

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

FORM 8-K

CURRENT REPORT

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

July 23, 2003

Date of Report (Date of earliest event reported)

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

Delaware  
(State or Other Jurisdiction of  
Incorporation)

0-13163  
(Commission File  
Number)

71-0581897  
(IRS Employer  
Identification No.)

1 Information Way, P.O. Box 8180, Little Rock, Arkansas  
(Address of Principal Executive Offices)

72203-8180  
(Zip Code)

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

## **ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.**

### (c) Exhibits

99.1 Press Release dated July 23, 2003

## **ITEM 9. REGULATION FD DISCLOSURE.**

See Item 12. Results of Operations and Financial Condition.

## **ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.**

On July 23, 2003, Acxiom Corporation (the “Company”) issued a press release announcing the results of its financial performance for the quarter ending June 30, 2003. The Company will hold a conference call at 4:30 p.m. CDT today to discuss this information further. Interested parties are invited to listen to the call, which will be broadcast via the Internet at [www.acxiom.com](http://www.acxiom.com). The press release is furnished herewith as Exhibit 99.1 and incorporated by reference herein.

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

The attached press release utilizes a measure of free cash flow. Free cash flow is defined as operating cash flow less cash used by investing activities excluding the impact of investments in joint ventures and other business alliances and cash paid and/or received in acquisitions and dispositions. The Company’s management believes that while free cash flow does not represent the amount of money available for the Company’s discretionary spending since certain obligations of the Company must be funded out of free cash flow, it nevertheless provides a useful measure of operating performance for assessing the amount of cash available for general corporate and strategic purposes after funding operating activities and capital expenditures, capitalized software expenses, and deferred costs.

The attached press release contains a quantitative reconciliation of free cash flow to the comparable GAAP measure, operating cash flow. This non-GAAP financial measure may not be comparable to similarly titled measures used by other companies and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

## SIGNATURE

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

Dated: July 23, 2003

ACXIOM CORPORATION

By:      /s/ Catherine L. Hughes       
Name: Catherine L. Hughes  
Title: Secretary

## EXHIBIT INDEX

<b>Exhibit Number</b>	<b>Description</b>
99.1	Press Release of the Company dated July 23, 2003.



#1 Information Way  
P.O. Box 8180  
Little Rock, AR 72203-8180  
[www.acxiom.com](http://www.acxiom.com)

For more information, contact:  
Robert S. Bloom  
Financial Relations Leader  
Acxiom Corporation  
(501) 342-1321  
EACXM

## **Acxiom<sup>®</sup> Meets First-Quarter Financial Projections** *Earnings and Cash Flow Top Forecast*

**LITTLE ROCK, Ark — July 23, 2003** — Acxiom<sup>®</sup> Corporation (Nasdaq: ACXM) today announced revenue, earnings and cash flow results that met or exceeded the Company's projections for the first quarter ended June 30, 2003. Revenue of \$236.7 million was in line with previous estimates of \$235 million to \$240 million; diluted earnings per share of \$.13 exceeded the Company's previous estimates of \$.05 to \$.10; operating cash flow of \$48.1 million and free cash flow of \$34.7 million exceeded internal expectations. First-quarter earnings benefited from an income tax adjustment of \$6.7 million. Acxiom will hold a conference call at 4:30 p.m. CDT today to discuss this information further. Interested parties are invited to listen to the call, which will be broadcast via the Internet at [www.acxiom.com](http://www.acxiom.com).

"We are encouraged by our first-quarter results, even though the economic environment remained difficult," Company Leader Charles D. Morgan said. "We continue to be very pleased with our strong cash flow performance and are also encouraged that we continue to sign new contracts and attract new clients."

### **Highlights of Acxiom's first-quarter performance include:**

- Revenue of \$236.7 million, up 5 percent from \$225.4 million in the first quarter a year ago.
- Diluted earnings per share of \$.13, an increase of 8 percent compared to \$.12 per share in the first quarter a year ago.
- Operating cash flow of \$48.1 million and free cash flow of \$34.7 million, marking the eighth consecutive quarter of strong cash flow performance for the Company. The free cash flow of \$34.7 million is a non-GAAP financial measure and a reconciliation to the comparable GAAP measure, operating cash flow, is attached to this press release.
- New contracts that will deliver \$16 million in annual revenue and renewals that total \$32 million in annual revenue.
- Committed new deals in the pipeline that are expected to generate \$46 million in annual revenue.

Morgan noted that Acxiom recently completed new contracts with blue-chip clients including The Hartford, Time Life Inc., Nuveen Investments, Kaplan Inc. (a subsidiary of The Washington Post Co.) and Dun & Bradstreet, as well as the renewal of a significant long-term contract with Bank One Corporation.

During the quarter, the Company's IT outsourcing organization completed the sale of its Los Angeles data center operation, which resulted in a net gain of approximately \$1 million.

## **Outlook**

The financial projections stated today are based on the Company's current expectations. These projections are forward looking, and actual results may differ materially. These projections do not include the potential impact of any mergers, acquisitions, divestitures or other business combinations that may be completed in the future.

The forecast is based on the assumption that the general economic environment will improve somewhat during the 2004 fiscal year ending March 31, 2004. The Company expects revenue of \$240 million to \$245 million and earnings per share of \$.13 to \$.15 for the second quarter ending September 30, 2003.

For fiscal year 2004, ending March 31, 2004, the Company is revising its guidance to take into account first-quarter results including the income tax benefit of \$6.7 million, the sale of the Los Angeles outsourcing data center operation and the strong cash flow. For fiscal 2004, the Company now expects revenue of \$1.015 billion, earnings per share in the range of \$.70 to \$.78, operating cash flow of \$195 million and free cash flow of \$135 million.

## **About Acxiom**

Acxiom Corporation (Nasdaq: ACXM) integrates data, services and technology to create and deliver customer and information management solutions for many of the largest, most respected companies in the world. The core components of Acxiom's innovative solutions are Customer Data Integration (CDI) technology, data, database services, IT outsourcing, consulting and analytics, and privacy leadership. Founded in 1969, Acxiom is headquartered in Little Rock, Arkansas, with locations throughout the United States, and in the United Kingdom, France, Australia and Japan.

This release and the scheduled conference call include a discussion of free cash flow, a non-GAAP financial measure. There is a reconciliation of this measure to the comparable GAAP measure, operating cash flow, attached to this press release.

This release and today's conference call contain forward-looking statements that are subject to certain risks and uncertainties that could cause actual results to differ materially; such statements include but are not necessarily limited to the following: 1) that the business pipeline and that our current cost structure will allow the Company to continue to meet or exceed revenue, earnings and cash flow projections; 2) that new contracts and contract renewals will generate the indicated amounts of revenue; 3) that the Company has committed new deals in the pipeline that are expected to deliver the indicated amounts; 4) that Acxiom is well positioned for success going forward; 5) that the future results of the Company will be within the indicated ranges; 6) that the forecasts for the Company are conditioned upon modest improvement in the general economic environment; 7) that the Company will continue to use cash to repurchase stock and reduce debt and 8) that new products and services will produce the expected results. The following are important factors, among others, that could cause actual results to differ materially from these forward-looking statements: The possibility that certain contracts may not be closed or closed within the anticipated time frames; the possibility that certain contracts may not generate the anticipated revenue or profitability; the possibility that economic or other conditions might lead to a reduction in demand for the Company's products and services; the possibility that the current economic slowdown may worsen and/or persist for an unpredictable period of time; the

possibility that economic conditions will not improve as expected; the possibility that significant customers may experience extreme, severe economic difficulty; the possibility that the fair value of certain assets of the company 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 continued ability to attract and retain qualified technical and leadership associates and the possible loss of associates to other organizations; the ability to properly motivate the sales force and other associates of the Company; the ability to achieve cost reductions and avoid unanticipated costs; the continued availability of credit upon satisfactory terms and conditions; the introduction of competent, competitive products, technologies or services by other companies; potential pricing pressure due to market conditions and/or competitive products and services; changes in consumer or business information industries and markets; the Company's ability to protect proprietary information and technology or to obtain necessary licenses on commercially reasonable terms; the difficulties encountered when entering new markets or industries; changes in the legislative, accounting, regulatory and consumer environments affecting the Company's business including but not limited to litigation, legislation, regulations and customs relating to the Company's ability to collect, manage, aggregate and use data; data suppliers might withdraw data from the Company, leading to the Company's inability to provide certain products and services; short-term contracts affect the predictability of the Company's revenues; the possibility that the amount of ad hoc, volume based and project work will not be as expected; the potential loss of data center capacity or interruption of telecommunication links or power sources; postal rate increases that could lead to reduced volumes of business; customers that may cancel or modify their agreements with the Company; the potential disruption of the services of the United States Postal Service, their global counterparts and other delivery systems; the successful integration of any acquired businesses; and other competitive factors. With respect to the providing of products or services outside the Company's primary base of operations in the U.S., all of the above factors and the difficulty of doing business in numerous sovereign jurisdictions due to differences in culture, laws and regulations. Other factors are detailed from time to time in the Company's periodic reports and registration statements filed with the United States Securities and Exchange Commission. Axiom believes that it has 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. Axiom undertakes no obligation to update the information contained in this press release or any other forward-looking statement.

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

	For the Three Months Ended	
	June 30,	
	2003	2002
Revenue	236,682	225,406
Operating costs and expenses:		
Salaries and benefits	88,747	74,792
Computer, communications and other equipment	66,286	63,026
Data costs	30,247	28,944
Other operating costs and expenses	41,176	37,413
Gains, losses and nonrecurring items, net	(1,008)	(457)
Total operating costs and expenses	<u>225,448</u>	<u>203,718</u>
Income from operations	<u>11,234</u>	<u>21,688</u>
Other income (expense):		
Interest expense	(4,765)	(5,327)
Other, net	765	(9)
	<u>(4,000)</u>	<u>(5,336)</u>
Earnings before income taxes	7,234	16,352
Income taxes	<u>(4,029)</u>	<u>5,887</u>
Net earnings	<u>11,263</u>	<u>10,465</u>
Earnings per share:		
Basic	<u>0.13</u>	<u>0.12</u>
Diluted	<u>0.13</u>	<u>0.12</u>



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

	For the Three Months Ended	
	June 30,	
	2003	2002
Basic earnings per share:		
Numerator - net earnings	11,263	10,465
Denominator - weighted-average shares outstanding	86,442	87,781
Basic earnings per share	0.13	0.12
Diluted earnings per share:		
Numerator:		
Net earnings	11,263	10,465
Interest expense on convertible bonds (net of tax benefit)	1,026	1,050
	12,289	11,515
Denominator:		
Weighted-average shares outstanding	86,442	87,781
Dilutive effect of common stock options and warrants	1,603	2,468
Dilutive effect of convertible debt	9,589	9,589
	97,634	99,838
Diluted earnings per share	0.13	0.12

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

	For the Three Months Ended	
	June 30,	
	2003	2002
Services	175,692	169,369
Data and Software Products	41,155	38,372
I. T. Management	61,945	56,461
Intercompany eliminations	<u>(42,110)</u>	<u>(38,796)</u>
Total Revenue	<u>236,682</u>	<u>225,406</u>

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

	June 30, 2003	March 31, 2003
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 4,862	\$ 5,491
Trade accounts receivable, net	184,122	189,704
Deferred income taxes	46,056	46,056
Refundable income taxes	921	2,576
Other current assets	45,224	45,288
Total current assets	281,185	289,115
Property and equipment	408,611	389,168
Less - accumulated depreciation and amortization	193,215	180,862
Property and equipment, net	215,396	208,306
Software, net of accumulated amortization	64,125	63,095
Goodwill	221,522	221,184
Purchased software licenses, net of accumulated amortization	165,770	161,432
Unbilled and notes receivable, excluding current portions	17,472	20,249
Deferred costs, net of accumulated amortization	122,848	108,444
Other assets, net	23,840	21,421
	<u>\$ 1,112,158</u>	<u>\$ 1,093,246</u>
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities:		
Current installments of long-term obligations	39,420	29,491
Trade accounts payable	38,108	28,760
Accrued merger, integration and impairment costs	445	584
Accrued payroll and related expenses	16,779	14,234
Other accrued expenses	37,601	38,689
Deferred revenue	54,519	59,907
Total current liabilities	186,872	171,665
Long-term obligations:		
Long-term debt and capital leases, net of current installments	269,013	234,230
Software and data licenses, net of current installments	49,336	55,447
Total long-term obligations	318,349	289,677
Deferred income taxes	62,606	69,348
Commitments and contingencies		
Stockholders' equity:		
Common stock	9,037	9,015
Additional paid-in capital	336,393	333,715
Retained earnings	264,821	253,558
Accumulated other comprehensive loss	(584)	(2,911)
Treasury stock, at cost	(65,336)	(30,821)
Total stockholders' equity	544,331	562,556
	<u>\$ 1,112,158</u>	<u>\$ 1,093,246</u>

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

	For the Three Months Ended	
	June 30,	
	2003	2002
Cash flows from operating activities:		
Net earnings	11,263	10,465
Non-cash operating activities:		
Depreciation and amortization	33,896	28,174
Loss (gain) on disposal or impairment of assets, net	(1,008)	-
Deferred income taxes	(6,742)	7,552
Changes in operating assets and liabilities:		
Accounts receivable	6,009	85
Other assets	2,061	34,079
Accounts payable and other liabilities	2,785	(19,546)
Merger, integration and impairment costs	(139)	(566)
Net cash provided by operating activities	48,125	60,243
Cash flows from investing activities:		
Proceeds received from the disposition of operations	7,684	-
Proceeds received from the disposition of assets	506	45
Capitalized software	(6,335)	(8,652)
Capital expenditures	(1,588)	(1,916)
Investments in joint ventures and other companies	(5,000)	(1,052)
Deferral of costs	(6,026)	(3,240)
Payments received from investments	1,201	-
Net cash paid in acquisitions	-	(772)
Net cash used by investing activities	(9,558)	(15,587)
Cash flows from financing activities:		
Proceeds from debt	53,187	73,707
Payments of debt	(60,655)	(127,972)
Sale of common stock	2,850	6,168
Acquisition of treasury stock	(34,665)	-
Net cash used by financing activities	(39,283)	(48,097)
Effect of exchange rate changes on cash	87	44
Net increase (decrease) in cash and cash equivalents	(629)	(3,397)
Cash and cash equivalents at beginning of period	5,491	5,676
Cash and cash equivalents at end of period	4,862	2,279
Supplemental cash flow information:		
Cash paid (received) during the period for:		
Interest	3,508	6,702
Income taxes	977	(39,906)
Noncash investing and financing activities:		
Acquisition of land in exchange for debt	2,698	-
Acquisition of data under long-term obligation	18,340	-
Enterprise software licenses acquired under long-term obligation	8,221	2,828
Acquisition of property and equipment under capital lease	16,803	2,310

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

	Qtr ended 6/30/2001	Qtr ended 9/30/2001	Qtr ended 12/31/2001	Qtr ended 3/31/2002	Yr ended 3/31/2002
Net cash provided by operating activities	(39,280)	69,300	60,493	60,092	150,605
Proceeds received from disposition of assets	127	-	-	46	173
Capitalized software	(5,935)	(5,464)	(5,832)	(6,890)	(24,121)
Capital expenditures	(8,789)	-	(2,612)	(3,474)	(14,875)
Deferral of costs	(8,690)	(18,012)	(14,077)	(7,352)	(48,131)
Proceeds from sale and leaseback transaction	-	1,964	4,035	-	5,999
Free cash flow	<u>(62,567)</u>	<u>47,788</u>	<u>42,007</u>	<u>42,422</u>	<u>69,650</u>
	<b>Qtr ended 6/30/2002</b>	<b>Qtr ended 9/30/2002</b>	<b>Qtr ended 12/31/2002</b>	<b>Qtr ended 3/31/2003</b>	<b>Yr ended 3/31/2003</b>
Net cash provided by operating activities	60,243	53,446	76,992	63,112	253,793
Proceeds received from disposition of assets	45	155	-	93	293
Capitalized software	(8,652)	(8,958)	(8,726)	(8,237)	(34,573)
Capital expenditures	(1,916)	(3,000)	(5,893)	(2,403)	(13,212)
Deferral of costs	(3,240)	(4,108)	(3,796)	(3,883)	(15,027)
Proceeds from sale and leaseback transaction	-	7,729	-	-	7,729
Free cash flow	<u>46,480</u>	<u>45,264</u>	<u>58,577</u>	<u>48,682</u>	<u>199,003</u>
	<b>Qtr ended 6/30/2003</b>				<b>Forecast Yr ended 3/31/2004</b>
Net cash provided by operating activities	48,125				195,000
Proceeds received from disposition of assets	506				-
Capitalized software	(6,335)				(28,000)
Capital expenditures	(1,588)				(15,000)
Deferral of costs	(6,026)				(17,000)
Free cash flow	<u>34,682</u>				<u>135,000</u>