other items, net and the business segment separation costs included in SG&A on the consolidated statement of operations.

Management expects over the next six to twelve months to reduce its annual operating costs and expenses by roughly \$20 to \$30 million. These reductions will not impact the Company's ongoing investment in the AOS or continued investment in innovation. The initiative seeks to improve the Company's performance by simplifying the Company's management structure, centralizing duplicative efforts, and standardizing work flows. The components of the restructuring program are not finalized and actual total savings and timing may vary from those estimated due to changes in the scope or assumptions underlying the restructuring program.

Other Expense, Income Taxes and Other Items

Interest expense was \$3.0 million for the quarter ended September 30, 2013 compared to \$3.3 million for the same quarter a year ago. Interest expense was \$6.0 million for the six months ended September 30, 2013 compared to \$6.6 million for the same period a year ago. The Company's term loan interest expense declined slightly over both comparable periods. The average term loan balance declined approximately \$6.0 million and the average interest rate was unchanged. Interest expense on other debt, such as capital leases, also declined over both comparable periods.

Other expense was \$0.4 million for the quarter ended September 30, 2013 compared to other expense of \$0.1 million in the same quarter a year ago. Other expense was \$0.2 million for the six months ended September 30, 2013 compared to other expense of \$0.6 million in the same period a year ago. Other expense is primarily from foreign currency transaction gains and losses in both years.

The effective tax rate for the quarter ended September 30, 2013 was 39.5% compared to 39.0% for the same quarter a year ago. The effective tax rate for the six months ended September 30, 2013 was 38.7% compared to 39.0% in the same period a year ago. All period tax rates were 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.

Losses attributable to noncontrolling interest include the noncontrolling interest in the Company's Brazilian subsidiary for all periods presented.

Capital Resources and Liquidity

Working Capital and Cash Flow

Working capital at September 30, 2013 totaled \$254.7 million, an \$18.2 million increase when compared to \$236.5 million at March 31, 2013. Total current assets decreased \$0.6 million primarily from decreases in cash and cash equivalents of \$6.4 million and refundable income taxes of \$3.9 million, partially offset by increases in trade accounts receivable, net of \$8.1 million and other current assets of \$1.1 million. Current liabilities decreased \$18.8 million primarily from decreases in accrued payroll and related expenses of \$24.6 million, trade accounts payable of \$7.2 million, and current installments of long-term debt of \$2.5 million, partially offset by increases in other accrued expenses of \$9.6 million and deferred revenue of \$6.0 million.

The Company's cash is primarily located in the United States. Approximately \$12.7 million of the total cash balance of \$216.6 million, or approximately 5.8%, is located outside of the United States. The Company has no current plans to repatriate this cash to the United States.

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Accounts receivable days sales outstanding was 56 days at September 30, 2013 compared to 52 days at March 31, 2013, and is calculated as follows (dollars in thousands):

| | September 30, 2013 | March 31, 2013 |
|--|--------------------------|-------------------|
| Numerator – trade accounts receivable, net | \$ 167,979 | \$ 159,882 |
| Denominator: | | |
| Quarter revenue | 276,271 | 277,131 |
| Number of days in quarter | 92 | 90 |
| Average daily revenue | \$ 3,003 | \$ 3,079 |
| Days sales outstanding | 56 | 52 |

Net cash provided by operating activities was \$57.4 million for the six months ended September 30, 2013, compared to \$37.4 million in the same period a year ago. The \$20.0 million increase primarily resulted from favorable working capital changes related to other assets (\$4.9 million), deferred revenue (\$16.5 million), and accounts payable and other liabilities (\$17.5 million), offset by a \$9.7 million decrease in depreciation and amortization and unfavorable working capital change related to accounts receivable, net (\$7.8 million).

Investing activities used \$34.7 million in cash during the six months ended September 30, 2013 compared to \$23.2 million in the same period a year ago. Current year investing activities include capital expenditures (\$18.2 million), capitalization of software (\$13.6 million), and data acquisition costs (\$2.9 million). The \$11.5 million increase from the prior year primarily results from a \$5.9 million increase in capitalization of software and a \$6.5 million increase in capital expenditures.

Financing activities used \$29.5 million in cash during the six months ended September 30, 2013. Financing activities include payments of debt of \$9.2 million and acquisition of treasury stock of \$38.8 million, offset by \$18.6 million in proceeds from the sale of common stock, which are primarily due to the exercise of employee stock options. The payments of debt include capital lease and installment credit payments of \$5.2 million and other debt payments of \$4.0 million. The acquisition of treasury stock consists of payments of \$38.8 million for 1.6 million shares of the Company's stock pursuant to the board of directors' approved stock repurchase plan. Under the Company's common stock repurchase program, the Company may purchase up to \$200.0 million of its common stock through the period ending February 4, 2014. Through September 30, 2013, the Company has purchased a total of 12.0 million shares of its stock for \$178.8 million, leaving remaining capacity of \$21.2 million under the program.

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 prior-year six-month period. Future payments under these arrangements will be reflected as debt payments.

Credit and Debt Facilities

As of September 30, 2013, the Company's amended and restated credit agreement provided 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 was 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 expired March 15, 2014.

Revolving credit facility borrowings bore 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 was

2.75%. There were no revolving credit borrowings outstanding at September 30, 2013 or March 31, 2013. Term loan borrowings bore interest at LIBOR plus a credit spread of 3.00% or at an alternative base rate. The weighted-average interest rate on term loan borrowings at September 30, 2013 was 4.1%. Outstanding letters of credit at September 30, 2013 were \$2.2 million.

The term loan allowed prepayments before maturity. The credit agreement was 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 was required to maintain certain debt-to-cash flow and debt service coverage ratios, among other restrictions. At September 30, 2013, the Company was in compliance with these covenants and restrictions. In addition, if certain financial ratios and other conditions were not satisfied, the revolving credit facility limited the Company's ability to pay dividends in excess of \$30 million in any fiscal year (plus additional amounts in certain circumstances).

On October 9, 2013, subsequent to the end of the most recent fiscal quarter, the Company refinanced its existing credit agreement. The amended and restated credit agreement provides for (1) term loans up to an aggregate principal amount of \$300 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 \$300 million. On that day, the Company borrowed \$300 million of this term loan and used the proceeds to pay off the existing \$215 million term loan balance in its entirety. The remaining proceeds will be used for other general corporate purposes including the costs related to refinancing the credit agreement. The amended and restated credit agreement contains customary representations, warranties, affirmative and negative covenants (including without limitation, requirements to maintain certain leverage and fixed charge coverage ratios), default and acceleration provisions.

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 September 30, 2013 was .25%. The swap was entered into as a cash flow hedge against LIBOR interest rate movements on the term loan. As of September 30, 2013, 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 \$0.3 million since inception is recorded in other comprehensive income (loss) with the offset recorded to other accrued expenses. The fair value of the interest rate swap agreement recorded in accumulated other comprehensive income (loss) will be recognized in the statement of operations in the third and fourth quarters of fiscal 2014 since the previous term loan has been extinguished. The Company has assessed the creditworthiness of the counterparty of the swap and concludes that no substantial risk of default exists as of September 30, 2013.

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. The guaranteed amount is collateralized by real property. 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. At September 30, 2013, the Company's maximum potential future payments under these guarantees were \$2.7 million.

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Contractual Commitments

The following table presents Acxiom's contractual cash obligations, exclusive of interest, and purchase commitments at September 30, 2013. The table does not include the future payment of gross unrealized tax benefit liabilities of \$3.7 million or the future payment, if any, against the Company's interest rate swap liability of \$0.3 million as the Company is not able to predict the periods in which these payments will be made. The column for 2014 represents the six months ending March 31, 2014. All other columns represent fiscal years ending March 31 (dollars in thousands).

| | 2014 | 2015 | For the years ending March 31 | | | Thereafter | Total |
|---|----------|-----------|-------------------------------|----------|----------|------------|-----------|
| | | | 2016 | 2017 | 2018 | | |
| Term loan | \$3,000 | \$212,000 | \$- | \$- | \$- | \$- | \$215,000 |
| Capital lease and installment payment obligations | 3,134 | 3,976 | 926 | 1,001 | 1,158 | 5,935 | 16,130 |
| Other long-term debt | 1,023 | 2,097 | 2,168 | 2,243 | 2,319 | 3,293 | 13,143 |
| Total long-term obligations | 7,157 | 218,073 | 3,094 | 3,244 | 3,477 | 9,228 | 244,273 |
| Operating lease payments | 12,281 | 20,095 | 16,688 | 16,077 | 14,036 | 52,788 | 131,965 |
| Total contractual cash obligations | \$19,438 | \$238,168 | \$19,782 | \$19,321 | \$17,513 | \$62,016 | \$376,238 |

| | 2014 | 2015 | For the years ending March 31 | | | Thereafter | Total |
|----------------------------|----------|----------|-------------------------------|----------|---------|------------|-----------|
| | | | 2016 | 2017 | 2018 | | |
| Total purchase commitments | \$34,867 | \$50,297 | \$33,301 | \$18,844 | \$1,232 | \$1,257 | \$139,798 |

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 2014 of \$5.8 million.

The above table includes the Company's scheduled debt payments as of September 30, 2013. Subsequent to the end of the quarter, the Company refinanced its existing credit agreement, paid off the existing term loan, and borrowed \$300 million under the revised term loan agreement. The new term loan agreement is payable in quarterly installments of \$3.8 million through September 2014, followed by quarterly installments of \$7.5 million through September 2017, followed by quarterly installments of \$11.3 million through June 2018, with a final payment of \$161.3 million due October 9, 2018.

The following are contingencies or guarantees under which the Company could be required, in certain circumstances, to make cash payments as of September 30, 2013 (dollars in thousands):

| | | |
|-------------------------------|----|-------|
| Loan guarantee | \$ | 975 |
| Lease guarantee | | 1,766 |
| 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 outsourcing or facilities 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 has significantly increased the level of product investment. Notwithstanding the Company's recently announced cost reduction efforts, the Company expects to continue to increase investment spending, primarily for engineering and product management labor, capitalized software, and new data sources for at least the remainder 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 2013 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 2013 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 2013 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 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, 2013 indicated no potential impairment of its goodwill balances.

In order to estimate the fair value for each of the components, management uses an income approach based on a discounted cash flow model 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 is 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 are believed to be representative of companies that marketplace participants would use to arrive at comparable multiples for the individual component being tested. These multiples are then used to develop an estimated value for each respective component.

The similar transactions method compares 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 are then used to develop an estimated value for that component.

In order to arrive at an estimated value for each component, management uses 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 is 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 an 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 contains both U.S. and International components, and there are differences in economic characteristics between the components in the different geographic regions, management tested a total of seven components at the beginning of the year. The goodwill amounts as of April 1, 2013 included in each component tested were: U.S. Marketing and data services, \$266.3 million; Europe Marketing and data services, \$18.5 million; Australia Marketing and data services, \$15.0 million; China Marketing and data services, \$6.0 million; Brazil Marketing and data services, \$1.0 million; U.S. Infrastructure management, \$71.5 million; and Europe Other services, \$2.8 million.

As of April 1, 2013, 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 fair value.

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 2015. 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 Company has recently initiated a cost reduction program. The initiative seeks to

improve the Company's performance by simplifying the Company's management structure, centralizing duplicative efforts and standardizing workflows. The components of the restructuring program are not yet finalized. The Company will monitor the progress of the program to determine whether any resulting activities constitute a triggering event. The occurrence of one or more triggering events could require additional impairment testing, which could result in impairment charges.

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:

- management's expectations about the macro economy;
- statements containing a projection of revenues, income (loss), earnings (loss) per share, capital expenditures, dividends, capital structure, or other financial items;
 - statements regarding plans to continue making significant investments in product development;
- management's belief that increased product investment will drive revenue growth in fiscal 2014 and beyond;
 - statements regarding the Company's cost reduction efforts and related cost savings;
 - management's plan to create operating independence between its operating segments;
- 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 contained in this Quarterly Report on Form 10-Q;
 - 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 2013 Annual Report and those described from time to time in our future reports filed with the SEC;
- the possibility that in the event a change of control of the Company is sought that certain clients may attempt to invoke provisions in their contracts resulting in a decline in revenue and profit;
 - the possibility that the integration of acquired businesses may not be as successful as planned;
- the possibility that the fair value of certain of our assets may not be equal to the carrying value of those assets now or in future time periods;
 - the possibility that sales cycles may lengthen;

- the possibility that we will not be able to properly motivate our sales force or other associates;
- the possibility that we may not be able to attract and retain qualified technical and leadership associates, or that we may lose key associates to other organizations;
- the possibility that we will not be able to continue to receive credit upon satisfactory terms and conditions;
- the possibility that competent, competitive products, technologies or services will be introduced into the marketplace by other companies;
- the possibility that there will be changes in consumer or business information industries and markets that negatively impact the Company;
- the possibility that we will not be able to protect proprietary information and technology or to obtain necessary licenses on commercially reasonable terms;
- the possibility that there will be changes in the legislative, accounting, regulatory and consumer environments affecting our business, including but not limited to litigation, legislation, regulations and customs relating to our ability to collect, manage, aggregate and use data;
- the possibility that data suppliers might withdraw data from us, leading to our inability to provide certain products and services;

- the possibility that we may enter into short-term contracts which would affect the predictability of our revenues;
- the possibility that we may not properly and timely adjust to changes in our management structure and work flows;
 - the possibility that the amount of ad hoc, volume-based and project work will not be as expected;
- the possibility that we may experience a loss of data center capacity or interruption of telecommunication links or power sources;
- the possibility that we may experience failures or breaches of our network and data security systems, leading to potential adverse publicity, negative customer reaction, or liability to third parties;
 - the possibility that our clients may cancel or modify their agreements with us;
- the possibility that we will not successfully complete customer contract requirements on time or meet the service levels specified in the contracts, which may result in contract penalties or lost revenue;
- the possibility that we experience processing errors which result in credits to customers, re-performance of services or payment of damages to customers; and
 - general and global negative economic conditions.

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

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

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

Item 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 September 30, 2013 and March 31, 2013, 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 September 30, 2013, 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 September 30, 2013 that have materially affected, or are reasonably likely to materially affect, such internal control over financial reporting.

PART II. OTHER INFORMATION

Item Legal Proceedings

1.

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, Acxiom Information Security Systems, a former subsidiary of the Company that was sold to another company in fiscal 2012, and Acxiom Risk Mitigation, Inc., a Colorado corporation and subsidiary of the Company. The action seeks 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. However, the Company has accrued \$2.5 million during the quarter ended September 30, 2013 as its estimate of the probable loss in this case.

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 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. Subsequent to September 30, 2013, the Company entered into a settlement agreement under which it purchased the founders' remaining holdings and settled all issues related to these suits for \$1.3 million.

Item Unregistered Sales of Equity Securities and Use of Proceeds

2.

(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

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| | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs |
|------------------|---|------------------------------------|---|---|
| 7/1/13 – 7/31/13 | 0 | n/a | 0 | \$43,947,254 |
| 8/1/13 – 8/31/13 | 624,463 | 25.26 | 624,463 | 28,172,045 |
| 9/1/13 – 9/30/13 | 269,910 | 25.65 | 269,910 | 21,249,362 |
| Total | 894,373 | 25.38 | 894,373 | \$21,249,362 |

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. Under the modified common stock repurchase program, the Company may purchase up to \$200.0 million worth of its common stock through the period ending February 5, 2014. Through

September 30, 2013, the Company had repurchased 12.0 million shares of its stock for \$178.8 million, leaving remaining capacity of \$21.2 million under the 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

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

101 The following financial information from our Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, formatted in XBRL: (i) Condensed Consolidated Balance Sheets at September 30, 2013, and March 31, 2013, (ii) Condensed Consolidated Statements of Operations for the three months ended September 30, 2013 and 2012, (iii) Condensed Consolidated Statements of Operations for the six months ended September 30, 2013 and 2012, (iv) Condensed Consolidated Statements of Comprehensive Income for the three months ended September 30, 2013 and 2012, (v) Condensed Consolidated Statements of Comprehensive Income for the six months ended September 30, 2013 and 2012, (vi) Condensed Consolidated Statement of Stockholders' Equity for the six months ended September 30, 2013, (vii) Condensed Consolidated Statements of Cash Flows for the Six Months ended September 30, 2013 and 2012, 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.

Axiom Corporation

Dated: November 12, 2013

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

EXHIBIT INDEX

| Exhibit Number | Description |
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