

**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**SCHEDULE 13E-3**

**RULE 13e-3 TRANSACTION STATEMENT**  
**Under Section 13(e) of the Securities Exchange Act of 1934**  
**(Amendment No. 1)**

**ACXIOM CORPORATION**

(Name of the Issuer)

**Axiom Corporation**  
**Axio Acquisition Corp.**  
**Axio Holdings LLC**  
**ValueAct Capital Master Fund, L.P.**  
(Name of Persons Filing Statement)

**Common Stock, par value \$0.10 per share**  
(Title of Class of Securities)

**005125109**  
(CUSIP Number of Class of Securities)

**Axiom Corporation**  
**1 Information Way**  
**Little Rock, Arkansas 72202**  
**Attn: Jerry C. Jones**  
**Business Development/**  
**Legal Leader**  
**(501) 342-1000**

(Name, Address and Telephone Number of Persons Authorized to Receive Notices  
and Communications on Behalf of Persons Filing Statement)

**Axio Acquisition Corp.**  
**Axio Holdings LLC**  
**ValueAct Capital Master Fund, L.P.**  
**435 Pacific Avenue, 4th Floor**  
**San Francisco, California 94133**  
**Attn: Allison Bennington,**  
**General Counsel**  
**(415) 362-3700**

**Selim Day**  
**Wilson Sonsini Goodrich & Rosati**  
**Professional Corporation**  
**1301 Avenue of the Americas**  
**40th Floor**  
**New York, New York 10019-6022**  
**(212) 999-5800**

*Copies to:*  
**Michael S. Ringler**  
**Wilson Sonsini Goodrich & Rosati**  
**Professional Corporation**  
**1 Market Street, Spear Tower**  
**Suite 3300**  
**San Francisco, California 94105**  
**(415) 947-2000**

**Christopher G. Karras**  
**Lisa C.S. Burnett**  
**Dechert LLP**  
**Cira Centre**  
**2929 Arch Street**  
**Philadelphia, PA 19104-2808**  
**(215) 994-4000**

This statement is filed in connection with (check the appropriate box):

- a. The filing of solicitation materials or an information statement subject to Regulation 14A, Regulation 14-C or Rule 13e-3(c) under the Securities Exchange Act of 1934 (the "Act").
- b. The filing of a registration statement under the Securities Act of 1933.
- c. A tender offer.
- d. None of the above.

Check the following box if the soliciting materials or information statement referred to in checking box (a) are preliminary copies:

Check the following box if the filing is a final amendment reporting the results of the transaction:

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**CALCULATION OF FILING FEE**

Transaction Valuation (1)	Amount of Filing Fee (1)
\$1,993,367,295.83	\$61,196.38

- (1) Pursuant to an Agreement and Plan of Merger by and among Axio Holdings LLC, Axio Acquisition Corp. and the Registrant dated as of May 16, 2007, Axio Acquisition Corp. will merge with and into the Registrant and each outstanding share of Acxiom common stock shall be converted into the right to receive \$27.10, without interest, except for shares that are owned by the Registrant as treasury stock or owned by Axio Holdings LLC or any wholly owned subsidiary of Axio Holdings LLC which will be cancelled without any payment therefor, or shares of Acxiom common stock owned by any direct or indirect wholly owned subsidiary of the Registrant, which shall remain outstanding. ValueAct Capital Master Fund, L.P., a stockholder of Acxiom, plans to contribute 10,329,711 shares of Acxiom common stock to Axio Holdings LLC immediately prior to the merger in exchange for membership interests in Axio Holdings LLC. Each holder of options to acquire shares of Acxiom common stock shall be entitled to receive, in consideration of the cancellation of such stock options, an amount (less any applicable taxes) equal to the product of (i) the excess of \$27.10 per share of common stock over the exercise price per share of common stock subject to such stock option, multiplied by (ii) the total number of shares subject to such stock option. Each holder of warrants to acquire shares of Acxiom common stock shall be entitled to receive upon exercise an amount (less any applicable taxes) equal to the product of (i) the excess of \$27.10 over the exercise price per share of common stock subject to such warrant, multiplied by (ii) the total number of shares subject to such warrant. Each holder of restricted stock units shall be entitled to receive an amount (less any applicable taxes) equal to the product of \$27.10 per share of common stock underlying the restricted stock units multiplied by \$27.10. As of June 12, 2007, there were 80,320,683 shares of Acxiom common stock outstanding, 8,453,082 shares of Acxiom common stock subject to outstanding stock options with a weighted average exercise price that is less than \$27.10 per share, with a weighted-average exercise price of \$19.14 per share, 1,475,830 shares of Acxiom common stock subject to outstanding warrants, with a weighted average exercise price of \$16.01 per share, and restricted stock units with respect to 477,000 shares of Acxiom common stock. The filing fee was determined by adding (w) the product of (i) the number of issued and outstanding shares of Acxiom common stock and (ii) the transaction consideration of \$27.10 per share of Acxiom common stock that are proposed to be acquired in the transaction (calculated by subtracting 10,329,711 from 80,320,683), plus (x) the product of (1) the total number of shares of Acxiom common stock subject to outstanding stock options with an exercise price that is less than \$27.10 per share multiplied by (2) the excess of \$27.10 over the weighted average exercise price for such stock options, plus (y) the product of (1) the total number of shares of Acxiom common stock subject to outstanding warrants multiplied by (2) the excess of \$27.10 per share of common stock over the weighted average exercise price per share of common stock subject to such warrants, plus (z) the transaction consideration of \$27.10 per share of restricted stock units with respect to Acxiom common stock that are proposed to be acquired in the transaction ((w), (x), (y) and (z) together, the "Merger Consideration"). The filing fee was calculated in accordance with Regulation 240.0-11 under the Exchange Act, by multiplying the Merger Consideration by 0.0000307.
- Check box if any part of the fee is offset as provided by Regulation 240.0-11(a)(2) under the Exchange Act and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: \$61,196.38

Form or Registration No.: Schedule 14A

Filing Party: Acxiom Corporation

Date Filed: June 27, 2007

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**EXPLANATORY NOTE:** The Rule 13E-3 Transaction Statement on Schedule 13E-3 (the "Statement") to which this Amendment No. 1 relates was filed on June 27, 2007 by Axiom Corporation, a Delaware corporation, and the other persons or entities defined therein as Filing Persons. The sole purpose of this Amendment No. 1 to the Statement is to file the presentations of Stephens Inc. and Merrill Lynch, Pierce, Fenner & Smith as exhibits (e)(3)-(7) hereto.

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**Item 16. Exhibits****Regulation M-A Item 1016**

<b>Exhibit Number</b>	<b>Description</b>
(a)(1)	Letter to Stockholders of Acxiom Corporation, incorporated herein by reference to the Proxy Statement on Schedule 14A filed by Acxiom Corporation with the Securities and Exchange Commission on June 27, 2007
(a)(2)	Notice of Special Meeting of Stockholders of Acxiom Corporation, incorporated herein by reference to the Proxy Statement on Schedule 14A filed by Acxiom Corporation with the Securities and Exchange Commission on June 27, 2007
(a)(3)	Preliminary Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on June 27, 2007, incorporated herein by reference to the Proxy Statement
(a)(4)	Form of proxy card, filed with the Securities and Exchange Commission along with the Proxy Statement, incorporated herein by reference to the Proxy Statement on Schedule 14A filed by Acxiom Corporation with the Securities and Exchange Commission on June 27, 2007
(b)(1)*	Bank Facilities Commitment Letter, dated May 16, 2007, and amended and restated as of June 19, 2007, among Axio Holdings LLC, UBS Loan Finance LLC and UBS Securities LLC
(c)(1)	Fairness Opinion of Stephens Inc., dated May 16, 2007, incorporated herein by reference to Annex D to the Proxy Statement on Schedule 14A filed by Acxiom Corporation with the Securities and Exchange Commission on June 27, 2007
(c)(2)	Fairness Opinion of Merrill Lynch, Pierce, Fenner & Smith Incorporated, dated May 16, 2007, incorporated herein by reference to Annex E to the Proxy Statement on Schedule 14A filed by Acxiom Corporation with the Securities and Exchange Commission on June 27, 2007
(c)(3)+	Presentation of Stephens Inc., dated April 27, 2007
(c)(4)+	Presentation of Stephens Inc., dated May 3, 2007
(c)(5)	Presentation of Stephens Inc., dated May 12, 2007
(c)(6)	Presentation of Stephens Inc., dated May 16, 2007
(c)(7)+	Presentation of Merrill Lynch, Pierce, Fenner & Smith, dated May 16, 2007
(d)(1)	Agreement and Plan of Merger, dated as of May 16, 2007, between Acxiom Corporation, Axio Holdings LLC and Axio Acquisition Corp., incorporated herein by reference to Annex A to the Proxy Statement on Schedule 14A filed by Acxiom Corporation with the Securities and Exchange Commission on June 27, 2007
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(d)(4)	Voting Agreement, dated as of May 16, 2007, among Axio Holdings LLC and ValueAct Capital Master Fund, L.P., incorporated herein by reference to Annex C to the Proxy Statement on Schedule 14A filed by Acxiom Corporation with the Securities and Exchange Commission on June 27, 2007
(f)(1)	Section 262 of the Delaware General Corporation Law, incorporated herein by reference to Annex B of the Proxy Statement on Schedule 14A filed by Acxiom Corporation with the Securities and Exchange Commission on June 27, 2007
(g)	None

\* Previously filed on June 27, 2007.

+ Certain information in this exhibit has been omitted and filed separately with the SEC pursuant to a confidential treatment request under Rule 24b-2 of the Securities Exchange Act of 1934, as amended. Omitted portions are indicated in this exhibit with [\*].

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**SIGNATURES**

After due inquiry and to the best knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

**ACXIOM CORPORATION**

Date: July 19, 2007

By: /s/ Jerry C. Jones

Name: Jerry C. Jones

Title: Officer

**AXIO ACQUISITION CORP.**

Date: July 19, 2007

By: /s/ Jeffrey W. Ubben

Name: Jeffrey W. Ubben

Title: President

**AXIO HOLDINGS LLC**

Date: July 19, 2007

By: /s/ Jeffrey W. Ubben

Name: Jeffrey W. Ubben

Title: President

**VALUEACT CAPITAL MASTER FUND, L.P.**

BY: VA PARTNERS, LLC, its General Partner

Date: July 19, 2007

By: /s/ Jeffrey W. Ubben

Name: Jeffrey W. Ubben

Title: Managing Member

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**EXHIBIT INDEX**

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(g)	None

\* Previously filed on June 27, 2007.

+ Certain information in this exhibit has been omitted and filed separately with the SEC pursuant to a confidential treatment request under Rule 24b-2 of the Securities Exchange Act of 1934, as amended. Omitted portions are indicated in this exhibit with [\*].

**Presentation to:**

**APPLE Board of Directors**

regarding

**QUAIL**

April 27, 2007

**Stephens Inc.**  
Investment Bankers

† Certain information in this exhibit has been omitted and filed separately with the SEC pursuant to a confidential treatment request under Rule 24b-2 of the Securities Exchange Act of 1934, as amended. Omitted portions are indicated in this exhibit with [\*].

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- I. Executive Summary
- II. Process Overview
- III. Historical Stock Price Performance
- IV. Valuation Analysis



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# **I. Executive Summary**

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## Executive Summary

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- After initial meetings in February and early March with APPLE management and early indications of value in the high \$20s to \$30 per share, OSPREY commenced an extensive diligence process, including numerous third party advisors
- OSPREY, with the approval of APPLE, invited CANARY to participate as an equity co-sponsor on April 5<sup>th</sup>
- After concluding their diligence process, OSPREY and CANARY indicated their valuation was at the low end of their \$24 - \$26 per share range:
  - Perception that APPLE's core Financial Services business and overall Credit Card direct mail revenues will decline over the next 5 years
  - Recent changes to [\*] and [\*] contracts resulting in lower revenue and profit in future periods
  - Lack of growth in Europe
  - Feedback from large FI customer calls
  - Lower capital expenditure savings than originally anticipated
  - Risks associated with business transformation projects – offshoring, internal financial reporting, etc.
  - Early stage nature of next generation products – Relevance, BIG, and consulting
- After its preliminary analysis, QUAIL submitted to APPLE on April 25<sup>th</sup>, a letter indicating its interest in acquiring all of the shares it does not currently own at \$26.00 per share

[\*] Certain information in this exhibit has been omitted and filed separately with the SEC pursuant to a confidential treatment request under Rule 24b-2 of the Exchange Act.

# Proposal Valuation Summary

(Dollars in Millions, Except per Share)

	Current	QUAIL Proposal
Price Per Share (4/25/07)	\$ 22.63	\$ 26.00
<b>Implied Premium:</b>		
Current	\$ 22.63	14.9%
30 Day Average	21.56	20.6%
90 Day Average	22.89	13.6%
Fully Diluted Shares Outstanding (Treasury Method)	80.2	81.2
Market Capitalization	\$ 1,815.7	\$ 2,110.6
Plus: Debt (3/31/07)	755.8	755.8
Less Cash: (3/31/07)	(37.8)	(37.8)
Enterprise Value	\$ 2,533.7	\$ 2,828.6

Valuation Multiples			
<b>Revenue:</b>			
3/31/07	\$ 1,395.8	1.8x	2.0x
3/31/08	1,453.7	1.7	1.9
<b>EBITDA:</b>			
3/31/07	\$ 394.6	6.4x	7.2x
3/31/08	412.2	6.1	6.9
<b>Adjusted EBITDA (a):</b>			
3/31/07	\$ 273.0	9.3x	10.4x
3/31/08	305.5	8.3	9.3
<b>EBIT:</b>			
3/31/07	\$ 167.3	15.1x	16.9x
3/31/08	185.5	13.7	15.2
<b>EPS:</b>			
3/31/07	\$ 0.94	24.0x	27.6x
3/31/08	1.00	22.6	26.0

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## II. Process Overview

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## OSPREY Diligence Summary

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- Diligence commenced remotely on March 9<sup>th</sup> with an electronic data room and on-site in Little Rock on March 12<sup>th</sup>
- Introduced CANARY as an Equity Partner on April 5<sup>th</sup>
  - Meetings with APPLE senior management and organization leaders in Little Rock on April 10<sup>th</sup> – April 11<sup>th</sup>
- Diligence overview
  - Electronic Data Room
  - Site Visits – Little Rock, Conway, Downers Grove, San Mateo, Denver, London
  - On-Site Diligence Team
    - OSPREY Internal Team – Operations and finance
    - Duff & Phelps – Accounting and finance
    - Fried Frank – Legal (off-site)
    - Bain Consulting – General industry and market study
    - Winterberry Group – Marketing consultants
    - TPI – ITO Outsourcing
  - Financing Sources
    - Bank of America
    - JP Morgan Chase
- APPLE Team members throughout the organization were thoroughly involved in all phases of the diligence process
  - Senior Executives, Organization Leaders and FALs

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## QUAIL Proposed Diligence

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- QUAIL's initial diligence has consisted of:
  - Review of publicly available documents
  - Receipt of APPLE base case model
  - Access to electronic data room
- QUAIL's proposed diligence for the week of April 30<sup>th</sup>
  - On-site Management Presentations – QUAIL, UBS, Deloitte
  - Financial model review – QUAIL, UBS, Deloitte
  - Accounting review – Deloitte
  - Legal review – Dechert
  - Business Review – Phil Fresen (Business Consultant)
- QUAIL has indicated it expects to be able to complete its diligence in 2 – 3 weeks
- QUAIL has indicated they expect to sign a contract by May 14<sup>th</sup>

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## Next Steps

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- Evaluate QUAIL indication of interest and determine whether to proceed
- Conduct detailed diligence process
- Receive and evaluate ultimate QUAIL offer
  - Price
  - Transaction Structure
  - Financing Structure / Commitment
  - Key Conditions
    - MAC
    - Go-Shop and Topping Rights
    - Break Fees
    - Shareholder Vote
    - Other Conditions
  - Remaining diligence
  - Timing
- Determine likelihood of other strategic and financial bidders emerging
  - Craft Go-Shop process to solicit, accommodate and evaluate potential competitive interest
- Key upcoming APPLE milestones
  - Earnings announcement (new guidance) on May 16<sup>th</sup>
  - New segment information description

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## Go-Shop Summary

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- A Go-Shop provision allows a publicly-traded target to actively solicit offers from other bidders for an agreed upon period of time after achieving the deal certainty of signing a definitive agreement with a buyer
- Duration and Scope
  - Typically ranges from 20 – 60 days
  - Permits solicitation of bids from both strategic and financial buyers
- Information and Matching Rights
  - Typically provides for buyer to be informed of alternative bids solicited during the Go-Shop period
  - Approximately 50% of transactions with Go-Shop provisions include an obligation for the target to negotiate with the initial purchaser to allow it to match or top any alternative proposal
- Proxy Filing Obligations
  - Often requires the merger proxy to be prepared and filed with the SEC as “promptly as practicable” after the execution of the merger agreement
- Breakup/Termination Fees
  - Requires a public target to pay a fee to the initial buyer if the target invokes its fiduciary out, structured as either:
    - The same fee regardless of whether the fiduciary out is exercised for a bid solicited during the Go-Shop period or a later unsolicited offer; or
    - A discounted fee if the transaction was abandoned in favor of a bid obtained during the Go-Shop period (typically 30% – 60% of the full termination fee)



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## Go-Shop Process and Timeline

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- Based on the receipt of an offer, the Board will determine whether to seek additional offers for the Company and the timing of such:
  - Negotiate terms and conditions with QUAIL and then solicit alternative bidders during Go-Shop period; or
  - Seek other interest before finalizing terms and conditions with QUAIL; or
  - Decline to proceed in any matter
- If APPLE proceeds with current offer, the Company will
  - Negotiate and execute a definitive agreement
  - Publicly announce the Transaction
  - Initiate Go-Shop period managed by Stephens
  - Prepare and file preliminary proxy with SEC (20 – 45 days to clear proxy)
    - If there is Go-Shop period, the Company may elect to wait until the Go-Shop period ends to file its proxy statement
  - File for HSR review which takes approximately 30 days, or less with accelerated response
  - File definitive proxy statement and mail to shareholders
  - Hold shareholder meeting and vote
  - Close Transaction (usually same day as shareholder meeting)

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# Key Considerations for APPLE

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- Pros

- Deal certainty
- Avoids business and execution risks of failed auction and being shop worn
- Shortens diligence process for potential purchasers, thereby minimizing disruption to APPLE operations and management time commitments
- If a full sale process were to be publicly announced:
  - Stock could run up to unrealistic expectations – only to fall back later
  - Uncertainty of future ownership may disrupt growth in the business and day-to-day operations
  - Shareholder base changes rapidly to short-term holders making it difficult to return to status quo if a deal is not consummated
- Go-Shop provides adequate opportunity for potential purchasers that would pay a higher price than the announced offer

- Cons

- Potential purchasers may be dissuaded from evaluating a transaction given the appearance that the current buyer has a head start
- Potential cost to shareholders if termination fee is paid (typically 1.0 – 2.0% of equity value)

# Go-Shop Analysis

(Dollars in Millions)

- Since January 1, 2006, approximately 23.3% of all going private transactions used Go-Shop provisions
  - Financial buyers
  - Deal size greater than \$100 million
- Since January 1, 2007, 12 out of 32 (37.5%) going private transactions used Go-Shop provisions
  - 3 of the 12 deals resulted in a higher bid

Announced Date	Deal Target	Acquired By	Total Trans. Size	Offer Price Per Share	Premium Over Share Price -%				Termination Fees				Go-Shop Duration (# Days)	Days Between Announcement and Proxy Filing
					1-Day	10-Day Avg	30-Day Avg	200-Day Avg	During Go-Shop		After Go-Shop			
									\$	%	\$	%		
4/26/07	Harman International Industries	KKR, GS Capital Partners	\$ 7,860.0	\$ 120.00	17.0%	16.5%	19.9%	27.1%	---	---	---	---	50	---
4/24/07	Myers Industries, Inc.	GS Capital Partners	1,015.1	22.50	4.6%	10.9%	17.1%	31.9%	\$ 25.0	2.5%	\$ 25.0	2.5%	45	---
4/24/07	Symbion, Inc.	Crestview Partners	643.6	22.35	17.4%	13.1%	14.8%	15.9%	5.0	0.8%	12.5	1.9%	30	---
4/2/07	First Data Corp.	KKR	28,862.2	34.00	26.4%	27.6%	32.8%	40.2%	250.0	0.9%	700.0	2.4%	50	---
3/6/07	Topps Co. Inc.	Madison Dearborn, The Torment Co.	386.3	9.75	9.4%	5.1%	2.0%	11.1%	8.0	2.1%	12.0	3.1%	40	42
2/26/07	TXU Corp.	6 Parties Including KKR, Texas Pacific	44,183.4	69.25	15.4%	19.3%	23.8%	16.8%	375.0	0.8%	1,000.0	2.3%	50	---
2/26/07	Hub International Ltd. (a)	Apax Partners, Morgan Stanley	1,810.2	41.50	20.3%	21.7%	26.3%	42.0%	21.2	1.2%	50.8	2.6%	21	21
2/5/07	Triad Hospitals, Inc. (c)	CCMP, Goldman Sachs	6,838.1	50.25	16.1%	16.2%	20.0%	22.5%	20.0	0.3%	120.0	1.8%	40	39
1/28/07	Laureate Education Inc.	10 Parties Including KKR, Citigroup	3,769.7	60.50	11.2%	14.9%	19.1%	24.0%	55.0	1.5%	110.0	2.9%	45	47
1/8/07	United Surgical Partners International Inc.	Weish Carson	1,887.0	31.05	13.4%	9.8%	14.5%	8.3%	15.0	0.8%	42.0	2.2%	40	28
1/3/07	Blair Corporation	Golden Gate Capital	173.0	37.50	14.5%	16.1%	20.8%	20.4%	4.3	2.5%	5.2	3.0%	30	36
12/15/06	Realogy Corporation	Apollo Management	9,165.0	30.00	15.4%	14.6%	14.3%	25.1%	215.0	2.3%	215.0	2.3%	60	34
12/8/06	Catalina Marketing Corp. (b)	Hellman & Friedman	1,623.9	32.50	34.1%	30.1%	29.8%	22.7%	8.4	0.5%	50.6	3.1%	45	---
11/5/06	OSI Restaurant Partners	Bain Capital, Catterton	3,455.0	40.00	23.3%	20.1%	21.0%	8.4%	25.0	0.7%	45.0	1.3%	50	73
10/25/06	Clear Channel Communications	TH Lee, Bain Capital	27,130.0	37.60	16.8%	20.3%	25.0%	27.5%	500.0	1.8%	500.0	1.8%	21	51
10/14/06	Open Solutions Inc.	Carlyle, Providence	1,337.0	38.00	25.5%	29.9%	31.7%	39.4%	12.0	0.9%	30.0	2.2%	21	34
10/2/06	Harrah's Entertainment Inc.	Apollo Management, Texas Pacific	27,893.0	90.00	35.5%	34.7%	40.8%	26.6%	500.0	1.8%	500.0	1.8%	25	79
9/11/06	Freescale Semiconductor Inc.	Blackstone, Texas Pacific, Permira, Carlyle	18,488.0	40.00	30.1%	28.8%	34.7%	42.0%	300.0	1.6%	300.0	1.6%	50	22
7/24/06	HCA Inc.	Merrill, Bain, KKR	33,090.5	51.00	6.5%	13.1%	16.4%	8.2%	300.0	0.9%	500.0	1.5%	50	16
7/13/06	Petco Animal Supplies Inc.	Leonard Green, Texas Pacific	1,828.0	29.00	48.1%	44.5%	47.0%	37.2%	30.0	1.6%	50.0	2.7%	21	29
6/6/06	ACE Cash Express	JLL Partners	530.0	30.00	15.4%	12.6%	12.4%	25.9%	10.0	1.9%	15.0	2.8%	30	34
5/31/06	West Corporation	TH Lee, Quadrangle	4,100.0	48.75	13.0%	13.4%	7.8%	17.5%	67.0	1.6%	93.0	2.3%	20	43
5/22/06	Jameson Inns Inc.	JER Partners	367.0	2.97	29.7%	24.4%	21.3%	29.0%	2.5	0.7%	5.0	1.4%	25	11
1/23/06	Sports Authority Inc.	Leonard Green	1,300.0	37.25	20.0%	22.7%	20.6%	21.8%	30.0	2.3%	30.0	2.3%	20	23
					Mean	20.0%	20.0%	22.2%	24.6%	1.4%	2.3%	37	34 (d)	
					Median	16.9%	17.9%	20.7%	24.6%	1.5%	2.3%	40	34 (e)	

(a) Apax Partners increased its original bid from \$40.00 to \$41.50 during the Go-Shop period.

(b) Hellman & Friedman offered \$32.50 during the Go-Shop period (April 17, 2007); higher than the original terms with ValueAct Capital of \$32.10 per share (signed March 8, 2007).

(c) Transaction has been canceled as a result of CommunityHealth Systems, Inc. entering a higher bid of \$54.00 per share during the Go-Shop period.

(d) Mean and median exclude OSI Restaurant Partners and Harrah's Entertainment Inc.

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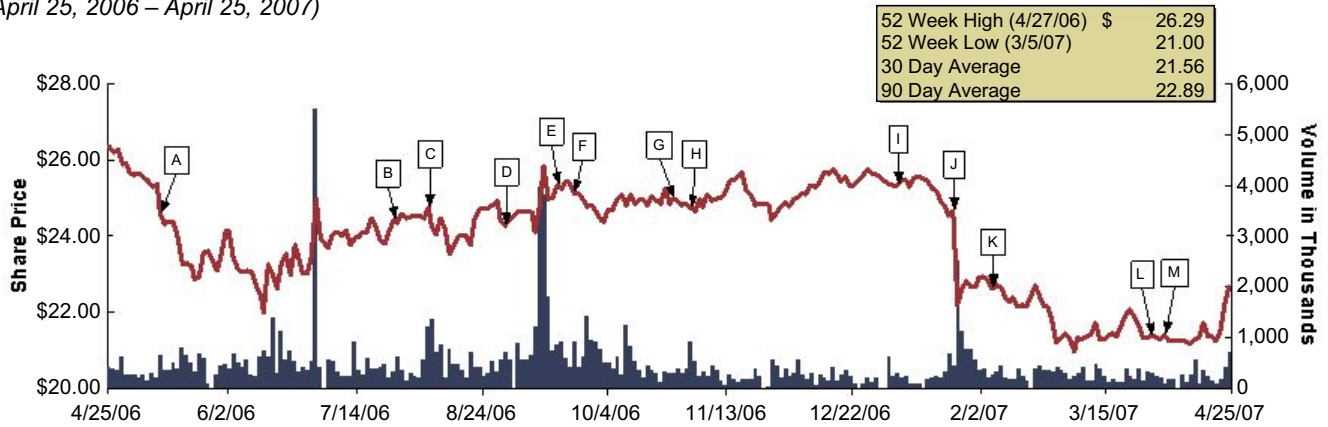
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### **III. Historical Stock Price Performance**

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# Historical LTM APPLE Performance

(April 25, 2006 – April 25, 2007)



- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>A</b> 5/17/06: Announced revenue of \$1.3 billion and EPS of \$0.74 for the FYE 2006 vs. consensus EPS of \$0.75</p> <p><b>B</b> 7/26/06: Announced revenue of \$336.7 million and EPS of \$0.20 for the Q1 2007 vs. consensus EPS of \$0.17.</p> <p><b>C</b> 8/7/06: Announced Jeffrey W. Ubben will join the Company's Board of Directors.</p> <p><b>D</b> 8/31/06: Announced adjustments to the Company's Road Map earnings target as a result of an increase in options exercised, non-financial advisory fees related to the proxy contest, share repurchase through DAST, an increase in incremental interest expense, and a higher effective tax rate.</p> <p><b>E</b> 9/18/06: Announced the final results of the Company's Dutch Auction Self Tender in which 11.1 million shares of common stock were purchased at a price of \$25.00 per share.</p> <p><b>F</b> 9/22/06: Announced the election of R. Halsey Wise, President and CEO of Intergraph Corporation, to the Company's Board of Directors.</p> | <p><b>G</b> 10/25/06: Announced revenue of \$348.3 million and EPS of \$0.25 for the Q2 2007 vs. consensus EPS of \$0.23.</p> <p><b>H</b> 10/31/06: Announced the opening of new data center in greater Toronto area.</p> <p><b>I</b> 1/5/07: Announced the acquisition of retail business solutions provider, Equitec. The Company expects the transaction to be accretive in 2008.</p> <p><b>J</b> 1/24/07: Announced revenue of \$352.8 million and EPS of \$0.31 for the Q3 2007 vs. consensus EPS of \$0.32.</p> <p><b>K</b> 2/6/07: Announced resignation of Frank Cotroneo as Company's CFO and the appointment of Roger Kline as interim CFO.</p> <p><b>L</b> 3/29/07: Announced the acquisition of Harbinger Technologies Group, an international consulting and technology that specializes serving homeland defense, national security and the prevention of international terrorism.</p> <p><b>M</b> 4/3/07: Announced the acquisition of Kefta, a leader in real-time, dynamic personalization solutions for the Internet.</p> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

# Historical 5 Year APPLE Performance

(April 25, 2002 – April 25, 2007)

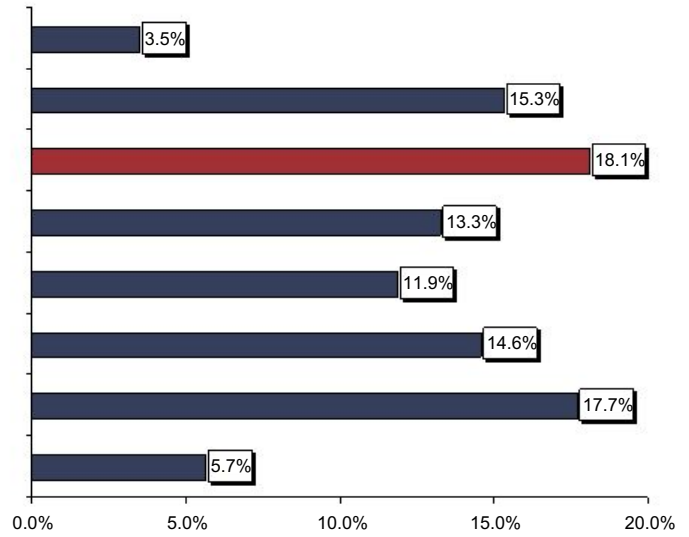


# APPLE – 5 Year Trading Histogram

(April 25, 2002 – April 25, 2007)

Price Range	# of Days Traded	Average Volume	Total Volume	Shares Traded at or Below Range
\$26.01 - \$28.00	62	491,915	30,498,740	100.0%
\$24.01 - \$26.00	221	606,593	134,057,050	96.5%
\$22.01 - \$24.00	262	605,075	158,529,580	81.2%
\$20.01 - \$22.00	148	783,310	115,929,910	63.1%
\$18.01 - \$20.00	149	696,659	103,802,160	49.8%
\$16.01 - \$18.00	170	749,825	127,470,250	37.9%
\$14.01 - \$16.00	208	743,941	154,739,740	23.4%
\$12.00 - \$14.00	40	1,237,756	49,510,256	5.7%

Distribution of Total Volume Traded



<b>Total</b>	<b>1,260</b>	<b>694,078</b>	<b>874,537,686</b>
<b>Weighted Average Price</b>		<b>\$</b>	<b>19.83</b>
<b>Current Price</b>	<b>4/25/07</b>	<b>\$</b>	<b>22.63</b>

# Actual Results vs. Consensus Estimates

(Dollars in Millions, Except per Share)

	Actual		Estimated		% Difference		Share Price Reaction			Comments	Road Map / Outlook Updates
	Rev.	EPS	Rev. (a)	EPS	Rev.	EPS	1 Day	5 Day	30 Day		
<b>FY07</b>											
<b>Q4</b>	\$ 357.9	\$ 0.19	\$ 355.7	\$ 0.20	0.6%	-4.9%	N/A	N/A	N/A	N/A	N/A
<b>Q3</b>	352.8	0.31	365.3	0.32	-3.4%	-2.5%	-10.0%	-7.5%	-10.1%	Slower than expected revenue growth	Reduced guidance for balance of the year
<b>Q2</b>	348.3	0.25	354.5	0.23	-1.7%	7.0%	-0.2%	-0.6%	-0.7%	Solid performance and good positioning for successful second half of the fiscal year	None
<b>Q1</b>	336.7	0.20	333.8	0.17	0.9%	15.9%	-0.3%	0.0%	1.2%	In line with long-term Financial Road Map	None
<b>FY06</b>											
<b>Q4</b>	\$ 344.3	\$ 0.26	\$ 347.7	\$ 0.26	-1.0%	-1.2%	-2.7%	-2.9%	-3.8%	Within fiscal year Financial Road Map	None
<b>Q3</b>	347.4	0.31	338.9	0.25	2.5%	25.5%	4.2%	-0.5%	6.5%	Better-than-expected margins	Lowered international operating margins; added FY07 estimates
<b>Q2</b>	330.5	0.20	322.1	0.15	2.6%	30.0%	3.1%	8.5%	17.0%	Pre-tax charges of \$15.8mm related to restructuring; announced signing of large, new deals	None
<b>Q1</b>	310.3	0.07	310.0	0.09	0.1%	-21.1%	-0.9%	-2.6%	-5.8%	Pre-announced shortfall in revenue and earnings; announced \$14-\$16mm of savings	Lowered FY06 international revenue growth estimates
<b>FY05</b>											
<b>Q4</b>	\$ 322.5	\$ 0.16	\$ 308.7	\$ 0.21	4.5%	-23.8%	-13.2%	-11.9%	11.8%	Solid U.S. operations growth and disappointing growth of the international business	Increased FY06 U.S. rev. growth est. and decreased international revenue growth and operating margins estimates for both segments
<b>Q3</b>	312.4	0.24	309.8	0.25	0.8%	-4.0%	-5.7%	-5.9%	-4.6%	Improved operating margin of the international operations	Lowered FY05 revenue growth and international operating margins; increased U.S. operating margins; added FY06 estimates
<b>Q2</b>	299.1	0.20	293.1	0.18	2.1%	11.1%	6.1%	6.2%	14.3%	High growth of the U.S. operations	None
<b>Q1</b>	289.0	0.14	278.8	0.14	3.6%	0.0%	-3.2%	-3.7%	-3.6%	In line with Financial Road Map	None
<b>FY04</b>											
<b>Q4</b>	\$ 277.8	\$ 0.17	\$ 263.1	\$ 0.17	5.6%	0.0%	2.2%	0.5%	11.5%	Reported in-line results	Introduced Financial Road Map
<b>Q3</b>	255.2	0.22	248.1	0.19	2.9%	15.8%	-0.6%	-0.9%	3.0%	Strong pipeline with new contract that delivers \$49mm in annual revenue	Increased FYE04 revenue estimate and decreased EPS estimate
<b>Q2</b>	241.1	0.13	250.0	0.13	-3.6%	0.0%	-2.6%	-2.6%	-1.5%	Revenue in low range of expectations; EPS in the low range of previous estimates	Lowered FYE04 revenue estimate
<b>Q1</b>	236.7	0.05	237.3	0.05	-0.3%	0.0%	-6.4%	-7.4%	-5.9%	Continued revenue and earnings guidance for Q1 and FY04	Decreased revenue outlook for FY04 and increased EPS estimates

**Stephens Inc.**  
Investment Bankers

Note: Gray shading indicates missed revenue and/or EPS estimates, or revised guidance downwards.  
Source: Bloomberg and FactSet.  
(a) FY04 and FY05 revenue estimates per Stephens Inc. research.



# APPLE Equity Research Coverage

(Dollars in Millions, Except per Share)

## Estimates

Firm	Recommendation	Last Report Date	Target Price	Revenue		EPS	
				2007E	2008E	2007E	2008E
Credit Suisse	Underperform	2/6/07	\$ 24.00	\$1,391.0	\$1,434.8	\$ 0.96	\$ 1.11
Stephens Inc.	Equal-Weight	1/25/07	28.00	1,397.6	1,505.2	0.96	1.18
William Blair & Company	Market Perform	1/25/07	---	1,392.7	1,459.3	0.96	1.05
Piper Jaffray	Market Perform	1/25/07	23.00	1,392.5	1,446.6	0.97	1.13
Robert W. Baird & Co.	Neutral	1/25/07	26.00	1,393.8	1,480.7	0.91	1.10
Lehman Brothers	Overweight / Neutral	1/25/07	23.50	---	---	---	---
ThinkEquity Partners	Hold	1/25/07	21.00	1,393.8	1,465.8	0.94	1.00

<b>Mean</b>	<b>\$ 24.25</b>	<b>\$1,393.6</b>	<b>\$1,465.4</b>	<b>\$ 0.95</b>	<b>\$ 1.10</b>
<b>Median</b>	<b>24.30</b>	<b>1,393.3</b>	<b>1,462.6</b>	<b>0.96</b>	<b>1.11</b>
<b>IBES</b>		<b>\$1,393.9</b>	<b>\$1,470.3</b>	<b>\$ 0.95</b>	<b>\$ 1.12</b>
<b>APPLE Internal Estimates</b>		<b>1,395.8</b>	<b>1,453.7</b>	<b>0.94</b>	<b>1.00</b>

## Commentary

"We believe the risk of near-term numbers is lower now that APPLE has revised their Roadmap (as of Q3 report). That said we do not expect much upside to revenues in the near term given the macro environment (tough demand for traditional marketing services) and APPLE's exposure to financial services and in particular major credit card providers." – **Brandon Dobell, Credit Suisse, 2/6/07.**

"We continue to believe that APPLE is positioned for solid, sustainable growth over the long term driven by: 1) increasing demand for data integration and targeted-marketing capabilities, 2) international expansion opportunities, 3) improving sales productivity as more consultative sales efforts mature, and 4) a broadening service offering including digital marketing and risk management solutions among others." – **Mark A. Bacurin, Robert W. Baird & Co., 1/25/07.**

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## IV. Valuation Analysis

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# APPLE Financial Summary

(Dollars in Millions, Except per Share)

## Management Case

- Based on model provided by management on March 27<sup>th</sup>
- The financial model incorporates the following changes since that date:
  - Change in [\*] contract (2008)
  - Potential change in [\*] revenue (mid 2009)
  - EMC impact: Receipt of \$20mm option exercise payment and ongoing reduction in related capitalized software development
  - \$20mm estimated gain on the sale of the Phoenix facility at the end of 2008

	For the Projected Fiscal Year Ending March 31,				CAGR '08-'11
	2008	2009	2010	2011	
Revenue	\$ 1,453.7	\$ 1,509.5	\$ 1,621.2	\$ 1,762.2	<b>6.6%</b>
<i>Growth</i>	4.2%	3.8%	7.4%	8.7%	
EBITDA	\$ 412.2	\$ 408.2	\$ 439.7	\$ 488.8	<b>5.9%</b>
<i>Margin</i>	28.4%	27.0%	27.1%	27.7%	
Adjusted EBITDA	\$ 305.5	\$ 311.5	\$ 339.1	\$ 388.2	<b>8.3%</b>
<i>Margin</i>	21.0%	20.6%	20.9%	22.0%	
EBIT	\$ 185.5	\$ 210.5	\$ 248.6	\$ 297.4	<b>17.0%</b>
<i>Margin</i>	12.8%	13.9%	15.3%	16.9%	
Net Income	\$ 81.3	\$ 103.4	\$ 132.6	\$ 169.4	<b>27.7%</b>
<i>Margin</i>	5.6%	6.9%	8.2%	9.6%	
Earnings Per Share	\$ 1.00	\$ 1.26	\$ 1.61	\$ 2.04	<b>26.8%</b>
<i>Growth</i>	6.3%	26.3%	27.3%	26.8%	

[\*] Certain information in this exhibit has been omitted and filed separately with the SEC pursuant to a confidential treatment request under Rule 24b-2 of the Exchange Act.

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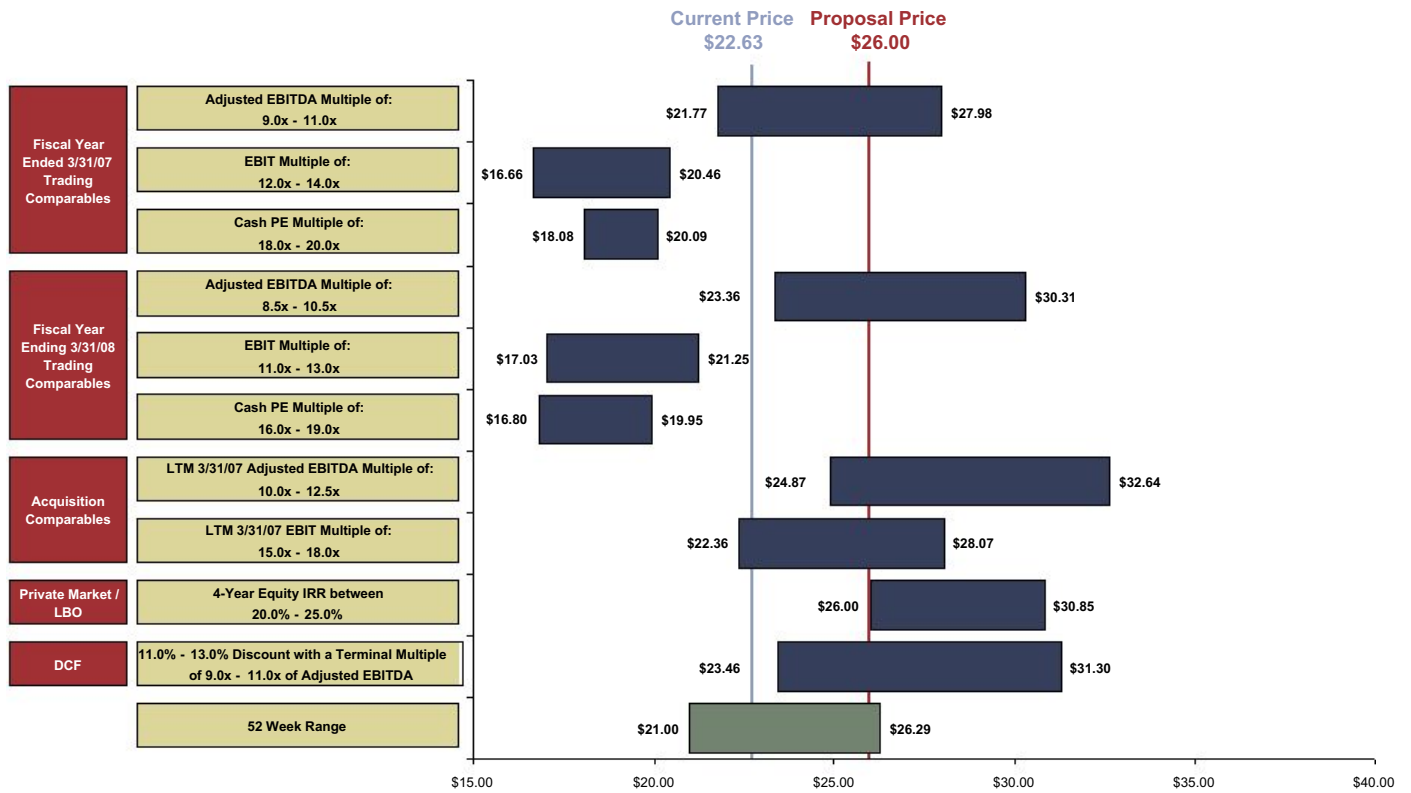
## Valuation Analysis

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**Stephens based its valuation range on APPLE's historical financial performance, projections developed by Management and the following valuation methodologies:**

- **Comparable Publicly-Traded Company Analysis**
  - Reviewed trailing and forward trading multiples of Adjusted EBITDA, EBIT and Cash EPS of publicly-traded information technology companies relative to growth, margins, returns, strategic/competitive position and financial condition
- **Comparable Transaction Analysis**
  - Reviewed recent transactions involving similar companies to APPLE and examined multiples paid relative to strategic/synergistic opportunities, operating performance of the target and transaction circumstances
- **Leverage Buyout Analysis**
  - Utilized APPLE's 4-year projection model, estimated current debt capacity, and a range of private equity returns expected in similar sized transactions (20% – 25%) to derive a current valuation range
- **Discounted Cash Flow Analysis**
  - Derived a current valuation by discounting the expected future annual cash flows generated by the APPLE Management Case projection model including a terminal valuation. A range of terminal values was determined by applying exit multiples of 9.0x to 11.0x to projected March 31, 2011 Adjusted EBITDA
  - Utilized APPLE's weighted average cost of capital (WACC) of approximately 11 - 13%

# Implied Per Share Valuation Range



- Based on financial projections developed by management for fiscal 2007 – 2011E

# Trading Comparables

(Dollars in Millions, Except per Share)

Company Name	Ticker Symbol	Price 4/25/07	Equity Value	Enterprise Value	Enterprise Value / EBITDA			Enterprise Value / EBIT			Price / Cash EPS		
					LTM	2007E	2008E	LTM	2007E	2008E	LTM	2007E	2008E
Equifax Inc. (a)	EFX	\$ 40.75	\$ 6,028.5	\$ 6,878.9	\$ 616.4 11.2x 33.3%	\$ 661.3 10.4x 34.7%	\$ 741.1 9.3x 34.9%	\$ 471.0 14.6x 25.5%	\$ 556.0 12.4x 29.2%	\$ 595.5 11.6x 28.1%	\$ 2.23 18.3x	\$ 2.23 18.3x	\$ 2.60 15.7x
Alliance Data Systems Corporation	ADS	64.51	5,296.8	5,142.9	\$ 541.3 9.5x 26.1%	\$ 606.7 8.5x 25.8%	\$ 662.1 7.8x 25.5%	\$ 404.3 12.7x 19.5%	\$ 453.0 11.4x 19.3%	\$ 493.8 10.4x 19.0%	\$ 2.88 22.4x	\$ 3.50 18.4x	\$ 3.95 16.3x
The Dun & Bradstreet Corporation	DNB	91.06	5,666.6	5,987.2	\$ 459.2 13.0x 30.0%	\$ 528.0 11.3x 32.4%	\$ 575.8 10.4x 33.2%	\$ 425.9 14.1x 27.8%	\$ 476.0 12.6x 29.2%	\$ 528.0 11.3x 30.4%	\$ 3.87 23.5x	\$ 4.71 19.3x	\$ 5.31 17.1x
ChoicePoint Inc.	CPS	37.82	2,995.4	3,416.2	\$ 336.3 10.2x 31.7%	\$ 347.8 9.8x 30.9%	\$ 372.7 9.2x 31.1%	\$ 263.4 13.0x 24.8%	\$ 272.6 12.5x 24.2%	\$ 295.6 11.6x 24.7%	\$ 1.98 19.1x	\$ 2.07 18.3x	\$ 2.36 16.0x
Fair Isaac Corporation	FIC	36.64	2,133.2	2,330.3	\$ 259.3 9.0x 31.5%	\$ 237.2 9.8x 29.6%	\$ 262.8 8.9x 31.5%	\$ 207.9 11.2x 25.2%	\$ 184.4 12.6x 23.0%	\$ 216.5 10.8x 26.0%	\$ 2.61 14.1x	\$ 2.30 15.9x	\$ 2.64 13.9x
Harte-Hanks, Inc.	HHS	26.88	2,067.9	2,234.6	\$ 227.5 9.8x 19.2%	\$ 239.1 9.3x 19.3%	\$ 254.7 8.8x 19.4%	\$ 193.5 11.5x 16.3%	\$ 201.4 11.1x 16.3%	\$ 215.3 10.4x 16.4%	\$ 1.46 18.4x	\$ 1.57 17.1x	\$ 1.75 15.4x
infoUSA Inc. (b)	IUSA	9.50	528.5	794.5	\$ 101.9 7.8x 17.3%	\$ 112.1 7.1x 17.8%	\$ 123.8 6.4x 19.0%	\$ 66.1 12.0x 11.2%	\$ 73.2 10.9x 11.6%	\$ 83.7 9.5x 12.8%	\$ 0.51 18.5x	\$ 0.78 12.2x	\$ 0.88 10.8x
<b>Summary of Market Multiples:</b>													
Maximum					13.0x	11.3x	10.4x	14.6x	12.6x	11.6x	23.5x	19.3x	17.1x
Minimum					7.8	7.1	6.4	11.2	10.9	9.5	14.1	12.2	10.8
Mean					10.1x	9.5x	8.7x	12.7x	11.9x	10.8x	19.2x	17.1x	15.0x
Median					9.8	9.8	8.9	12.7	12.4	10.8	18.5	18.3	15.7
Mean (Excluding Min and Max)					9.9	9.6	8.8	12.7	12.0	10.9	19.3	17.6	15.4
					<b>Margins:</b>								
					Mean	27.0%	27.2%	27.8%	21.5%	21.8%	22.5%		
					Median	30.0%	29.6%	31.1%	24.8%	23.0%	24.7%		
APPLE (c)		\$ 22.63	\$ 1,815.7	\$ 2,533.7	\$ 273.0 9.3x 19.6%	\$ 305.5 8.3x 21.0%	\$ 311.5 8.1x 20.6%	\$ 167.3 15.1x 12.0%	\$ 185.5 13.7x 12.8%	\$ 210.5 12.0x 13.9%	\$ 1.00 22.5x	\$ 1.05 21.5x	\$ 1.31 17.3x

Note: Financial information per Wall Street research.

(a) Pro Forma TALX acquisition.

(b) Pro Forma Opinion Research acquisition.

(c) APPLE's 2007E - 2008E financial information is based on fiscal year 3/31/08 and 3/31/09, respectively. Projections provided by the Company.

# Acquisition Comparables

(Dollars in Millions)

Closing Date	Acquiror	Target	Enterprise Value	Equity Value	Enterprise Value /			LTM EBITDA Margin
					LTM Revenue	LTM EBITDA	LTM EBIT	
Pending	Google Inc	DoubleClick Inc	\$ 3,100.0	--	\$ 300.0 10.3x	\$ 90.0 34.4x	-- N/A	30.0%
Pending	Cerberus Capital Management	Affiliated Computer Services	8,410.5	6,132.7	5,507.4 1.5x	926.0 9.1x	607.8 13.8x	16.8%
Pending	Hellman & Friedman LLC	Catalina Marketing Corp	1,623.9	1,559.1	466.8 3.5x	158.3 10.3x	119.0 13.6x	33.9%
Pending	Pacific Equity Partners & Merrill Lynch Global Private Equity	Veda Advantage Limited	759.0	641.2	120.2 6.3x	55.7 13.6x	47.6 15.9x	46.3%
Pending	Equifax Inc	TALX Corp	1,401.0	1,216.4	256.8 5.5x	89.9 15.6x	71.1 19.7x	35.0%
2/1/07	Alliance Data Systems	Abacus Direct Corporation	435.0	435.0	-- N/A	38.1 11.4x	-- N/A	N/A
12/4/06	infoUSA Inc	Opinion Research Corp	125.7	66.0	191.3 0.7x	15.3 8.2x	11.2 11.2x	8.0%
6/9/06	Alliance Data Systems	CPC Associates	70.0	70.0	-- N/A	6.0 11.7x	-- N/A	N/A
6/9/06	Private Equity Consortium	VNU N.V.	11,152.0	9,787.4	4,169.4 2.7x	773.1 14.4x	472.8 23.6x	18.5%
2/10/06	Investcorp International Inc.	CCC Information Svcs Grp Inc	602.5	463.6	200.0 3.0x	56.1 10.7x	48.5 12.4x	28.0%
9/30/05	Alliance Data Systems	Bigfoot Interactive	120.0	120.0	30.0 4.0x	-- N/A	-- N/A	N/A
9/1/05	Reed Elsevier Plc	Seisint	745.0	775.0	115.0 6.5x	45.0 16.6x	-- N/A	39.1%
8/11/05	Consortium of Investors	SunGard Data Systems Inc	10,844.3	10,964.9	3,555.9 3.0x	1,046.6 10.4x	709.6 15.3x	29.4%
7/13/05	Hellman & Friedman LLC	DoubleClick Inc	699.0	1,101.0	301.6 2.3x	58.6 11.9x	23.1 30.3x	19.4%
5/2/05	Intl. Business Machines Corp	Ascential Software Corp	655.9	1,136.6	271.9 2.4x	29.0 22.6x	6.9 95.4x	10.7%
<b>Maximum</b>					10.3x	34.4x	95.4x	46.3%
<b>Minimum</b>					0.7	8.2	11.2	0.0%
<b>Mean</b>					<b>4.0x</b>	<b>14.4x</b>	<b>25.1x</b>	<b>24.3%</b>
<b>Median</b>					<b>3.0</b>	<b>11.8</b>	<b>15.6</b>	<b>28.0%</b>

# LBO Analysis <sup>(a)</sup>

(Dollars in Millions, Except per Share)

	Offer Price per Share				
	\$ 26.00	\$ 27.00	\$ 28.00	\$ 29.00	\$ 30.00
Premium to Current Price	14.9%	19.3%	23.7%	28.1%	32.6%
Premium to 30 Day Average Price	20.6%	25.2%	29.9%	34.5%	39.1%
Equity Value	\$ 2,110.6	\$ 2,199.9	\$ 2,289.8	\$ 2,379.7	\$ 2,469.6
Enterprise Value (Excludes Fees/Expenses)	2,828.6	2,917.9	3,007.8	3,097.7	3,187.6
<b>Transaction Multiples</b>					
<b>3/31/07E:</b>					
Revenue	2.0x	2.1x	2.2x	2.2x	2.3x
EBITDA	7.2	7.4	7.6	7.9	8.1
Adjusted EBITDA <sup>(b)</sup>	10.4	10.7	11.0	11.4	11.7
EBIT	16.9	17.5	18.0	18.5	19.1
P/E	27.6	28.7	29.7	30.8	31.9
<b>3/31/08E:</b>					
Revenue	1.9x	2.0x	2.1x	2.1x	2.2x
EBITDA	6.9	7.1	7.3	7.5	7.7
Adjusted EBITDA <sup>(b)</sup>	9.3	9.6	9.8	10.1	10.4
EBIT	15.2	15.7	16.2	16.7	17.2
P/E	26.0	27.0	28.0	29.0	30.0
<b>Equity Investment</b>					
Equity Investment Required	\$ 1,103.6	\$ 1,192.9	\$ 1,282.8	\$ 1,372.7	\$ 1,462.6
Total Equity / Total Capitalization	38.0%	39.9%	41.6%	43.3%	44.8%
4 Year IRR Assuming an Exit multiple of 15.0x EBIT	31.1%	28.4%	26.0%	23.7%	21.6%
4 Year IRR Assuming an Exit multiple of 10.0x Adjusted EBITDA	25.0%	22.7%	20.5%	18.5%	16.7%
<b>Leverage &amp; Coverage Ratios @ \$26.00 per share</b>					
	<b>Pro Forma 2007 (c)</b>	<b>Projected Year Ending March 31,</b>			
		<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Senior Debt / EBITDA	2.68x	2.19x	2.08x	1.77x	1.41x
Total Debt / EBITDA	4.35	3.72	3.66	3.25	2.74
Total Debt / Adjusted EBITDA	6.16	4.87	4.70	4.13	3.40
Debt / Capitalization	62.0%	59.4%	57.3%	54.6%	50.7%
EBITDA / Interest Expense	2.73	3.08	3.15	3.52	4.10
Fixed Charge Coverage Ratio	0.96x	1.33x	1.31x	1.35x	1.46x

**Stephens Inc.**  
Investment Bankers

(a) Assumes certain operating savings related to public company expenses, private company efficiencies, as well as capital expenditure savings, totaling approximately \$46 million in FY08 and \$65 million in FY11.

(b) EBIT plus Depreciation and Amortization less Capital Lease Principal and Interest Payments less Purchased Software Licenses.

(c) Assumes \$19.4 million of public company expense savings for Pro Forma leverage purposes.



# Discounted Cash Flow <sup>(a)</sup>

(Dollars in Millions, Except per Share)

	For the Projected FYE March 31,			
	2008	2009	2010	2011
EBIT	\$ 185.5	\$ 210.5	\$ 248.6	\$ 297.4
Less Taxes @ 38.0%	(70.5)	(80.0)	(94.5)	(113.0)
Net Income Unlevered	115.0	130.5	154.1	184.4
Plus: D&A	226.7	197.7	191.1	191.5
Less: Capitalization of Deferred Expenses	(65.0)	(65.0)	(65.0)	(65.0)
Less: Development of Software	(27.0)	(27.0)	(27.0)	(27.0)
Less: Capital Expenditures	(62.0)	(65.0)	(70.0)	(75.0)
Less: Other Asset Expenditures	(43.8)	(43.8)	(43.8)	(43.8)
Plus: [*] Equipment Purchase Reduction	13.7	13.7	13.7	13.7
Plus: Capitalized Software Reduction (BIG)	3.0	12.0	12.0	12.0
Plus: EMC Payment	20.0	-	-	-
Plus: Gain on Sale of the Phoenix Facility	20.0	-	-	-
Less: Change in Net Working Capital	(23.4)	(14.9)	(24.4)	(27.8)
<b>Total Unlevered Net Free Cash Flow</b>	<b>\$ 177.2</b>	<b>\$ 138.1</b>	<b>\$ 140.7</b>	<b>\$ 162.9</b>
		<b>Assuming Discount Rates of:</b>		
		<b>11.0%</b>	<b>12.0%</b>	<b>13.0%</b>
<b>Discounted to 3/31/07</b>				
Present Value of Cash Flow		\$ 481.9	\$ 472.0	\$ 462.4
Terminal Value Multiple	9.0x	2,301.2	2,220.1	2,142.6
2011 Adj. EBITDA	\$ 388.2	2,556.9	2,466.8	2,380.7
	10.0	2,812.6	2,713.5	2,618.7
	11.0			
<b>Enterprise Value</b>	9.0x	\$ 2,783.1	\$ 2,692.1	\$ 2,605.0
	10.0	3,038.8	2,938.8	2,843.0
	11.0	3,294.5	3,185.5	3,081.1
Less: Net Debt (3/31/07)		\$ (718.0)	\$ (718.0)	\$ (718.0)
Plus: Option Proceeds		174.7	174.7	174.7
<b>Equity Value</b>	9.0x	\$ 2,239.9	\$ 2,148.8	\$ 2,061.7
	10.0	2,495.5	2,395.5	2,299.8
	11.0	2,751.2	2,642.2	2,537.8
Total Shares Outstanding		87.9	87.9	87.9
<b>Price per Share</b>	9.0x	\$ 25.48	\$ 24.45	\$ 23.46
	10.0	28.39	27.25	26.16
	11.0	31.30	30.06	28.87

**Stephens Inc.**  
Investment Bankers

(a) Assumes Management Case financials as presented on pg. 21.

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[\*] Certain information in this exhibit has been omitted and filed separately with the SEC pursuant to a confidential treatment request under Rule 24b-2 of the Exchange Act.

**Presentation to:**

**APPLE Board of Directors**

regarding

**QUAIL**

May 3, 2007

**Stephens Inc.**  
Investment Bankers

† Certain information in this exhibit has been omitted and filed separately with the SEC pursuant to a confidential treatment request under Rule 24b-2 of the Securities Exchange Act of 1934, as amended. Omitted portions are indicated in this exhibit with [\*].

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## Table of Contents

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- I. Executive Summary
- II. Capital Markets Overview
- III. Strategic Alternatives
- IV. Process Overview
- V. Historical Stock Price Performance
- VI. Valuation Analysis

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## **I. Executive Summary**

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## Executive Summary

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- After initial meetings in February and early March with APPLE management and early indications of value in the high \$20's to \$30 per share, OSPREY commenced an extensive diligence process, including numerous third party advisors
- OSPREY, with the approval of APPLE, invited CANARY to participate as an equity co-sponsor on April 5<sup>th</sup>
- After concluding their diligence process, OSPREY and CANARY revised their valuation taking into account conservative views regarding:
  - APPLE's core Financial Services business and overall Credit Card direct mail revenues
  - Recent changes to [\*] and [\*] contracts
  - European growth
  - Feedback from large FI customer calls
  - Capital expenditure savings
  - Business transformation projects – offshoring, internal financial reporting, etc.
  - Early stage nature of next generation products – Relevance, BIG, and consulting
- After its preliminary analysis, QUAIL submitted to APPLE on April 25<sup>th</sup>, a letter indicating its interest in acquiring all of the shares it does not currently own at \$26.00 per share
- QUAIL and its advisors participated in an on-site diligence session with APPLE management on April 30<sup>th</sup> and May 1<sup>st</sup>

[\*] Certain information in this exhibit has been omitted and filed separately with the SEC pursuant to a confidential treatment request under Rule 24b-2 of the Exchange Act.

# Proposal Valuation Summary

(Dollars in Millions, Except per Share)

	Current	QUAIL Proposal
Price Per Share (5/2/07)	\$ 23.08	\$ 26.00
<b>Implied Premium:</b>		
Current	\$ 23.08	12.7%
30 Day Average	21.77	19.4%
90 Day Average	22.78	14.1%
Fully Diluted Shares Outstanding (Treasury Method)	80.3	81.2
Market Capitalization	\$ 1,854.4	\$ 2,110.6
Plus: Debt (3/31/07)	755.8	755.8
Less Cash: (3/31/07)	(37.8)	(37.8)
Enterprise Value	\$ 2,572.4	\$ 2,828.6

Valuation Multiples			
<b>Revenue:</b>			
3/31/07	\$ 1,395.8	1.8x	2.0x
3/31/08	1,465.4	1.8	1.9
<b>EBITDA:</b>			
3/31/07	\$ 394.6	6.5x	7.2x
3/31/08	392.1	6.6	7.2
<b>Adjusted EBITDA (a):</b>			
3/31/07	\$ 270.3	9.5x	10.5x
3/31/08	300.8	8.6	9.4
<b>EBIT:</b>			
3/31/07	\$ 167.3	15.4x	16.9x
3/31/08	189.0	13.6	15.0
<b>EPS:</b>			
3/31/07	\$ 0.95	24.4x	27.5x
3/31/08	1.02	22.7	25.5

**Stephens Inc.**  
Investment Bankers

Note: Projected results based on APPLE management forecast as presented to BOD, adjusted for acquisitions of Harbinger and Kefta and certain capex savings.

(a) EBITDA less Capital Lease Principal and Interest Payments less Purchased Software Licenses.

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## **II. Capital Markets Overview**

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## Capital Markets Overview

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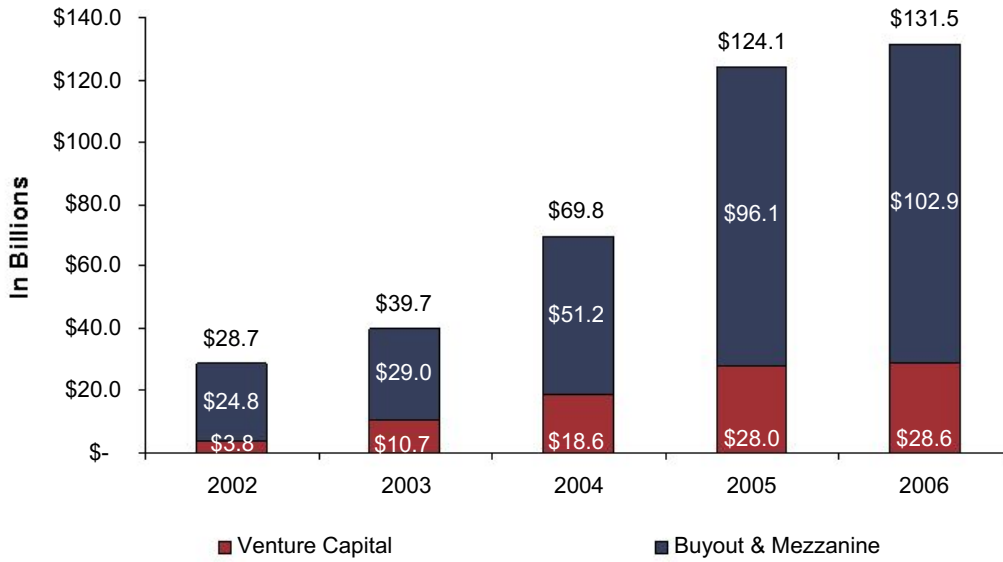
- The private capital markets have demonstrated unprecedented levels of liquidity and activity over the past 12 months; this has fueled a highly competitive market for private equity deals
- First quarter 2007 was one of the most prolific ever for the leveraged loan markets
  - New issue volume climbed to \$183 billion from the previous record of \$148 billion achieved in the fourth quarter of 2006
  - Mergers & acquisitions were the primary driver of loan growth (\$97 billion in volume)
- Although interest rates have returned to historical averages, new-issue spreads achieved an all-time low in February
- Private equity capital continues to be raised at an unprecedented rate
  - Goldman Sachs recently announced that it has raised a record \$20 billion for its latest leveraged buyout fund, GS Capital Partners VI
  - Blackstone has raised \$18.2 billion of a targeted \$20 billion for its latest fund
  - Texas Pacific, KKR and Carlyle have recently launched funds with targeted investments of at least \$15 billion
- Debt multiples for LBO transactions have consistently increased since 2002
  - 42% of all LBO transactions in the first quarter of 2007 had Debt / EBITDA multiples greater than 6.0x, up from 0% in 2002
  - Covenant-light and amortization-light structures have become more prevalent



# Private Equity Capital Raised

- Estimated \$136 billion of uninvested capital by financial sponsors\*
- Assuming 6 to 7 times purchasing power, buyout firms have the capacity to pursue nearly \$1 trillion in total transaction value with capital that has already been raised

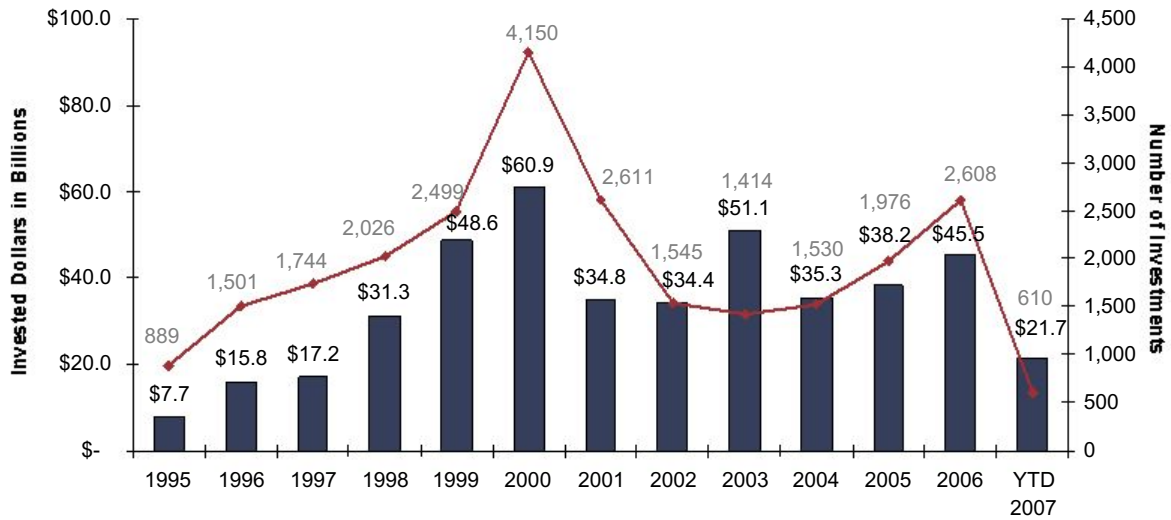
**Private Equity Capital Raised: 2002 – 2006\*\***



# Buyout Related Disbursements

- The number and size of buyout transactions have accelerated over the last 3 years given the availability of debt and equity capital and the favorable interest rate environment

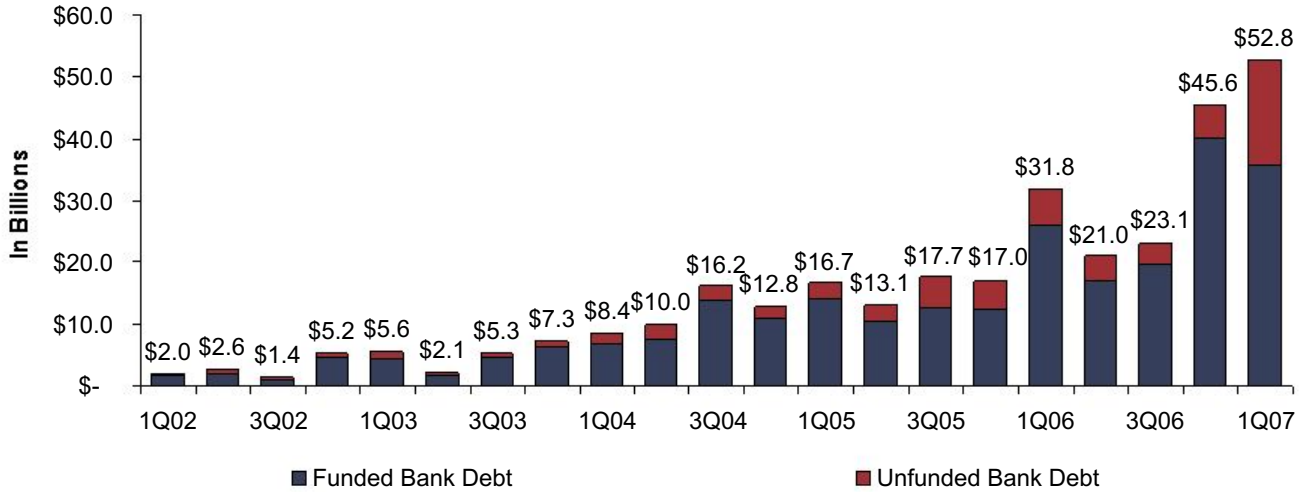
**Buyout Related Deals: 1995 – YTD 2007**



# Leveraged Buyout Loan Volume

- Leveraged buyout loan volume has increased rapidly over the past 5 quarters as private equity firms seek to deploy billions of dollars of capital raised for buyout funds

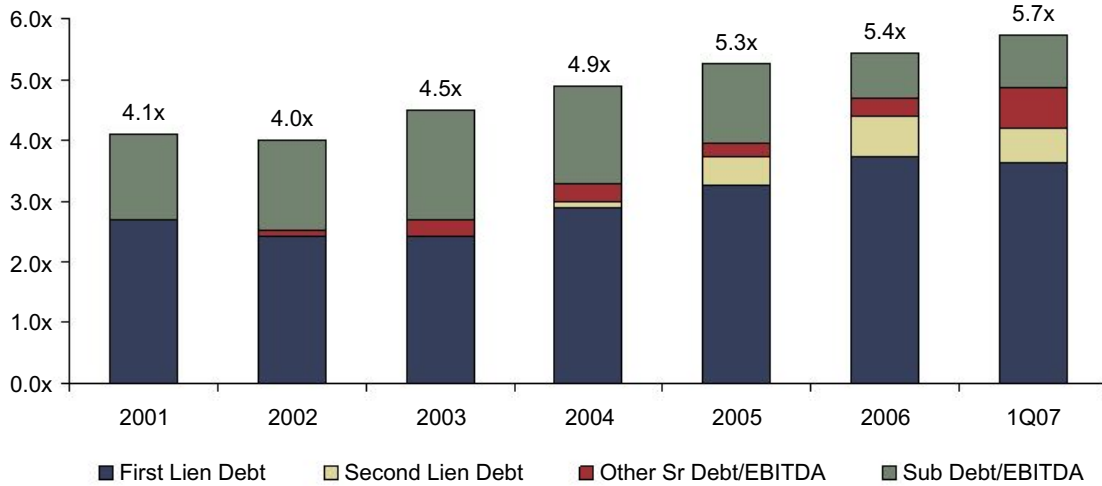
## U.S. Leveraged Buyout Loan Volume: 2002 – YTD 2007



# Large Cap Leverage Trends

- As illustrated below, leverage ratios have improved as lenders have extended credit to finance LBO transactions
- Despite the dramatic increase in leverage multiples, default rates have fallen to all time lows with no new institutional loan defaults in the first quarter of 2007

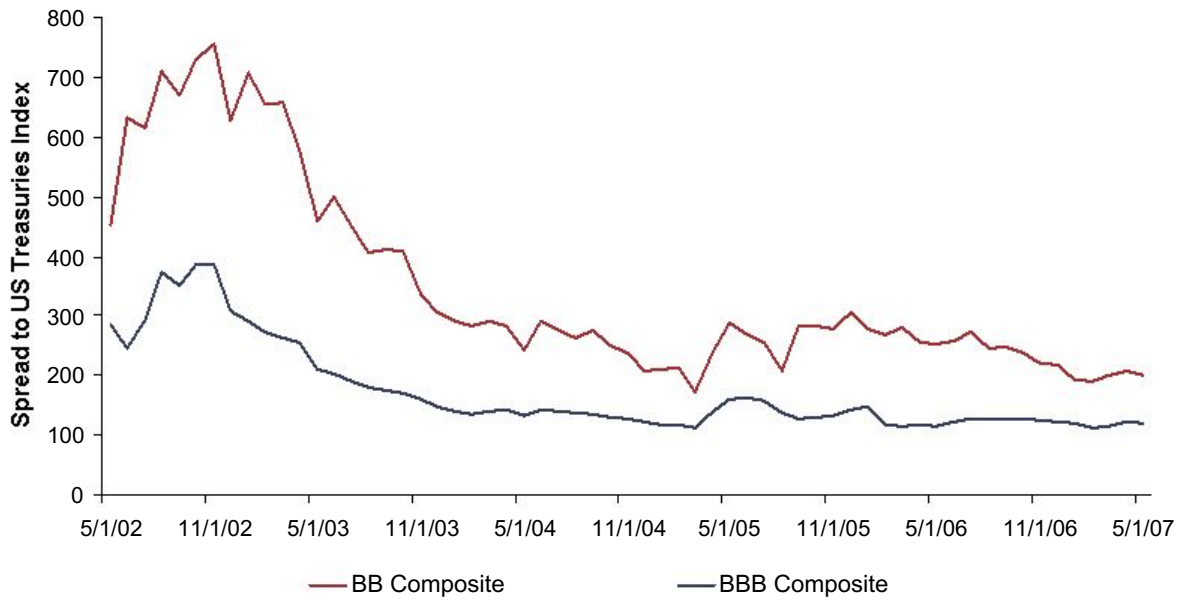
**Debt / EBITDA Multiples for Large Corporate (a) LBOs: 2001 – YTD 2007**



# Corporate Debt Pricing Trends

- Spreads have narrowed over the past 5 years between corporate investment grade and non-investment grade bonds

**Corporate Bond Interest Rate Trends: Last 5 Years**



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### **III. Strategic Alternatives**

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# Summary of Strategic Alternatives

	Status Quo	Transformational Acquisition	Leveraged Recapitalization	Significant Equity Investment	Sale of Company
Pros	<ul style="list-style-type: none"> <li>Continue executing on vision</li> <li>Long-term beneficiary of increasing financial performance given:               <ul style="list-style-type: none"> <li>Segment realignment</li> <li>Investment scenarios</li> <li>Offshoring opportunities</li> <li>Improved free cash flow over the long term</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Diversifies operational risk and accelerates business into high growth areas</li> <li>Synergy realization</li> <li>Fortify key areas of concern over the long-term (i.e., data)</li> </ul>	<ul style="list-style-type: none"> <li>Favorable credit markets</li> <li>Short-term cash distribution via dividend or share repurchase</li> <li>Retain long-term equity upside</li> </ul>	<ul style="list-style-type: none"> <li>Potential operating / revenue synergies with partner</li> <li>Cash infusion available to distribute to shareholders or retain to fund investment scenarios</li> <li>Validation of long-term strategy</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition premium</li> <li>Public shareholders receive liquidity today vs. waiting for future benefits to materialize</li> <li>Tap into robust credit and private equity markets</li> </ul>
Cons	<ul style="list-style-type: none"> <li>Quarterly earnings pressure driven by slow down in financial services and investment in growing business segments</li> <li>Significant investment / labor reengineering projects to undertake over near term               <ul style="list-style-type: none"> <li>Complexity of execution interjects risk</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Execution risk</li> <li>Will require significant amount of leverage or ceding of significant ownership stake to target</li> <li>Will likely be very competitive process</li> <li>APPLE stock currency is cheap compared to deal multiples</li> <li>Typically, near term pressure on acquiror's share price</li> <li>Cultural fits</li> </ul>	<ul style="list-style-type: none"> <li>Operating as higher leveraged company with investments to be made to drive long-term growth</li> <li>Negative perception that Company has exhausted all other value-creating investment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>May change Board composition or change the strategic direction</li> <li>Minimize future exit opportunities</li> <li>Lack of control premium</li> <li>Day-to-day operations may be effected depending on partner strategy / conflicts</li> <li>Potential impact on customers</li> <li>Difficult to negotiate value and business relationship</li> </ul>	<ul style="list-style-type: none"> <li>Potential failed process, and resulting consequences to ongoing operations</li> <li>Present shareholders do not realize benefit should future investment scenarios materialize</li> </ul>

## Status Quo – Management Base Case

(Dollars in Millions, Except per Share)

- APPLE, as a public company, may continue to build value by executing its long-term business strategy across its core and emerging business segments
  - Pursuit of potential cost savings initiatives through additional offshoring and geographic reorganization could drive long-term margin expansion, but have a near-term negative earnings impact

	<i>APPLE LTM Multiple</i>	<b>Fiscal Year Ending March 31,</b>			
		<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Adjusted EBITDA		\$ 301	\$ 335	\$ 367	\$ 413
<b>Equity Value</b>	<b>9.5x</b>	<b>\$ 2,474</b>	<b>\$ 2,942</b>	<b>\$ 3,394</b>	<b>\$ 4,014</b>
EBIT		\$ 189	\$ 221	\$ 268	\$ 320
<b>Equity Value</b>	<b>15.4x</b>	<b>\$ 2,518</b>	<b>\$ 3,156</b>	<b>\$ 4,022</b>	<b>\$ 5,008</b>
<b>Average Equity Value</b>		<b>\$ 2,496</b>	<b>\$ 3,049</b>	<b>\$ 3,708</b>	<b>\$ 4,511</b>
<b>Implied Share Price (a)</b>		<b>\$ 28.39</b>	<b>\$ 34.69</b>	<b>\$ 42.19</b>	<b>\$ 51.32</b>
-----					
Earnings Per Share		\$ 1.02	\$ 1.36	\$ 1.78	\$ 2.25
<b>Implied Share Price (a)</b>	<b>24.4x</b>	<b>\$ 24.85</b>	<b>\$ 33.26</b>	<b>\$ 43.52</b>	<b>\$ 54.87</b>

- Implied share prices are as of the end of the applicable fiscal period



# Transformational Acquisition

- APPLE may also build long-term value through a strategic acquisition that accelerates the Company into new growth areas, shores up key areas of weakness or capitalizes on the Company's core strengths
  - Expansion into the digital, risk, consulting and data segments
- Market for strategic assets has been robust with both strategic and financial buyers willing to pay significant premiums related to potential synergy achievement and favorable financing terms and conditions
  - Google / DoubleClick – 10.0x revenue, 34.0x EBITDA
  - Pacific Equity Partners & Merrill Lynch / Veda Advantage – 6.3x revenue, 13.6x EBITDA
- Many potential transformational partners have been acquired or are rumored to be in a sales process:



- Other Considerations:
  - Cultural fit
  - Increased leverage or significant distribution of shares
  - Near-term dilution
  - APPLE currently trading near 52-week low
  - Integration / Execution risk

# Leveraged Recapitalization: Dividend

(Dollars in Millions, Except per Share)

- Given the strength of APPLE's balance sheet and expected cash flow, the Company could raise additional debt and return capital to shareholders via a one-time cash dividend
- Aggressive lending markets have recently led to:
  - Ability to obtain higher amounts of senior leverage
  - Competitive pricing
- Allows shareholders to gain short-term liquidity and retain equity upside
- These debt levels increase operational risks and limit the Company's ability to make strategic acquisitions and other investments
- The table below illustrates the potential per share dividend available after a Leveraged Recapitalization of various debt levels

**Leverage Amount:**

1st Lien Note	\$ 800	\$ 900	\$ 1,000	\$ 1,000	\$ 1,000
Senior Subordinated Note	-	-	-	100	200
Existing Capital Lease	121	121	121	121	121
<b>Total</b>	<b>\$ 921</b>	<b>\$ 1,021</b>	<b>\$ 1,121</b>	<b>\$ 1,221</b>	<b>\$ 1,321</b>

**Proceeds Available for Dividend (after expenses):**

<b>Total</b>	<b>\$ 156</b>	<b>\$ 254</b>	<b>\$ 353</b>	<b>\$ 451</b>	<b>\$ 548</b>
<b>Per Share</b>	<b>\$ 1.99</b>	<b>\$ 3.25</b>	<b>\$ 4.51</b>	<b>\$ 5.75</b>	<b>\$ 7.00</b>
<b>Current Yield</b>	<b>8.6%</b>	<b>14.1%</b>	<b>19.5%</b>	<b>24.9%</b>	<b>30.3%</b>

**Pro Forma Adjusted EBITDA Leverage Multiples:**

1st Lien Note	3.0x	3.3x	3.7x	3.7x	3.7x
Senior Subordinated Note	0.0	0.0	0.0	0.4	0.7
Existing Capital Lease	0.4	0.4	0.4	0.4	0.4
<b>Total</b>	<b>3.4x</b>	<b>3.8x</b>	<b>4.1x</b>	<b>4.5x</b>	<b>4.9x</b>

**Pro Forma Coverage Ratios:**

EBITDA / Net Interest Expense	3.9x	3.6x	3.2x	2.9x	2.6x
Fixed Charge Coverage Ratio	1.24x	1.18x	1.14x	1.09x	1.04x

# Recent One-Time Special Dividends

(Dollars in Millions, Except per Share)

- Stephens analyzed the impact of selected one-time special dividends completed since 2005
  - Market Capitalization greater than \$100 million
  - Dividend greater than \$0.50 per share
- The companies analyzed:
  - Issued dividends with a median current yield of 12.5% (mean of 20.3%)
  - Posted a median price increase on the day following the announcement of 1.7% (mean increase of 4.0%)

Company	Date		Pre-Announcement		Dividend			Stock Impact			\$ Change Ex-Div. Date
	Announced	Ex. Div.	Market Cap	Share Price	Total Amount	Per Share	Dividend Yield	1 Day Post Announce	Ex. Dividend		
									1 Day	30 Day	
Dean Foods	3/2/07	4/3/07	\$ 5,826.8	\$ 45.39	\$ 1,925.6	\$ 15.00	33.0%	3.6%	4.2%	13.3%	\$ (13.63)
General Maritime	2/21/07	3/26/07	1,308.6	39.97	491.1	15.00	37.5%	8.3%	4.3%	20.2%	(13.77)
Health Management Associates, Inc.	1/17/07	3/2/07	4,965.8	20.63	2,407.1	10.00	48.5%	0.2%	4.3%	16.4%	(9.58)
Saks Inc.	10/3/06	12/1/06	2,327.0	17.11	544.0	4.00	23.4%	4.8%	2.2%	7.9%	(3.64)
Syntel Inc.	8/15/06	8/29/06	843.7	20.74	50.8	1.25	6.0%	6.8%	0.3%	6.1%	(1.18)
USA Mobility Inc.	6/7/06	6/28/06	544.0	19.99	81.6	3.00	15.0%	2.7%	3.4%	10.4%	(2.47)
Cablevision System	4/7/06	4/25/06	6,082.3	27.00	2,252.7	10.00	37.0%	0.9%	5.8%	9.5%	(8.94)
TOP Tankers Inc.	4/6/06	4/12/06	341.5	12.16	70.2	2.50	20.6%	1.6%	-2.5%	-18.1%	(2.75)
TOP Tankers Inc.	3/13/06	3/28/06	388.1	13.82	140.4	5.00	36.2%	23.6%	7.7%	-22.0%	(4.02)
Todd Shipyards Corp.	3/27/06	6/1/06	153.2	28.25	21.7	4.00	14.2%	7.1%	1.4%	-19.9%	(3.60)
Whole Foods Market Inc.	11/9/05	1/11/06	9,853.3	72.50	292.2	2.15	3.0%	-3.7%	0.1%	-14.7%	(2.08)
Aldia Inc.	11/18/05	11/30/05	125.0	24.38	5.1	1.00	4.1%	1.2%	1.2%	2.1%	(0.89)
USA Mobility Inc.	11/9/05	11/29/05	662.6	24.70	40.8	1.50	6.1%	5.8%	0.2%	5.9%	(1.44)
Park Electrochemical Corp.	10/19/05	11/10/05	493.6	24.78	19.9	1.00	4.0%	1.1%	3.8%	1.0%	(0.06)
Steven Madden Ltd.	11/2/05	11/9/05	337.9	17.57	12.9	0.67	3.8%	-1.8%	2.8%	11.4%	(0.17)
Duke Realty Corp.	10/26/05	11/9/05	4,804.1	33.62	150.0	1.05	3.1%	-1.5%	0.6%	3.9%	(0.86)
Cutter & Buck Inc.	10/19/05	10/31/05	137.6	12.26	15.0	1.34	10.9%	1.9%	4.0%	2.1%	(0.87)
Pharmaceutical Product Development Inc.	10/5/05	10/13/05	3,277.0	28.94	118.9	1.05	3.6%	-5.0%	3.5%	8.2%	(0.10)
Aldia Inc.	5/18/05	6/3/05	117.9	23.00	5.6	1.10	4.8%	-1.3%	-1.5%	-9.6%	(1.43)
Syms Corp.	4/7/05	4/25/05	198.4	13.15	15.1	1.00	7.6%	3.4%	-1.1%	5.6%	(1.14)
Atlantis Plastics Inc.	3/23/05	4/11/05	100.1	18.01	69.5	12.50	69.4%	29.9%	12.3%	-25.6%	(11.42)
Fidelity National Financial	12/10/04	3/29/05	7,368.4	44.70	1,648.4	10.00	22.4%	1.0%	7.1%	1.9%	(7.15)
Genetek Inc.	2/28/05	3/17/05	489.3	48.45	313.1	31.00	64.0%	-0.4%	5.3%	-21.2%	(30.10)
Liberty Corp.	2/8/05	3/11/05	736.0	39.85	73.9	4.00	10.0%	6.1%	-0.6%	0.3%	(4.25)
<b>Median</b>							<b>12.5%</b>	<b>1.7%</b>	<b>3.1%</b>	<b>3.0%</b>	
<b>Mean</b>							<b>20.3%</b>	<b>4.0%</b>	<b>2.9%</b>	<b>-0.2%</b>	

# Leveraged Recapitalization: Share Repurchase

(Dollars in Millions, Except per Share)

- APPLE could also utilize its balance sheet and cash flow prospects to raise additional debt and repurchase shares in the open market or through a tender offer

## Leverage Amount:

1st Lien Note	\$ 800	\$ 900	\$ 1,000	\$ 1,000	\$ 1,000
Senior Subordinated Note	-	-	-	100	200
Existing Capital Lease	121	121	121	121	121
Total	921	1,021	1,121	1,221	1,321
Less: Existing Debt	(756)	(756)	(756)	(756)	(756)
Less: Estimated Expenses	(10)	(11)	(13)	(15)	(18)
Proceeds Available for Share Repurchase	\$ 156	\$ 254	\$ 353	\$ 451	\$ 548

## Shares Purchased @ \$26.00

% of Shares Outstanding	7.6%	12.5%	17.3%	22.1%	26.9%
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2008 Base Case EPS	\$ 1.02	\$ 1.02	\$ 1.02	\$ 1.02	\$ 1.02
2008 Pro Forma EPS	1.01	1.00	0.98	0.95	0.90
Accretion - \$	\$ (0.01)	\$ (0.02)	\$ (0.03)	\$ (0.07)	\$ (0.11)
Accretion - %	-0.8%	-2.0%	-3.3%	-7.1%	-11.2%

## Pro Forma Adjusted EBITDA Leverage Multiples:

1st Lien Note	3.0x	3.3x	3.7x	3.7x	3.7x
Senior Subordinated Note	0.0	0.0	0.0	0.4	0.7
Existing Capital Lease	0.4	0.4	0.4	0.4	0.4
Total	3.4x	3.8x	4.1x	4.5x	4.9x

## Pro Forma Coverage Ratios:

EBITDA / Net Interest Expense	3.9x	3.6x	3.2x	2.9x	2.6x
Fixed Charge Coverage Ratio	1.24x	1.18x	1.14x	1.09x	1.04x

## Significant Equity Investment

(Dollars in Millions)

- APPLE may sell a large equity stake to a strategic or financial partner to pursue acquisitions, make investments or partially fund a cash distribution to shareholders
- The table below illustrates the potential proceeds available for corporate use after an equity investment, assuming no additional leverage
- Assumes a preferred structure will be desirable to achieve a market premium

Preferred Equity Investment	\$ 250	\$ 500	\$ 750	\$ 1,000
<b><u>Ownership:</u></b>				
Current Shareholders	89.1%	80.4%	73.2%	67.2%
New Shareholders	10.9%	19.6%	26.8%	32.8%
<b><u>Share Count:</u></b>				
Current Shares Outstanding	78.3	78.3	78.3	78.3
New Shares Issued (20% Premium to 30 Day Avg.)	9.6	19.1	28.7	38.3
Pro Forma Shares Outstanding	<u>87.9</u>	<u>97.5</u>	<u>107.1</u>	<u>116.6</u>

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## **IV. Process Overview**

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## OSPREY Diligence Summary

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- Diligence commenced remotely on March 9<sup>th</sup> with an electronic data room and on-site in Little Rock on March 12<sup>th</sup>
- Introduced CANARY as an Equity Partner on April 5<sup>th</sup>
  - Meetings with APPLE senior management and organization leaders in Little Rock on April 10<sup>th</sup> – April 11<sup>th</sup>
- Diligence overview
  - Electronic Data Room
  - Site Visits – Little Rock, Conway, Downers Grove, San Mateo, Denver, London
  - On-Site Diligence Team
    - OSPREY Internal Team – Operations and finance
    - Duff & Phelps – Accounting and finance
    - Fried Frank – Legal (off-site)
    - Bain Consulting – General industry and market study
    - Winterberry Group – Marketing consultants
    - TPI – ITO Outsourcing
  - Financing Sources
    - Bank of America
    - JP Morgan Chase
- APPLE Team members were involved in all phases of the diligence process

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## QUAIL Proposed Diligence

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- QUAIL's initial diligence consisted of:
  - Review of publicly available documents
  - Receipt of APPLE base case model
  - Access to electronic data room
- On-site diligence completed April 30<sup>th</sup> and May 1<sup>st</sup>
  - Management Presentations – QUAIL, UBS, Morgan Stanley, Deloitte
  - Financial model review – QUAIL, UBS, Morgan Stanley, Deloitte
  - Accounting review – Deloitte
  - Legal review – Dechert
  - Business Review – Fresen Associates (Business Consultant), Synergistics
- APPLE Team members involved in all phases of the diligence process
- QUAIL has indicated it expects to be able to complete its diligence within 2 weeks
- QUAIL indicated willingness to get to a contract by May 14<sup>th</sup>



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## Next Steps in QUAIL Process

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- Complete diligence process to obtain financing and finalize valuation
- Receive and evaluate ultimate QUAIL offer
  - Price
  - Transaction Structure
  - Financing Structure / Commitment
  - Key Conditions
    - MAC
    - Go-Shop and Topping Rights
    - Break Fees
    - Shareholder Vote
    - Other Conditions
  - Remaining diligence
  - Timing
- Craft Go-Shop process to solicit, accommodate and evaluate potential competitive interest
- Key upcoming APPLE milestones
  - Earnings announcement (new guidance) on May 16<sup>th</sup>
  - New segment information description

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## Go-Shop Summary

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- A Go-Shop provision allows a publicly-traded target to actively solicit offers from other bidders for an agreed upon period of time after achieving the deal certainty of signing a definitive agreement with a buyer
- Duration and Scope
  - Typically ranges from 20 – 60 days
  - Permits solicitation of bids from both strategic and financial buyers
  - Execute Confidentiality Agreement and grant access to electronic data room
  - Provide access to APPLE management
  - Form of merger agreement already prepared to deliver
- Information and Matching Rights
  - Typically provides for buyer to be informed of alternative bids solicited during the Go-Shop period
  - Approximately 50% of transactions with Go-Shop provisions include an obligation for the target to negotiate with the initial purchaser to allow it to match or top any alternative proposal
- Proxy Filing Obligations
  - Often requires the merger proxy to be prepared and filed with the SEC as “promptly as practicable” after the execution of the merger agreement
- Breakup/Termination Fees
  - Requires a public target to pay a fee to the initial buyer if the target invokes its fiduciary out, structured as either:
    - The same fee regardless of whether the fiduciary out is exercised for a bid solicited during the Go-Shop period or a later unsolicited offer; or
    - A discounted fee if the transaction was abandoned in favor of a bid obtained during the Go-Shop period (typically 30% – 60% of the full termination fee)

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## Go-Shop Process and Timeline

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- Based on the receipt of an offer, the Board will determine whether to seek additional offers for the Company and the timing of such:
  - Negotiate terms and conditions with QUAIL and then solicit alternative bidders during Go-Shop period; or
  - Seek other interest before finalizing terms and conditions with QUAIL; or
  - Decline to proceed in any matter
- If APPLE proceeds with current offer, the Company will
  - Negotiate and execute a definitive agreement
  - Publicly announce the Transaction
  - Initiate Go-Shop period managed by Stephens
  - Prepare and file preliminary proxy with SEC (20 – 45 days to clear proxy)
    - If there is Go-Shop period, the Company may elect to wait until the Go-Shop period ends to file its proxy statement
  - File for HSR review which takes approximately 30 days, or less with accelerated response
  - File definitive proxy statement and mail to shareholders
  - Hold shareholder meeting and vote
  - Close Transaction (usually same day as shareholder meeting)

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## Key Considerations for APPLE if BOD Elects to Go Forward <sup>(a)</sup>

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- Determine whether to get a “bird in hand” or solicit other proposals
  - **Pros of Go-Shop Process**
    - Deal certainty
    - Avoids business and execution risks of failed auction and being shop worn
    - Defines diligence process for potential purchasers, thereby minimizing disruption to APPLE operations and management time commitments
    - Go-Shop provides adequate opportunity for potential purchasers that would pay a higher price than the announced offer
  - **Cons of Go-Shop Process**
    - Potential purchasers may be dissuaded from evaluating a transaction given the appearance that the current buyer has a head start
    - Potential cost to shareholders if termination fee is paid (typically 1.0 – 2.0% of equity value)
- 
- **Pros of Strategic Alternatives Announcement**
    - Treats all bidders equally – allows slower bidders to remain engaged throughout the process
    - Avoids break-up fee
  - **Cons of Strategic Alternatives Announcement**
    - Give up opportunity to have transaction signed by May 16<sup>th</sup>
    - Stock could run up to unrealistic expectations, only to fall back later
    - Uncertainty of future ownership coupled with ongoing distraction of auction process may disrupt growth and day-to-day operations (employees, customers)
    - Shareholder base changes rapidly to short-term holders making it difficult to return to status quo if a deal is not consummated
    - Failure to complete transaction leaves uncertainty

# Go-Shop Analysis

(Dollars in Millions)

- Since January 1, 2006, approximately 23.3% of all going private transactions used Go-Shop provisions
  - Financial buyers
  - Deal size greater than \$100 million
- Since January 1, 2007, 12 out of 32 (37.5%) going private transactions used Go-Shop provisions
  - 3 of the 12 deals resulted in a higher bid

Announced Date	Deal Target	Acquired By	Total Trans. Size	Offer Price Per Share	Premium Over Share Price -%				Termination Fees				Go-Shop Duration (# Days)	Days Between Announcement and Proxy Filing
					1-Day	10-Day Avg	90-Day Avg	200-Day Avg	During Go-Shop		After Go-Shop			
					\$	%	\$	%	\$	%				
4/26/07	Harman International Industries	KKR, GS Capital Partners	\$ 7,860.0	\$ 120.00	17.0%	16.5%	19.9%	27.1%	---	---	---	---	50	---
4/24/07	Myers Industries, Inc.	GS Capital Partners	1,015.1	22.50	4.6%	10.9%	17.1%	31.9%	\$ 25.0	2.5%	\$ 25.0	2.5%	45	---
4/24/07	Symbion, Inc.	Crestview Partners	643.6	22.35	17.4%	13.1%	14.8%	15.9%	5.0	0.8%	12.5	1.9%	30	---
4/2/07	First Data Corp.	KKR	28,862.2	34.00	26.4%	27.6%	32.8%	40.2%	250.0	0.9%	700.0	2.4%	50	---
3/6/07	Topps Co. Inc.	Madison Dearborn, The TormentCo.	386.3	9.75	9.4%	5.1%	2.0%	11.1%	8.0	2.1%	12.0	3.1%	40	42
2/26/07	TXU Corp.	6 Parties Including KKR, Texas Pacific	44,183.4	69.25	15.4%	19.3%	23.8%	16.8%	375.0	0.8%	1,000.0	2.3%	50	---
2/26/07	Hub International Ltd. (a)	ApaxPartners, Morgan Stanley	1,810.2	41.50	20.3%	21.7%	26.3%	42.0%	21.2	1.2%	50.8	2.8%	21	21
2/5/07	Triad Hospitals, Inc. (c)	CCMP, Goldman Sachs	6,838.1	50.25	16.1%	16.2%	20.0%	22.5%	20.0	0.3%	120.0	1.8%	40	39
1/28/07	Laureate Education Inc.	10 Parties Including KKR, Citigroup	3,769.7	60.50	11.2%	14.9%	19.1%	24.0%	55.0	1.5%	110.0	2.9%	45	47
1/8/07	United Surgical Partners International Inc.	Welsh Carson	1,887.0	31.05	13.4%	9.8%	14.5%	8.3%	15.0	0.8%	42.0	2.2%	40	28
1/3/07	Blair Corporation	Golden Gate Capital	173.0	37.50	14.5%	16.1%	20.8%	20.4%	4.3	2.5%	5.2	3.0%	30	36
12/15/06	Realty Corporation	Apollo Management	9,165.0	30.00	15.4%	14.6%	14.3%	25.1%	215.0	2.3%	215.0	2.3%	60	34
12/8/06	Catalina Marketing Corp. (b)	Hellman & Friedman	1,623.9	32.50	34.1%	30.1%	29.8%	22.7%	8.4	0.5%	50.6	3.1%	45	---
11/5/06	OSI Restaurant Partners	Bain Capital, Catterton	3,455.0	40.00	23.3%	20.1%	21.0%	8.4%	25.0	0.7%	45.0	1.3%	50	73
10/25/06	Clear Channel Communications	TH Lee, Bain Capital	27,130.0	37.60	16.8%	20.3%	25.0%	27.5%	500.0	1.8%	500.0	1.8%	21	51
10/14/06	Open Solutions Inc.	Carlyle, Providence	1,337.0	38.00	25.5%	29.9%	31.7%	39.4%	12.0	0.9%	30.0	2.2%	21	34
10/2/06	Harrah's Entertainment Inc.	Apollo Management, Texas Pacific	27,893.0	90.00	35.5%	34.7%	40.8%	26.6%	500.0	1.8%	500.0	1.8%	25	79
9/11/06	Freescale Semiconductor Inc.	Blackstone, Texas Pacific, Permira, Carlyle	18,488.0	40.00	30.1%	28.8%	34.7%	42.0%	150.0	0.8%	300.0	1.6%	50	22
7/24/06	HCA Inc.	Merrill, Bain, KKR	33,090.5	51.00	17.8%	16.5%	17.4%	8.2%	300.0	0.9%	500.0	1.5%	50	16
7/13/06	Petco Animal Supplies Inc.	Leonard Green, Texas Pacific	1,828.0	29.00	48.1%	44.5%	47.0%	37.2%	30.0	1.6%	50.0	2.7%	21	29
6/6/06	ACE Cash Express	JLL Partners	530.0	30.00	15.4%	12.6%	12.4%	25.9%	10.0	1.9%	15.0	2.8%	30	34
5/31/06	West Corporation	TH Lee, Quadrangle	4,100.0	48.75	13.0%	13.4%	7.8%	17.5%	67.0	1.6%	93.0	2.3%	20	43
5/22/06	Jameson Inns Inc.	JER Partners	367.0	2.97	29.7%	24.4%	21.3%	29.0%	2.5	0.7%	5.0	1.4%	25	11
1/23/06	Sports Authority Inc.	Leonard Green	1,300.0	37.25	20.0%	22.7%	20.6%	21.8%	30.0	2.3%	30.0	2.3%	20	23
<b>Mean</b>					21.1% (d)	20.2%	22.3%	24.6%	1.4%	2.3%	37	34 (e)		
<b>Median</b>					17.4% (d)	17.9%	20.7%	24.6%	1.2%	2.3%	40	34 (e)		

(a) Apax Partners increased its original bid from \$40.00 to \$41.50 during the Go-Shop period.

(b) Hellman & Friedman offered \$32.50 during the Go-Shop period (April 17, 2007); higher than the original terms with ValueAct Capital of \$32.10 per share (signed March 8, 2007).

(c) Transaction has been canceled as a result of Community Health Systems, Inc. entering a higher bid of \$54.00 per share during the Go-Shop period.

(d) Mean and median exclude Myers Industries Inc.

(e) Mean and median exclude OSI Restaurant Partners and Harrah's Entertainment Inc.

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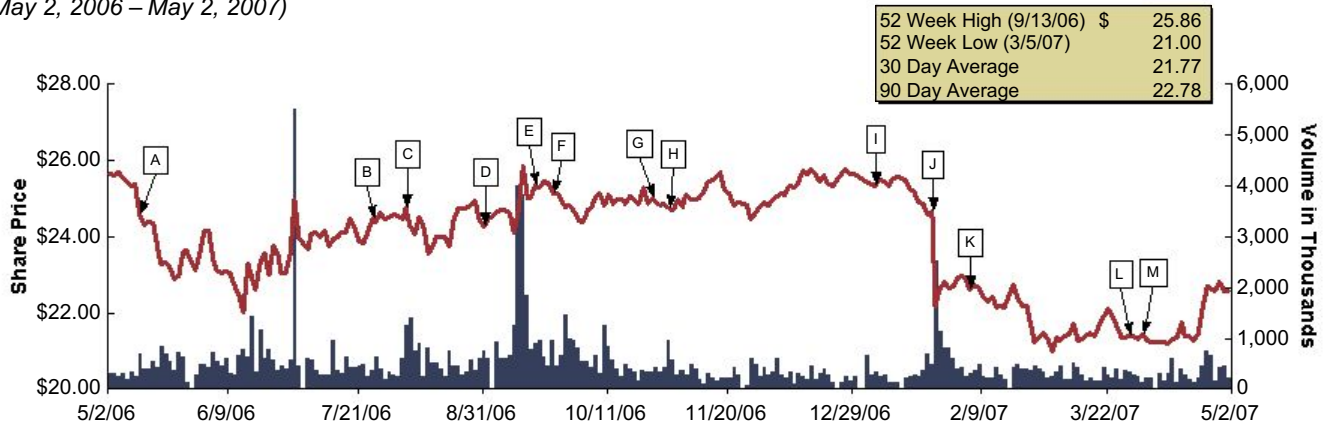
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## **V. Historical Stock Price Performance**

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# LTM APPLE Performance

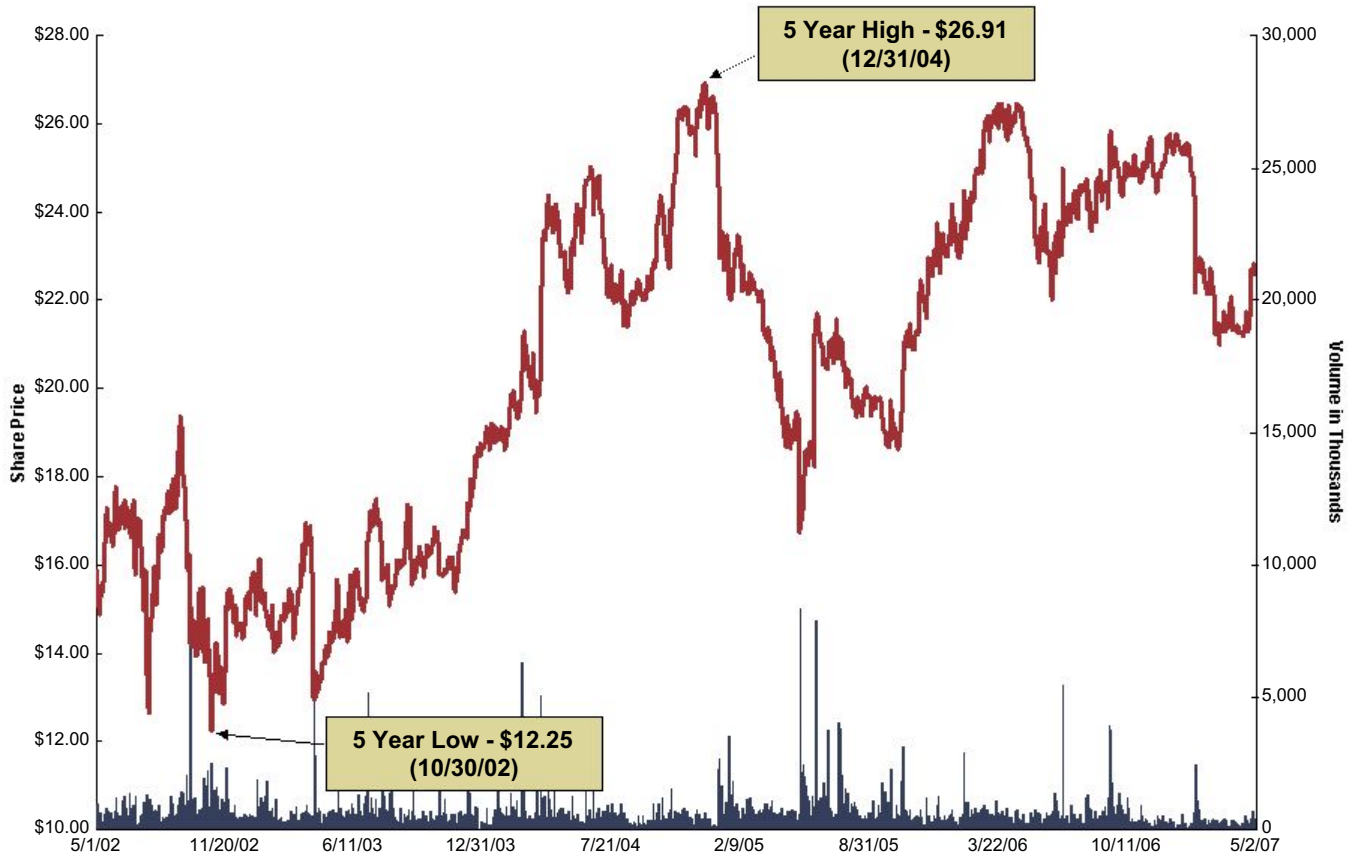
(May 2, 2006 – May 2, 2007)



- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>A</b> 5/17/06: Announced revenue of \$1.3 billion and EPS of \$0.74 for the FYE 2006 vs. consensus EPS of \$0.75</p> <p><b>B</b> 7/26/06: Announced revenue of \$336.7 million and EPS of \$0.20 for the Q1 2007 vs. consensus EPS of \$0.17.</p> <p><b>C</b> 8/7/06: Announced Jeffrey W. Ubben will join the Company's Board of Directors.</p> <p><b>D</b> 8/31/06: Announced adjustments to the Company's Road Map earnings target as a result of an increase in options exercised, non-financial advisory fees related to the proxy contest, share repurchase through DAST, an increase in incremental interest expense, and a higher effective tax rate.</p> <p><b>E</b> 9/18/06: Announced the final results of the Company's Dutch Auction Self Tender in which 11.1 million shares of common stock were purchased at a price of \$25.00 per share.</p> <p><b>F</b> 9/22/06: Announced the election of R. Halsey Wise, President and CEO of Intergraph Corporation, to the Company's Board of Directors.</p> | <p><b>G</b> 10/25/06: Announced revenue of \$348.3 million and EPS of \$0.25 for the Q2 2007 vs. consensus EPS of \$0.23.</p> <p><b>H</b> 10/31/06: Announced the opening of new data center in greater Toronto area.</p> <p><b>I</b> 1/5/07: Announced the acquisition of retail business solutions provider, Equitec. The Company expects the transaction to be accretive in 2008.</p> <p><b>J</b> 1/24/07: Announced revenue of \$352.8 million and EPS of \$0.31 for the Q3 2007 vs. consensus EPS of \$0.32.</p> <p><b>K</b> 2/6/07: Announced resignation of Frank Cotroneo as Company's CFO and the appointment of Rodger Kline as interim CFO.</p> <p><b>L</b> 3/29/07: Announced the acquisition of Harbinger Technologies Group, an international consulting and technology that specializes serving homeland defense, national security and the prevention of international terrorism.</p> <p><b>M</b> 4/3/07: Announced the acquisition of Kefta, a leader in real-time, dynamic personalization solutions for the Internet.</p> |
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# Historical 5 Year APPLE Performance

(May 1, 2002 – May 2, 2007)



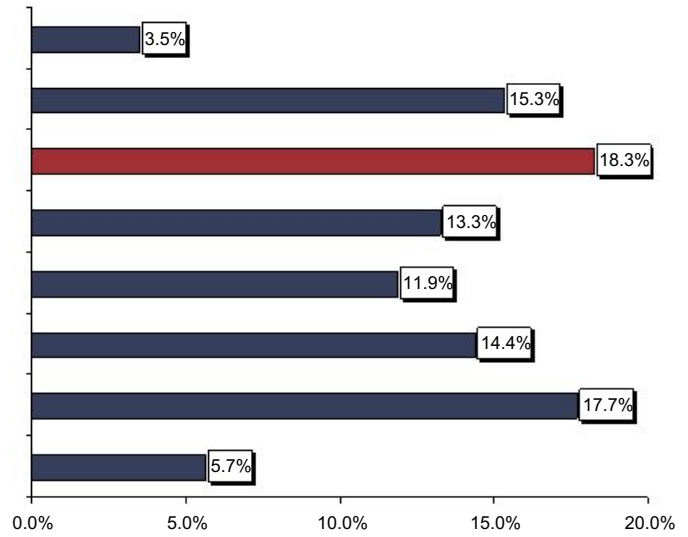


# APPLE – 5 Year Trading Histogram

(May 2, 2002 – May 2, 2007)

Price Range	# of Days Traded	Average Volume	Total Volume	Shares Traded at or Below Range
\$26.01 - \$28.00	62	491,915	30,498,740	100.0%
\$24.01 - \$26.00	221	606,593	134,057,050	96.5%
\$22.01 - \$24.00	266	600,715	159,790,080	81.2%
\$20.01 - \$22.00	148	783,310	115,929,910	62.9%
\$18.01 - \$20.00	149	696,659	103,802,160	49.6%
\$16.01 - \$18.00	165	763,087	125,909,350	37.8%
\$14.01 - \$16.00	208	743,941	154,739,740	23.4%
\$12.00 - \$14.00	40	1,237,756	49,510,256	5.7%

Distribution of Total Volume Traded



<b>Total</b>	<b>1,259</b>	<b>694,390</b>	<b>874,237,286</b>
<b>Weighted Average Price</b>		<b>\$</b>	<b>19.85</b>
<b>Current Price</b>	<b>5/2/07</b>	<b>\$</b>	<b>23.08</b>

# Actual Results vs. Consensus Estimates

(Dollars in Millions, Except per Share)

	Actual		Estimated		% Difference		Share Price Reaction			Comments	Road Map / Outlook Updates
	Rev.	EPS	Rev. (a)	EPS	Rev.	EPS	1 Day	5 Day	30 Day		
<b>FY 07</b>											
<b>Q4</b>	\$ 357.9	\$ 0.20	\$ 355.7	\$ 0.20	0.6%	0.0%	N/A	N/A	N/A	N/A	N/A
<b>Q3</b>	352.8	0.31	365.3	0.32	-3.4%	-2.5%	-10.0%	-7.5%	-10.1%	Slower than expected revenue growth	Reduced guidance for balance of the year
<b>Q2</b>	348.3	0.25	354.5	0.23	-1.7%	7.0%	-0.2%	-0.6%	-0.7%	Solid performance and good positioning for successful second half of the fiscal year	None
<b>Q1</b>	336.7	0.20	333.8	0.17	0.9%	15.9%	-0.3%	0.0%	1.2%	In line with long-term Financial Road Map	None
<b>FY06</b>											
<b>Q4</b>	\$ 344.3	\$ 0.26	\$ 347.7	\$ 0.26	-1.0%	-1.2%	-2.7%	-2.9%	-3.8%	Within fiscal year Financial Road Map	None
<b>Q3</b>	347.4	0.31	338.9	0.25	2.5%	25.5%	4.2%	-0.5%	6.5%	Better-than-expected margins	Lowered international operating margins; added FY07 estimates
<b>Q2</b>	330.5	0.20	322.1	0.15	2.6%	30.0%	3.1%	8.5%	17.0%	Pre-tax charges of \$15.8mm related to restructuring; announced signing of large, new deals	None
<b>Q1</b>	310.3	0.07	310.0	0.09	0.1%	-21.1%	-0.9%	-2.6%	-5.8%	Pre-announced shortfall in revenue and earnings; announced \$14-\$16mm of savings	Lowered FY06 international revenue growth estimates
<b>FY05</b>											
<b>Q4</b>	\$ 322.5	\$ 0.16	\$ 308.7	\$ 0.21	4.5%	-23.8%	-13.2%	-11.9%	11.8%	Solid U.S. operations growth and disappointing growth of the international business	Increased FY06 U.S. rev. growth est. and decreased international revenue growth and operating margins estimates for both segments
<b>Q3</b>	312.4	0.24	309.8	0.25	0.8%	-4.0%	-5.7%	-5.9%	-4.6%	Improved operating margin of the international operations	Lowered FY05 revenue growth and international operating margins, increased U.S. operating margins; added FY06 estimates
<b>Q2</b>	299.1	0.20	293.1	0.18	2.1%	11.1%	6.1%	6.2%	14.3%	High growth of the U.S. operations	None
<b>Q1</b>	289.0	0.14	278.8	0.14	3.6%	0.0%	-3.2%	-3.7%	-3.6%	In line with Financial Road Map	None
<b>FY04</b>											
<b>Q4</b>	\$ 277.8	\$ 0.17	\$ 263.1	\$ 0.17	5.6%	0.0%	2.2%	0.5%	11.5%	Reported in-line results	Introduced Financial Road Map
<b>Q3</b>	255.2	0.22	248.1	0.19	2.9%	15.8%	-0.6%	-0.9%	3.0%	Strong pipeline with new contract that delivers \$49mm in annual revenue	Increased FYE04 revenue estimate and decreased EPS estimate
<b>Q2</b>	241.1	0.13	250.0	0.13	-3.6%	0.0%	-2.6%	-2.6%	-1.5%	Revenue in low range of expectations; EPS in the low range of previous estimates	Lowered FYE04 revenue estimate
<b>Q1</b>	236.7	0.05	237.3	0.05	-0.3%	0.0%	-6.4%	-7.4%	-5.9%	Continued revenue and earnings guidance for Q1 and FY04	Decreased revenue outlook for FY04 and increased EPS estimates

**Stephens Inc.**  
Investment Bankers

Note: Gray shading indicates missed revenue and/or EPS estimates, or revised guidance downwards.  
Source: Bloomberg and FactSet.  
(a) FY04 and FY05 revenue estimates per Stephens Inc. research.

# APPLE Equity Research Coverage

(Dollars in Millions, Except per Share)

## Estimates

Firm	Recommendation	Last Report Date	Target Price	Revenue		EPS	
				2007E	2008E	2007E	2008E
Credit Suisse	Underperform	2/7/07	\$ 24.00	\$1,391.0	\$1,434.8	\$ 0.96	\$ 1.11
Stephens Inc.	Equal-Weight	1/25/07	28.00	1,397.6	1,505.2	0.96	1.18
William Blair & Company	Market Perform	1/25/07	---	1,392.7	1,459.3	0.96	1.05
Piper Jaffray	Market Perform	1/25/07	23.00	1,392.5	1,446.6	0.97	1.13
Robert W. Baird & Co.	Neutral	1/25/07	26.00	1,393.8	1,480.7	0.91	1.10
Lehman Brothers	Overweight / Neutral	1/25/07	23.50	---	---	---	---
ThinkEquity Partners	Hold	1/25/07	21.00	1,393.8	1,465.8	0.94	1.00

<b>Mean</b>	<b>\$ 24.25</b>	<b>\$1,393.6</b>	<b>\$1,465.4</b>	<b>\$ 0.95</b>	<b>\$ 1.10</b>
<b>Median</b>	<b>24.30</b>	<b>1,393.3</b>	<b>1,462.6</b>	<b>0.96</b>	<b>1.11</b>
<b>IBES</b>		<b>\$1,393.9</b>	<b>\$1,470.3</b>	<b>\$ 0.95</b>	<b>\$ 1.12</b>
<b>APPLE Internal Estimates</b>		<b>1,395.8</b>	<b>1,453.7</b>	<b>0.95</b>	<b>1.02</b>

## Commentary

"We believe the risk of near-term numbers is lower now that APPLE has revised their Roadmap (as of Q3 report). That said we do not expect much upside to revenues in the near term given the macro environment (tough demand for traditional marketing services) and APPLE's exposure to financial services and in particular major credit card providers." – **Brandon Dobell, Credit Suisse, 2/6/07.**

"We continue to believe that APPLE is positioned for solid, sustainable growth over the long term driven by: 1) increasing demand for data integration and targeted-marketing capabilities, 2) international expansion opportunities, 3) improving sales productivity as more consultative sales efforts mature, and 4) a broadening service offering including digital marketing and risk management solutions among others." – **Mark A. Bacurin, Robert W. Baird & Co., 1/25/07.**

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## **VI. Valuation Analysis**

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# APPLE Financial Summary

(Dollars in Millions, Except per Share)

## Management Case

- Based on model provided by management to APPLE Board of Directors
- The financial model incorporates the following events:
  - Acquisition of Harbinger and Kefta
  - Reduction in capital expenditures to reflect projected run-rate

	For the Projected Fiscal Year Ending March 31,				CAGR '08-'11
	2008	2009	2010	2011	
Revenue	\$ 1,465.4	\$ 1,561.9	\$ 1,700.2	\$ 1,853.0	8.1%
Growth	5.0%	6.6%	8.9%	9.0%	
EBITDA	\$ 392.1	\$ 411.4	\$ 443.8	\$ 493.4	8.0%
Margin	26.8%	26.3%	26.1%	26.6%	
Adjusted EBITDA (a)	\$ 300.8	\$ 334.8	\$ 366.7	\$ 413.4	11.2%
Margin	20.5%	21.4%	21.6%	22.3%	
EBIT	\$ 189.0	\$ 221.1	\$ 267.8	\$ 320.5	19.2%
Margin	12.9%	14.2%	15.8%	17.3%	
Net Income	\$ 82.7	\$ 111.5	\$ 146.9	\$ 186.6	31.2%
Margin	5.6%	7.1%	8.6%	10.1%	
Earnings Per Share	\$ 1.02	\$ 1.36	\$ 1.78	\$ 2.25	30.2%
Growth	7.7%	33.8%	30.8%	26.1%	

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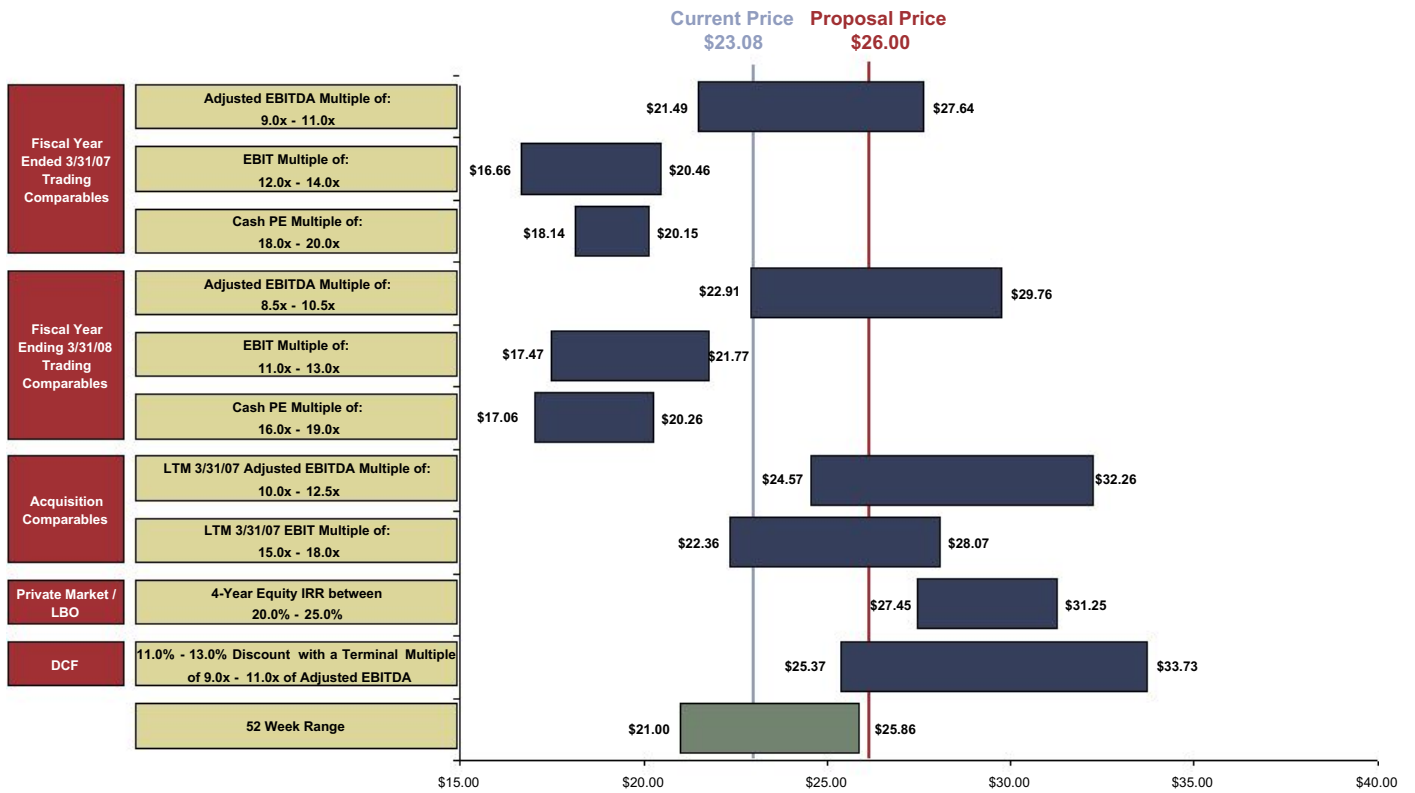
## Valuation Analysis

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**Stephens based its valuation range on APPLE's historical financial performance, projections developed by Management and the following valuation methodologies:**

- Comparable Publicly-Traded Company Analysis
  - Reviewed trailing and forward trading multiples of Adjusted EBITDA, EBIT and Cash EPS of publicly-traded information technology companies relative to growth, margins, returns, strategic/competitive position and financial condition
- Comparable Transaction Analysis
  - Reviewed recent transactions involving similar companies to APPLE and examined multiples paid relative to strategic/synergistic opportunities, operating performance of the target and transaction circumstances
- Leverage Buyout Analysis
  - Utilized APPLE's 4-year projection model, estimated current debt capacity, and a range of private equity returns expected in similar sized transactions (20% – 25%) to derive a current valuation range
- Discounted Cash Flow Analysis
  - Derived a current valuation by discounting the expected future annual cash flows generated by the APPLE Management Case projection model including a terminal valuation. A range of terminal values was determined by applying exit multiples of 9.0x to 11.0x to projected March 31, 2011 Adjusted EBITDA
  - Utilized APPLE's weighted average cost of capital (WACC) of approximately 11 - 13%

# Implied Per Share Valuation Range



- Based on financial projections developed by management for fiscal 2007 – 2011E

# Management Upside Opportunities

(Dollars in Millions, Except per Share)

	For the Projected FYE March 31,			
	2008	2009	2010	2011
Labor Arbitrage / Efficiency Re-Engineering	\$ 9.9	\$ 37.6	\$ 67.6	\$ 91.1
Labor Arbitrage / Efficiency Re-Engineering Transition Impact	(15.0)	-	-	-
Facilities Savings	0.9	5.0	6.4	7.4
Poland - New Cost - (50% of Facility Savings)	(0.5)	(2.5)	(3.2)	(3.7)
Total Pre-Tax Savings	(4.6)	40.1	70.8	94.8
Less Taxes @ 39.0%	1.8	(15.6)	(27.6)	(37.0)
Additional Impact	\$ (2.8)	\$ 24.5	\$ 43.2	\$ 57.8

	Discounted to 3/31/07	Assuming Discount Rates of:		
		15.0%	16.0%	17.0%
Present Value of Cash Flow		\$ 77.5	\$ 75.3	\$ 73.3
Perpetual Growth Rate:	0.0%	220.3	199.5	181.5
	1.0%	238.4	215.0	194.7
	2.0%	259.3	232.6	209.8

Enterprise Value	0.0%	\$ 297.8	\$ 274.9	\$ 254.7
	1.0%	315.9	290.3	268.0
	2.0%	336.8	308.0	283.1

Total Shares and "In the Money" Options Outstanding 87.9 87.9 87.9

Price per Share	0.0%	\$ 3.39	\$ 3.13	\$ 2.90
	1.0%	3.59	3.30	3.05
	2.0%	3.83	3.50	3.22



# Trading Comparables

(Dollars in Millions, Except per Share)

Company Name	Ticker Symbol	Price 5/2/07	Equity Value	Enterprise Value	Enterprise Value / EBITDA			Enterprise Value / EBIT			Price / Cash EPS			Total Debt / LTM EBITDA
					LTM	2007E	2008E	LTM	2007E	2008E	LTM	2007E	2008E	
Equifax Inc. (a)	EFX	\$ 40.30	\$ 5,969.6	\$ 6,820.0	\$ 616.4 11.1x 33.3%	\$ 661.3 10.3x 34.7%	\$ 741.1 9.2x 34.9%	\$ 471.0 14.5x 25.5%	\$ 556.0 12.3x 29.2%	\$ 595.5 11.5x 28.1%	\$ 2.23 18.1x	\$ 2.23 18.1x	\$ 2.60 15.5x	1.4x
The Dun & Bradstreet Corporation	DNB	91.06	5,666.6	5,987.2	\$ 459.2 13.0x 30.0%	\$ 528.0 11.3x 32.4%	\$ 575.8 10.4x 33.2%	\$ 425.9 14.1x 27.6%	\$ 476.0 12.6x 29.2%	\$ 528.0 11.3x 30.4%	\$ 3.87 23.5x	\$ 4.71 19.3x	\$ 5.31 17.1x	1.1x
Alliance Data Systems Corporation	ADS	63.75	5,232.7	5,078.8	\$ 541.3 9.4x 26.1%	\$ 606.7 8.4x 25.8%	\$ 662.1 7.7x 25.5%	\$ 404.3 12.6x 19.5%	\$ 453.0 11.2x 19.3%	\$ 493.8 10.3x 19.0%	\$ 2.88 22.1x	\$ 3.50 18.2x	\$ 3.95 16.1x	2.4x
ChoicePoint Inc.	CPS	38.65	3,063.7	3,484.5	\$ 336.3 10.4x 31.7%	\$ 347.8 10.0x 30.9%	\$ 372.7 9.3x 31.1%	\$ 263.4 13.2x 24.6%	\$ 272.6 12.8x 24.2%	\$ 295.6 11.8x 24.7%	\$ 1.98 19.5x	\$ 2.07 18.7x	\$ 2.36 16.3x	2.2x
Fair Isaac Corporation	FIC	35.71	2,068.1	2,265.2	\$ 259.3 8.7x 31.5%	\$ 237.2 9.5x 29.6%	\$ 262.8 8.6x 31.5%	\$ 207.9 10.9x 25.2%	\$ 184.4 12.3x 23.0%	\$ 216.5 10.5x 26.0%	\$ 2.61 13.7x	\$ 2.30 15.5x	\$ 2.64 13.5x	2.3x
Harte-Hanks, Inc.	HHS	26.14	2,007.1	2,167.9	\$ 225.5 9.6x 19.0%	\$ 239.1 9.1x 19.0%	\$ 249.9 8.7x 18.9%	\$ 189.9 11.4x 16.0%	\$ 201.1 10.8x 16.0%	\$ 210.9 10.3x 15.9%	\$ 1.45 18.0x	\$ 1.57 16.7x	\$ 1.73 15.1x	0.9x
infoUSA Inc. (b)	IUSA	9.83	547.3	813.3	\$ 101.9 8.0x 17.3%	\$ 112.1 7.3x 17.8%	\$ 123.8 6.6x 19.0%	\$ 66.1 12.3x 11.2%	\$ 73.2 11.1x 11.6%	\$ 83.7 9.7x 12.8%	\$ 0.51 19.1x	\$ 0.78 12.6x	\$ 0.88 11.2x	0.4x
<b>Summary of Market Multiples:</b>														
Maximum					13.0x	11.3x	10.4x	14.5x	12.8x	11.8x	23.5x	19.3x	17.1x	2.4x
Minimum					8.0	7.3	6.6	10.9	10.8	9.7	13.7	12.6	11.2	0.4x
Mean					10.0x	9.4x	8.6x	12.7x	11.9x	10.8x	19.2x	17.0x	15.0x	1.5x
Median					9.6	9.5	8.7	12.6	12.3	10.5	19.1	18.1	15.5	1.4x
Mean (Excluding Min and Max)					9.8	9.5	8.7	12.7	11.9	10.8	19.4	17.4	15.3	1.9x
<b>Margins:</b>														
Mean					27.0%	27.2%	27.7%	21.4%	21.8%	22.4%				
Median					30.0%	29.6%	31.1%	24.8%	23.0%	24.7%				
APPLE (c)		\$ 23.08	\$ 1,854.4	\$ 2,572.4	\$ 270.3 9.5x 19.4%	\$ 300.8 8.6x 20.5%	\$ 334.8 7.7x 21.4%	\$ 167.3 15.4x 12.0%	\$ 189.0 13.6x 12.9%	\$ 221.1 11.6x 14.2%	\$ 1.01 22.9x	\$ 1.07 21.6x	\$ 1.41 16.4x	2.8x

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Note: Financial information per Wall Street research.

(a) Pro Forma TALX acquisition.

(b) Pro Forma Opinion Research acquisition.

(c) APPLE's 2007E – 2008E financial information is based on fiscal year 3/31/08 and 3/31/09, respectively. Projections provided by the Company.

# Acquisition Comparables

(Dollars in Millions)

Closing Date	Acquiror	Target	Enterprise Value	Equity Value	Enterprise Value /			LTM EBITDA Margin
					LTM Revenue	LTM EBITDA	LTM EBIT	
Pending	Google Inc	DoubleClick Inc	\$ 3,100.0	---	\$ 300.0 10.3x	\$ 90.0 34.4x	---	30.0%
Pending	Cerberus Capital Management	Affiliated Computer Services	8,410.5	6,132.7	5,507.4 1.5x	926.0 9.1x	607.8 13.8x	16.8%
Pending	Hellman & Friedman LLC	Catalina Marketing Corp	1,623.9	1,559.1	466.8 3.5x	158.3 10.3x	119.0 13.6x	33.9%
Pending	Pacific Equity Partners & Merrill Lynch Global Private Equity	Veda Advantage Limited	759.0	641.2	120.2 6.3x	55.7 13.6x	47.6 15.9x	46.3%
Pending	Equifax Inc	TALX Corp	1,401.0	1,216.4	256.8 5.5x	89.9 15.6x	71.1 19.7x	35.0%
2/1/07	Alliance Data Systems	Abacus Direct Corporation	435.0	435.0	---	38.1 11.4x	---	N/A
1/29/07	Publicis Groupe SA	Digitas Inc	1,228.4	1,375.7	714.7 1.7x	63.7 19.3x	48.6 25.3x	8.9%
12/4/06	infoUSA Inc	Opinion Research Corp	125.7	66.0	191.3 0.7x	15.3 8.2x	11.2 11.2x	8.0%
6/9/06	Alliance Data Systems	CPC Associates	70.0	70.0	---	6.0 11.7x	---	N/A
6/9/06	Private Equity Consortium	VNU N.V.	11,152.0	9,787.4	4,169.4 2.7x	773.1 14.4x	472.8 23.6x	18.5%
2/10/06	Investcorp International Inc.	CCC Information Svcs Grp Inc	602.5	463.6	200.0 3.0x	56.1 10.7x	48.5 12.4x	28.0%
9/30/05	Alliance Data Systems	Bigfoot Interactive	120.0	120.0	30.0 4.0x	---	---	N/A
9/1/05	Reed Elsevier Plc	Seisint	745.0	775.0	115.0 6.5x	45.0 16.6x	---	39.1%
8/11/05	Consortium of Investors	SunGard Data Systems Inc	10,844.3	10,964.9	3,555.9 3.0x	1,046.6 10.4x	709.6 15.3x	29.4%
7/13/05	Hellman & Friedman LLC	DoubleClick Inc	699.0	1,101.0	301.6 2.3x	58.6 11.9x	23.1 30.3x	19.4%
5/2/05	Intl. Business Machines Corp	Ascential Software Corp	655.9	1,136.6	271.9 2.4x	29.0 22.6x	6.9 95.4x	10.7%

<b>Maximum</b>	10.3x	34.4x	95.4x	46.3%
<b>Minimum</b>	0.7	8.2	11.2	0.0%
<b>Mean</b>	3.8x	14.7x	25.1x	23.2%
<b>Median</b>	3.0	11.9	15.9	23.7%

# LBO Analysis <sup>(a)</sup>

(Dollars in Millions, Except per Share)

	Offer Price per Share				
	\$ 26.00	\$ 27.00	\$ 28.00	\$ 29.00	\$ 30.00
Premium to Current Price	12.7%	17.0%	21.3%	25.6%	30.0%
Premium to 30 Day Average Price	19.4%	24.0%	28.6%	33.2%	37.8%
Equity Value	\$ 2,110.6	\$ 2,199.9	\$ 2,289.8	\$ 2,379.7	\$ 2,469.6
Enterprise Value (Excludes Fees/Expenses)	2,828.6	2,917.9	3,007.8	3,097.7	3,187.6
<b>Transaction Multiples</b>					
<b>3/31/07E:</b>					
Revenue	2.0x	2.1x	2.2x	2.2x	2.3x
EBITDA	7.2	7.4	7.6	7.8	8.1
Adjusted EBITDA (b)	10.5	10.8	11.1	11.5	11.8
EBIT	16.9	17.4	18.0	18.5	19.1
P/E	27.5	28.5	29.6	30.7	31.7
<b>3/31/08E:</b>					
Revenue	1.9x	2.0x	2.1x	2.1x	2.2x
EBITDA	7.2	7.4	7.7	7.9	8.1
Adjusted EBITDA(b)	9.4	9.7	10.0	10.3	10.6
EBIT	15.0	15.4	15.9	16.4	16.9
P/E	25.5	26.5	27.5	28.5	29.5
<b>Equity Investment</b>					
Equity Investment Required	\$ 1,103.6	\$ 1,192.9	\$ 1,282.8	\$ 1,372.7	\$ 1,462.6
Total Equity / Total Capitalization	38.0%	39.9%	41.6%	43.3%	44.8%
4 Year IRR Assuming an Exit multiple of 15.0x EBIT	31.9%	29.2%	26.7%	24.5%	22.4%
4 Year IRR Assuming an Exit multiple of 10.0x Adjusted EBITDA	28.4%	26.0%	23.8%	21.7%	19.9%
<b>Leverage &amp; Coverage Ratios @ \$26.00 per share</b>					
	<b>Pro Forma</b>	<b>Projected Year Ending March 31,</b>			
	<b>2007 (c)</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Senior Debt / EBITDA	2.71x	2.32x	2.06x	1.73x	1.34x
Total Debt / EBITDA	4.35	3.88	3.59	3.15	2.63
Total Debt / Adjusted EBITDA	6.21	4.92	4.34	3.76	3.10
Debt / Capitalization	62.0%	59.4%	57.1%	54.0%	49.7%
EBITDA / Interest Expense	2.75	2.97	3.20	3.62	4.26
Fixed Charge Coverage Ratio	0.94x	1.28x	1.41x	1.47x	1.59x

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(a) Assumes certain operating savings related to public company expenses, private company efficiencies, as well as capital expenditure savings, totaling approximately \$46 million in FY08 and \$65 million in FY11.

(b) EBIT plus Depreciation and Amortization less Capital Lease Principal and Interest Payments less Purchased Software Licenses.

(c) Assumes \$19.4 million of public company expense savings for Pro Forma leverage purposes.

# Discounted Cash Flow <sup>(a)</sup>

(Dollars in Millions, Except per Share)

	For the Projected FYE March 31,			
	2008	2009	2010	2011
EBIT	\$ 189.0	\$ 221.1	\$ 267.8	\$ 320.5
Less Taxes @ 39.0%	(73.7)	(86.2)	(104.4)	(125.0)
Net Income Unlevered	115.3	134.8	163.3	195.5
Plus: D&A	203.1	190.4	176.1	172.9
Less: Capitalization of Deferred Expenses	(54.1)	(54.1)	(54.1)	(54.1)
Less: Development of Software	(24.0)	(15.0)	(15.0)	(15.0)
Less: Capital Expenditures	(49.3)	(53.1)	(58.8)	(64.3)
Less: Other Asset Expenditures	(35.0)	(35.0)	(35.0)	(35.0)
Plus: Gain on Sale of the Phoenix Facility	20.0	-	-	-
Less: Change in Net Working Capital	(0.1)	(11.4)	(23.2)	(25.7)
Total Unlevered Net Free Cash Flow	\$ 175.8	\$ 156.7	\$ 153.3	\$ 174.3
		<b>Assuming Discount Rates of:</b>		
		<b>11.0%</b>	<b>12.0%</b>	<b>13.0%</b>
<b>Discounted to 3/31/07</b>				
Present Value of Cash Flow		\$ 512.5	\$ 501.8	\$ 491.4
Terminal Value Multiple	9.0x	2,451.2	2,364.8	2,282.2
2011 Adj. EBITDA	\$ 413.4	2,723.5	2,627.5	2,535.8
	10.0	2,995.9	2,890.3	2,789.3
	11.0			
<b>Enterprise Value</b>	9.0x	\$ 2,963.6	\$ 2,866.5	\$ 2,773.6
	10.0	3,236.0	3,129.3	3,027.2
	11.0	3,508.3	3,392.1	3,280.8
Less: Net Debt (3/31/07)		\$ (718.0)	\$ (718.0)	\$ (718.0)
Plus: Option Proceeds		174.7	174.7	174.7
<b>Equity Value</b>	9.0x	\$ 2,420.3	\$ 2,323.3	\$ 2,230.3
	10.0	2,692.7	2,586.0	2,483.9
	11.0	2,965.0	2,848.8	2,737.5
Total Shares and "In the Money" Options Outstanding		87.9	87.9	87.9
<b>Price per Share</b>	9.0x	\$ 27.54	\$ 26.43	\$ 25.37
	10.0	30.63	29.42	28.26
	11.0	33.73	32.41	31.14

**Presentation to:**

**APPLE Board of Directors**

regarding

**QUAIL**

May 12, 2007

**Stephens Inc.**  
Investment Bankers

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- I. Overview of Proposed QUIL Transaction
- II. APPLE Historical & Projected Financial Overview
- III. Strategic Considerations
- IV. Share Price Considerations
- V. Valuation Analysis

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## **I. Overview of Proposed QUAIL Transaction**

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## QUAIL Update

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- QUAIL submitted to APPLE on April 25<sup>th</sup>, a brief letter indicating its interest in acquiring all of the shares it does not currently own at \$26.00 per share
- On May 4<sup>th</sup>, the APPLE Special Committee received an indication of interest from QUAIL to acquire all shares of APPLE for \$26.50 per share, not presently owned by QUAIL
- On May 5<sup>th</sup>, the Special Committee delivered a draft definitive agreement to QUAIL



## Summary of Key Transaction Terms In First Draft of the Merger Agreement

<b>Transaction</b>	<ul style="list-style-type: none"> <li>▪ QUAIL has proposed to acquire 100% of the issued and outstanding ordinary shares (not presently owned by QUAIL) of APPLE for \$26.50 per share in an all cash merger transaction</li> </ul>
<b>Valuation</b>	<ul style="list-style-type: none"> <li>▪ The transaction would represent: <ul style="list-style-type: none"> <li>– A fully-diluted equity value of \$2.2 billion and an enterprise value of \$2.9 billion</li> <li>– A premium of 8.2% and 18.8% over the most recent and 30 day average closing share prices, respectively</li> <li>– 7.3x Fiscal 2007 EBITDA, 14.2x Fiscal 2007 Adjusted EBITDA and 28.0x Fiscal 2007 EPS</li> </ul> </li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>▪ QUAIL to commit to fund 100% of equity financing</li> <li>▪ New debt financing to be provided by Bank of America, JP Morgan Chase, Morgan Stanley and/or UBS</li> </ul>
<b>Approvals &amp; Conditions (as proposed)</b>	<ul style="list-style-type: none"> <li>▪ APPLE shareholder approval (two-thirds vote in favor)</li> <li>▪ Customary regulatory approvals</li> <li>▪ No Material Adverse Change</li> <li>▪ QUAIL Voting Agreement</li> </ul>
<b>No Solicitation (as proposed)</b>	<ul style="list-style-type: none"> <li>▪ Allows APPLE or its advisors to solicit offers for 60 days following the signing date of any definitive agreement</li> <li>▪ APPLE may initiate contact with potential strategic or financial buyers in an effort to obtain a competing Acquisition Proposal</li> <li>▪ Permits APPLE to provide non-public information to interested parties pursuant to an Acceptable Confidentiality Agreement</li> <li>▪ Permits APPLE to enter into any agreements in relation to an Acquisition Proposal</li> </ul>
<b>Termination Fee</b>	<ul style="list-style-type: none"> <li>▪ Limited to QUAIL incurred expenses during the Go-Shop</li> </ul>
<b>Expected Signing</b>	<ul style="list-style-type: none"> <li>▪ May 15, 2007</li> </ul>
<b>Expected Closing</b>	<ul style="list-style-type: none"> <li>▪ Q3 2007</li> </ul>

# QUAIL Proposal Summary

(Dollars in Millions, Except per Share)

	Current	QUAIL Offer
Price Per Share (5/11/07)	\$ 24.49	\$ 26.50
<b>Implied Premium:</b>		
Current	\$ 24.49	8.2%
30-Day Average	22.31	18.8%
90-Day Average	22.61	17.2%
180-Day Average	23.77	11.5%
52-Week High	25.86	2.5%
Fully Diluted Shares Outstanding (Treasury Method)	80.8	81.3
Market Capitalization	\$ 1,977.8	\$ 2,154.9
Plus: Debt (3/31/07)	755.8	755.8
Less: Cash (3/31/07)	(37.8)	(37.8)
Enterprise Value	\$ 2,695.9	\$ 2,872.9

Valuation Multiples		
<b>Revenue:</b>		
3/31/07	\$ 1,395.8	2.1x
3/31/08	1,465.4	2.0
<b>EBITDA:</b>		
3/31/07	\$ 394.6	7.3x
3/31/08	391.5	7.3
<b>Adjusted EBITDA (a):</b>		
3/31/07	\$ 203.0	14.2x
3/31/08	224.1	12.8
<b>EBIT:</b>		
3/31/07	\$ 167.3	17.2x
3/31/08	189.0	15.2
<b>EPS:</b>		
3/31/07	\$ 0.95	28.0x
3/31/08	1.02	26.0
<b>Free Cash Flow (b) :</b>		
3/31/07	\$ 52.7	40.9x
3/31/08	92.2	23.4
<b>Book Value Per Share:</b>		
3/31/07	\$ 6.16	4.3x
3/31/08	7.91	3.3

Note: Projected results based on APPLE Management Base Case forecast as presented to BOD.

**Stephens Inc.**  
Investment Bankers

(a) EBITDA less Capital Lease Principal and Interest Payments less Purchased Software Licenses less Capitalization of Deferred Expenses.

(b) Defined as Cash Flow from Operations less Cash Flow from Investing Activities (excludes acquisition expenditures and includes additions to capital leases).

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## Key Considerations for APPLE if BOD Elects to Go Forward <sup>(a)</sup>

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- Determine whether to get a “bird in hand”, solicit other proposals via a strategic alternatives announcement, or do nothing
  - **Pros of Go-Shop Process**
    - Deal certainty
    - Avoids business and execution risks of failed auction and being shop worn
    - Defines diligence process for potential purchasers, thereby minimizing disruption to APPLE operations and management time commitments
    - Go-Shop provides adequate opportunity for potential purchasers that would pay a higher price than the announced offer
  - **Cons of Go-Shop Process**
    - Potential purchasers may be dissuaded from evaluating a transaction given the appearance that the current buyer has a head start
    - Potential cost to shareholders if termination fee is paid thereby reducing premium to current bid
- 
- **Pros of Strategic Alternatives Announcement**
    - Treats all bidders equally – allows slower bidders to remain engaged throughout the process
    - Avoids break-up fee prior to broad marketing of asset
  - **Cons of Strategic Alternatives Announcement**
    - Give up opportunity to have transaction signed by May 16<sup>th</sup> and earnings announcement
    - Stock could run up further to levels that would make it difficult to complete a transaction
    - Uncertainty of future ownership coupled with ongoing distraction of auction process may disrupt growth and day-to-day operations (employees, customers)
    - Shareholder base changes rapidly to short-term holders making it difficult to return to status quo if a deal is not consummated
    - Failure to complete transaction leaves uncertainty and may harm the business

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## **II. APPLE Historical & Projected Financial Overview**

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# Historical Financial Summary

(Dollars in Millions, Except per Share)

- Historically APPLE has grown through a combination of leading product development focus, market share gains and acquisition of companies with complimentary product suites
- Acquisitions (calendar year):
  - 2003 (Claritas Europe)
  - 2004 (ChinaLOOP, Consodata)
  - 2005 (InsightAmerica, Digital Impact, SmartDM)
  - 2007 (Equitec, Harbringer and Kefta)

	For the Historical Fiscal Year Ended March 31,					CAGR '03-'07
	2003	2004	2005	2006	2007	
Revenue	\$ 958.2	\$ 1,010.8	\$ 1,223.0	\$ 1,332.6	\$ 1,395.8	<b>9.9%</b>
Growth	10.6%	5.5%	21.0%	9.0%	4.7%	
Organic Growth	10.6%	3.1%	9.4%	4.9%	3.7%	
EBITDA	\$ 239.7	\$ 254.5	\$ 316.3	\$ 371.7	\$ 394.6	<b>13.3%</b>
Margin	25.0%	25.2%	25.9%	27.9%	28.3%	
Adjusted EBITDA(a)	\$ 189.2	\$ 168.1	\$ 164.9	\$ 176.8	\$ 203.0	<b>1.8%</b>
Margin	19.7%	16.6%	13.5%	13.3%	14.5%	
EBIT	\$ 84.8	\$ 104.2	\$ 121.2	\$ 140.6	\$ 167.3	<b>18.5%</b>
Margin	8.8%	10.3%	9.9%	10.6%	12.0%	
Net Income	\$ 46.1	\$ 60.8	\$ 69.0	\$ 70.0	\$ 79.7	<b>14.7%</b>
Margin	4.8%	6.0%	5.6%	5.3%	5.7%	
EPS	\$ 0.50	\$ 0.63	\$ 0.74	\$ 0.77	\$ 0.95	<b>17.3%</b>
Growth	N/M	25.1%	17.7%	5.3%	22.0%	

# APPLE Projected Financial Summary – Management Base Case

(Dollars in Millions, Except per Share)

- Based on model provided by management to APPLE Board of Directors
- The financial model incorporates the following events
  - Acquisition of Harbinger and Kefta
  - Reduction in capital expenditures to reflect projected run-rate

	FYE 2007	For the Projected Fiscal Year Ending March 31,				CAGR '07-'11
		2008	2009	2010	2011	
Revenue	\$ 1,395.8	\$ 1,465.4	\$ 1,561.9	\$ 1,700.2	\$ 1,853.0	7.3%
Growth	4.7%	5.0%	6.6%	8.9%	9.0%	
EBITDA	\$ 394.6	\$ 391.5	\$ 410.7	\$ 442.6	\$ 491.5	5.6%
Margin	28.3%	26.7%	26.3%	26.0%	26.5%	
Adjusted EBITDA (a)	\$ 203.0	\$ 224.1	\$ 269.3	\$ 304.7	\$ 359.9	15.4%
Margin	14.5%	15.3%	17.2%	17.9%	19.4%	
EBIT	\$ 167.3	\$ 189.0	\$ 221.1	\$ 267.7	\$ 320.3	17.6%
Margin	12.0%	12.9%	14.2%	15.7%	17.3%	
Net Income	\$ 80.1	\$ 82.7	\$ 111.1	\$ 146.8	\$ 185.6	23.4%
Margin	5.7%	5.6%	7.1%	8.6%	10.0%	
Earnings Per Share	\$ 0.95	\$ 1.02	\$ 1.36	\$ 1.78	\$ 2.24	24.0%
Growth	22.0%	7.7%	33.4%	31.2%	25.5%	

## APPLE Additional Cost Savings

(Dollars in Millions)

- Management has presented several cost savings opportunities to be achieved over the projected period
- Management has assumed a 50% reduction related to Project COPERNICUS to account for potential sharing of margin improvement with customers, retention costs and potential for other expenses

	For the Projected Fiscal Year Ending March 31,			
	2008	2009	2010	2011
Labor Arbitrage / Efficiency Re-Engineering	\$ 9.9	\$ 37.6	\$ 67.6	\$ 91.1
Discount to Projections (50%)	(5.0)	(18.8)	(33.8)	(45.5)
Net Labor Arbitrage / Efficiency Re-Engineering	5.0	18.8	33.8	45.5
Labor Arbitrage / Efficiency Re-Engineering Transition Impact	(15.0)	-	-	-
Facilities Savings	0.9	5.0	6.4	7.4
New Facility Cost (50% of Facility Savings)	(0.5)	(2.5)	(3.2)	(3.7)
<b>Total Cost Savings</b>	<b>\$ (9.6)</b>	<b>\$ 21.3</b>	<b>\$ 37.0</b>	<b>\$ 49.2</b>

- Management believes that as a public company, the cost savings would take approximately 2 more years to achieve these levels

# APPLE Projected Financial Summary – Management Upside Plan

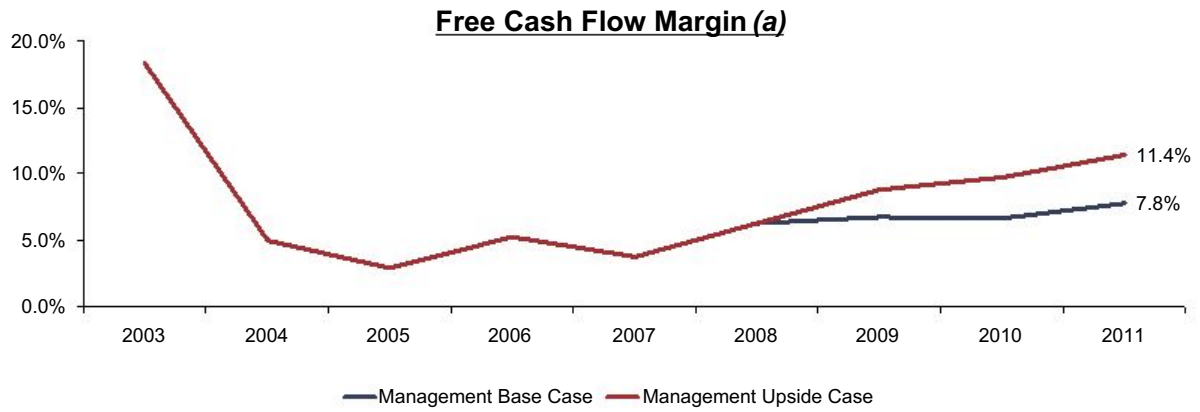
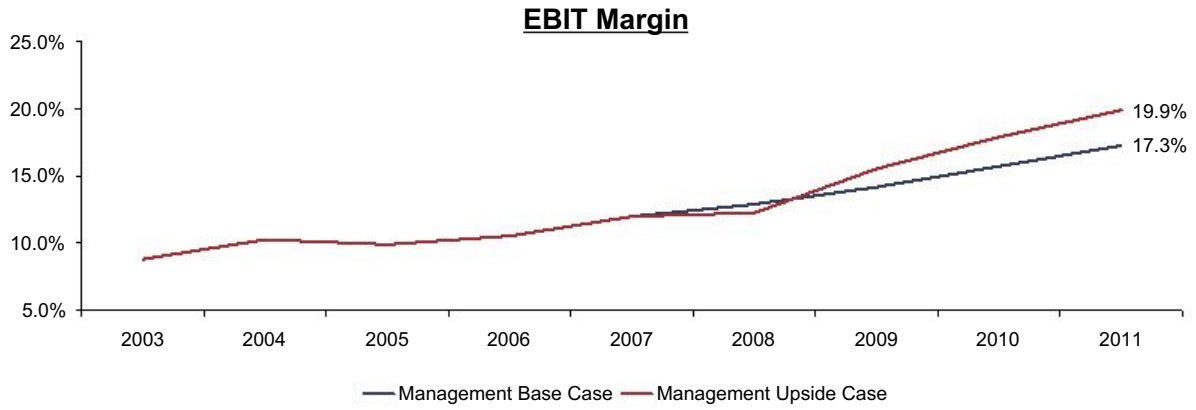
(Dollars in Millions, Except per Share)

- Assumes APPLE additional cost savings initiatives are additive to the Management Base Case

	FYE 2007	For the Projected Fiscal Year Ending March 31,				CAGR '07-'11
		2008	2009	2010	2011	
Revenue <i>Growth</i>	\$ 1,395.8 4.7%	\$ 1,465.4 5.0%	\$ 1,561.9 6.6%	\$ 1,700.2 8.9%	\$ 1,853.0 9.0%	7.3%
EBITDA <i>Margin</i>	\$ 394.6 28.3%	\$ 381.9 26.1%	\$ 432.0 27.7%	\$ 479.6 28.2%	\$ 540.7 29.2%	8.2%
Adjusted EBITDA (a) <i>Margin</i>	\$ 203.0 14.5%	\$ 214.5 14.6%	\$ 290.6 18.6%	\$ 341.7 20.1%	\$ 409.2 22.1%	19.2%
EBIT <i>Margin</i>	\$ 167.3 12.0%	\$ 179.4 12.2%	\$ 242.4 15.5%	\$ 304.7 17.9%	\$ 369.5 19.9%	21.9%
Net Income <i>Margin</i>	\$ 80.1 5.7%	\$ 76.8 5.2%	\$ 124.1 7.9%	\$ 169.4 10.0%	\$ 215.6 11.6%	28.1%
Earnings Per Share <i>Growth</i>	\$ 0.95 22.0%	\$ 0.95 0.1%	\$ 1.52 60.3%	\$ 2.06 35.5%	\$ 2.60 26.4%	28.7%



# Historical vs. Projected Performance



## Historical Financial Performance vs. Forecasts

- Projected results are anticipated to greatly improve versus historical performance, especially as it relates to capital efficiency and margin improvement from offshoring activities

5-Year	Historical '03 - '07	Forecast	
		Base Case	Mgmt. Plan
		'07 - '11	'07 - '11
Revenue CAGR	9.9%	7.3%	7.3%
EBITDA CAGR	13.3%	5.6%	8.2%
Average EBITDA Margin	26.4%	26.8%	27.9%
EBIT CAGR	18.5%	17.6%	21.9%
Average EBIT Margin	10.3%	14.4%	15.5%
EPS CAGR	17.3%	24.0%	28.7%
Capex as % of Revenue (2007 vs. 2011)	16.1%	9.1%	9.1%
Salaries & Benefits as % of Revenue (2007 vs. 2011)	40.8%	39.1%	33.5%
ROIC (2007 vs. 2011)	7.7%	14.3%	16.5%
FCF as % of Revenue <sup>(a)</sup> (2007 vs. 2011)	3.8%	7.8%	11.4%
(EBITDA - Capex) as % of Revenue	10.5%	15.6%	16.7%

# Comparison of Projected Financial Performance

(Dollars in Millions, Except per Share)

- The financial outlook for APPLE's business has changed over the last sixteen months since the December 2005 Board of Director's meeting when APPLE considered QUAIL's \$25.00 per share proposal

	December 2005 BOD Presentation (\$25.00 QUAIL Offer)					CAGR '06-'10	Current Situation (\$26.50 QUAIL Offer)					CAGR '07-'11
	For the Projected Year Ending March 31,						For the Projected Year Ending March 31,					
	2006	2007	2008	2009	2010		2007	2008	2009	2010	2011	
<b>Revenue</b>	\$ 1,334.1	\$ 1,465.9	\$ 1,609.8	\$ 1,786.7	\$ 1,965.6	10.2%	\$ 1,395.8	\$ 1,465.4	\$ 1,561.9	\$ 1,700.2	\$ 1,853.0	7.3%
<i>Growth</i>	9.1%	9.9%	9.8%	11.0%	10.0%		4.7%	5.0%	6.6%	8.9%	9.0%	
<b>EBITDA</b>	375.3	428.8	481.4	546.8	624.9	13.6%	394.6	391.5	410.7	442.6	491.5	5.6%
<i>Margin</i>	28.1%	29.3%	29.9%	30.6%	31.8%		28.3%	26.7%	26.3%	26.0%	26.5%	
<b>Adjusted EBITDA (a)</b>	184.4	239.7	303.8	383.8	454.7	25.3%	203.0	224.1	269.3	304.7	359.9	15.4%
<i>Margin</i>	13.8%	16.4%	18.9%	21.5%	23.1%		14.5%	15.3%	17.2%	17.9%	19.4%	
<b>EBIT</b>	148.9	198.9	246.5	310.4	378.5	26.3%	167.3	189.0	221.1	267.7	320.3	17.6%
<i>Margin</i>	11.2%	13.6%	15.3%	17.4%	19.3%		12.0%	12.9%	14.2%	15.7%	17.3%	
<b>Net Income</b>	73.2	101.2	132.5	175.0	219.6	31.6%	80.1	82.7	111.1	146.8	185.6	23.4%
<i>Margin</i>	5.5%	6.9%	8.2%	9.8%	11.2%		5.7%	5.6%	7.1%	8.6%	10.0%	
<b>Earnings per Share</b>	\$ 0.83	\$ 1.12	\$ 1.46	\$ 1.92	\$ 2.40	30.5%	\$ 0.95	\$ 1.02	\$ 1.36	\$ 1.78	\$ 2.24	24.0%
<i>Growth</i>	12.4%	35.7%	30.2%	31.3%	24.8%		22.0%	7.7%	33.4%	31.2%	25.5%	

## Actual Results vs. Initial Budget

(Dollars in Millions)

	Budget	Actual	Variance	
			\$	%
<b>2003</b>				
Revenue	\$ 983.4	\$ 958.2	\$ (25.2)	-2.6%
EBIT	124.1	84.8	(39.3)	-46.4%
<b>2004</b>				
Revenue	\$ 1,014.6	\$ 1,010.8	\$ (3.8)	-0.4%
EBIT	103.8	104.2	0.4	0.4%
<b>2005</b>				
Revenue	\$ 1,257.7	\$ 1,223.0	\$ (34.6)	-2.8%
EBIT	140.3	121.2	(19.1)	-15.8%
<b>2006</b>				
Revenue	\$ 1,357.7	\$ 1,332.6	\$ (25.1)	-1.9%
EBIT	151.2	140.6	(10.6)	-7.6%
<b>2007</b>				
Revenue	\$ 1,428.9	\$ 1,395.8	\$ (33.1)	-2.4%
EBIT	185.2	167.3	(17.9)	-10.7%

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### **III. Strategic Considerations**

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# Summary of Strategic Alternatives

	Status Quo	Transformational Acquisition	Leveraged Recapitalization	Significant Equity Investment	Sale of Company
Pros	<ul style="list-style-type: none"> <li>Continue executing on vision</li> <li>Long-term beneficiary of increasing financial performance given:               <ul style="list-style-type: none"> <li>Segment realignment</li> <li>Investment scenarios</li> <li>Offshoring opportunities</li> <li>Improved free cash flow over the long term</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Diversifies operational risk and accelerates business into high growth areas</li> <li>Synergy realization</li> <li>Fortify key areas of concern over the long-term (i.e., data)</li> </ul>	<ul style="list-style-type: none"> <li>Favorable credit markets</li> <li>Short-term cash distribution via dividend or share repurchase</li> <li>Retain long-term equity upside</li> </ul>	<ul style="list-style-type: none"> <li>Potential operating / revenue synergies with partner</li> <li>Cash infusion available to distribute to shareholders or retain to fund investment scenarios</li> <li>Validation of long-term strategy</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition premium</li> <li>Public shareholders receive liquidity today vs. waiting for future benefits to materialize</li> <li>Tap into robust credit and private equity markets</li> </ul>
Cons	<ul style="list-style-type: none"> <li>Quarterly earnings pressure driven by slow down in financial services and investment in growing business segments</li> <li>Significant investment / labor reengineering projects to undertake over near term               <ul style="list-style-type: none"> <li>Complexity of execution interjects risk</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Execution risk</li> <li>Will require significant amount of leverage or ceding of significant ownership stake to target</li> <li>Will likely be very competitive process</li> <li>APPLE stock currency is cheap compared to deal multiples</li> <li>Typically, near term pressure on acquiror's share price</li> <li>Cultural fits</li> </ul>	<ul style="list-style-type: none"> <li>Operating as higher leveraged company with investments to be made to drive long-term growth</li> <li>Negative perception that Company has exhausted all other value-creating investment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>May change Board composition or change the strategic direction</li> <li>Minimize future exit opportunities</li> <li>Lack of control premium</li> <li>Day-to-day operations may be effected depending on partner strategy / conflicts</li> <li>Potential impact on customers</li> <li>Difficult to negotiate value and business relationship</li> </ul>	<ul style="list-style-type: none"> <li>Potential failed process, and resulting consequences to ongoing operations</li> <li>Present shareholders do not realize benefit should future investment scenarios materialize</li> </ul>

## Status Quo – Base Case

(Dollars in Millions, Except per Share)

- APPLE, as a public company, may continue to build value by executing its long-term business strategy across its core and emerging business segments

	APPLE LTM Multiple (a)	Fiscal Year Ending March 31,			
		2008	2009	2010	2011
Adjusted EBITDA		\$ 224	\$ 269	\$ 305	\$ 360
<b>Equity Value per Share (b)</b>	<b>12.4x</b>	<b>\$ 26.92</b>	<b>\$ 34.80</b>	<b>\$ 41.38</b>	<b>\$ 50.94</b>
EBIT		\$ 189	\$ 221	\$ 268	\$ 320
<b>Equity Value per Share (b)</b>	<b>15.0x</b>	<b>\$ 27.64</b>	<b>\$ 34.65</b>	<b>\$ 44.15</b>	<b>\$ 54.88</b>
Earnings Per Share		\$ 1.02	\$ 1.36	\$ 1.78	\$ 2.24
<b>Equity Value per Share</b>	<b>23.6x</b>	<b>\$ 24.02</b>	<b>\$ 32.05</b>	<b>\$ 42.03</b>	<b>\$ 52.74</b>
<b>Average Future Equity Value per Share</b>		<b>\$ 26.20</b>	<b>\$ 33.83</b>	<b>\$ 42.52</b>	<b>\$ 52.85</b>
<b>Present Value of Share Price (c)</b>		<b>\$ 22.88</b>	<b>\$ 25.80</b>	<b>\$ 28.32</b>	<b>\$ 30.75</b>

- Implied “potential future” equity value per share are as of the end of the applicable fiscal period

Note: Equity Value for Adjusted EBITDA and EBIT assumes the applied enterprise multiple less net debt plus option proceeds.

(a) Based on the 30-day trading average stock price.

(b) Assumes option proceeds of \$227.9 million and 89.9 million shares and options outstanding. Stock prices are for illustrative purposes only.

(c) As of 3/31/07. Discount rate based on cost of equity of 14.5%.

## Status Quo – Management Upside Plan

(Dollars in Millions, Except per Share)

- Pursuit of potential cost savings initiatives through additional offshoring and geographic reorganization could drive long-term margin expansion, but have a near-term negative earnings impact in a public scenario

	APPLE LTM Multiple (a)	Fiscal Year Ending March 31,			
		2008	2009	2010	2011
Adjusted EBITDA		\$ 215	\$ 291	\$ 342	\$ 409
<b>Equity Value per Share (b)</b>	<b>12.4x</b>	<b>\$ 25.61</b>	<b>\$ 37.72</b>	<b>\$ 46.46</b>	<b>\$ 57.70</b>
EBIT		\$ 179	\$ 242	\$ 305	\$ 369
<b>Equity Value per Share (b)</b>	<b>15.0x</b>	<b>\$ 26.05</b>	<b>\$ 38.20</b>	<b>\$ 50.31</b>	<b>\$ 63.09</b>
Earnings Per Share		\$ 0.95	\$ 1.52	\$ 2.06	\$ 2.60
<b>Equity Value per Share</b>	<b>23.6x</b>	<b>\$ 22.33</b>	<b>\$ 35.79</b>	<b>\$ 48.49</b>	<b>\$ 61.28</b>
<b>Average Future Equity Value per Share</b>		<b>\$ 24.66</b>	<b>\$ 37.24</b>	<b>\$ 48.42</b>	<b>\$ 60.69</b>
<b>Present Value of Share Price (c)</b>		<b>\$ 21.54</b>	<b>\$ 28.40</b>	<b>\$ 32.26</b>	<b>\$ 35.31</b>

- Implied “potential future” equity value per share are as of the end of the applicable fiscal period

Note: Equity Value for Adjusted EBITDA and EBIT assumes the applied enterprise multiple less net debt plus option proceeds.

(a) Based on the 30-day trading average stock price.

(b) Assumes option proceeds of \$227.9 million and 89.9 million shares and options outstanding. Stock prices are for illustrative purposes only.

(c) As of 3/31/07. Discount rate based on cost of equity of 14.5%.



# Transformational Acquisition

- APPLE may also build long-term value through a strategic acquisition that accelerates the Company into new growth areas, shores up key areas of weakness or capitalizes on the Company's core strengths
  - Expansion into the digital, risk, consulting and data segments
- Market for strategic assets has been robust with both strategic and financial buyers willing to pay significant premiums related to potential synergy achievement and favorable financing terms and conditions
  - Google / DoubleClick – 10.0x revenue, 34.0x EBITDA
  - Pacific Equity Partners & Merrill Lynch / Veda Advantage – 6.3x revenue, 13.6x EBITDA
- Many potential transformational partners have been acquired or are rumored to be in a sales process:

A B A C U S

DoubleClick

aQuantive

Fair Isaac

24-7  
REALMEDIA

TALX DIGITAS

veda  
ADVANTAGE

SERASA

CATALINA MARKETING

infoUSA  
Sales Solutions

KNIGHTSBRIDGE

- Other Considerations:
  - Cultural fit
  - Increased leverage or significant distribution of shares
  - Near-term dilution
  - Integration / Execution risk

# Leveraged Recapitalization: Dividend

(Dollars in Millions, Except per Share)

- Given the strength of APPLE's balance sheet and expected cash flow, the Company could raise additional debt and return capital to shareholders via a one-time cash dividend
- Aggressive lending markets have recently led to:
  - Ability to obtain higher amounts of senior leverage
  - Competitive pricing
- Allows shareholders to gain short-term liquidity and retain equity upside
- These debt levels increase operational risks and limit the Company's ability to make strategic acquisitions and other investments
- The table below illustrates the potential per share dividend available after a Leveraged Recapitalization of various debt levels

<u>Leverage Amount:</u>					
1st Lien Note	\$ 800	\$ 900	\$ 1,000	\$ 1,000	\$ 1,000
Senior Subordinated Note	-	-	-	100	200
Existing Capital Lease	122	122	122	122	122
Total	<u>\$ 922</u>	<u>\$ 1,022</u>	<u>\$ 1,122</u>	<u>\$ 1,222</u>	<u>\$ 1,322</u>
<u>Proceeds Available for Dividend (after expenses):</u>					
Total	\$ 157	\$ 255	\$ 354	\$ 452	\$ 549
Per Share	\$ 2.00	\$ 3.26	\$ 4.52	\$ 5.76	\$ 7.01
Current Yield	8.2%	13.3%	18.5%	23.5%	28.6%
2008 Base Case EPS	\$ 1.02	\$ 1.02	\$ 1.02	\$ 1.02	\$ 1.02
2008 Pro Forma EPS	0.94	0.88	0.82	0.74	0.67
Accretion - \$	\$ (0.08)	\$ (0.14)	\$ (0.20)	\$ (0.27)	\$ (0.35)
Accretion - %	-8.1%	-13.8%	-19.5%	-26.9%	-34.3%
Implied Price per Share (a)	\$ 22.50	\$ 21.10	\$ 19.70	\$ 17.89	\$ 16.08
<u>Pro Forma Adjusted EBITDA Leverage Multiples:</u>					
1st Lien Note	3.0x	3.3x	3.7x	3.7x	3.7x
Senior Subordinated Note	0.0	0.0	0.0	0.4	0.7
Existing Capital Lease	0.5	0.5	0.5	0.5	0.5
Total	<u>3.4x</u>	<u>3.8x</u>	<u>4.2x</u>	<u>4.5x</u>	<u>4.9x</u>
<u>Pro Forma Coverage Ratios:</u>					
EBITDA / Net Interest Expense	3.9x	3.5x	3.2x	2.9x	2.6x
Fixed Charge Coverage Ratio	1.24x	1.19x	1.14x	1.09x	1.05x

**Stephens Inc.**  
Investment Bankers

(a) Assumes APPLE's 2008E P/E multiple of 24.0x for illustrative purposes.

# Recent One-Time Special Dividends

(Dollars in Millions, Except per Share)

- Stephens analyzed the impact of selected one-time special dividends completed since 2005
  - Market Capitalization greater than \$100 million
  - Dividend greater than \$0.50 per share
- The companies analyzed:
  - Issued dividends with a median current yield of 12.5% (mean of 20.3%)
  - Posted a median price increase on the day following the announcement of 1.7% (mean increase of 4.0%)

Company	Date		Pre-Announcement		Dividend			Stock Impact			\$ Change Ex-Div. Date
	Announced	Ex. Div.	Market Cap	Share Price	Total Amount	Per Share	Dividend Yield	1 Day Post Announce	Ex. Dividend		
									1 Day	30 Day	
Dean Foods	3/2/07	4/3/07	\$ 5,826.8	\$ 45.39	\$ 1,925.6	\$ 15.00	33.0%	3.6%	4.2%	13.3%	\$ (13.63)
General Maritime	2/21/07	3/26/07	1,308.6	39.97	491.1	15.00	37.5%	8.3%	4.3%	20.2%	(13.77)
Health Management Associates, Inc.	1/17/07	3/2/07	4,965.8	20.63	2,407.1	10.00	48.5%	0.2%	4.3%	16.4%	(9.58)
Saks Inc.	10/3/06	12/1/06	2,327.0	17.11	544.0	4.00	23.4%	4.8%	2.2%	7.9%	(3.64)
Syntel Inc.	8/15/06	8/29/06	843.7	20.74	50.8	1.25	6.0%	6.8%	0.3%	6.1%	(1.18)
USA Mobility Inc.	6/7/06	6/28/06	544.0	19.99	81.6	3.00	15.0%	2.7%	3.4%	10.4%	(2.47)
Cablevision System	4/7/06	4/25/06	6,082.3	27.00	2,252.7	10.00	37.0%	0.9%	5.8%	9.5%	(8.94)
TOP Tankers Inc.	4/6/06	4/12/06	341.5	12.16	70.2	2.50	20.6%	1.6%	-2.5%	-18.1%	(2.75)
TOP Tankers Inc.	3/13/06	3/28/06	388.1	13.82	140.4	5.00	36.2%	23.6%	7.7%	-22.0%	(4.02)
Todd Shipyards Corp.	3/27/06	6/1/06	153.2	28.25	21.7	4.00	14.2%	7.1%	1.4%	-19.9%	(3.60)
Whole Foods Market Inc.	11/9/05	1/11/06	9,853.3	72.50	292.2	2.15	3.0%	-3.7%	0.1%	-14.7%	(2.08)
Aldia Inc.	11/18/05	11/30/05	125.0	24.38	5.1	1.00	4.1%	1.2%	1.2%	2.1%	(0.89)
USA Mobility Inc.	11/9/05	11/29/05	662.6	24.70	40.8	1.50	6.1%	5.8%	0.2%	5.9%	(1.44)
Park Electrochemical Corp.	10/19/05	11/10/05	493.6	24.78	19.9	1.00	4.0%	1.1%	3.8%	1.0%	(0.06)
Steven Madden Ltd.	11/2/05	11/9/05	337.9	17.57	12.9	0.67	3.8%	-1.8%	2.8%	11.4%	(0.17)
Duke Realty Corp.	10/26/05	11/9/05	4,804.1	33.62	150.0	1.05	3.1%	-1.5%	0.6%	3.9%	(0.86)
Cutter & Buck Inc.	10/19/05	10/31/05	137.6	12.26	15.0	1.34	10.9%	1.9%	4.0%	2.1%	(0.87)
Pharmaceutical Product Development Inc.	10/5/05	10/13/05	3,277.0	28.94	118.9	1.05	3.6%	-5.0%	3.5%	8.2%	(0.10)
Aldia Inc.	5/18/05	6/3/05	117.9	23.00	5.6	1.10	4.8%	-1.3%	-1.5%	-9.6%	(1.43)
Syms Corp.	4/7/05	4/25/05	198.4	13.15	15.1	1.00	7.6%	3.4%	-1.1%	5.6%	(1.14)
Atlantis Plastics Inc.	3/23/05	4/11/05	100.1	18.01	69.5	12.50	69.4%	29.9%	12.3%	-25.6%	(11.42)
Fidelity National Financial	12/10/04	3/29/05	7,368.4	44.70	1,648.4	10.00	22.4%	1.0%	7.1%	1.9%	(7.15)
Gentek Inc.	2/28/05	3/17/05	489.3	48.45	313.1	31.00	64.0%	-0.4%	5.3%	-21.2%	(30.10)
Liberty Corp.	2/8/05	3/11/05	736.0	39.85	73.9	4.00	10.0%	6.1%	-0.6%	0.3%	(4.25)
<b>Median</b>							<b>12.5%</b>	<b>1.7%</b>	<b>3.1%</b>	<b>3.0%</b>	
<b>Mean</b>							<b>20.3%</b>	<b>4.0%</b>	<b>2.9%</b>	<b>-0.2%</b>	

# Leveraged Recapitalization: Share Repurchase

(Dollars in Millions, Except per Share)

- APPLE could also utilize its balance sheet and cash flow prospects to raise additional debt and repurchase shares in the open market or through a tender offer

## Leverage Amount:

1st Lien Note	\$ 800	\$ 900	\$ 1,000	\$ 1,000	\$ 1,000
Senior Subordinated Note	-	-	-	100	200
Existing Capital Lease	122	122	122	122	122
Total	922	1,022	1,122	1,222	1,322

Less: Existing Debt	(756)	(756)	(756)	(756)	(756)
Less: Estimated Expenses	(10)	(11)	(13)	(15)	(18)
Proceeds Available for Share Repurchase	\$ 157	\$ 255	\$ 354	\$ 452	\$ 549

Shares Purchased @ \$26.00	6.0	9.8	13.6	17.4	21.1
% of Shares Outstanding	7.7%	12.5%	17.4%	22.2%	27.0%

2008 Base Case EPS	\$ 1.02	\$ 1.02	\$ 1.02	\$ 1.02	\$ 1.02
2008 Pro Forma EPS	1.01	1.00	0.98	0.95	0.90
Accretion - \$	\$ (0.01)	\$ (0.02)	\$ (0.03)	\$ (0.07)	\$ (0.11)
Accretion - %	-0.8%	-2.0%	-3.3%	-7.1%	-11.2%

Implied Price per Share (a)	\$ 25.80	\$ 25.48	\$ 25.13	\$ 24.17	\$ 23.08
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## Pro Forma Adjusted EBITDA Leverage Multiples:

1st Lien Note	3.0x	3.3x	3.7x	3.7x	3.7x
Senior Subordinated Note	0.0	0.0	0.0	0.4	0.7
Existing Capital Lease	0.5	0.5	0.5	0.5	0.5
Total	3.4x	3.8x	4.2x	4.5x	4.9x

## Pro Forma Coverage Ratios:

EBITDA / Net Interest Expense	3.9x	3.5x	3.2x	2.9x	2.6x
Fixed Charge Coverage Ratio	1.24x	1.19x	1.14x	1.09x	1.05x

Stephens Inc.  
Investment Bankers

(a) Assumes APPLE's 2008E P/E multiple of 25.5x based on \$26.00 purchase price for illustrative purposes.

# Significant Equity Investment

(Dollars in Millions)

- APPLE may sell a large equity stake to a strategic or financial partner to pursue acquisitions, make investments or partially fund a cash distribution to shareholders
- The table below illustrates the potential proceeds available for corporate use after an equity investment, assuming no additional leverage
- Assumes a preferred structure will be desirable to achieve a market premium

Preferred Equity Investment	\$ 250	\$ 500	\$ 750	\$ 1,000	\$ 1,250
<b>Ownership:</b>					
Current Shareholders	89.3%	80.7%	73.6%	67.6%	62.6%
New Shareholders	10.7%	19.3%	26.4%	32.4%	37.4%
<b>Share Count:</b>					
Current Shares Outstanding	78.3	78.3	78.3	78.3	78.3
New Shares Issued (20% Premium to 30 Day Avg.)	9.4	18.8	28.1	37.5	46.9
Pro Forma Shares Outstanding	<u>87.7</u>	<u>97.1</u>	<u>106.5</u>	<u>115.9</u>	<u>125.3</u>

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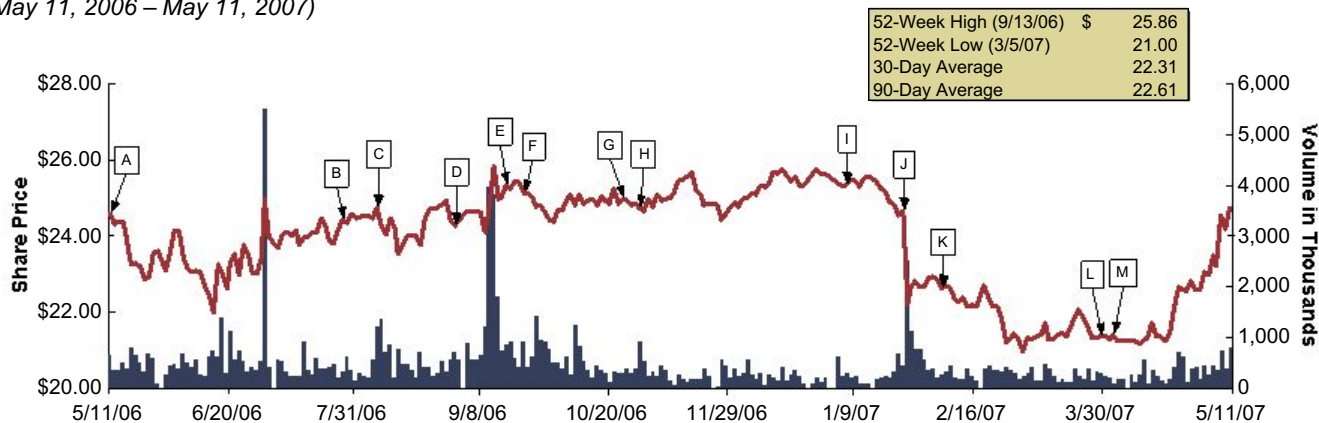
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## **IV. Share Price Considerations**

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# LTM APPLE Share Price Performance

(May 11, 2006 – May 11, 2007)



- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>A</b> 5/17/06: Announced revenue of \$1.3 billion and EPS of \$0.74 for the FYE 2006 vs. consensus EPS of \$0.75</p> <p><b>B</b> 7/26/06: Announced revenue of \$336.7 million and EPS of \$0.20 for the Q1 2007 vs. consensus EPS of \$0.17.</p> <p><b>C</b> 8/7/06: Announced Jeffrey W. Ubben will join the Company's Board of Directors.</p> <p><b>D</b> 8/31/06: Announced adjustments to the Company's Road Map earnings target as a result of an increase in options exercised, non-financial advisory fees related to the proxy contest, share repurchase through DAST, an increase in incremental interest expense, and a higher effective tax rate.</p> <p><b>E</b> 9/18/06: Announced the final results of the Company's Dutch Auction Self Tender in which 11.1 million shares of common stock were purchased at a price of \$25.00 per share.</p> <p><b>F</b> 9/22/06: Announced the election of R. Halsey Wise, President and CEO of Intergraph Corporation, to the Company's Board of Directors.</p> | <p><b>G</b> 10/25/06: Announced revenue of \$348.3 million and EPS of \$0.25 for the Q2 2007 vs. consensus EPS of \$0.23.</p> <p><b>H</b> 10/31/06: Announced the opening of new data center in greater Toronto area.</p> <p><b>I</b> 1/5/07: Announced the acquisition of retail business solutions provider, Equitec. The Company expects the transaction to be accretive in 2008.</p> <p><b>J</b> 1/24/07: Announced revenue of \$352.8 million and EPS of \$0.31 for the Q3 2007 vs. consensus EPS of \$0.32.</p> <p><b>K</b> 2/6/07: Announced resignation of Frank Cotroneo as Company's CFO and the appointment of Rodger Kline as interim CFO.</p> <p><b>L</b> 3/29/07: Announced the acquisition of Harbinger Technologies Group, an international consulting and technology that specializes serving homeland defense, national security and the prevention of international terrorism.</p> <p><b>M</b> 4/3/07: Announced the acquisition of Kefta, a leader in real-time, dynamic personalization solutions for the Internet.</p> |
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# Historical 5 Year APPLE Performance

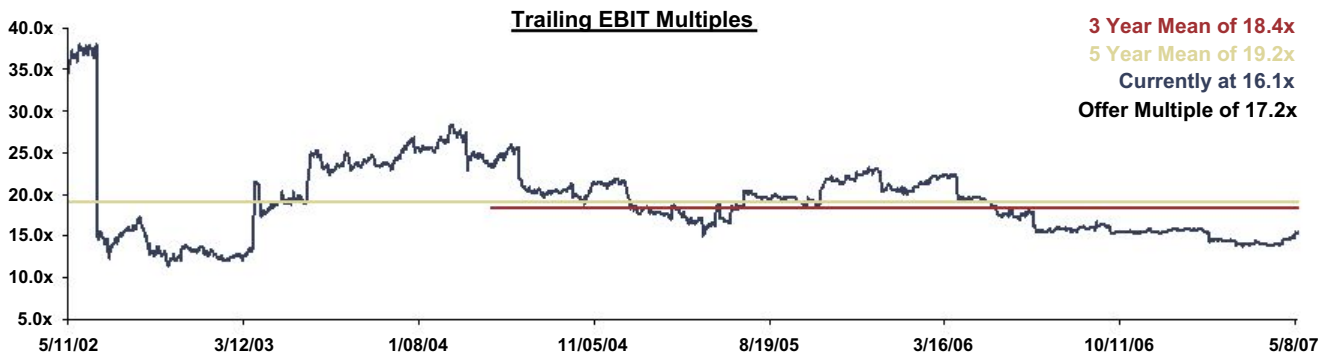
(May 11, 2002 – May 11, 2007)





# APPLE LTM EBITDA and Forward P/E Multiples

(May 11, 2002 – May 11, 2007)

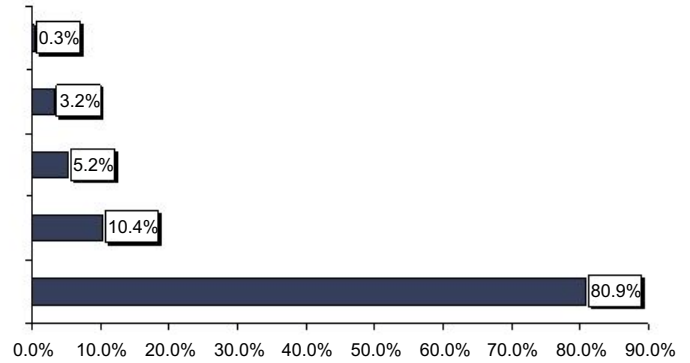


# APPLE – 5 Year Trading Histogram

(May 11, 2002 – May 11, 2007)

Price Range	# of Days Traded	Average Volume	Total Volume	Shares Traded at or Below Range
\$26.51 - \$27.00	7	393,526	2,754,683	100.0%
\$26.01 - \$26.50	55	504,437	27,744,056	99.7%
\$25.01 - \$26.00	89	510,077	45,396,862	96.5%
\$24.01 - \$25.00	135	671,501	90,652,600	91.3%
\$12.00 - \$24.00	972	727,227	706,864,259	80.9%

Distribution of Total Volume Traded



<b>Total</b>	<b>1,258</b>	<b>694,287</b>	<b>873,412,460</b>
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<b>Weighted Average Price</b>		<b>\$</b>	<b>19.90</b>
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<b>Current Price</b>	<b>5/11/07</b>	<b>\$</b>	<b>24.49</b>
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# Actual Results vs. Consensus Estimates

(Dollars in Millions, Except per Share)

- Nine of the last sixteen quarters, APPLE has either missed consensus Revenue or EPS guidance and/or revised guidance downwards

	Actual		Estimated		% Difference		Share Price Reaction			Comments	Road Map / Outlook Updates
	Rev.	EPS	Rev. (a)	EPS	Rev.	EPS	1 Day	5 Day	30 Day		
<b>FY 07</b>											
<b>Q4</b>	\$ 357.9	\$ 0.20	\$ 355.7	\$ 0.20	0.6%	0.0%	N/A	N/A	N/A	N/A	Expect to issue 2008 EPS guidance of \$0.97 - \$1.07 vs. consensus estimates of \$1.12
<b>Q3</b>	352.8	0.31	365.3	0.32	-3.4%	-2.5%	-10.0%	-7.5%	-10.1%	Slower than expected revenue growth	Reduced guidance for balance of the year
<b>Q2</b>	348.3	0.25	354.5	0.23	-1.7%	7.0%	-0.2%	-0.6%	-0.7%	Solid performance and good positioning for successful second half of the fiscal year	None
<b>Q1</b>	336.7	0.20	333.8	0.17	0.9%	15.9%	-0.3%	0.0%	1.2%	In line with long-term Financial Road Map	None
<b>FY06</b>											
<b>Q4</b>	\$ 344.3	\$ 0.26	\$ 347.7	\$ 0.26	-1.0%	-1.2%	-2.7%	-2.9%	-3.8%	Within fiscal year Financial Road Map	None
<b>Q3</b>	347.4	0.31	338.9	0.25	2.5%	25.5%	4.2%	-0.5%	6.5%	Better-than-expected margins	Lowered international operating margins; added FY07 estimates
<b>Q2</b>	330.5	0.20	322.1	0.15	2.6%	30.0%	3.1%	8.5%	17.0%	Pre-tax charges of \$15.8mm related to restructuring; announced signing of large, new deals	None
<b>Q1</b>	310.3	0.07	310.0	0.09	0.1%	-21.1%	-0.9%	-2.6%	-5.8%	Pre-announced shortfall in revenue and earnings; announced \$14-\$16mm of savings	Lowered FY06 international revenue growth estimates
<b>FY05</b>											
<b>Q4</b>	\$ 322.5	\$ 0.16	\$ 308.7	\$ 0.21	4.5%	-23.8%	-13.2%	-11.9%	11.8%	Solid U.S. operations growth and disappointing growth of the international business	Increased FY06 U.S. rev. growth est. and decreased international revenue growth and operating margins estimates for both segments
<b>Q3</b>	312.4	0.24	309.8	0.25	0.8%	-4.0%	-5.7%	-5.9%	-4.6%	Improved operating margin of the international operations	Lowered FY05 revenue growth and international operating margins; increased U.S. operating margins; added FY06 estimates
<b>Q2</b>	299.1	0.20	293.1	0.18	2.1%	11.1%	6.1%	6.2%	14.3%	High growth of the U.S. operations	None
<b>Q1</b>	289.0	0.14	278.8	0.14	3.6%	0.0%	-3.2%	-3.7%	-3.6%	In line with Financial Road Map	None
<b>FY04</b>											
<b>Q4</b>	\$ 277.8	\$ 0.17	\$ 263.1	\$ 0.17	5.6%	0.0%	2.2%	0.5%	11.5%	Reported in-line results	Introduced Financial Road Map
<b>Q3</b>	255.2	0.22	248.1	0.19	2.9%	15.8%	-0.6%	-0.9%	3.0%	Strong pipeline with new contract that delivers \$49mm in annual revenue	Increased FYE04 revenue estimate and decreased EPS estimate
<b>Q2</b>	241.1	0.13	250.0	0.13	-3.6%	0.0%	-2.6%	-2.6%	-1.5%	Revenue in low range of expectations; EPS in the low range of previous estimates	Lowered FYE04 revenue estimate
<b>Q1</b>	236.7	0.05	237.3	0.05	-0.3%	0.0%	-6.4%	-7.4%	-5.9%	Continued revenue and earnings guidance for Q1 and FY04	Decreased revenue outlook for FY04 and increased EPS estimates

# APPLE Equity Research Coverage

(Dollars in Millions, Except per Share)

## Estimates

Firm	Recommendation	Last Report Date	Target Price	Revenue		EPS	
				2007E	2008E	2007E	2008E
Credit Suisse	Underperform	2/7/07	\$ 24.00	\$1,391.0	\$1,434.8	\$ 0.96	\$ 1.11
Stephens Inc.	Equal-Weight	1/25/07	28.00	1,397.6	1,505.2	0.96	1.18
William Blair & Company	Market Perform	1/25/07	---	1,392.7	1,459.3	0.96	1.05
Piper Jaffray	Market Perform	1/25/07	23.00	1,392.5	1,446.6	0.97	1.13
Robert W. Baird & Co.	Neutral	1/25/07	26.00	1,393.8	1,480.7	0.91	1.10
Lehman Brothers	Overweight / Neutral	1/25/07	23.50	---	---	---	---
ThinkEquity Partners	Hold	1/25/07	21.00	1,393.8	1,465.8	0.94	1.00

<b>Mean</b>	<b>\$ 24.25</b>	<b>\$1,393.6</b>	<b>\$1,465.4</b>	<b>\$ 0.95</b>	<b>\$ 1.10</b>
<b>Median</b>	<b>24.30</b>	<b>1,393.3</b>	<b>1,462.6</b>	<b>0.96</b>	<b>1.11</b>
<b>IBES</b>		<b>\$1,393.9</b>	<b>\$1,470.3</b>	<b>\$ 0.95</b>	<b>\$ 1.12</b>
<b>APPLE Internal Estimates</b>		<b>1,395.8</b>	<b>1,453.7</b>	<b>0.95</b>	<b>1.02</b>

## Commentary

"We believe the risk of near-term numbers is lower now that APPLE has revised their Roadmap (as of Q3 report). That said we do not expect much upside to revenues in the near term given the macro environment (tough demand for traditional marketing services) and APPLE's exposure to financial services and in particular major credit card providers." – **Brandon Dobell, Credit Suisse, 2/6/07.**

"We continue to believe that APPLE is positioned for solid, sustainable growth over the long term driven by: 1) increasing demand for data integration and targeted-marketing capabilities, 2) international expansion opportunities, 3) improving sales productivity as more consultative sales efforts mature, and 4) a broadening service offering including digital marketing and risk management solutions among others." – **Mark A. Bacurin, Robert W. Baird & Co., 1/25/07.**

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## **V. Valuation Analysis**

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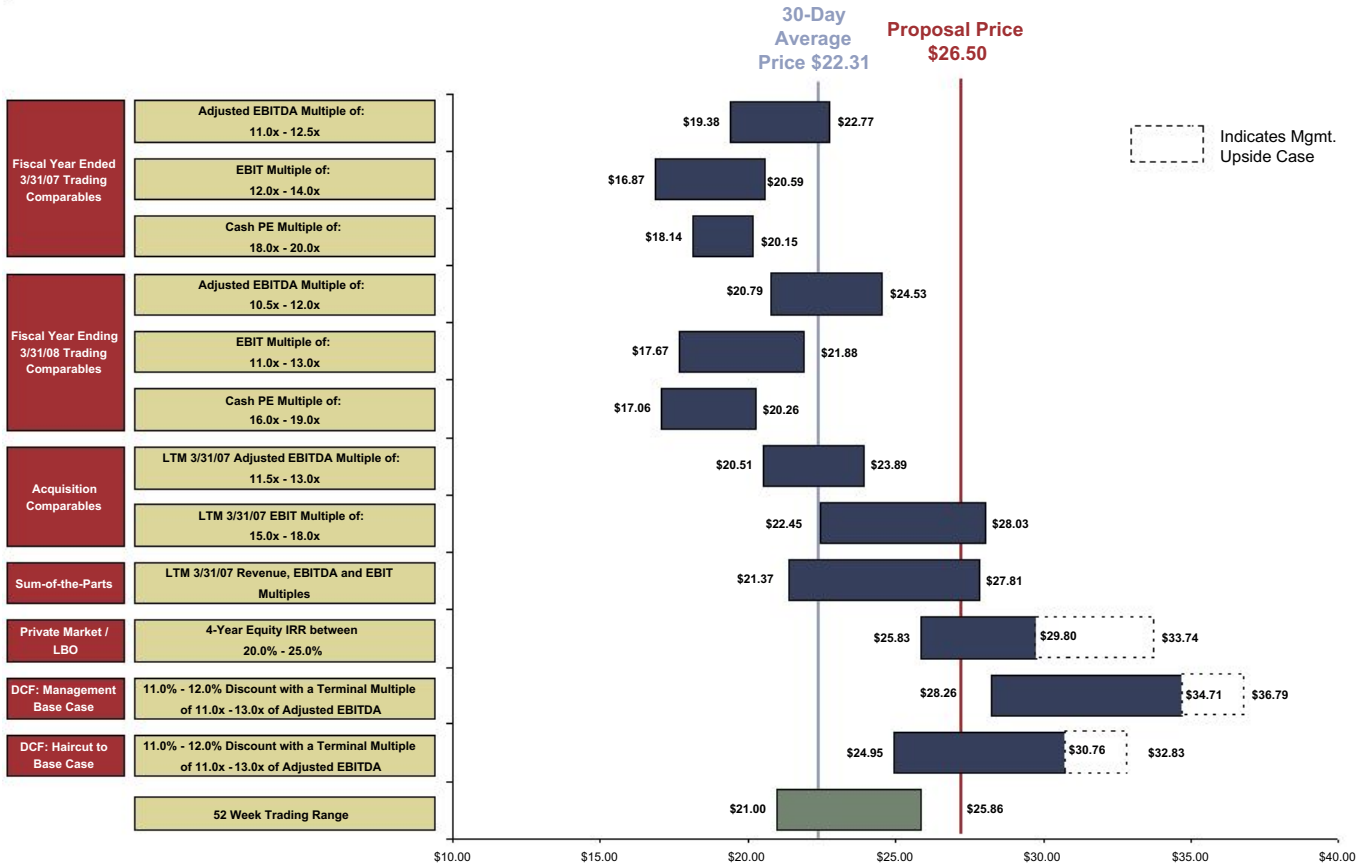
## Valuation Analysis

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**Stephens based its valuation range on APPLE's historical financial performance, base case projections developed by Management and the following valuation methodologies:**

- **Comparable Publicly-Traded Company Analysis**
  - Reviewed trailing and forward trading multiples of Adjusted EBITDA, EBIT and Cash EPS of publicly-traded information technology companies relative to growth, margins, returns, strategic/competitive position and financial condition
- **Comparable Transaction Analysis**
  - Reviewed recent transactions involving similar companies to APPLE and examined multiples paid relative to strategic/synergistic opportunities, operating performance of the target and transaction circumstances
- **Sum-of-the-Parts**
  - Reviewed trailing trading multiples of Revenue, EBITDA and EBIT for publicly-traded comparable companies to each of APPLE's business segments and applied those multiples to each segment's results
- **Leverage Buyout Analysis**
  - Utilized APPLE's 4-year projection model, estimated current debt capacity, and a range of private equity returns expected in similar sized transactions (20% – 25%) to derive a current valuation range
- **Discounted Cash Flow Analysis**
  - Derived a current valuation by discounting the expected future annual cash flows generated by the APPLE Management Case projection model and a 10% discount to the Management Base Case model including a terminal valuation. A range of terminal values was determined by applying exit multiples of 11.0x to 13.0x to projected March 31, 2011 Adjusted EBITDA
  - Utilized APPLE's weighted average cost of capital (WACC) of approximately 11 - 12%
- Stephens also has examined other valuation metrics (book value, liquidation value, etc.) which we deemed not relevant to this analysis

# Implied Per Share Valuation Range



Based on Base Case financial projections developed by management for fiscal 2007 – 2011E

# Trading Comparables

(Dollars in Millions, Except per Share)

Company Name	Ticker Symbol	Price 5/11/07	Equity Value	Enterprise Value	Enterprise Value / EBITDA			Enterprise Value / EBIT			Price / Cash EPS			Total Debt / LTM EBITDA
					LTM	2007E	2008E	LTM	2007E	2008E	LTM	2007E	2008E	
Equifax Inc. (a)	EFX	\$ 41.15	\$ 6,092.1	\$ 6,942.5	\$ 616.4 11.3x 33.3%	\$ 662.2 10.5x 34.6%	\$ 741.1 9.4x 34.9%	\$ 471.0 14.7x 25.5%	\$ 555.5 12.5x 29.0%	\$ 595.5 11.7x 28.1%	\$ 2.23 18.5x	\$ 2.24 18.4x	\$ 2.60 15.8x	1.4x
The Dun & Bradstreet Corporation	DNB	95.05	5,864.9	6,209.5	\$ 472.6 13.1x 30.4%	\$ 528.0 11.8x 32.4%	\$ 575.8 10.8x 33.2%	\$ 436.4 14.2x 28.0%	\$ 476.0 13.0x 29.2%	\$ 528.0 11.8x 30.4%	\$ 4.06 23.4x	\$ 4.71 20.2x	\$ 5.31 17.9x	1.1x
Alliance Data Systems Corporation	ADS	62.88	5,104.1	6,357.0	\$ 541.3 11.7x 26.1%	\$ 614.8 10.3x 26.8%	\$ 661.1 9.6x 26.4%	\$ 404.3 15.7x 19.5%	\$ 453.0 14.0x 19.8%	\$ 493.8 12.9x 19.7%	\$ 3.39 18.6x	\$ 3.60 17.5x	\$ 4.05 15.5x	2.9x
ChoicePoint Inc.	CPS	38.83	3,079.0	3,499.7	\$ 336.3 10.4x 31.7%	\$ 347.8 10.1x 30.9%	\$ 372.7 9.4x 31.1%	\$ 263.4 13.3x 24.6%	\$ 272.6 12.8x 24.2%	\$ 295.6 11.8x 24.7%	\$ 1.98 19.6x	\$ 2.07 18.8x	\$ 2.36 16.4x	2.2x
Fair Isaac Corporation	FIC	36.03	2,099.2	2,296.3	\$ 259.3 8.9x 31.5%	\$ 235.3 9.8x 29.4%	\$ 261.6 8.8x 31.3%	\$ 207.9 11.0x 25.2%	\$ 182.9 12.6x 22.9%	\$ 218.5 10.5x 26.2%	\$ 2.61 13.8x	\$ 2.33 15.5x	\$ 2.57 14.0x	2.3x
Harte-Hanks, Inc.	HHS	25.98	1,994.1	2,154.8	\$ 225.5 9.6x 19.0%	\$ 239.1 9.0x 19.0%	\$ 249.9 8.6x 18.9%	\$ 189.9 11.3x 16.0%	\$ 201.1 10.7x 16.0%	\$ 210.9 10.2x 15.9%	\$ 1.45 17.9x	\$ 1.57 16.6x	\$ 1.73 15.0x	0.9x
infoUSA Inc. (b)	IUSA	10.10	562.8	828.8	\$ 101.9 8.1x 17.3%	\$ 112.1 7.4x 17.8%	\$ 123.8 6.7x 19.0%	\$ 66.1 12.5x 11.2%	\$ 73.2 11.3x 11.6%	\$ 83.7 9.9x 12.8%	\$ 0.51 19.7x	\$ 0.78 13.0x	\$ 0.88 11.5x	0.4x
<b>Summary of Market Multiples:</b>														
Maximum					13.1x	11.8x	10.8x	15.7x	14.0x	12.9x	23.4x	20.2x	17.9x	2.9x
Minimum					8.1	7.4	6.7	11.0	10.7	9.9	13.8	13.0	11.5	0.4
Mean					10.4x	9.8x	9.0x	13.3x	12.4x	11.3x	18.8x	17.1x	15.2x	1.6x
Median					10.4	10.1	9.4	13.3	12.6	11.7	18.6	17.5	15.5	1.4
Mean (Excluding Min and Max)					10.4	9.9	9.2	13.2	12.5	11.2	18.8	17.3	15.4	1.9
<b>Margins:</b>														
Mean					27.0%	27.3%	27.8%	21.5%	21.8%	22.5%				
Median					30.4%	29.4%	31.1%	24.8%	22.9%	24.7%				
APPLE (c)		\$ 24.49	\$ 1,977.8	\$ 2,695.9	\$ 203.0 13.3x 14.5%	\$ 224.7 12.0x 15.3%	\$ 270.1 10.0x 17.3%	\$ 167.3 16.1x 12.0%	\$ 189.0 14.3x 12.9%	\$ 221.1 12.2x 14.2%	\$ 1.01 24.3x	\$ 1.07 22.9x	\$ 1.40 17.5x	2.8x

**Stephens Inc.**  
Investment Bankers

Note: Financial information per Wall Street research.

(a) Pro Forma TALX acquisition.

(b) Pro Forma Opinion Research acquisition.

(c) APPLE's 2007E – 2008E financial information is based on fiscal year 3/31/08 and 3/31/09, respectively. Projections provided by the Company.



# Comparable Company Operating Metrics

(Dollars in Millions)

Company Name	Equity Value	Enterprise Value	LTM						FCF Yield	Returns		Revenue / FTE (000's)
			EBITDA	% of Rev	D&A	% of Rev	Inv. Act.	% of Rev		ROA (c)	ROIC (d)	
Equifax Inc. (a)	\$ 6,092.1	\$ 6,942.5	\$ 616.4	33.3%	\$ 145.6	7.9%	\$ 55.9	3.0%	5.7%	26.2%	17.5%	\$ 372.8
The Dun & Bradstreet Corporation	\$ 5,864.9	\$ 6,209.5	\$ 472.6	30.4%	\$ 36.2	2.3%	\$ 16.5	1.1%	5.4%	26.2%	27.1%	\$ 353.7
Alliance Data Systems Corporation	\$ 5,104.1	\$ 6,357.0	\$ 541.3	26.1%	\$ 136.9	6.6%	\$ 101.8	4.9%	1.3%	14.3%	9.7%	\$ 222.7
ChoicePoint Inc.	\$ 3,079.0	\$ 3,499.7	\$ 336.3	31.7%	\$ 72.9	6.9%	\$ 22.1	2.1%	3.0%	19.5%	13.4%	\$ 202.4
Fair Isaac Corporation	\$ 2,099.2	\$ 2,296.3	\$ 259.3	31.5%	\$ 51.4	6.2%	\$ 34.9	4.2%	6.7%	17.6%	11.4%	\$ 300.9
Harte-Hanks, Inc.	\$ 1,994.1	\$ 2,154.8	\$ 225.5	19.0%	\$ 35.6	3.0%	\$ 30.2	2.5%	5.7%	21.3%	14.9%	\$ 187.6
infoUSA Inc. (b)	\$ 562.8	\$ 828.8	\$ 101.9	17.3%	\$ 35.8	6.1%	\$ 23.4	4.0%	8.6%	10.6%	8.1%	\$ 143.6

## Summary of Market Multiples:

Maximum				33.3%		7.9%		4.9%	8.6%	26.2%	27.1%	\$ 372.8
Minimum				17.3%		2.3%		1.1%	1.3%	10.6%	8.1%	143.6
Mean				27.0%		5.6%		3.1%	5.2%	19.4%	14.6%	\$ 254.8
Median				30.4%		6.2%		3.0%	5.7%	19.5%	13.4%	222.7
APPLE	\$ 1,977.8	\$ 2,695.9	\$ 203.0	14.5%	\$ 227.4	16.3%	\$ 224.5	16.1%	1.8%	5.0%	7.7%	\$ 206.3

(a) Pro Forma TALX acquisition.

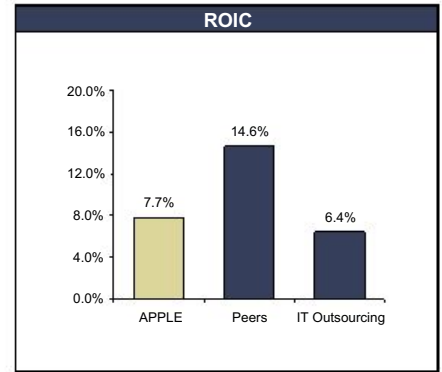
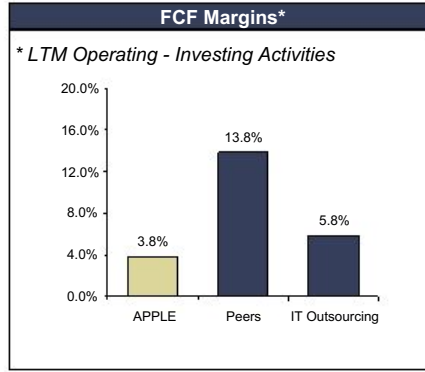
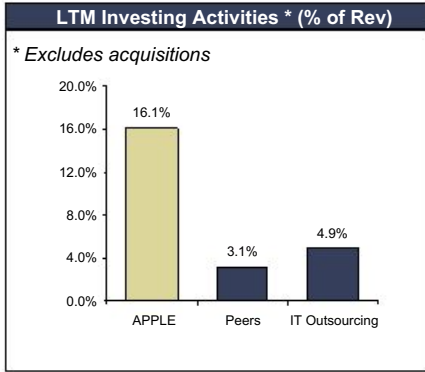
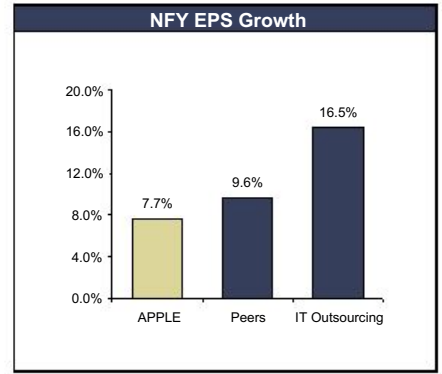
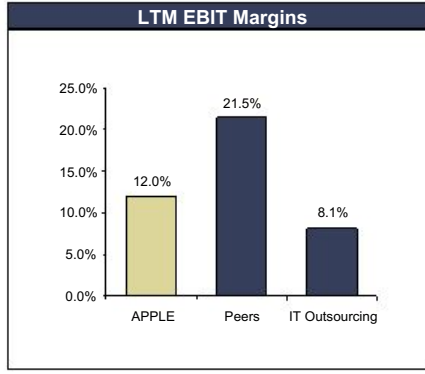
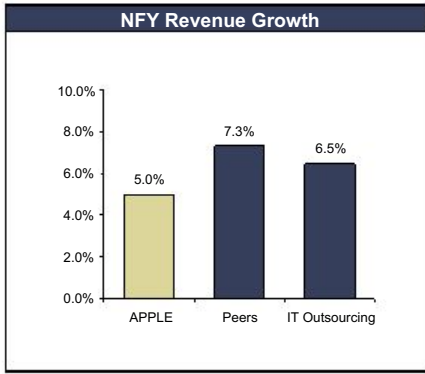
(b) Pro Forma Opinion Research acquisition.

(c) EBITA / Average Assets (defined as Total Assets - Cash + Accumulated Amortization)

(d) Tax-effected EBITA (defined as Operating Income + Intangible Amortization + Imputed Interest on Operating Leases) / Average Capital

Deployed (defined as Total Assets - Cash - Current Operating Liabilities + Accumulated Intangible Amortization + NPV of Operating Leases).

# APPLE vs. Peer Comparison



# Acquisition Comparables

(Dollars in Millions)

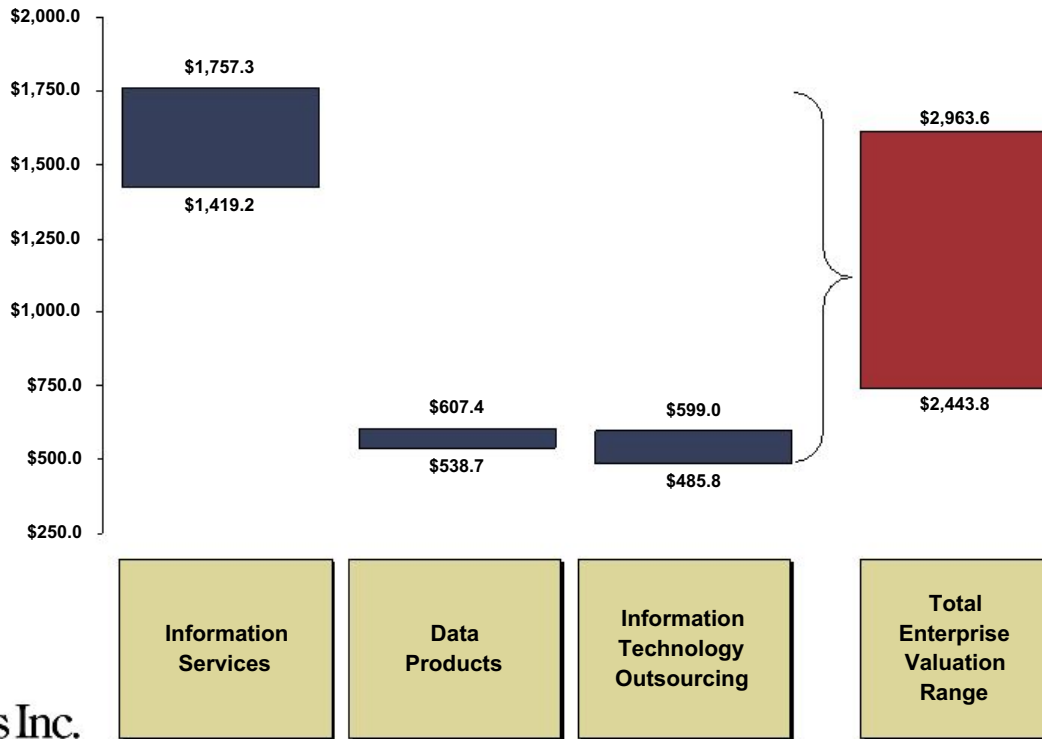
Closing Date	Acquiror	Target	Enterprise Value	Equity Value	Enterprise Value /			LTM EBITDA Margin
					LTM Revenue	LTM EBITDA	LTM EBIT	
Pending	Google Inc	DoubleClick Inc	\$ 3,100.0	---	\$ 300.0 10.3x	\$ 90.0 34.4x	---	30.0%
Pending	Cerberus Capital Management	Affiliated Computer Services	8,410.5	6,132.7	5,507.4 1.5x	926.0 9.1x	607.8 13.8x	16.8%
Pending	Hellman & Friedman LLC	Catalina Marketing Corp	1,623.9	1,559.1	466.8 3.5x	158.3 10.3x	119.0 13.6x	33.9%
Pending	Pacific Equity Partners & Merrill Lynch Global Private Equity	Veda Advantage Limited	759.0	641.2	120.2 6.3x	55.7 13.6x	47.6 15.9x	46.3%
Pending	Equifax Inc	TALX Corp	1,401.0	1,216.4	256.8 5.5x	89.9 15.6x	71.1 19.7x	35.0%
2/1/07	Alliance Data Systems	Abacus Direct Corporation	435.0	435.0	---	38.1 11.4x	---	N/A
1/29/07	Publicis Groupe SA	Digitas Inc	1,228.4	1,375.7	714.7 1.7x	63.7 19.3x	48.6 25.3x	8.9%
12/4/06	infoUSA Inc	Opinion Research Corp	125.7	66.0	191.3 0.7x	15.3 8.2x	11.2 11.2x	8.0%
6/9/06	Alliance Data Systems	CPC Associates	70.0	70.0	---	6.0 11.7x	---	N/A
6/9/06	Private Equity Consortium	VNU N.V.	11,152.0	9,787.4	4,169.4 2.7x	773.1 14.4x	472.8 23.6x	18.5%
2/10/06	Investcorp International Inc.	CCC Information Svcs Grp Inc	602.5	463.6	200.0 3.0x	56.1 10.7x	48.5 12.4x	28.0%
9/30/05	Alliance Data Systems	Bigfoot Interactive	120.0	120.0	30.0 4.0x	---	---	N/A
9/1/05	Reed Elsevier Plc	Seisint	745.0	775.0	115.0 6.5x	45.0 16.6x	---	39.1%
8/11/05	Consortium of Investors	SunGard Data Systems Inc	10,844.3	10,964.9	3,555.9 3.0x	1,046.6 10.4x	709.6 15.3x	29.4%
7/13/05	Hellman & Friedman LLC	DoubleClick Inc	699.0	1,101.0	301.6 2.3x	58.6 11.9x	23.1 30.3x	19.4%
5/2/05	Intl. Business Machines Corp	Ascential Software Corp	655.9	1,136.6	271.9 2.4x	29.0 22.6x	6.9 95.4x	10.7%

<b>Maximum</b>	10.3x	34.4x	95.4x	46.3%
<b>Minimum</b>	0.7	8.2	11.2	8.0%
<b>Mean</b>	3.8x	14.7x	25.1x	23.2%
<b>Median</b>	3.0	11.9	15.9	23.7%

# Preliminary Segment Enterprise Valuation

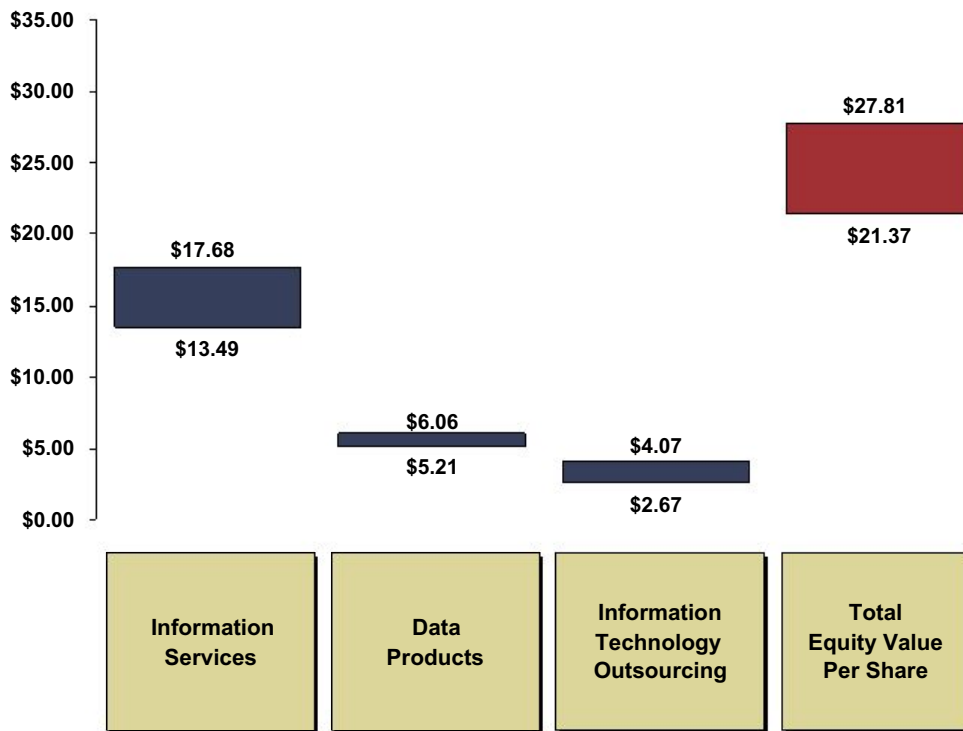
(Dollars in Millions)

- Based on the publicly traded comparable companies for each business line, the chart below illustrates the estimated average valuation range for each APPLE segment
  - Applied a range of comparable trading multiples based on Revenue, EBITDA and EBIT to the respective APPLE metrics



# Sum-of-the-Parts Valuation – Per Share

(Dollars per Share)



- Assumes 3/31/07 net debt of \$718.0 million and fully diluted shares outstanding of 80.8 million to calculate an estimated per share valuation range

# Sum-of-the-Parts Valuation

(Dollars in Millions, Except per Share)

Information Services	Multiples			Enterprise Value	
	Low	High	Data	Low	High
<b>Metric:</b>					
FY07 Revenue	2.0x	2.5x	\$ 633.8	\$ 1,267.7	\$ 1,584.6
FY07 EBITDA	9.0	11.0	201.0	1,809.4	2,211.4
FY07 EBIT	12.0	15.0	98.4	1,180.6	1,475.8
<b>Average Enterprise Value</b>				<b>\$ 1,419.2</b>	<b>\$ 1,757.3</b>
<b>Average Per Share Value (a)</b>				<b>\$ 13.49</b>	<b>\$ 17.68</b>
Data Products	Low	High	Data		
<b>Metric:</b>					
FY07 Revenue	2.8x	3.0x	\$ 328.2	\$ 902.6	\$ 984.6
FY07 EBITDA	9.0	10.0	48.6	437.2	485.8
FY07 EBIT	11.0	14.0	25.1	276.3	351.7
<b>Average Enterprise Value</b>				<b>\$ 538.7</b>	<b>\$ 607.4</b>
<b>Average Per Share Value (a)</b>				<b>\$ 5.21</b>	<b>\$ 6.06</b>
IT Outsourcing					
<b>Metric:</b>					
FY07 Revenue	0.7x	1.0x	\$ 354.1	\$ 247.9	\$ 354.1
FY07 EBITDA	5.0	6.0	145.2	726.1	871.3
FY07 EBIT	11.0	13.0	44.0	483.5	571.5
<b>Average Enterprise Value</b>				<b>\$ 485.8</b>	<b>\$ 599.0</b>
<b>Average Per Share Value (a)</b>				<b>\$ 2.67</b>	<b>\$ 4.07</b>
<b>Total</b>				<b>\$ 21.37</b>	<b>\$ 27.81</b>

# LBO Analysis <sup>(a)</sup>

(Dollars in Millions, Except per Share)

	Offer Price per Share				
	\$ 26.00	\$ 26.50	\$ 27.00	\$ 27.50	\$ 28.00
Premium to Current Price	6.2%	8.2%	10.2%	12.3%	14.3%
Premium to 30 Day Average Price	16.5%	18.8%	21.0%	23.3%	25.5%
Equity Value	\$ 2,110.6	\$ 2,154.9	\$ 2,199.9	\$ 2,244.8	\$ 2,289.8
Enterprise Value (Excludes Fees/Expenses)	2,828.6	2,872.9	2,917.9	2,962.8	3,007.8
<b>Transaction Multiples</b>					
<b>3/31/07E:</b>					
Revenue	2.0x	2.1x	2.1x	2.1x	2.2x
EBITDA	7.2	7.3	7.4	7.5	7.6
Adjusted EBITDA <sup>(b)</sup>	13.9	14.2	14.4	14.6	14.8
EBIT	16.9	17.2	17.4	17.7	18.0
P/E	27.5	28.0	28.5	29.1	29.6
<b>3/31/08E:</b>					
Revenue	1.9x	2.0x	2.0x	2.0x	2.1x
EBITDA	7.2	7.3	7.4	7.6	7.7
Adjusted EBITDA <sup>(b)</sup>	12.6	12.8	13.0	13.2	13.4
EBIT	15.0	15.2	15.4	15.7	15.9
P/E	25.5	26.0	26.5	27.0	27.5
<b>Equity Investment</b>					
Equity Investment Required	\$ 1,103.6	\$ 1,147.9	\$ 1,192.9	\$ 1,237.8	\$ 1,282.8
Total Equity / Total Capitalization	38.0%	38.9%	39.9%	40.7%	41.6%
4 Year IRR Assuming an Exit multiple of 15.0x EBIT	28.8%	27.5%	26.2%	25.0%	23.8%
4 Year IRR Assuming an Exit multiple of 11.0x Adjusted EBITDA	24.6%	23.4%	22.2%	21.1%	20.1%
<b>Leverage &amp; Coverage Ratios @ \$26.50 per share</b>					
	<b>Pro Forma 2007 (c)</b>	<b>Projected Year Ending March 31,</b>			
		<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Senior Debt / EBITDA	2.81x	2.45x	2.22x	1.87x	1.47x
Total Debt / EBITDA	4.50	4.07	3.81	3.35	2.81
Total Debt / Adjusted EBITDA	8.66	6.76	5.70	4.79	3.79
Debt / Capitalization	61.1%	59.0%	57.1%	54.4%	50.6%
EBITDA / Interest Expense	2.66	2.85	3.02	3.41	4.00
Fixed Charge Coverage Ratio	0.89x	1.14x	1.29x	1.36x	1.52x
	(a)	Assumes savings related to public company expenses totaling \$5.0 million in FY08 and \$11.5 million from FY09 through FY11.			
	(b)	EBIT plus Depreciation and Amortization less Capital Lease Principal and Interest Payments less Purchased Software Licenses less Capitalization of Deferred Expenses.			
	(c)	Assumes \$5.0 million of public company expense savings for Pro Forma leverage purposes.			

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# Weighted Average Cost of Capital

(Dollars in Millions)

COST OF DEBT	
Cost of Debt	7.50%
Tax Rate	38.00%
<b>After-Tax Cost of Debt</b>	<b>4.65%</b>

WEIGHTED AVERAGE COST OF CAPITAL	
Weight of Debt	28.52%
After-Tax Cost of Debt	4.65%
Weight of Equity	71.48%
Cost of Equity	14.68%
<b>WACC</b>	<b>11.82%</b>

COST OF EQUITY	
Long-Term S&P 500 Equity Risk Premium(a)	7.10%
Levered Beta (b)	1.19
Implied Market Risk Premium	8.42%
Plus: Applicable Equity Size Premium (See Below)	1.76%
Plus: Company-Specific Risk Premium	0.00%
Implied Company Risk Premium	10.18%
Plus: Ten-Year Government Bond (5/11/07)	4.50%
<b>Cost of Equity</b>	<b>14.68%</b>
<b>Incremental Equity Size Premium (a)</b>	
Equity Size between \$1,947 and \$7,777 million	0.97%
Equity Size between \$627 and \$1,947 million	1.76%
Equity Size below \$627 million	3.88%

COMPARABLE COMPANY ANALYSIS								
Company	Levered Beta (c)	Tax Rate	Total Debt	Equity Value (d)	Debt/Equity	Percent Debt	Percent Equity	Unlevered Beta (e)
Equifax Inc.	0.99	37.5%	\$ 857.4	\$ 6,092.1	14.1%	12.3%	87.7%	0.91
The Dun & Bradstreet Corporation	0.85	40.0%	484.2	5,864.9	8.3%	7.6%	92.4%	0.81
Alliance Data Systems Corporation	1.16	38.0%	1,406.8	5,104.1	27.6%	21.6%	78.4%	0.99
infoUSA Inc.	1.41	40.0%	272.0	562.8	48.3%	32.6%	67.4%	1.09
<b>Comparable Mean</b>								<b>0.95</b>
APPLE	0.95	38.0%	789.2	1,977.8	39.9%	28.5%	71.5%	0.76

(a) Source: Ibbotson Associates' "Stocks, Bonds, Bills and Inflation 2007 Yearbook".

(b) Defined as comparable mean unlevered beta \* (1 + ((1 - target's tax rate) \* target's debt/equity)).

(c) 1 year levered beta relative to the S&P 500. Source: Bloomberg adjusted beta as of May 11, 2007.

(d) Defined as current market capitalization.

(e) Defined as levered beta / (1 + ((1 - tax rate) \* debt/equity)).



# Discounted Cash Flow – Management Base Case

(Dollars in Millions, Except per Share)

	For the Projected FYE March 31,			
	2008	2009	2010	2011
EBIT	\$ 189.0	\$ 221.1	\$ 267.8	\$ 320.5
Less Taxes @ 39.0%	(73.7)	(86.2)	(104.4)	(125.0)
Net Income Unlevered	115.3	134.8	163.3	195.5
Plus: D&A	203.1	190.4	176.1	172.9
Less: Capitalization of Deferred Expenses	(54.1)	(54.1)	(54.1)	(54.1)
Less: Development of Software	(24.0)	(15.0)	(15.0)	(15.0)
Less: Capital Expenditures	(49.3)	(53.1)	(58.8)	(64.3)
Less: Other Asset Expenditures	(35.0)	(35.0)	(35.0)	(35.0)
Plus: Gain on Sale of the Phoenix Facility	20.0	-	-	-
Less: Change in Net Working Capital	(11.6)	(6.4)	(16.0)	(23.4)
Total Unlevered Net Free Cash Flow	\$ 164.3	\$ 161.7	\$ 160.5	\$ 176.6
		<b>Assuming Discount Rates of:</b>		
		<b>11.0%</b>	<b>11.5%</b>	<b>12.0%</b>
<b>Discounted to 3/31/07</b>				
Present Value of Cash Flow		\$ 513.0	\$ 507.5	\$ 502.1
Terminal Value Multiple	11.0x	2,621.9	2,575.1	2,529.5
<b>2011 Adj. EBITDA \$ 361.8</b>	12.0	2,860.2	2,809.2	2,759.4
	13.0	3,098.6	3,043.3	2,989.4
<b>Enterprise Value</b>	11.0x	\$ 3,134.9	\$ 3,082.7	\$ 3,031.6
	12.0	3,373.2	3,316.8	3,261.5
	13.0	3,611.6	3,550.9	3,491.5
Less: Net Debt (3/31/07)		\$ (718.0)	\$ (718.0)	\$ (718.0)
Plus: Option Proceeds		227.9	227.9	227.9
<b>Equity Value</b>	11.0x	\$ 2,644.7	\$ 2,592.5	\$ 2,541.4
	12.0	2,883.0	2,826.6	2,771.4
	13.0	3,121.4	3,060.7	3,001.3
Total Shares and "In the Money" Options Outstanding		89.9	89.9	89.9
<b>Price per Share</b>	11.0x	\$ 29.41	\$ 28.83	\$ 28.26
	12.0	32.06	31.44	30.82
	13.0	34.71	34.04	33.38

## Discounted Cash Flow – 10% Discount to Management Base Case

(Dollars in Millions, Except per Share)

	For the Projected FYE March 31,			
	2008	2009	2010	2011
EBIT	\$ 170.1	\$ 199.0	\$ 241.0	\$ 288.4
Less Taxes @ 39.0%	(66.3)	(77.6)	(94.0)	(112.5)
Net Income Unlevered	103.8	121.4	147.0	175.9
Plus: D&A	203.1	190.4	176.1	172.9
Less: Capitalization of Deferred Expenses	(54.1)	(54.1)	(54.1)	(54.1)
Less: Development of Software	(24.0)	(15.0)	(15.0)	(15.0)
Less: Capital Expenditures	(49.3)	(53.1)	(58.8)	(64.3)
Less: Other Asset Expenditures	(35.0)	(35.0)	(35.0)	(35.0)
Plus: Gain on Sale of the Phoenix Facility	20.0	-	-	-
Less: Change in Net Working Capital	(11.6)	(6.4)	(16.0)	(23.4)
Total Unlevered Net Free Cash Flow	\$ 152.8	\$ 148.2	\$ 144.2	\$ 157.0
		<b>Assuming Discount Rates of:</b>		
		<b>11.0%</b>	<b>11.5%</b>	<b>12.0%</b>
<b>Discounted to 3/31/07</b>				
Present Value of Cash Flow		\$ 466.8	\$ 461.9	\$ 457.0
Terminal Value Multiple	11.0x	2,359.7	2,317.6	2,276.5
<b>2011 Adj. EBITDA \$ 325.6</b>	12.0	2,574.2	2,528.3	2,483.5
	13.0	2,788.7	2,739.0	2,690.4
<b>Enterprise Value</b>	11.0x	\$ 2,826.5	\$ 2,779.5	\$ 2,733.6
	12.0	3,041.0	2,990.2	2,940.5
	13.0	3,255.5	3,200.9	3,147.5
Less: Net Debt (3/31/07)		\$ (718.0)	\$ (718.0)	\$ (718.0)
Plus: Option Proceeds		227.9	227.9	227.9
<b>Equity Value</b>	11.0x	\$ 2,336.4	\$ 2,289.4	\$ 2,243.4
	12.0	2,550.9	2,500.1	2,450.3
	13.0	2,765.4	2,710.7	2,657.3
Total Shares and "In the Money" Options Outstanding		89.9	89.9	89.9
<b>Price per Share</b>	11.0x	\$ 25.98	\$ 25.46	\$ 24.95
	12.0	28.37	27.80	27.25
	13.0	30.76	30.15	29.55

# Management Cost Savings Opportunities

(Dollars per Share)

Labor Arbitrage Realization	4-Yr Private Company Scenario			6-Yr Public Company Scenario		
	Perpetual Growth	Discount Rate		Perpetual Growth	Discount Rate	
			11.5%			11.5%
50%	0.0%	\$	2.33	0.0%	\$	1.91
	1.0%		2.53	1.0%		2.07
	2.0%		2.78	2.0%		2.27
65%	0.0%	\$	3.01	0.0%	\$	2.46
	1.0%		3.26	1.0%		2.66
	2.0%		3.57	2.0%		2.91
80%	0.0%	\$	3.68	0.0%	\$	3.00
	1.0%		3.99	1.0%		3.25
	2.0%		4.36	2.0%		3.55

# Management Cost Savings Opportunities – 4-Year Private Company Plan

(Dollars in Millions, Except per Share)

	For the Projected FYE March 31,			
	2008	2009	2010	2011
Labor Arbitrage / Efficiency Re-Engineering	\$ 9.9	\$ 37.6	\$ 67.6	\$ 91.1
% Realized	80.0%	80.0%	80.0%	80.0%
\$ Realized	8.0	30.1	54.1	72.9
Labor Arbitrage / Efficiency Re-Engineering Transition Impact	(15.0)	-	-	-
Facilities Savings	0.9	5.0	6.4	7.4
New Facility Cost (50% of Facility Savings)	(0.5)	(2.5)	(3.2)	(3.7)
Total Pre-Tax Savings	(6.6)	32.6	57.3	76.6
Less Taxes @ 39.0%	2.6	(12.7)	(22.3)	(29.9)
Additional Impact	\$ (4.0)	\$ 19.9	\$ 34.9	\$ 46.7
	<b>Assuming Discount Rates of:</b>			
	<b>11.0%</b>	<b>11.5%</b>	<b>12.0%</b>	
Present Value of Cash Flow	\$ 68.8	\$ 67.8	\$ 66.8	
<b>Perpetual Growth Rate:</b>	0.0%	279.6	262.7	247.3
	1.0%	310.7	290.6	272.5
	2.0%	348.6	324.4	302.7
<b>Enterprise Value</b>	0.0%	\$ 348.5	\$ 330.5	\$ 314.1
	1.0%	379.5	358.4	339.3
	2.0%	417.4	392.2	369.5
Total Shares and "In the Money" Options Outstanding		89.9	89.9	89.9
<b>Price per Share</b>	0.0%	\$ 3.88	\$ 3.68	\$ 3.49
	1.0%	4.22	3.99	3.77
	2.0%	4.64	4.36	4.11

# Management Cost Savings Opportunities – 6-Year Public Company Plan

(Dollars in Millions, Except per Share)

	For the Projected FYE March 31,					
	2008	2009	2010	2011	2012	2013
Labor Arbitrage / Efficiency Re-Engineering	\$ 3.1	\$ 11.7	\$ 21.1	\$ 28.4	\$ 50.9	\$ 91.1
% Realized	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
\$ Realized	1.5	5.9	10.5	14.2	25.4	45.6
Labor Arbitrage / Efficiency Re-Engineering Transition Impact	(15.0)	-	-	-	-	-
Facilities Savings	0.9	5.0	6.4	7.4	7.4	7.4
New Facility Cost (50% of Facility Savings)	(0.5)	(2.5)	(3.2)	(3.7)	(3.7)	(3.7)
Total Pre-Tax Savings	(13.0)	8.4	13.7	17.9	29.1	49.2
Less Taxes @ 39.0%	5.1	(3.3)	(5.3)	(7.0)	(11.4)	(19.2)
Additional Impact	\$ (7.9)	\$ 5.1	\$ 8.4	\$ 10.9	\$ 17.8	\$ 30.0

	Discounted to 3/31/07	Assuming Discount Rates of:		
		11.0%	11.5%	12.0%
Present Value of Cash Flow		\$ 36.9	\$ 36.0	\$ 35.2
Perpetual Growth Rate:	0.0%	146.0	135.9	126.8
	1.0%	162.2	150.4	139.7
	2.0%	182.0	167.8	155.2
Enterprise Value	0.0%	\$ 182.9	\$ 172.0	\$ 162.0
	1.0%	199.1	186.4	174.9
	2.0%	218.9	203.9	190.4
Total Shares and "In the Money" Options Outstanding		89.9	89.9	89.9
Price per Share	0.0%	\$ 2.03	\$ 1.91	\$ 1.80
	1.0%	2.21	2.07	1.95
	2.0%	2.43	2.27	2.12

**Presentation regarding:**

**Bird Acquisition Corporation's  
Acquisition of Acxiom Corporation**

May 16, 2007

**Stephens Inc.**  
Investment Bankers

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## Disclaimer

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The historical financial information contained in this presentation has been obtained from Acxiom Corporation ("Acxiom") management but has not been independently verified. The projections contained in this presentation regarding the future financial performance of Acxiom have been provided by Acxiom and represent the best judgment of the management of Acxiom as to the Company's likely future performance. Stephens Inc. has relied upon the accuracy of such historical financial information and projected financial results in preparing this presentation. Any inaccuracies in such historical financial information or projected financial results may change the conclusions expressed in this presentation. Stephens Inc. assumes no responsibility for any such inaccuracies in the historical financial information or projected financial results used in this presentation. This presentation has been prepared as of May 16, 2007 and reflects only information made available to us prior to such date. It does not include information regarding all of the assessments made by Stephens Inc. in arriving at its conclusions. This presentation has been prepared solely for the use of the Board of Directors and the Special Committee of the Board of Directors of Acxiom. It is confidential and may not be disclosed or provided to any third parties without the written permission of Stephens Inc.

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## Fairness Opinion Overview

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In connection with rendering an opinion to the Special Committee and the Acxiom Board of Directors, Stephens has:

- Analyzed certain publicly available financial statements and reports regarding the Company;
- Analyzed certain internal financial statements and other financial and operating data (including financial projections) concerning the Company prepared by management of the Company;
- Reviewed the reported prices and trading activity for the Common Stock;
- Compared the financial performance of the Company and the prices and trading activity of the Common Stock with that of certain other comparable publicly-traded companies and their securities;
- Reviewed the financial terms, to the extent publicly available, of certain comparable transactions;
- Reviewed the merger agreement and related documents;
- Discussed with management of the Company the operations of, and future business prospects for, the Company;
- Assisted in the deliberations of the Special Committee regarding the material terms of the Transaction and its negotiations with ValueAct and Silver Lake;
- Advised and counseled the Special Committee (and at the request of the Special Committee, the Board of Directors) respecting the Transaction;
- Performed such other analyses and provided such other services as we have deemed necessary or appropriate.

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## **I. Overview of ValueAct Capital and Silver Lake Partners Offer**

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## Summary of Key Transaction Terms of the Merger Agreement

<b>Transaction</b>	<ul style="list-style-type: none"> <li>▪ ValueAct Capital (“ValueAct”) and Silver Lake Partners (“Silver Lake”) have proposed to acquire 100% of the issued and outstanding common shares (not presently owned by ValueAct and Silver Lake) of Acxiom for \$27.10 per share in an all cash merger transaction</li> </ul>
<b>Valuation</b>	<ul style="list-style-type: none"> <li>▪ The transaction would represent: <ul style="list-style-type: none"> <li>- A fully-diluted equity value of \$2.2 billion and an enterprise value of \$2.9 billion</li> <li>- A premium of 14.1% and 20.6% over the most recent and 30 day average closing share prices, respectively</li> <li>- 7.4x Fiscal 2007 EBITDA, 14.4x Fiscal 2007 Adjusted EBITDA and 28.7x Fiscal 2007 EPS</li> </ul> </li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>▪ ValueAct and Silver Lake have agreed to fund 100% of equity financing</li> <li>▪ Financing commitment from UBS includes: <ul style="list-style-type: none"> <li>- \$1,725 million 7-year First Lien Term Loan priced at LIBOR + 225bps <ul style="list-style-type: none"> <li>• 1.0% annual principal amortization</li> </ul> </li> <li>- \$100 million 6-year Senior Secured First Lien revolving credit facility priced at LIBOR + 225bps (undrawn at close)</li> <li>- \$425 million Senior Secured Second Lien Term Loan facility priced at LIBOR + 550bps with a PIK interest option</li> </ul> </li> </ul>
<b>Approvals &amp; Conditions</b>	<ul style="list-style-type: none"> <li>▪ Acxiom shareholder approval</li> <li>▪ Customary regulatory approvals</li> <li>▪ No Material Adverse Change</li> <li>▪ ValueAct Voting Agreement</li> </ul>

## Summary of Key Transaction Terms of the Merger Agreement – continued

<b>Go-Shop</b>	<ul style="list-style-type: none"><li>▪ Acxiom and its advisors may solicit offers from potential financial or strategic buyers during a period of 60 days (“Go-Shop Period”) following the signing date of the Merger Agreement<ul style="list-style-type: none"><li>- Solicit interest from any potential buyer for 60 days</li><li>- If the Board receives an acquisition offer it deems to be superior within this period, ValueAct and Silver Lake have the right to be notified 3 days prior to termination of the Merger Agreement and will receive the name of the buyer and terms of the offer received</li><li>- Termination fee 1% of equity value of the transaction</li></ul></li></ul>
<b>No-Shop</b>	<ul style="list-style-type: none"><li>▪ After the Go-Shop period (60 days), Acxiom and its advisors may no longer solicit offers but may respond to unsolicited offers</li><li>▪ Requirement to notify ValueAct and Silver Lake upon receipt of unsolicited offer</li><li>▪ Termination fee 3% of equity value of the transaction</li></ul>
<b>Signing</b>	<ul style="list-style-type: none"><li>▪ May 16, 2007</li></ul>
<b>Expected Closing</b>	<ul style="list-style-type: none"><li>▪ Q3 2007</li></ul>

# Summary of ValueAct and Silver Lake Offer

(Dollars in Millions, Except per Share)

	Current	Offer Price
Price Per Share (5/15/07)	\$ 23.76	\$ 27.10
<b>Implied Premium:</b>		
Current	\$ 23.76	14.1%
30-Day Average	22.48	20.6%
90-Day Average	22.58	20.0%
180-Day Average	23.76	14.0%
52-Week High	25.86	4.8%
Fully Diluted Shares Outstanding (Treasury Method)	80.5	81.5
Market Capitalization	\$ 1,913.8	\$ 2,208.8
Plus: Debt (3/31/07)	755.8	755.8
Less: Cash (3/31/07)	(37.8)	(37.8)
Enterprise Value	\$ 2,631.8	\$ 2,926.9

Valuation Multiples		
<b>Revenue:</b>		
3/31/07	\$ 1,395.8	2.1x
3/31/08	1,465.4	2.0
<b>EBITDA:</b>		
3/31/07	\$ 394.6	7.4x
3/31/08	391.5	7.5
<b>Adjusted EBITDA (a):</b>		
3/31/07	\$ 203.0	14.4x
3/31/08	224.1	13.1
<b>EBIT:</b>		
3/31/07	\$ 167.3	17.5x
3/31/08	189.0	15.5
<b>EPS:</b>		
3/31/07	\$ 0.95	28.7x
3/31/08	1.02	26.6
<b>Free Cash Flow (b):</b>		
3/31/07	\$ 52.7	41.9x
3/31/08	92.2	24.0
<b>Book Value Per Share:</b>		
3/31/07	\$ 6.16	4.4x
3/31/08	7.91	3.4

Note: Projected results based on Axiom Management Base Case forecast as presented to BOD.

**Stephens Inc.**  
Investment Bankers

- (a) EBITDA less Capital Lease Principal and Interest Payments less Purchased Software Licenses less Capitalization of Deferred Expenses.  
 (b) Defined as Cash Flow from Operations less Cash Flow from Investing Activities (excludes acquisition expenditures and includes additions to capital leases).

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## **II. Acxiom Historical & Projected Financial Overview**

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# Historical Financial Summary

(Dollars in Millions, Except per Share)

- Historically Acxiom has grown through a combination of leading product development focus, market share gains and acquisition of companies with complimentary product suites
- Acquisitions (calendar year):
  - 2003 (Claritas Europe)
  - 2004 (ChinaLOOP, Consodata)
  - 2005 (InsightAmerica, Digital Impact, SmartDM)
  - 2007 (Equitec, Harbringer and Kefta)

	For the Historical Fiscal Year Ended March 31,					CAGR '03-'07
	2003	2004	2005	2006	2007	
Revenue	\$ 958.2	\$ 1,010.8	\$ 1,223.0	\$ 1,332.6	\$ 1,395.8	<b>9.9%</b>
Growth	10.6%	5.5%	21.0%	9.0%	4.7%	
Organic Growth	10.6%	3.1%	9.4%	4.9%	3.7%	
EBITDA	\$ 239.7	\$ 254.5	\$ 316.3	\$ 371.7	\$ 394.6	<b>13.3%</b>
Margin	25.0%	25.2%	25.9%	27.9%	28.3%	
Adjusted EBITDA (a)	\$ 189.2	\$ 168.1	\$ 164.9	\$ 176.8	\$ 203.0	<b>1.8%</b>
Margin	19.7%	16.6%	13.5%	13.3%	14.5%	
EBIT	\$ 84.8	\$ 104.2	\$ 121.2	\$ 140.6	\$ 167.3	<b>18.5%</b>
Margin	8.8%	10.3%	9.9%	10.6%	12.0%	
Net Income	\$ 46.1	\$ 60.8	\$ 69.0	\$ 70.0	\$ 79.7	<b>14.7%</b>
Margin	4.8%	6.0%	5.6%	5.3%	5.7%	
EPS	\$ 0.50	\$ 0.63	\$ 0.74	\$ 0.77	\$ 0.95	<b>17.3%</b>
Growth	N/M	25.1%	17.7%	5.3%	22.0%	

# Axiom Projected Financial Summary – Management Base Case

(Dollars in Millions, Except per Share)

- Based on model provided by management to Axiom Board of Directors
- The financial model incorporates the following events
  - Acquisition of Harbinger and Kefta
  - Reduction in capital expenditures to reflect projected run-rate

	FYE 2007	For the Projected Fiscal Year Ending March 31,				CAGR '07-'11
		2008	2009	2010	2011	
Revenue	\$ 1,395.8	\$ 1,465.4	\$ 1,561.9	\$ 1,700.2	\$ 1,853.0	7.3%
Growth	4.7%	5.0%	6.6%	8.9%	9.0%	
EBITDA	\$ 394.6	\$ 391.5	\$ 410.7	\$ 442.6	\$ 491.5	5.6%
Margin	28.3%	26.7%	26.3%	26.0%	26.5%	
Adjusted EBITDA (a)	\$ 203.0	\$ 224.1	\$ 269.3	\$ 304.7	\$ 359.9	15.4%
Margin	14.5%	15.3%	17.2%	17.9%	19.4%	
EBIT	\$ 167.3	\$ 189.0	\$ 221.1	\$ 267.7	\$ 320.3	17.6%
Margin	12.0%	12.9%	14.2%	15.7%	17.3%	
Net Income	\$ 80.1	\$ 82.7	\$ 111.1	\$ 146.8	\$ 185.6	23.4%
Margin	5.7%	5.6%	7.1%	8.6%	10.0%	
Earnings Per Share	\$ 0.95	\$ 1.02	\$ 1.36	\$ 1.78	\$ 2.24	24.0%
Growth	22.0%	7.7%	33.4%	31.2%	25.5%	



## Axiom Additional Cost Savings

(Dollars in Millions)

- Management has presented several cost savings opportunities to be achieved over the projected period
- Management has imputed a 50% realization of Project COPERNICUS to account for execution risks

	For the Projected Fiscal Year Ending March 31,					
	2008	2009	2010	2011	2012	2013
Labor Arbitrage / Efficiency Re-Engineering	\$ 3.1	\$ 11.7	\$ 21.1	\$ 28.4	\$ 50.9	\$ 91.1
Discount to Projections (50%)	(1.5)	(5.9)	(10.5)	(14.2)	(25.4)	(45.6)
Net Labor Arbitrage / Efficiency Re-Engineering	1.5	5.9	10.5	14.2	25.4	45.6
Labor Arbitrage / Efficiency Re-Engineering Transition Impact	(15.0)	-	-	-	-	-
Facilities Savings	0.9	5.0	6.4	7.4	7.4	7.4
New Facility Cost (50% of Facility Savings)	(0.5)	(2.5)	(3.2)	(3.7)	(3.7)	(3.7)
<b>Total Cost Savings</b>	<b>\$ (13.0)</b>	<b>\$ 8.4</b>	<b>\$ 13.7</b>	<b>\$ 17.9</b>	<b>\$ 29.1</b>	<b>\$ 49.2</b>

# Acxiom Projected Financial Summary – Management Upside Plan

(Dollars in Millions, Except per Share)

- Assumes Acxiom additional cost savings initiatives are additive to the Management Base Case

	FYE 2007	For the Projected Fiscal Year Ending March 31,				CAGR '07-'11
		2008	2009	2010	2011	
Revenue <i>Growth</i>	\$ 1,395.8 4.7%	\$ 1,465.4 5.0%	\$ 1,561.9 6.6%	\$ 1,700.2 8.9%	\$ 1,853.0 9.0%	7.3%
EBITDA <i>Margin</i>	\$ 394.6 28.3%	\$ 378.5 25.8%	\$ 419.1 26.8%	\$ 456.3 26.8%	\$ 509.4 27.5%	6.6%
Adjusted EBITDA (a) <i>Margin</i>	\$ 203.0 14.5%	\$ 211.1 14.4%	\$ 277.7 17.8%	\$ 318.4 18.7%	\$ 377.8 20.4%	16.8%
EBIT <i>Margin</i>	\$ 167.3 12.0%	\$ 176.0 12.0%	\$ 229.4 14.7%	\$ 281.4 16.6%	\$ 338.2 18.2%	19.2%
Net Income <i>Margin</i>	\$ 80.1 5.7%	\$ 74.8 5.1%	\$ 116.2 7.4%	\$ 155.2 9.1%	\$ 196.5 10.6%	25.2%
Earnings Per Share <i>Growth</i>	\$ 0.95 22.0%	\$ 0.92 -2.7%	\$ 1.42 54.3%	\$ 1.88 32.6%	\$ 2.37 25.7%	25.8%

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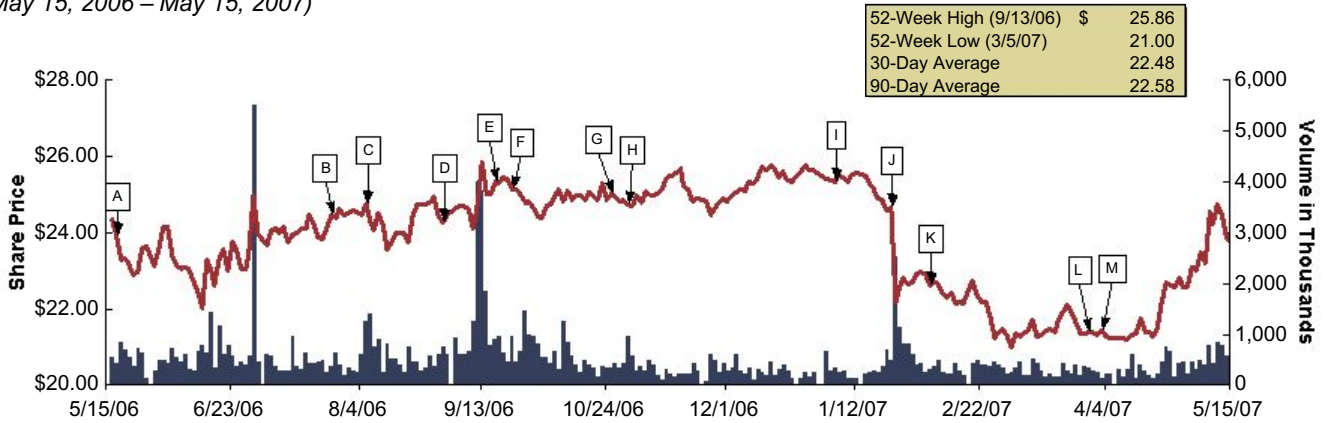
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### **III. Share Price Considerations**

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# LTM Acxiom Share Price Performance

(May 15, 2006 – May 15, 2007)



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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>A</b> 5/17/06: Announced revenue of \$1.3 billion and EPS of \$0.74 for the FYE 2006 vs. consensus EPS of \$0.75</p> <p><b>B</b> 7/26/06: Announced revenue of \$336.7 million and EPS of \$0.20 for the Q1 2007 vs. consensus EPS of \$0.17.</p> <p><b>C</b> 8/7/06: Announced Jeffrey W. Ubben will join the Company's Board of Directors.</p> <p><b>D</b> 8/31/06: Announced adjustments to the Company's Road Map earnings target as a result of an increase in options exercised, non-financial advisory fees related to the proxy contest, share repurchase through DAST, an increase in incremental interest expense, and a higher effective tax rate.</p> <p><b>E</b> 9/18/06: Announced the final results of the Company's Dutch Auction Self Tender in which 11.1 million shares of common stock were purchased at a price of \$25.00 per share.</p> <p><b>F</b> 9/22/06: Announced the election of R. Halsey Wise, President and CEO of Intergraph Corporation, to the Company's Board of Directors.</p> | <p><b>G</b> 10/25/06: Announced revenue of \$348.3 million and EPS of \$0.25 for the Q2 2007 vs. consensus EPS of \$0.23.</p> <p><b>H</b> 10/31/06: Announced the opening of new data center in greater Toronto area.</p> <p><b>I</b> 1/5/07: Announced the acquisition of retail business solutions provider, Equitec. The Company expects the transaction to be accretive in 2008.</p> <p><b>J</b> 1/24/07: Announced revenue of \$352.8 million and EPS of \$0.31 for the Q3 2007 vs. consensus EPS of \$0.32.</p> <p><b>K</b> 2/6/07: Announced resignation of Frank Cotroneo as Company's CFO and the appointment of Rodger Kline as interim CFO.</p> <p><b>L</b> 3/29/07: Announced the acquisition of Harbinger Technologies Group, an international consulting and technology that specializes serving homeland defense, national security and the prevention of international terrorism.</p> <p><b>M</b> 4/3/07: Announced the acquisition of Kefta, a leader in real-time, dynamic personalization solutions for the Internet.</p> |
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# Historical 5 Year Acxiom Performance

(May 15, 2002 – May 15, 2007)

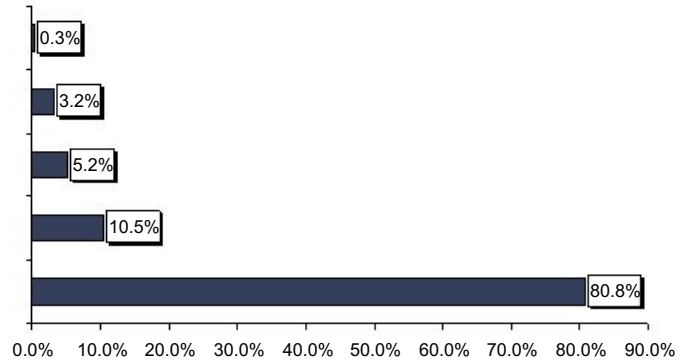


# Axiom – 5 Year Trading Histogram

(May 15, 2002 – May 15, 2007)

Price Range	# of Days Traded	Average Volume	Total Volume	Shares Traded at or Below Range
\$26.51 - \$27.00	7	393,526	2,754,683	100.0%
\$26.01 - \$26.50	55	504,437	27,744,056	99.7%
\$25.01 - \$26.00	89	510,077	45,396,862	96.5%
\$24.01 - \$25.00	137	671,965	92,059,250	91.3%
\$12.00 - \$24.00	971	727,487	706,390,193	80.8%

Distribution of Total Volume Traded



<b>Total</b>	<b>1,259</b>	<b>694,476</b>	<b>874,345,044</b>
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<b>Weighted Average Price</b>		<b>\$</b>	<b>19.89</b>
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<b>Current Price</b>	<b>5/15/07</b>	<b>\$</b>	<b>23.76</b>
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# Acxiom Equity Research Coverage

(Dollars in Millions, Except per Share)

## Estimates

Firm	Recommendation	Last Report Date	Target Price	Revenue		EPS	
				2007E	2008E	2007E	2008E
Credit Suisse	Underperform	2/7/07	\$ 24.00	\$1,391.0	\$1,434.8	\$ 0.96	\$ 1.11
Stephens Inc.	Equal-Weight	1/25/07	28.00	1,397.6	1,505.2	0.96	1.18
William Blair & Company	Market Perform	1/25/07	---	1,392.7	1,459.3	0.96	1.05
Piper Jaffray	Market Perform	1/25/07	23.00	1,392.5	1,446.6	0.97	1.13
Robert W. Baird & Co.	Neutral	1/25/07	26.00	1,393.8	1,480.7	0.91	1.10
Lehman Brothers	Overweight / Neutral	1/25/07	23.50	---	---	---	---
ThinkEquity Partners	Hold	1/25/07	21.00	1,393.8	1,465.8	0.94	1.00

<b>Mean</b>	<b>\$ 24.25</b>	<b>\$1,393.6</b>	<b>\$1,465.4</b>	<b>\$ 0.95</b>	<b>\$ 1.10</b>
<b>Median</b>	<b>24.30</b>	<b>1,393.3</b>	<b>1,462.6</b>	<b>0.96</b>	<b>1.11</b>
<b>IBES</b>		<b>\$1,393.9</b>	<b>\$1,470.3</b>	<b>\$ 0.95</b>	<b>\$ 1.12</b>
<b>Acxiom Internal Estimates</b>		<b>1,395.8</b>	<b>1,453.7</b>	<b>0.95</b>	<b>1.02</b>

## Commentary

"We believe the risk of near-term numbers is lower now that Acxiom has revised their Roadmap (as of Q3 report). That said we do not expect much upside to revenues in the near term given the macro environment (tough demand for traditional marketing services) and Acxiom's exposure to financial services and in particular major credit card providers." – **Brandon Dobell, Credit Suisse, 2/6/07.**

"We continue to believe that Acxiom is positioned for solid, sustainable growth over the long term driven by: 1) increasing demand for data integration and targeted-marketing capabilities, 2) international expansion opportunities, 3) improving sales productivity as more consultative sales efforts mature, and 4) a broadening service offering including digital marketing and risk management solutions among others." – **Mark A. Bacurin, Robert W. Baird & Co., 1/25/07.**

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## **IV. Valuation Analysis**

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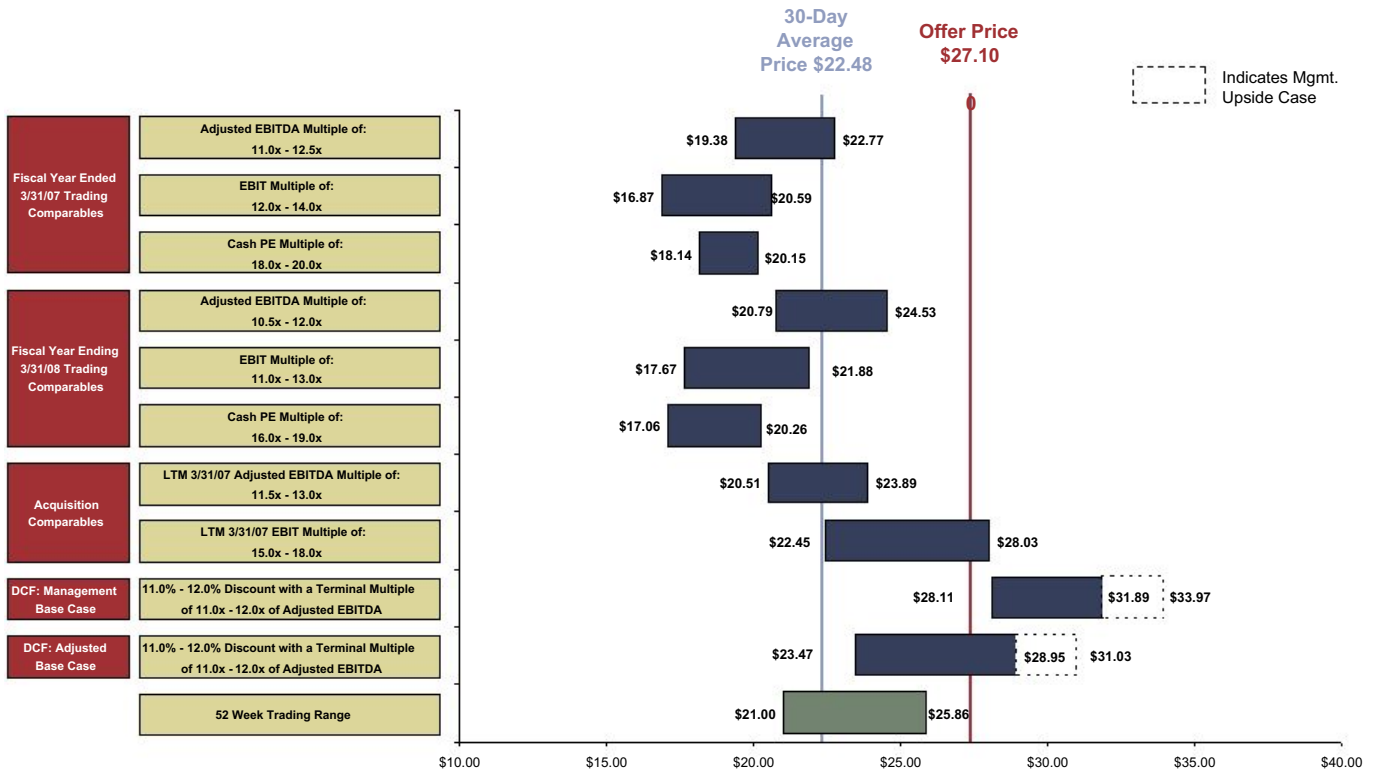
## Valuation Analysis

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**Stephens based its valuation range on Acxiom's historical financial performance, base case projections developed by Management and the following valuation methodologies:**

- **Comparable Publicly-Traded Company Analysis**
  - Reviewed trailing and forward trading multiples of Adjusted EBITDA, EBIT and Cash EPS of publicly-traded information technology companies relative to growth, margins, returns, strategic/competitive position and financial condition
- **Comparable Transaction Analysis**
  - Reviewed recent transactions involving similar companies to Acxiom and examined multiples paid relative to strategic/synergistic opportunities, operating performance of the target and transaction circumstances
- **Discounted Cash Flow Analysis**
  - Management Base Case: Derived a current valuation by discounting the expected future annual cash flows generated by the Acxiom Management Base Case projection model including a terminal valuation. A range of terminal values was determined by applying exit multiples of 11.0x to 12.0x to projected March 31, 2011 Adjusted EBITDA
  - Adjusted Management Base Case: Derived a current valuation by discounting the expected future annual cash flows generated by an adjusted Management Base Case model (5%, 10% and 15% discount applied to EBIT in FY08, FY09 and FY10-11, respectively) including a terminal valuation. A range of terminal values was determined by applying exit multiples of 11.0x to 12.0x to projected March 31, 2011 Adjusted EBITDA (15% discount applied to Base Case)
  - Utilized Acxiom's weighted average cost of capital (WACC) of approximately 11 -12%
- Stephens also has examined other valuation metrics (book value, liquidation value, etc.)

# Implied Per Share Valuation Range



- Based on financial projections developed by management for fiscal 2007 – 2011E (Management Base Case)

# Trading Comparables

(Dollars in Millions, Except per Share)

Company Name	Ticker Symbol	Price 5/15/07	Equity Value	Enterprise Value	Enterprise Value / EBITDA			Enterprise Value / EBIT			Price / Cash EPS			Total Debt / LTM EBITDA
					LTM	2007E	2008E	LTM	2007E	2008E	LTM	2007E	2008E	
Equifax Inc. (a)	EFX	\$ 41.32	\$ 6,114.4	\$ 6,964.8	\$ 616.4 11.3x 33.3%	\$ 662.2 10.5x 34.6%	\$ 741.1 9.4x 34.9%	\$ 471.0 14.8x 25.5%	\$ 555.5 12.5x 29.0%	\$ 595.5 11.7x 28.1%	\$ 2.23 18.6x	\$ 2.24 18.5x	\$ 2.60 15.9x	1.4x
The Dun & Bradstreet Corporation	DNB	94.66	5,840.2	6,184.8	\$ 472.6 13.1x 30.4%	\$ 528.0 11.7x 32.4%	\$ 575.8 10.7x 33.2%	\$ 436.4 14.2x 28.0%	\$ 476.0 13.0x 29.2%	\$ 528.0 11.7x 30.4%	\$ 4.06 23.3x	\$ 4.71 20.1x	\$ 5.31 17.8x	1.1x
Alliance Data Systems Corporation	ADS	62.80	5,097.4	6,350.3	\$ 541.3 11.7x 26.1%	\$ 614.8 10.3x 26.8%	\$ 661.1 9.6x 26.4%	\$ 404.3 15.7x 19.5%	\$ 453.0 14.0x 19.8%	\$ 493.8 12.9x 19.7%	\$ 3.39 18.5x	\$ 3.60 17.4x	\$ 4.05 15.5x	2.9x
ChoicePoint Inc.	CPS	38.65	3,043.6	3,464.4	\$ 336.3 10.3x 31.7%	\$ 347.8 10.0x 30.9%	\$ 372.7 9.3x 31.1%	\$ 263.4 13.2x 24.6%	\$ 272.6 12.7x 24.2%	\$ 295.6 11.7x 24.7%	\$ 1.98 19.5x	\$ 2.07 18.7x	\$ 2.36 16.3x	2.2x
Fair Isaac Corporation	FIC	35.03	2,028.9	2,226.0	\$ 259.3 8.6x 31.5%	\$ 235.3 9.5x 29.4%	\$ 261.6 8.5x 31.3%	\$ 207.9 10.7x 25.2%	\$ 182.9 12.2x 22.9%	\$ 218.5 10.2x 26.2%	\$ 2.61 13.4x	\$ 2.33 15.1x	\$ 2.57 13.6x	2.3x
Harte-Hanks, Inc.	HHS	25.46	1,910.3	2,071.1	\$ 225.5 9.2x 19.0%	\$ 239.1 8.7x 19.0%	\$ 249.9 8.3x 18.9%	\$ 189.9 10.9x 16.0%	\$ 201.1 10.3x 16.0%	\$ 210.9 9.8x 15.9%	\$ 1.45 17.5x	\$ 1.57 16.3x	\$ 1.73 14.7x	0.9x
infoUSA Inc. (b)	IUSA	10.05	559.3	825.3	\$ 101.9 8.1x 17.3%	\$ 112.1 7.4x 17.8%	\$ 123.8 6.7x 19.0%	\$ 66.1 12.5x 11.2%	\$ 73.2 11.3x 11.6%	\$ 83.7 9.9x 12.8%	\$ 0.51 19.6x	\$ 0.78 12.9x	\$ 0.88 11.4x	0.4x
<b>Summary of Market Multiples:</b>														
Maximum					13.1x	11.7x	10.7x	15.7x	14.0x	12.9x	23.3x	20.1x	17.8x	2.9x
Minimum					8.1	7.4	6.7	10.7	10.3	9.8	13.4	12.9	11.4	0.4
Mean					10.3x	9.7x	8.9x	13.1x	12.3x	11.1x	18.6x	17.0x	15.0x	1.6x
Median					10.3	10.0	9.3	13.2	12.5	11.7	18.6	17.4	15.5	1.4
Mean (Excluding Min and Max)					10.2	9.8	9.0	13.1	12.3	11.0	18.7	17.2	15.2	1.9
<b>Margins:</b>														
Mean					27.0%	27.3%	27.8%	21.5%	21.8%	22.5%				
Median					30.4%	29.4%	31.1%	24.8%	22.9%	24.7%				
Acxiom (c)		\$ 23.76	\$ 1,913.8	\$ 2,631.8	\$ 203.0 13.0x 14.5%	\$ 224.7 11.7x 15.3%	\$ 270.1 9.7x 17.3%	\$ 167.3 15.7x 12.0%	\$ 189.0 13.9x 12.9%	\$ 221.1 11.9x 14.2%	\$ 1.01 23.6x	\$ 1.07 22.3x	\$ 1.40 17.0x	2.8x

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Note: Financial information per Wall Street research.

(a) Pro Forma TALX acquisition.

(b) Pro Forma Opinion Research acquisition.

(c) Acxiom's 2007E – 2008E financial information is based on fiscal year 3/31/08 and 3/31/09, respectively. Projections provided by the Company.

# Acquisition Comparables

(Dollars in Millions)

Closing Date	Acquiror	Target	Enterprise Value	Equity Value	Enterprise Value /	
					LTM EBITDA	LTM EBIT
Pending	Google Inc	DoubleClick Inc	\$ 3,100.0	---	\$ 90.0	---
					34.4x	N/A
Pending	Cerberus Capital Management	Affiliated Computer Services	8,410.5	6,132.7	926.0	607.8
					9.1x	13.8x
Pending	Hellman & Friedman LLC	Catalina Marketing Corp	1,623.9	1,559.1	158.3	119.0
					10.3x	13.6x
Pending	Pacific Equity Partners & Merrill Lynch Global Private Equity	Veda Advantage Limited	759.0	641.2	55.7	47.6
					13.6x	15.9x
5/15/07	Equifax Inc	TALX Corp	1,401.0	1,216.4	89.9	71.1
					15.6x	19.7x
2/1/07	Alliance Data Systems	Abacus Direct Corporation	435.0	435.0	38.1	---
					11.4x	N/A
1/29/07	Publicis Groupe SA	Digitas Inc	1,228.4	1,375.7	63.7	48.6
					19.3x	25.3x
12/4/06	infoUSA Inc	Opinion Research Corp	125.7	66.0	15.3	11.2
					8.2x	11.2x
6/9/06	Alliance Data Systems	CPC Associates	70.0	70.0	6.0	---
					11.7x	N/A
6/9/06	Private Equity Consortium	VNU N.V.	11,152.0	9,787.4	773.1	472.8
					14.4x	23.6x
2/10/06	Investcorp International Inc.	CCC Information Svcs Grp Inc	602.5	463.6	56.1	48.5
					10.7x	12.4x
9/30/05	Alliance Data Systems	Bigfoot Interactive	120.0	120.0	---	---
					N/A	N/A
9/1/05	Reed Elsevier Plc	Seisint	745.0	775.0	45.0	---
					16.6x	N/A
8/11/05	Consortium of Investors	SunGard Data Systems Inc	10,844.3	10,964.9	1,046.6	709.6
					10.4x	15.3x
7/13/05	Hellman & Friedman LLC	DoubleClick Inc	699.0	1,101.0	58.6	23.1
					11.9x	30.3x
5/2/05	Intl. Business Machines Corp	Ascential Software Corp	655.9	1,136.6	29.0	6.9
					22.6x	95.4x

<b>Maximum</b>	34.4x	95.4x
<b>Minimum</b>	8.2	11.2
<b>Mean</b>	14.7x	25.1x
<b>Median</b>	11.9	15.9

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# Weighted Average Cost of Capital

(Dollars in Millions)

COST OF DEBT	
Cost of Debt	7.50%
Tax Rate	38.00%
<b>After-Tax Cost of Debt</b>	<b>4.65%</b>

WEIGHTED AVERAGE COST OF CAPITAL	
Weight of Debt	28.31%
After-Tax Cost of Debt	4.65%
Weight of Equity	71.69%
Cost of Equity	14.19%
<b>WACC</b>	<b>11.49%</b>

COST OF EQUITY	
Long-Term S&P 500 Equity Risk Premium (a)	7.10%
Levered Beta (b)	1.12
Implied Market Risk Premium	7.93%
Plus: Applicable Equity Size Premium (See Below)	1.76%
Plus: Company-Specific Risk Premium	0.00%
Implied Company Risk Premium	9.69%
Plus: Ten-Year Government Bond (5/15/07)	4.50%
<b>Cost of Equity</b>	<b>14.19%</b>
Incremental Equity Size Premium(a)	
Equity Size between \$1,947 and \$7,777 million	0.97%
Equity Size between \$627 and \$1,947 million	1.76%
Equity Size below \$627 million	3.88%

COMPARABLE COMPANY ANALYSIS								
Company	Levered Beta (c)	Tax Rate	Total Debt	Equity Value (d)	Debt/Equity	Percent Debt	Percent Equity	Unlevered Beta (e)
Equifax Inc.	0.91	37.5%	\$ 857.4	\$ 6,114.4	14.0%	12.3%	87.7%	0.84
The Dun & Bradstreet Corporation	0.88	40.0%	484.2	5,840.2	8.3%	7.7%	92.3%	0.84
Alliance Data Systems Corporation	1.38	38.0%	1,406.8	5,097.4	27.6%	21.6%	78.4%	1.18
infoUSA Inc.	0.95	40.0%	272.0	559.3	48.6%	32.7%	67.3%	0.74
<b>Comparable Mean</b>								<b>0.90</b>
Acxiom	0.86	38.0%	755.8	1,913.8	39.5%	28.3%	71.7%	0.69

(a) Source: Ibbotson Associates' "Stocks, Bonds, Bills and Inflation 2007 Yearbook".

(b) Defined as comparable mean unlevered beta \* (1+((1-target's tax rate) \* target's debt/equity)).

(c) 1 year levered beta relative to the S&P 500. Source: Bloomberg adjusted beta as of May 15, 2007.

(d) Defined as current market capitalization.

(e) Defined as levered beta / (1+((1-tax rate) \* debt/equity)).

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# Discounted Cash Flow – Management Base Case

(Dollars in Millions, Except per Share)

	For the Projected FYE March 31,			
	2008	2009	2010	2011
EBIT	\$ 189.0	\$ 221.1	\$ 267.7	\$ 320.3
Less Taxes @ 39.0%	(73.7)	(86.2)	(104.4)	(124.9)
Net Income Unlevered	115.3	134.8	163.3	195.4
Plus: D&A	203.1	190.4	176.1	172.9
Less: Capitalization of Deferred Expenses	(54.1)	(54.1)	(54.1)	(54.1)
Less: Development of Software	(24.0)	(15.0)	(15.0)	(15.0)
Less: Capital Expenditures	(49.3)	(53.1)	(58.8)	(64.3)
Less: Other Asset Expenditures	(35.0)	(35.0)	(35.0)	(35.0)
Plus: Gain on Sale of the Phoenix Facility	20.0	-	-	-
Less: Change in Net Working Capital	(11.6)	(6.4)	(16.0)	(23.4)
Total Unlevered Net Free Cash Flow	\$ 164.3	\$ 161.7	\$ 160.5	\$ 176.4
		<b>Assuming Discount Rates of:</b>		
		<b>11.0%</b>	<b>11.5%</b>	<b>12.0%</b>
<b>Discounted to 3/31/07</b>				
Present Value of Cash Flow		\$ 512.9	\$ 507.4	\$ 502.0
Terminal Value Multiple	11.0x	2,608.0	2,561.5	2,516.1
<b>2011 Adj. EBITDA</b>	<b>\$ 359.9</b>	2,726.5	2,677.9	2,630.4
	12.0	2,845.1	2,794.4	2,744.8
<b>Enterprise Value</b>	11.0x	\$ 3,120.9	\$ 3,068.9	\$ 3,018.1
	11.5	3,239.4	3,185.3	3,132.5
	12.0	3,358.0	3,301.8	3,246.8
Less: Net Debt (3/31/07)		\$ (718.0)	\$ (718.0)	\$ (718.0)
Plus: Option Proceeds		227.9	227.9	227.9
<b>Equity Value</b>	11.0x	\$ 2,630.7	\$ 2,578.8	\$ 2,527.9
	11.5	2,749.2	2,695.2	2,642.3
	12.0	2,867.8	2,811.6	2,756.7
Total Shares and "In the Money" Options Outstanding		89.9	89.9	89.9
<b>Price per Share</b>	11.0x	\$ 29.26	\$ 28.68	\$ 28.11
	11.5	30.58	29.97	29.39
	12.0	31.89	31.27	30.66

# Discounted Cash Flow – Adjusted Management Base Case

(Dollars in Millions, Except per Share)

	For the Projected FYE March 31,			
	2008	2009	2010	2011
EBIT	\$ 179.6	\$ 199.0	\$ 227.6	\$ 272.4
Less Taxes @ 39.0%	(70.0)	(77.6)	(88.8)	(106.2)
Net Income Unlevered	109.5	121.4	138.8	166.2
Plus: D&A	203.1	190.4	176.1	172.9
Less: Capitalization of Deferred Expenses	(54.1)	(54.1)	(54.1)	(54.1)
Less: Development of Software	(24.0)	(15.0)	(15.0)	(15.0)
Less: Capital Expenditures	(49.3)	(53.1)	(58.8)	(64.3)
Less: Other Asset Expenditures	(35.0)	(35.0)	(35.0)	(35.0)
Plus: Gain on Sale of the Phoenix Facility	20.0	-	-	-
Less: Change in Net Working Capital	(11.6)	(6.4)	(16.0)	(23.4)
Total Unlevered Net Free Cash Flow	\$ 158.6	\$ 148.2	\$ 136.0	\$ 147.3
		<b>Assuming Discount Rates of:</b>		
		<b>11.0%</b>	<b>11.5%</b>	<b>12.0%</b>
<b>Discounted to 3/31/07</b>				
Present Value of Cash Flow		\$ 459.6	\$ 454.9	\$ 450.2
Terminal Value Multiple	11.0x	2,228.6	2,188.9	2,150.0
2011 Adj. EBITDA	\$ 307.6	2,431.2	2,387.9	2,345.5
		2,633.8	2,586.8	2,541.0
<b>Enterprise Value</b>	11.0x	\$ 2,688.2	\$ 2,643.7	\$ 2,600.2
	12.0	2,890.8	2,842.7	2,795.7
	13.0	3,093.4	3,041.7	2,991.1
Less: Net Debt (3/31/07)		\$ (718.0)	\$ (718.0)	\$ (718.0)
Plus: Option Proceeds		227.9	227.9	227.9
<b>Equity Value</b>	11.0x	\$ 2,198.0	\$ 2,153.6	\$ 2,110.0
	12.0	2,400.6	2,352.5	2,305.5
	13.0	2,603.2	2,551.5	2,501.0
Total Shares and "In the Money" Options Outstanding		89.9	89.9	89.9
<b>Price per Share</b>	11.0x	\$ 24.45	\$ 23.95	\$ 23.47
	12.0	26.70	26.16	25.64
	13.0	28.95	28.38	27.81

# Management Cost Savings Opportunities

(Dollars in Millions, Except per Share)

	For the Projected FYE March 31,					
	2008	2009	2010	2011	2012	2013
Labor Arbitrage / Efficiency Re-Engineering	\$ 3.1	\$ 11.7	\$ 21.1	\$ 28.4	\$ 50.9	\$ 91.1
<i>% Realized</i>	<i>50.0%</i>	<i>50.0%</i>	<i>50.0%</i>	<i>50.0%</i>	<i>50.0%</i>	<i>50.0%</i>
\$ Realized	1.5	5.9	10.5	14.2	25.4	45.6
Labor Arbitrage / Efficiency Re-Engineering Transition Impact	(15.0)	-	-	-	-	-
Facilities Savings	0.9	5.0	6.4	7.4	7.4	7.4
New Facility Cost (50% of Facility Savings)	(0.5)	(2.5)	(3.2)	(3.7)	(3.7)	(3.7)
Total Pre-Tax Savings	(13.0)	8.4	13.7	17.9	29.1	49.2
Less Taxes @ 39.0%	5.1	(3.3)	(5.3)	(7.0)	(11.4)	(19.2)
Additional Impact	\$ (7.9)	\$ 5.1	\$ 8.4	\$ 10.9	\$ 17.8	\$ 30.0

	Discounted to 3/31/07	Assuming Discount Rates of:		
		11.0%	11.5%	12.0%
Present Value of Cash Flow		\$ 36.9	\$ 36.0	\$ 35.2
Perpetual Growth Rate:	0.0%	146.0	135.9	126.8
	1.0%	162.2	150.4	139.7
	2.0%	182.0	167.8	155.2
Enterprise Value	0.0%	\$ 182.9	\$ 172.0	\$ 162.0
	1.0%	199.1	186.4	174.9
	2.0%	218.9	203.9	190.4
Total Shares and "In the Money" Options Outstanding		89.9	89.9	89.9
Price per Share	0.0%	\$ 2.03	\$ 1.91	\$ 1.80
	1.0%	2.21	2.07	1.95
	2.0%	2.43	2.27	2.12



**CONFIDENTIAL**



Confidential Presentation to:

**The Board of Directors of Acxiom**

**Regarding Project Apple**

May 16, 2007



Global Markets & Investment Banking Group

† Certain information in this exhibit has been omitted and filed separately with the SEC pursuant to a confidential treatment request under Rule 24b-2 of the Securities Exchange Act of 1934, as amended. Omitted portions are indicated in this exhibit with [\*].

**Confidential Presentation to The Board of Directors of  
Axiom Regarding Project Apple**

**Table of Contents**

1. Process Update
  2. Investors' View of Axiom
  3. Valuation Analysis
  4. Review of Proposal & Potential Alternative Bidders
- Appendix





**Process Update**

## Process Update

### Status Update

#### Process Update

- Received offer of \$26 per share from ValueAct on April 25, 2007
- Received \$26.50 per share offer from ValueAct on May 4, 2007
- Received \$27<sup>(1)</sup> per share offer on May 15, 2007 from ValueAct and Silver Lake
- Delivered Merger Agreement to ValueAct on May 5, 2007, received mark-up on May 11, 2007
  - Engaged in substantive contract negotiations beginning May 13, 2007

#### Selected Merrill Lynch Valuation Perspectives

- Focused on free cash flow
  - Extent of capitalized and deferred costs limits the meaningfulness of EBITDA as a valuation metric
  - Examined "Adjusted EBITDA" and FCF conversion to allow greater comparability to peers given, for example, capital leases and purchased software costs
- Off-shore cost savings represent a potentially sizeable opportunity
  - However, extent and timing of savings remain uncertain
- Actual performance has lagged versus recent expectations
- Current Management expectations for FY2008 EPS are below Wall Street consensus
- Potential change in control implications to customer contracts
- Annual contract losses / renegotiation in services (e.g., [\*]) and IT outsourcing ([\*])



(1) Consideration received by shareholders excludes \$0.06 per quarter due to Company's suspending payment of its dividend until transaction consummation. This implies net consideration of \$27.04 for closing occurring within one quarter of transaction signing and \$26.98 for closing within two quarters of transaction signing.

[\*] Certain information in this exhibit has been omitted and filed separately with the SEC pursuant to a confidential treatment request under Rule 24b-2 of the Exchange Act.

## Process Update

### Summary of Proposed Terms

<b>Consideration &amp; Structure</b>	<ul style="list-style-type: none"> <li>■ \$27.10 <sup>(1)</sup> per share, payable in cash</li> <li>■ \$2.2 billion Offer Value; \$2.9 billion Transaction Value</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>■ Financing commitment documentation received from UBS for 100% of debt financing</li> <li>■ Financing structure consists of <ul style="list-style-type: none"> <li>- \$1,725 million First Lien Term Loan at LIBOR + 225 bps</li> <li>- \$425 million Second Lien Facility at LIBOR + 550 bps</li> </ul> </li> </ul>
<b>Go-Shop Solicitation</b>	<ul style="list-style-type: none"> <li>■ 60 day "closed-end" go-shop period wherein Acxiom can actively solicit alternative acquisition proposals</li> <li>■ ValueAct and Silver Lake have a right to be notified 3 business days prior to accepting any Superior Offer</li> </ul>
<b>Selected Termination Fees</b>	<ul style="list-style-type: none"> <li>■ Termination Fees payable to ValueAct (upon contractually triggered termination by Acxiom) <ul style="list-style-type: none"> <li>- 1% of Equity Value if termination occurs as a result of a Superior Offer during the go-shop period, or</li> <li>- 3% of Equity Value if termination occurs as a result of a Superior Offer after the go-shop period</li> </ul> </li> <li>■ 3% of Equity Value payable to Acxiom in the event ValueAct and Silver Lake fail to obtain financing</li> <li>■ 5% of Equity Value payable to Acxiom due to a ValueAct / Silver Lake breach</li> </ul>
<b>Other Key Contractual Provisions</b>	<ul style="list-style-type: none"> <li>■ Voting agreement where ValueAct has pledged to support the highest offer, notwithstanding identity of acquiror</li> <li>■ Closing Conditions <ul style="list-style-type: none"> <li>- Hart-Scott-Rodino ("HSR") anti-trust approval</li> <li>- Acxiom shareholder approval</li> <li>- Other customary closing conditions</li> </ul> </li> <li>■ Representations &amp; Warranties – customary for transactions of this type</li> </ul>



<sup>(1)</sup> Consideration received by shareholders excludes \$0.06 per quarter due to Company's suspending payment of its dividend until transaction consummation. This implies net consideration of \$27.04 for closing occurring within one quarter of transaction signing and \$26.98 for closing within two quarters of transaction signing.

## Process Update

### Benefits & Considerations of Various Approaches to Maximizing Value / Certainty

	Benefits	Considerations
<b>Pre-Signing Market Test</b>	<ul style="list-style-type: none"> <li>■ If completed successfully, can provide Board comfort regarding ValueAct / Silver Lake offer relative to alternatives</li> <li>■ Can be accomplished discretely or through public announcement</li> <li>■ All potential buyers can be put on equal footing                             <ul style="list-style-type: none"> <li>■ Engenders competitive tension between bidders</li> <li>■ Forestalls management alignment with any one particular group</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Unless paired with a go-shop, may create frictional cost to competing bidders</li> <li>■ May adversely impact negotiations with ValueAct / Silver Lake</li> <li>■ Potential leaks may effectively take the process out of the Board's hands                             <ul style="list-style-type: none"> <li>■ A public announcement regarding exploration of strategic alternatives may help cure the risk of leaks</li> <li>■ However, a public announcement would also lead to significant consternation among customers and other business partners</li> </ul> </li> </ul>
<b>Post-Signing Market Test ("Go-Shop")</b>	<ul style="list-style-type: none"> <li>■ Shareholders receive certainty and value while retaining a significant portion of their upside                             <ul style="list-style-type: none"> <li>■ Signed offer effectively represents a "floor" for shareholder value</li> <li>■ Lower termination fee during go-shop period should stimulate potential alternative bidders to work quickly to solidify their interest</li> <li>■ Signed transaction reinforces investment thesis / availability of financing and re-kindles interest for alternative buyers (e.g., Hellman &amp; Friedman / Catalina Marketing)</li> </ul> </li> <li>■ Disruption from uncertain outcome avoided                             <ul style="list-style-type: none"> <li>■ ACXM is very customer-centric and dependent on large contracts</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Go-shop period may not allow enough time for bidders to submit a full offer</li> <li>■ Alternative buyers may perceive a systemic disadvantage relative to the signed offer (e.g., Kerzner International)</li> <li>■ Many of the benefits of the go-shop can be accomplished through negotiating for a below-market termination fee (e.g., Blackstone / EOP)</li> </ul>

*While go shops are being increasingly utilized, their effectiveness appears to be case specific*



## Process Update Overview of "Go-Shop" Provisions

### Overview

- A "go-shop" provision provides a target the flexibility to conduct a post-signing market test by:
  - Allowing the target to actively solicit alternative suitors for a limited period of time after signing a merger agreement
  - Providing a reduced termination fee should the target choose to enter into a transaction with an alternative suitor
- Go shop provisions have become increasingly common as a tool to:
  - maximize shareholder value
  - create transaction certainty
- Examples of recent transactions with go-shop provisions:

Company	Transaction Value (\$bn)
Harman International	\$7.8
TXU Corp.	44.2
Catalina Marketing	1.6
Laureate Education	3.4
United Surgical Partners	1.7
OSI Restaurant Partners	3.2
HCA	32.9

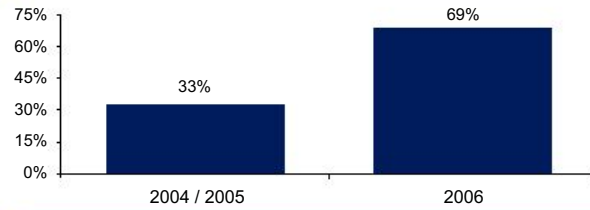


(1) Survey of 23 selected going private transactions since 2004.

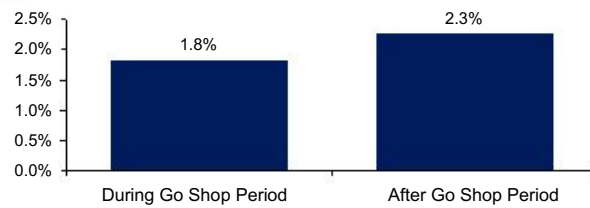
### Transactions Impacted By Go-Shops

Alternative Buyer Submits Higher Bid	Original Buyer Submits Higher Bid
<ul style="list-style-type: none"> <li>■ Fortis; RBS; Santander / LaSalle Bank</li> <li>■ Hellman &amp; Friedman / Catalina Marketing</li> <li>■ Community Health Systems / Triad Hospitals</li> <li>■ Blockbuster / Hollywood Entertainment</li> <li>■ Diageo / Chalone Wine Group</li> </ul>	<ul style="list-style-type: none"> <li>■ Investor Group / Clear Channel Communications</li> <li>■ Apax Partners / Hub International</li> <li>■ Investor Group / Kerzner International</li> <li>■ Blackstone / EOP (no go-shop; below-market termination fee)</li> </ul>

### % of Deals with Go Shop Provision <sup>(1)</sup>



### Avg. Break-Up Fee as % of Trans. Value <sup>(1)</sup>





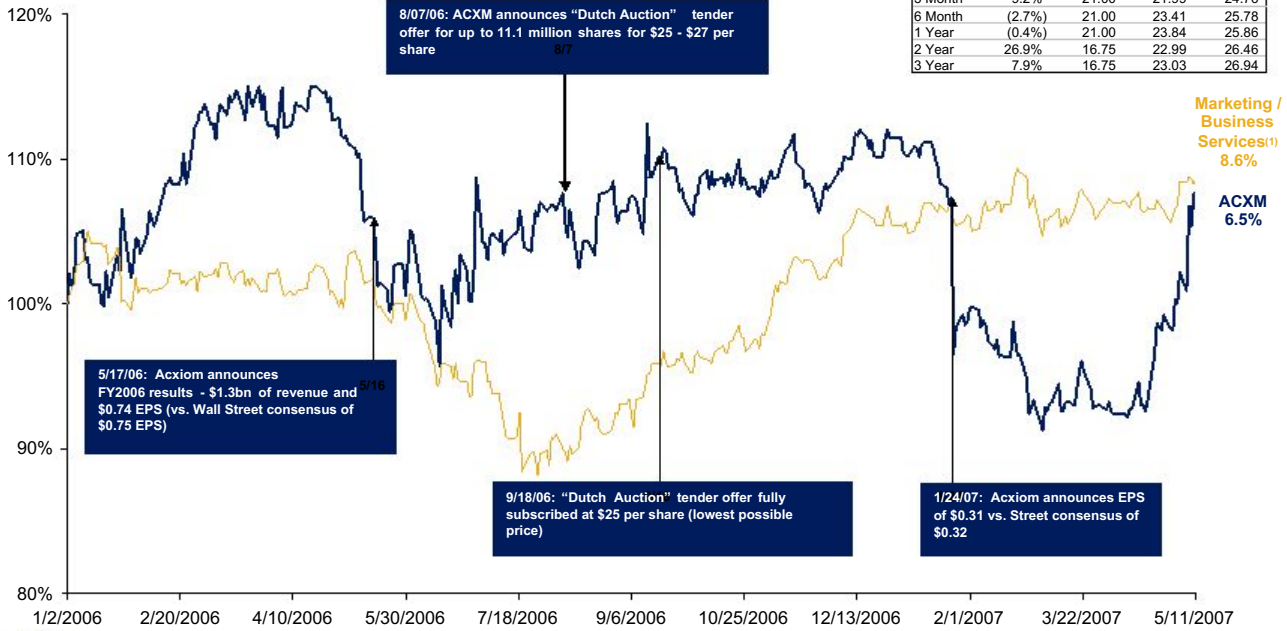
## Investors' View of Acxiom



## Investors' View of Acxiom Historical Stock Price Performance

Since 2006

	Returns Analysis		
	Low	Avg	High
1 Month	15.6%	\$21.19	\$24.76
3 Month	9.2%	21.00	21.99
6 Month	(2.7%)	21.00	23.41
1 Year	(0.4%)	21.00	23.84
2 Year	26.9%	16.75	22.99
3 Year	7.9%	16.75	23.03



Source: Wall Street research, news articles and FactSet data as of May 11, 2007.  
(1) Includes Catalina Marketing, ChoicePoint, Dun & Bradstreet, Equifax, Experian, Fair Isaac, Harte Hanks and infoUSA.

## Investors' View of Acxiom

### Wall Street Equity Research Overview

#### Recommendations and Price Targets

*Wall Street analysts' estimates:*  
**11% higher than management's revised FY2008 Roadmap**  
*Do not include off-shoring cost initiatives*

Analyst / Firm	Date	Recommendation	Target Price	FY2008E EPS
Credit Suisse / Brandon Dobell	2/7/07	Underperform	\$24.00	\$1.09
Matrix USA/ Ivan Feinseth	2/6/07	Hold	NA	NA
Lehman Brothers/ Megan Talbott	1/25/07	Overwt/Neutral	\$23.50	\$1.07
Robert W. Baird & Co./ Mark A. Bacurin	1/25/07	Neutral	\$26.00	\$1.10
ThinkEquity Partner/ Glenn Greene	1/25/07	Source of Funds	\$21.00	NA
Piper Jaffray & Co./ Brett Manderfeld	1/25/07	Market Perform	\$23.00	\$1.13
<b>Mean</b>				<b>\$1.10</b>
<b>First Call Consensus - Mean</b>				<b>\$1.13</b>
<b>First Call Consensus - Median</b>				<b>\$1.12</b>
<b>Management's Internal Projection</b>				<b>\$1.02</b>

#### Selected Commentary

"We remain cautious on the ACXM story given our concerns around structural demand and growth in the key market drivers for ACXM's data and services business, particularly in the US. We also remain cautious on the outlook for ACXM's IT Outsourcing business given the decision to deemphasize more traditional-style ITO contracts in favor of Data Factory Warehouse/Value-added contracts, where traction remains a bit tough."

*– Credit Suisse, February 6, 2007*

"ACXM remains a leader in customer data integration services with a diverse list of blue chip clients . . . we believe that it will take at least a year for the company's new sales initiatives to accelerate rev growth back to the high-single digits."

*– PiperJaffray, January 25, 2007*

"We continue to believe Acxiom is positioned for solid, sustainable growth over the long term driven by: 1) increasing demand for data integration and targeted-marketing capabilities, 2) international expansion opportunities, 3) improving sales productivity as more consultative sales efforts mature, and 4) a broadening service offering including digital marketing and risk management solutions among others."

*– Robert W. Baird & Co., January 25, 2007*



Source: Wall Street research.

## Investors' View of Acxiom

### Earnings Expectations vs. Actual Performance

*Acxiom has an irregular history of meeting earnings targets*

#### Actual Versus Consensus

Period	Actual <sup>(1)</sup>	Analysis at Announcement		Analysis 1 Year Prior to Announcement	
		Consensus	% Upside/(Downside) vs. Consensus	Consensus	% Upside/(Downside) vs. Consensus
FY2007 <sup>(2)</sup>	\$0.95	\$0.95	-	\$1.08	(12.0%)
FY2006	0.71	0.81	(12.3%)	0.95	(25.3%)
FY2005	0.74	0.78	(5.1%)	0.70	5.7%
FY2004	0.64	0.56	14.3%	0.81	(21.0%)
<hr style="border-top: 1px dashed black;"/>					
FY2007					
Q4	0.20	0.20	-	0.29	(31.0%)
Q3	0.31	0.32	(3.1%)	0.33	(6.1%)
Q2	0.25	0.23	8.7%	0.26	(3.8%)
Q1	0.20	0.17	17.6%	0.20	-

Source: FactSet and First Call Recall.

Note: FYE totals may vary from the sum of quarterly data due to variable share counts. Consensus 1 Year Prior estimates are from February of preceding fiscal year.

(1) Reported actual EPS for 2004-2006 is the Diluted EPS number reported in Acxiom's 10-K. 2007 actual EPS represents management's projection.

(2) FY2007 and Q4 data are scheduled to be released Wednesday, May 16th.

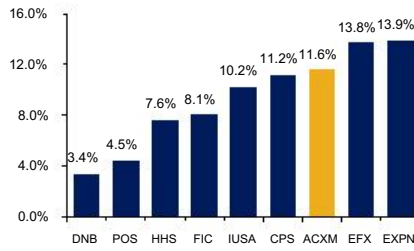


## Investors' View of Acxiom

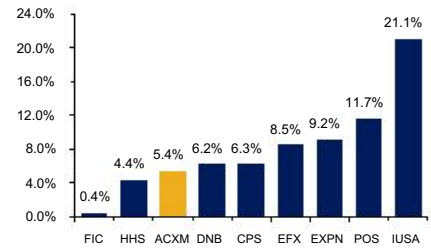
### Benchmarking Analysis – Growth Rates

- While Acxiom has historically grown faster than its peers, projected growth is modest relative both to Acxiom's peers and its own past performance
- On a free cash flow basis, Acxiom's growth is also relatively modest
- Projected cash flow growth is attributable to:
  - Operational growth
  - The Company's "capital light" strategy in the IT Outsourcing division

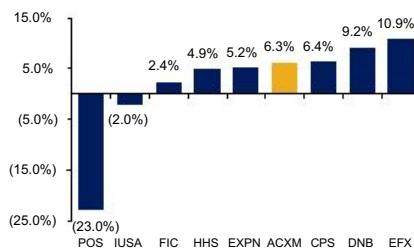
**Revenue - 2003-2006 CAGR**



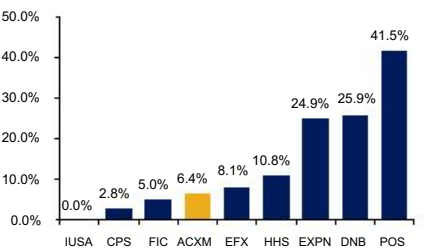
**Revenue - 2006-2009E CAGR**



**FCF - 2003-2006 CAGR (1)**



**FCF - 2006-2008E CAGR (1)**

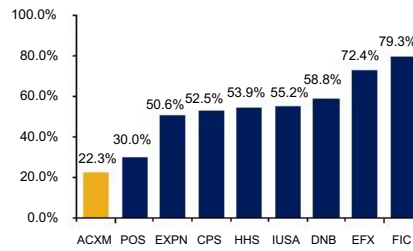


Note: All comparables calendarized. ACXM presented on a fiscal year basis. Financial information as per SEC filings and Wall Street research.  
 (1) Represents levered free cash flow. For ACXM, capital investments include payments made in respect of capital leases.  
 (2) Dun & Bradstreet FCF growth rate from 2006-2007.

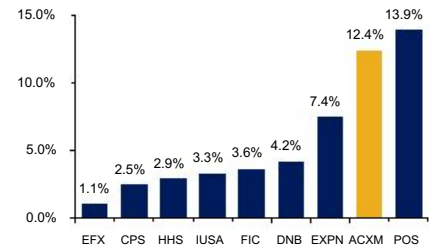
## Investors' View of Acxiom Benchmarking Analysis

- Acxiom's relatively low EBITDA trading multiple is explained in part by its relatively low free cash flow conversion, implying that, unlike some peers, for Acxiom, EBITDA is not a good proxy for cash flow
- This disconnect is also reflected in Acxiom margins
  - While EBITDA margins seem in line with peers, Adjusted EBITDA and EBIT margins are generally toward the low end of peers
- Acxiom's cash flows are further burdened by a capital intensity that is among the highest in its peer group
  - Capital intensity is projected to decrease as the Company transitions to its "capital light" IT Outsourcing business model

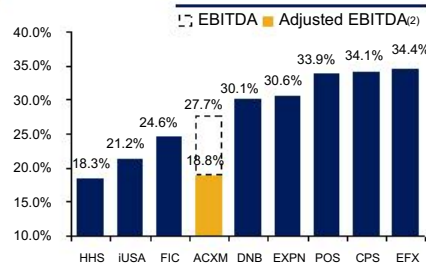
### FCF Conversion <sup>(1)</sup>



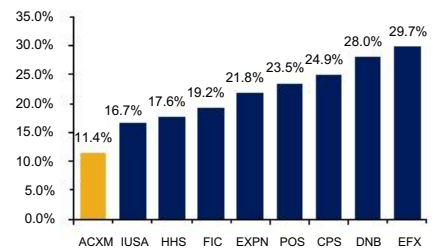
### Capex Intensity <sup>(3)</sup>



### EBITDA Margin



### EBIT Margin



Note: Represents calendar year 2006 for all comparables. ACXM statistics and information reflect fiscal year ended March 31, 2007. Financial information as per SEC filings and Wall Street research.

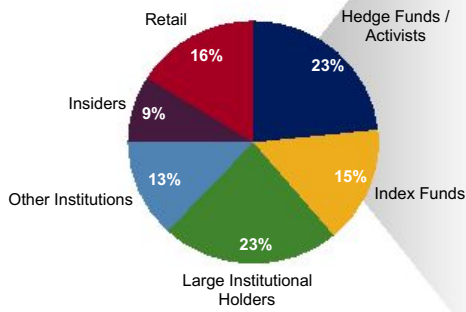
- (1) Represents 2007 unlevered free cash flow as a percentage of EBITDA. For ACXM, capital investments include payments made in respect of capital leases.
- (2) For ACXM, EBITDA adjusted for capital leases and software purchases.
- (3) Represents capital expenditure as a percentage of revenue. ACXM capital intensity includes total capital spending prior to capital lease financings.



## Investors' View of Acxiom Shareholder Profile

*Diversified shareholder profile with significant hedge fund component*

(Dollars in Millions)



Top 5: 34%

Holder Name	Shares Held (000s)	Market Value	% of Total	Type
ValueAct Capital Management LP	10,330	\$253.0	13.2%	Hedge Fund - Growth
MCM Management LLC	5,643	138.2	7.2%	Hedge Fund - Growth
Barclays Global Investors	3,828	93.7	4.9%	Index Fund
American Century Investment Mgmt.	3,529	86.4	4.5%	Growth - Growth
Pulnam Investment Mgmt.	3,128	76.6	4.0%	Growth - GARP
Vanguard Group, Inc.	1,969	48.2	2.5%	Index Fund
State Street Global Advisors	1,822	44.6	2.3%	Index Fund
RiverSource Investments LLC	1,528	37.4	1.9%	Growth - GARP
NewSouth Capital Mgmt.	1,471	36.0	1.9%	Generalist - GARP
Delaware Investment Advisers	1,276	31.3	1.6%	Income - Growth
Fisher Investments, Inc.	1,268	31.1	1.6%	Value - GARP
Wellington Management Co. LLP	952	23.3	1.2%	Core Value - Growth
Cardinal Capital Mgmt.	837	20.5	1.1%	Specialty - Growth
Edge Asset Mgmt.	810	19.8	1.0%	GARP
Kalmar Investments, Inc.	802	19.6	1.0%	Growth - Growth
Harris Investment Mgmt.	794	19.5	1.0%	Core Value - GARP
TIAA-CREF Asset Mgmt.	777	19.0	1.0%	Value - Index
Deutsche Asset Mgmt.	645	15.8	0.8%	Core Value - GARP
Enhanced Investment Technologies LLC	578	14.1	0.7%	GARP
Teacher Retirement System of Texas	565	13.8	0.7%	GARP
<b>Top 20 Institutional Shareholders</b>	<b>42,551</b>	<b>\$1,042.1</b>	<b>54.3%</b>	
<b>Other Institutional Shareholders</b>	<b>16,175</b>	<b>396.1</b>	<b>20.6%</b>	
<b>Total Institutional</b>	<b>58,726</b>	<b>\$1,438.2</b>	<b>75.0%</b>	
<b>Total Insiders</b>	<b>6,896</b>	<b>\$323.2</b>	<b>8.8%</b>	
<b>Other Shareholders</b>	<b>12,726</b>	<b>157.4</b>	<b>16.2%</b>	
<b>Total Shares Outstanding</b>	<b>78,348</b>	<b>\$1,918.7</b>	<b>100.0%</b>	



Source: LionSharesdata. Based on closing price of \$24.49 as of May 11, 2007.



## Valuation Analysis

## Valuation Analysis

### Historical and Projected Financial Summary

*(Dollars in Millions)*

	FYE March 31,										CAGR	
	2003A	2004A	2005A	2006A	2007E	2008E	2009E	2010E	2011E	'03-'07	'07-'11	
<b>Revenue</b>	\$958	\$1,011	\$1,223	\$1,333	\$1,396	\$1,465	\$1,562	\$1,700	\$1,853	9.9%	7.3%	
<i>Growth</i>	10.6%	5.5%	21.0%	9.0%	4.7%	5.0%	6.6%	8.9%	9.0%			
<b>EBITDA</b>	\$205	\$234	\$320	\$362	\$386	\$392	\$411	\$443	\$491	17.2%	6.2%	
<i>Margin</i>	21.4%	23.1%	26.2%	27.2%	27.7%	26.7%	26.3%	26.0%	26.5%			
<b>Adj. EBITDA</b>	\$198	\$202	\$259	\$238	\$262	\$278	\$323	\$359	\$414	7.3%	12.1%	
<i>Margin</i>	20.6%	20.0%	21.1%	17.8%	18.8%	19.0%	20.7%	21.1%	22.3%			
<b>Cash From Ops.</b>	\$254	\$260	\$247	\$276	\$260	\$243	\$266	\$281	\$313	0.6%	4.8%	
<i>Margin</i>	26.5%	25.7%	20.2%	20.7%	18.6%	16.6%	17.0%	16.6%	16.9%			



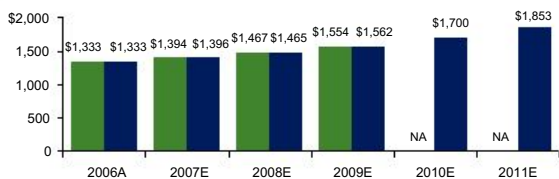
Source: Management projections and historical 10-K filings.



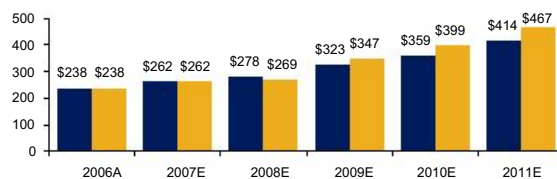
## Valuation Analysis

### Summary of Projections Analyzed

#### Revenue



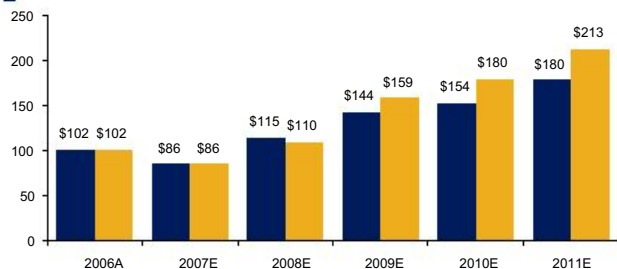
#### Adjusted EBITDA



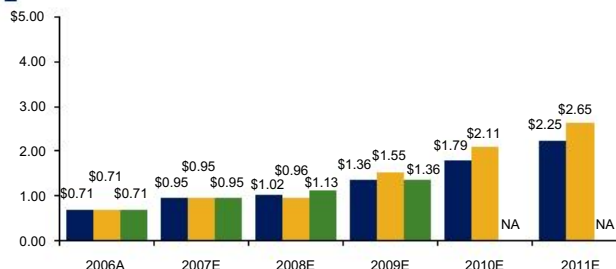
Growth		CAGR					
Base Plan	9.0%	4.7%	5.0%	6.6%	8.9%	9.0%	7.3%
Research	9.0%	4.6%	5.2%	6.0%	-	9.0%	-

Margin		CAGR					
Base Plan	17.8%	18.8%	19.0%	20.7%	21.1%	22.3%	12.1%
Base & O.S.	17.8%	18.8%	18.4%	22.2%	23.5%	25.2%	15.6%

#### Levered Free Cash Flow



#### Earnings Per Share



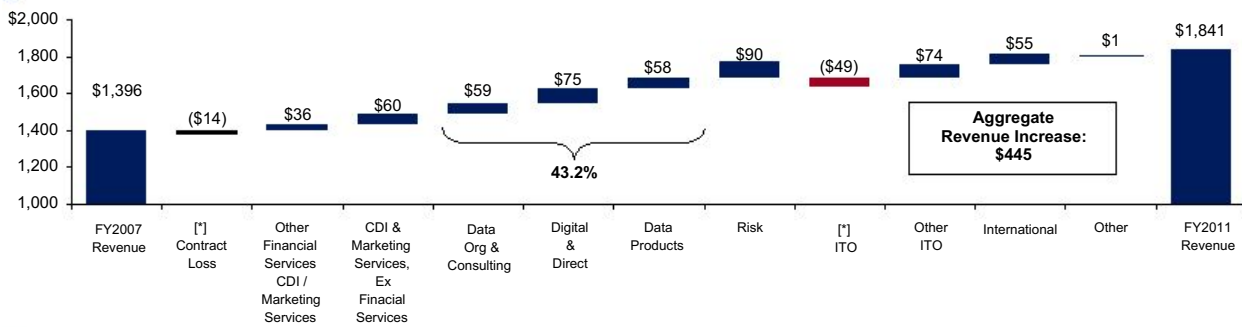
■ Base Plan ■ Base Plan & Off-Shoring<sup>(1)</sup> ■ Wall Street Research



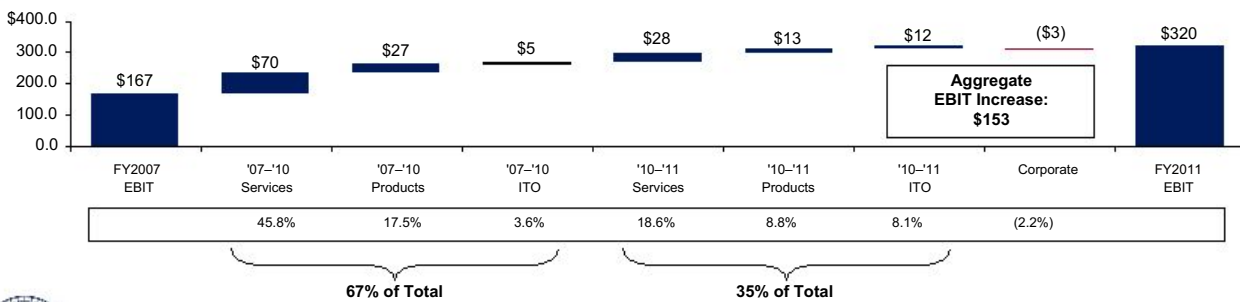
Note: Dollars in millions. CAGR calculations range from 2007E - 2011E.  
Source: Management projections and Wall Street research; based on fiscal year ending March 31, 2007.  
(1) Base + Off-Shoring represents 50% realization of off-shoring initiatives per management.

## Valuation Analysis

### FY2007 – FY2011 Revenue Bridge (Dollars in Millions)



### FY2007 – FY2011 EBIT Bridge (Dollars in Millions)



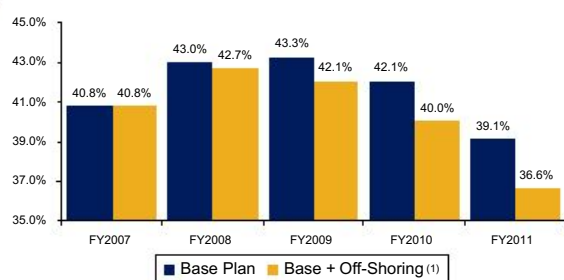
Source: Axiom management.  
Note: Dollars in millions.

[\*] Certain information in this exhibit has been omitted and filed separately with the SEC pursuant to a confidential treatment request under Rule 24b-2 of the Exchange Act.

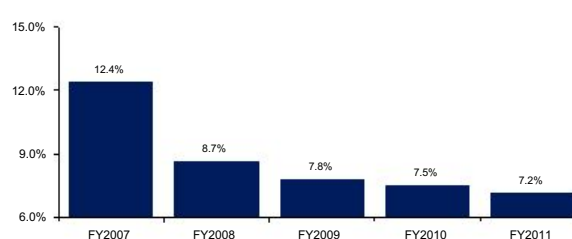
## Valuation Analysis

### Key Business Drivers and Impact

#### Salaries & Benefits / Sales



#### Total Capital Investment / Sales



#### Revenue Growth vs. Key Business Drivers

	2007E	2008E	FYE March 31, 2009E	2010E	2011E
Annual Revenue Growth	4.7%	5.0%	6.6%	8.9%	9.0%
Annual Salaries & Benefits Growth (Base)	10.0%	10.7%	7.2%	5.8%	1.4%
Annual Salaries & Benefits Growth (Off-Shoring) <sup>(1)</sup>	10.0%	9.8%	5.0%	3.6%	(0.3%)
Total Capital Investment Annual Growth <sup>(2)</sup>	16.4%	(26.7%)	(4.1%)	4.7%	4.3%



<sup>(1)</sup> Base + Off-Shoring represents 50% realization of off-shoring initiatives per management.  
<sup>(2)</sup> Capital investment includes total capital spending prior to capital lease financings.

## Valuation Analysis

### Comparative Internal Projections Over Time

*(Dollars in Millions, Except Per Share Data)*

	FYE March 31,				'07 -'11 CAGR
	2007E	2008E	2009E	2010E	
<b>Revenue</b>					
Base Plan as of Dec. 2005 <sup>(1)</sup>	\$1,447.9	\$1,561.8	\$1,686.7	\$1,821.6	8.0%
Current Base Plan <sup>(2)</sup>	1,395.8	1,465.4	1,561.9	1,700.2	6.8%
<b>Difference</b>					
\$	(52.1)	(96.4)	(124.8)	(121.4)	
%	(3.6%)	(6.2%)	(7.4%)	(6.7%)	
<b>EBIT</b>					
Base Plan as of Dec. 2005 <sup>(1)</sup>	\$199.1	\$246.8	\$310.7	\$381.8	24.2%
Current Base Plan <sup>(2)</sup>	167.4	189.0	221.1	267.7	16.9%
<b>Difference</b>					
\$	(31.7)	(57.8)	(89.6)	(114.1)	
%	(15.9%)	(23.4%)	(28.8%)	(29.9%)	
<b>EPS</b>					
Base Plan as of Dec. 2005 <sup>(1)</sup>	\$1.12	\$1.46	\$1.92	\$2.40	28.9%
Current Base Plan <sup>(2)</sup>	0.95	1.02	1.36	1.79	23.6%
<b>Difference</b>					
\$	(0.17)	(0.44)	(0.56)	(0.61)	
%	(15.4%)	(29.9%)	(29.0%)	(25.4%)	
<b>Cash Flow From Operations</b>					
Base Plan as of Dec. 2005 <sup>(1)</sup>	\$287.4	\$317.1	\$356.6	\$404.2	12.0%
Current Base Plan <sup>(2)</sup>	259.8	242.9	265.9	281.4	2.7%
<b>Difference</b>					
\$	(27.6)	(74.2)	(90.8)	(122.8)	
%	(9.6%)	(23.4%)	(25.4%)	(30.4%)	

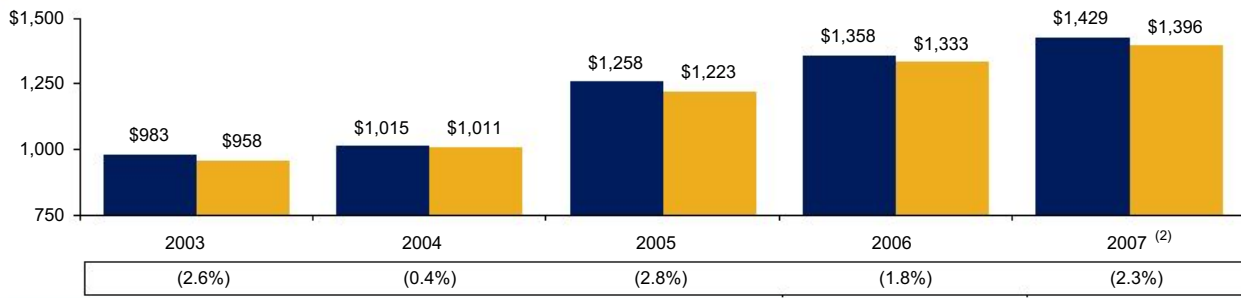


(1) Source: Management base model as of December 2005.  
 (2) Source: Management base model as of May 2007.

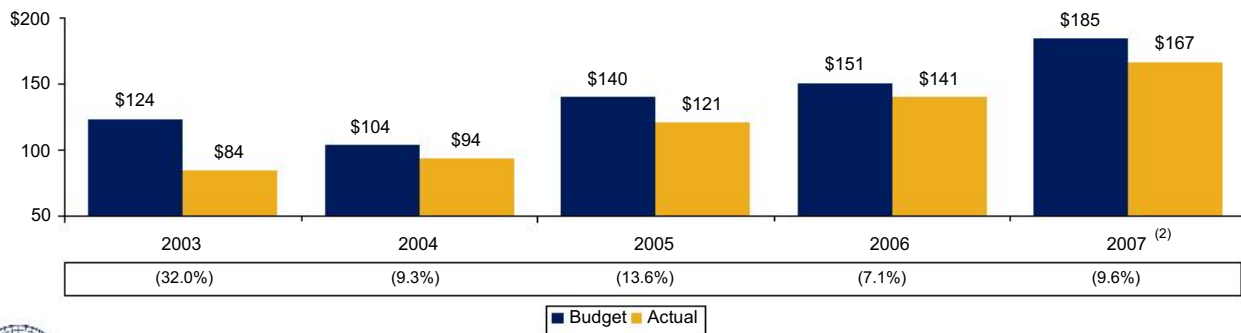
## Valuation Analysis

### Actual Performance Versus Budget

#### Revenue <sup>(1)</sup>



#### Operating Income <sup>(1)</sup>



■ Budget ■ Actual



<sup>(1)</sup> Budget figures as per Acciom management. Actual figures as per SEC filings.  
<sup>(2)</sup> FY2007 Actual as per management guidance.

## Valuation Analysis

### Valuation Methodologies

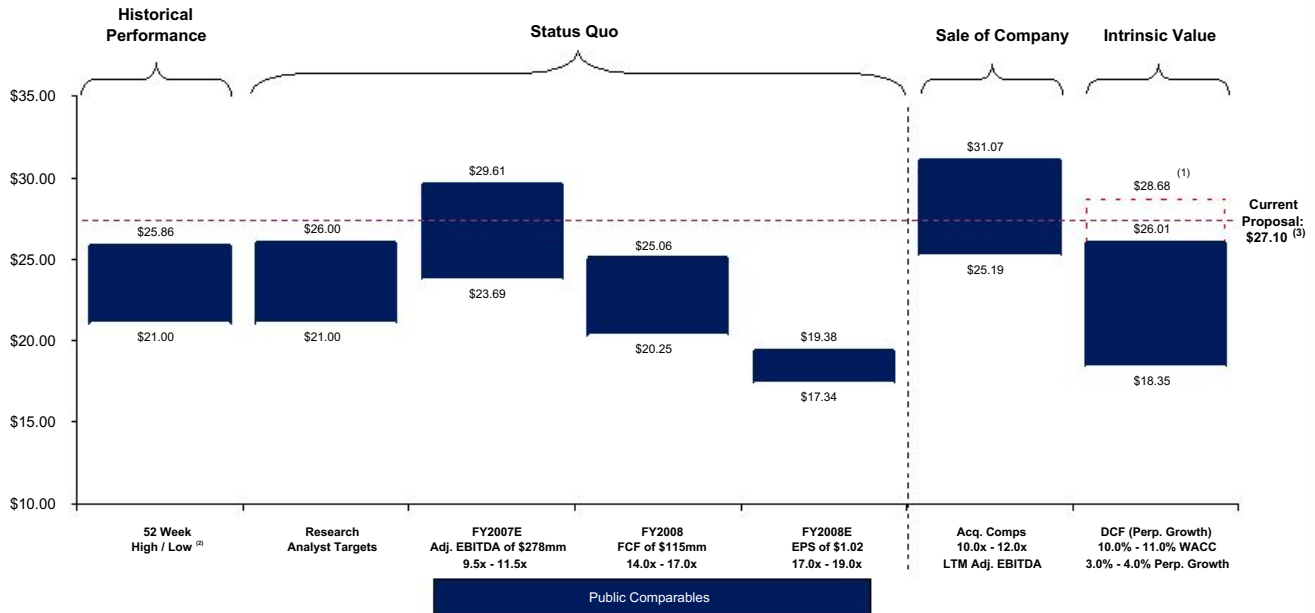
*Merrill Lynch has performed a valuation analysis employing various methodologies*



## Valuation Analysis

### Summary of Valuation Methodologies

As of March 31, 2007 (Dollars in Millions, Except Per Share Data)



Source: Management projections.

(1) Reflects realization of 50% of management off-shoring cost initiatives.

(2) High and Low represent closing prices.

(3) Consideration received by shareholders excludes \$0.06 per quarter due to Company's suspending payment of its dividend until transaction consummation. This implies net consideration of \$27.04 for closing occurring within one quarter of transaction signing and \$26.98 for closing within two quarters of transaction signing.

## Valuation Analysis

### DCF Sensitivity Analysis <sup>(1)</sup>

	DCF Value Range		Implied Current FCF Multiple	% Premium/(Discount)	
	Low	High		To Market	To Base DCF
<b><u>No Off-Shoring Savings</u></b>					
Management Plan	\$18.35	\$26.01	15.0x	(11.4%)	--
15% Annual EBIT Miss	14.38	21.04	11.9x	(29.4%)	(20.4%)
1% FCF Annual Margin Compression	15.84	22.91	13.0x	(22.9%)	(13.0%)
<b><u>With Off-Shoring Savings <sup>(1)</sup></u></b>					
Management Plan	\$22.24	\$30.90	18.3x	6.2%	19.9%
15% Annual EBIT Miss	18.83	26.40	15.4x	(9.6%)	2.1%
1% FCF Annual Margin Compression	20.82	28.89	17.0x	(0.6%)	12.2%



Note: Midpoint of DCF value based on 10.5% WACC and 3.5% perpetuity growth rate.  
<sup>(1)</sup> Off-Shoring Savings represents 50% realization of off-shoring initiatives per management.





**Review of Proposal & Potential  
Alternative Bidders**

## Review of Proposal & Potential Alternative Bidders

### Overview of Proposal

#### Summary

<b>Price</b>	■ \$27.10 <sup>(1)</sup>
<b>Consideration</b>	■ All Cash
	<b>Premium / (Discount)</b>
Current	14.1%
30-Day Average	20.6%
52-Week High / Low	4.8% / 29.0%
2-Yr High / Low	2.4% / 59.4%
5-Yr High / Low	(0.6%) / 121.2%

#### Valuation & Multiples<sup>(2)</sup>

(Dollars in Millions, Except Per Share Data)

	Axiom	
	Current <sup>(3)</sup>	Proposal
Share Price	\$23.76	\$27.10
Equity Value	\$1,914	\$2,207
Less: Cash	(38)	(38)
Plus: Debt	738	738
<b>Firm Value</b>	<b>\$2,614</b>	<b>\$2,908</b>
<b>Adjusted Firm Value<sup>(4)</sup></b>	<b>\$2,493</b>	<b>\$2,786</b>
<b>Multiples:</b>	<b>Metric</b>	
FY2007 EBITDA	\$386	6.8x
FY2008 EBITDA	392	6.7x
FY2007 Adj. EBITDA	\$262	9.5x
FY2008 Adj. EBITDA	278	9.0x
FY2007 P/E <sup>(5)</sup>	\$0.95	25.1x
FY2008 P/E	1.02	23.2x
FY2007 FCF	\$86	22.2x
FY2008 FCF	115	16.6x

(1) Consideration received by shareholders excludes \$0.06 per quarter due to Company's suspending payment of its dividend until transaction consummation. This implies net consideration of \$27.04 for closing occurring within one quarter of transaction signing and \$26.98 for closing within two quarters of transaction signing.

(2) Reflects management projections (excluding off-shoring opportunities).

(3) Current share price as of March 15, 2007.

(4) Adjusted Firm Value excludes \$121.4 million of capital leases.

(5) Excludes restructuring and extraordinary items of \$9.3 million.



## Review of Proposal & Potential Alternative Bidders

### LBO Analysis

#### Transaction Value Analysis

Offer Price	<b>\$27.10</b>
Offer Value	<b>\$2,207</b>
Plus: Debt	\$617
Less: Excess Cash	(38)
Adj. Transaction Value (Excl. Fees)	<b>\$2,786</b>

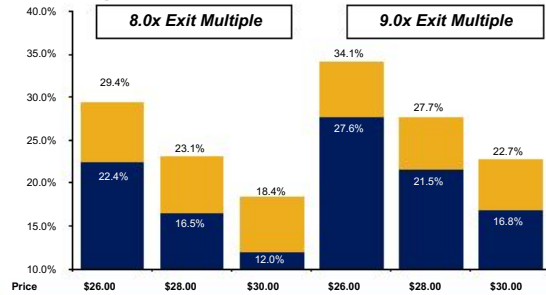
#### Sources & Uses <sup>(1)</sup>

Sources of Funds	(\$ mm)	%	PF 2007 EBITDA
Existing Cash	-	0.0%	
Term Loan A	1,725	57.4%	4.5x
Term Loan B	425	14.1%	1.1x
Capital Leases	121	4.0%	0.3x
<b>Total Debt</b>	<b>2,271</b>	<b>75.5%</b>	<b>5.9x</b>
<b>Sponsor Equity</b>	<b>736</b>	<b>24.5%</b>	
<b>Total Sources of Funds</b>	<b>\$3,008</b>	<b>100.0%</b>	
<b>Sponsor Equity (% Corporate Debt &amp; Equity)</b> <span style="float: right; border: 1px solid black; padding: 2px;"><b>24.5%</b></span>			
Uses of Funds	(\$ mm)	%	
Purchase of Equity	\$2,207	73.4%	
Financing Fees	32	1.1%	
Capital Leases	121	4.0%	
Transaction Expenses	30	1.0%	
Refinance Outstanding Debt	617	20.5%	
<b>Total Uses of Funds</b>	<b>\$3,008</b>	<b>100.0%</b>	

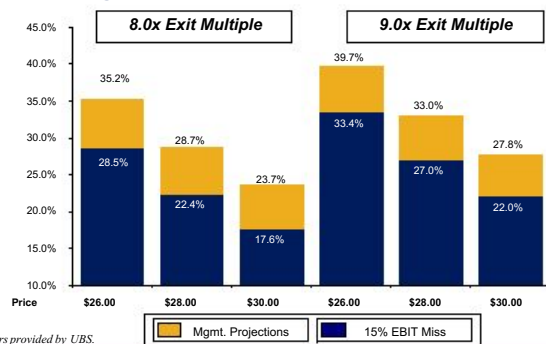


<sup>(1)</sup> Leverage consistent with financing commitment papers provided by UBS.

#### 5-Year Equity Returns (Excluding Off-Shoring Cost Initiatives)



#### 5-Year Equity Returns (Including 50% of Off-Shoring Cost Initiatives)



## Review of Proposal & Potential Alternative Bidders

### Overview of Potential Transaction Partners

<b>Background</b>	<ul style="list-style-type: none"> <li>■ Over the past eighteen months, Acxiom has garnered interest from both financial and strategic partners                             <ul style="list-style-type: none"> <li>■ Interest likely spurred at least in part by proxy contest of 2006</li> <li>■ Numerous financial sponsors have expressed an interest in learning more about Acxiom to assess the possibility of making a firm proposal</li> </ul> </li> <li>■ In addition to the expression of interest from ValueAct, [*] also took an active interest                             <ul style="list-style-type: none"> <li>■ Undertook a significant diligence effort</li> <li>■ Introduced [*] as a potential equity partner</li> </ul> </li> </ul>						
<b>Financial Buyers</b>	<b>Parties That Have Undertaken Significant Diligence</b>	<b>Selected Financial Parties That Have Made Inquiries Regarding Acxiom</b>					
	<ul style="list-style-type: none"> <li>■ [*]</li> <li>■ [*]</li> <li>■ Silver Lake Partners</li> <li>■ ValueAct Capital</li> </ul>	<ul style="list-style-type: none"> <li>■ [*]</li> <li>■ [*]</li> <li>■ [*]</li> <li>■ [*]</li> <li>■ [*]</li> </ul>	<ul style="list-style-type: none"> <li>■ [*]</li> <li>■ [*]</li> <li>■ [*]</li> <li>■ [*]</li> <li>■ [*]</li> </ul>				
<b>Strategic Buyers with Prior Contact</b>	<ul style="list-style-type: none"> <li>■ Broad range of strategic buyers potentially interested but have not been actively pursued</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Software / Enterprise Data Providers</th> <th style="text-align: center; border-bottom: 1px solid black;">Consumer Data Repositories / Managers</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> <li>■ [*]</li> <li>■ [*]</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>■ [*]</li> <li>■ [*]</li> </ul> </td> </tr> </tbody> </table>			Software / Enterprise Data Providers	Consumer Data Repositories / Managers	<ul style="list-style-type: none"> <li>■ [*]</li> <li>■ [*]</li> </ul>	<ul style="list-style-type: none"> <li>■ [*]</li> <li>■ [*]</li> </ul>
Software / Enterprise Data Providers	Consumer Data Repositories / Managers						
<ul style="list-style-type: none"> <li>■ [*]</li> <li>■ [*]</li> </ul>	<ul style="list-style-type: none"> <li>■ [*]</li> <li>■ [*]</li> </ul>						
<b>Process Opportunities</b>	<ul style="list-style-type: none"> <li>■ Merrill Lynch considered the potential to solicit additional financial as well as strategic buyers for the Company that may be willing to offer greater value to Acxiom shareholders than the ValueAct/ Silver Lake proposal                             <ul style="list-style-type: none"> <li>■ Weighed the benefits and disadvantages of a pre-signing marketing period vs. post-signing marketing test</li> <li>■ Identified Tier I and Tier II potential buyers to contact based on anticipated interest level and ability to pay</li> <li>■ Broad spectrum of parties to contact not limited by those who have previously expressed interest in Acxiom [*]</li> </ul> </li> </ul>						

*A market test would include contacting both those parties who have made contact with Acxiom, as well as many parties who have yet to be introduced to the opportunity*



[\*] Certain information in this exhibit has been omitted and filed separately with the SEC pursuant to a confidential treatment request under Rule 24b-2 of the Exchange Act.

## Review of Proposal & Potential Alternative Bidders

### Preliminary Potential Bidder Review

#### Tier I Strategies

Potential Bidder	Equity Value	Firm Value
	\$159.0	\$168.2
	\$120.3	\$115.7
	\$98.9	\$96.4
	\$33.2	\$32.0
	\$11.4	\$13.0

Potential Bidder	Equity Value	Firm Value
	\$6.1	\$7.0
 Dun & Bradstreet	\$5.8	\$6.1
	\$5.1	\$6.3
	Private	Private

#### Tier II Strategies

Potential Bidder	Equity Value	Firm Value
	\$165.5	\$144.3
	\$58.0	\$39.1
	\$29.6	\$29.5
	\$33.7	\$27.9
	\$27.8	\$26.2
	\$19.2	\$19.2
	\$16.1	\$16.1
	\$19.0	\$15.9
	\$14.8	\$15.6
	\$14.3	\$14.9

Potential Bidder	Equity Value	Firm Value
 FIS   FINANCIAL INSTITUTIONAL INFORMATION SERVICES	\$9.9	\$12.5
	\$9.6	\$10.9
	\$12.1	\$10.8
	\$9.4	\$8.5
	\$7.3	\$6.5
	\$6.3	\$5.9
	\$4.7	\$3.9
	\$2.1	\$2.3
	\$1.9	\$2.1
	Private	Private

Note: Dollars in billions.  
Source: Company filings, Wall Street research and FactSet.



**Review of Proposal & Potential Alternative Bidders**  
**Preliminary Potential Bidder Review (Cont'd)**

**Sponsors / Hedge Funds**

Potential Bidder	Fund Size (\$bn)	Potential Bidder	Fund Size (\$bn)
 Goldman Sachs	\$20.0 <sup>(1)</sup>	 CERBERUS CAPITAL MANAGEMENT LP	\$6.2
 TPG	\$15.2	 IGS LEGONARD GREEN & PARTNERS, L.P.	\$5.3
 Permira	\$14.1	One Equity Partners	\$5.0
The Blackstone Group*	\$13.5	 Apax PARTNERS	\$5.1
PROVIDENCE EQUITY	\$12.1	WELSH, CARSON, ANDERSON & STOWE	\$4.8
 APOLLO	\$10.1	 CLAYTON DUBILIER RICE	\$4.0
HELLMAN & FRIEDMAN LLC	\$8.4	 FORTRESS	\$4.0
 Bain Capital	\$8.0	 TA Associates	\$3.5
WARBURG PINCUS	\$8.0	GTCR	\$2.8
 KKR	\$6.6	Ripplewood Holdings L.L.C.	\$1.2
 MDP	\$6.5	 MID OCEAN PARTNERS	\$0.8
 THL	\$6.5	DE Shaw & Co	N/A <sup>(2)</sup>



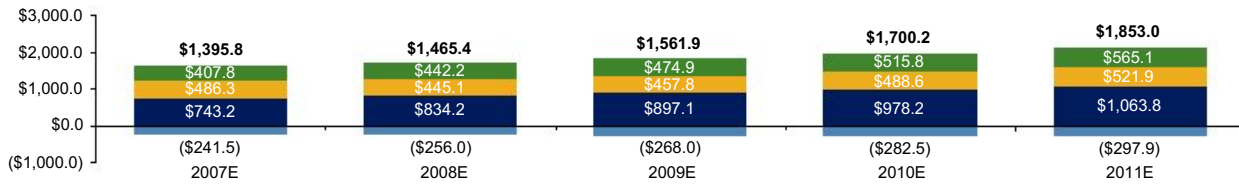
Source: Company filings, Wall Street research and FactSet.  
 (1) Subject to completion of current fund raising efforts.  
 (2) Approximately \$26.3 billion assets under management.



## Appendix

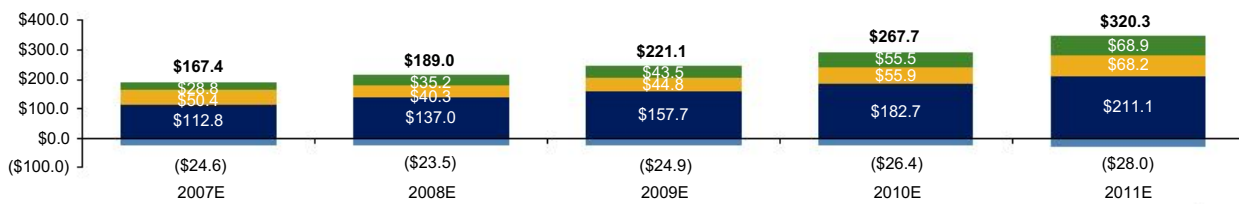
## Appendix Segment Detail

### Revenue Segment Detail



% of Revenues					
Services	53.2%	56.9%	57.4%	57.5%	57.4%
Data Products	34.8%	30.4%	29.3%	28.7%	28.2%
IT Outsourcing	29.2%	30.2%	30.4%	30.3%	30.5%
Corporate/Eliminations	(17.3%)	(17.5%)	(17.2%)	(16.6%)	(16.1%)

### Net Contribution Segment Detail



Margin					
Services	15.2%	16.4%	17.6%	18.7%	19.8%
Data Products	10.4%	9.1%	9.8%	11.4%	13.1%
IT Outsourcing	7.1%	8.0%	9.2%	10.8%	12.2%
Corporate/Eliminations	NM	NM	NM	NM	NM

■ Services ■ Data Products ■ IT Outsourcing ■ Corporate/Eliminations



Source: Management projections.



## Appendix

### Adjusted EBITDA Detail

#### Overview

- Due to significant capitalization of business expenses, Acxiom's EBITDA does not represent a meaningful proxy for free cash flow
- The disconnect between EBITDA and free cash flow significantly reduces the viability of EBITDA as a valuation metric
- In order to use relevant EBITDA multiples from comparable companies and precedent transactions, Merrill Lynch has adjusted Acxiom's EBITDA to more closely approximate cash flow in a manner consistent with its peers
- The key adjustments made in adjusting from EBITDA to Adjusted EBITDA:
  - Reducing EBITDA by the principal and interest payments made in respect of capital leases
  - Reducing EBITDA by the cost of purchased software

#### Adjusted EBITDA Detail

	FYE March 31,				
	2007E	2008E	2009E	2010E	2011E
<b>EBITDA</b>	<b>\$386.1</b>	<b>\$391.5</b>	<b>\$410.7</b>	<b>\$442.6</b>	<b>\$491.5</b>
Less: Capital Lease Principal Payments	(76.1)	(71.8)	(47.2)	(44.3)	(38.2)
Less: Capital Lease Interest Payments	(7.4)	(6.4)	(5.1)	(4.4)	(4.1)
Less: Purchased Software Costs	(40.8)	(35.0)	(35.0)	(35.0)	(35.0)
<b>Adj. EBITDA</b>	<b>\$261.8</b>	<b>\$278.4</b>	<b>\$323.4</b>	<b>\$358.9</b>	<b>\$414.1</b>



Source: Acxiom management.  
Note: Dollars in millions.

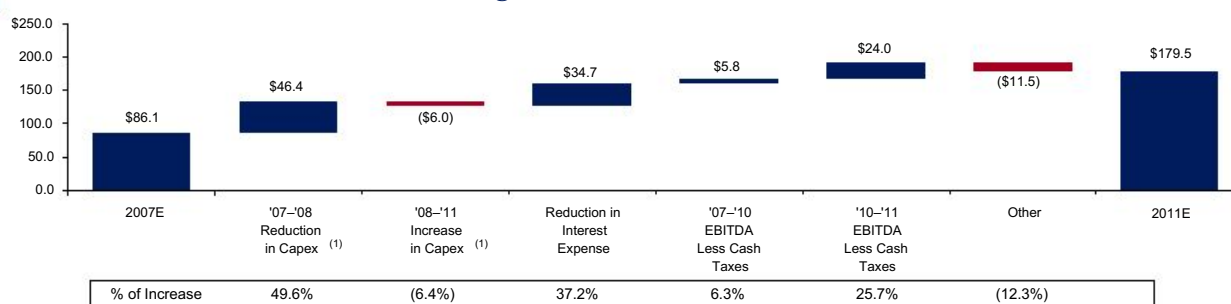
## Appendix

### Free Cash Flow Detail

#### Levered Free Cash Flow Calculation

	FYE March 31,				
	2007E	2008E	2009E	2010E	2011E
<b>Adj. EBITDA</b>	<b>\$261.8</b>	<b>\$278.4</b>	<b>\$323.4</b>	<b>\$358.9</b>	<b>\$414.1</b>
Plus: Capital Lease Principal Payments	76.1	71.8	47.2	44.3	38.2
Plus: Capital Lease Interest Payments	7.4	6.4	5.1	4.4	4.1
Plus: Purchased Software Costs	40.8	35.0	35.0	35.0	35.0
<b>EBITDA</b>	<b>\$386.1</b>	<b>\$391.5</b>	<b>\$410.7</b>	<b>\$442.6</b>	<b>\$491.5</b>
Less: D&A	(227.4)	(202.5)	(189.6)	(174.9)	(171.2)
Less: Interest Expense	(46.6)	(50.7)	(35.5)	(23.1)	(11.9)
Less: Other Income	5.9	(2.0)	(2.7)	(2.8)	(2.8)
Less: Taxes	(43.7)	(53.1)	(71.3)	(94.3)	(119.2)
<b>Net Income</b>	<b>\$74.4</b>	<b>\$83.1</b>	<b>\$111.5</b>	<b>\$147.5</b>	<b>\$186.4</b>
Add: D&A	227.4	202.5	189.6	174.9	171.2
Less: Changes in Working Capital	(43.6)	(47.2)	(43.3)	(53.0)	(60.7)
Less: Other Operating Items	1.7	4.5	8.0	12.0	16.0
Less: Capital Used in Investing Activities <sup>(1)</sup>	(173.8)	(127.4)	(122.2)	(127.9)	(133.4)
<b>Free Cash Flow</b>	<b>\$86.1</b>	<b>\$115.5</b>	<b>\$143.7</b>	<b>\$153.5</b>	<b>\$179.5</b>

#### FY2007 – FY2011 Free Cash Flow Bridge



Source: Axion management.

Note: Dollars in millions.

(1) Capital used in investing activities includes total capital spending prior to capital lease financings.

## Appendix

### Discounted Cash Flow Analysis – ACXM Base Plan

#### Perpetuity Growth Rate Method (Dollars in Millions, Except Per Share Data)

	FYE March 31,					Normalized 2011E	Adj. 2011E EBITDA
	2007E	2008E	2009E	2010E	2011E		
Revenue	\$1,395.8	\$1,465.4	\$1,561.9	\$1,700.2	\$1,853.0	\$1,853.0	\$414.1
EBITDA	386.1	391.5	410.7	442.6	491.5	\$491.5	
Less: D&A		(202.5)	(189.6)	(174.9)	(171.2)	(168.4)	
EBIT		\$189.0	\$221.1	\$267.7	\$320.3	(168.4)	
Less: Cash Taxes		(71.8)	(84.0)	(101.7)	(121.7)	(122.8)	
Cash Tax Rate		38.0%	38.0%	38.0%	38.0%		
Tax-effected EBIT		117.2	137.1	166.0	198.6	200.3	
Plus: D&A		202.5	189.6	174.9	171.2	168.4	
Plus: Stock Based Compensation		4.5	8.0	12.0	16.0	16.0	
Less: Changes in Working Capital		(47.2)	(43.3)	(53.0)	(60.7)	(60.7)	
Less: Additions to PP&E		(49.3)	(53.1)	(58.8)	(64.3)	(64.3)	
Less: Deferred Expense		(54.1)	(54.1)	(54.1)	(54.1)	(54.1)	
Plus: Non-Operating Item		20.0	0.0	0.0	0.0	0.0	
Less: Development of Software		(24.0)	(15.0)	(15.0)	(15.0)	(15.0)	
<b>Free Cash Flow</b>		<b>\$169.6</b>	<b>\$169.3</b>	<b>\$172.0</b>	<b>\$191.7</b>	<b>\$190.6</b>	
Growth		88.8%	(0.2%)	1.6%	11.5%	10.8%	
Normalized Growth		35.8%	13.2%	1.6%	11.5%	10.8%	

Discount Rate	PV of Cash Flows (2008-2011)	PV of Terminal Value Assuming Perpetual Growth			=	Enterprise Value		
		3.00%	3.50%	4.00%		3.00%	3.50%	4.00%
9.5%	\$560.3	\$2,100.9	\$2,287.0	\$2,507.0		\$2,661.2	\$2,847.3	\$3,067.3
10.0%	554.1	1,915.6	2,073.0	2,256.6		2,469.7	2,627.1	2,810.7
10.5%	548.1	1,755.8	1,890.3	2,045.5		2,303.8	2,438.4	2,593.6
11.0%	542.1	1,616.6	1,732.7	1,865.4		2,158.7	2,274.8	2,407.6
11.5%	536.3	1,494.4	1,595.5	1,710.1		2,030.6	2,131.8	2,246.3

Net Debt <sup>(1)</sup>	Equity Value			Equity Value Per Share		
	3.00%	3.50%	4.00%	3.00%	3.50%	4.00%
\$700.3	\$1,960.9	\$2,147.0	\$2,367.0	\$24.30	\$26.43	\$28.88
700.3	1,769.4	1,926.8	2,110.4	22.08	23.91	26.01
700.3	1,603.5	1,738.1	1,893.3	20.09	21.70	23.53
700.3	1,458.4	1,574.5	1,707.2	18.35	19.74	21.33
700.3	1,330.3	1,431.4	1,546.0	16.82	18.03	19.40

Note: Value discounted to March 31, 2007. Based on management projections excluding any off-shore savings. Assumes 0% of potential off-shoring cost initiatives are realized.  
 (1) Net Debt as of March 31, 2007 per Company guidance.



## Appendix

## Discounted Cash Flow – Potential Off-Shoring Cost Initiatives

## 100% of Off-Shoring Cost Initiatives Realized

	FYE March 31,			
	2008E	2009E	2010E	2011E
Labor Arb / Efficiency Re-engineering	\$9.9	\$37.6	\$67.6	\$91.1
Transition Impact	(15.0)	0.0	0.0	0.0
Facilities Savings	0.9	5.0	6.4	7.4
Poland - New Cost	(0.5)	(2.5)	(3.2)	(3.7)
<b>Pre-Tax Cost Savings</b>	<b>(4.6)</b>	<b>40.1</b>	<b>70.8</b>	<b>94.8</b>
Less: Taxes	1.7	(15.2)	(26.9)	(36.0)
<b>After-Tax Cost Savings</b>	<b>(\$2.9)</b>	<b>\$24.9</b>	<b>\$43.9</b>	<b>\$58.8</b>

Discount Rate	PV of Cash Flows (2008-2011)	PV of Terminal Value Based on Perpetual Growth Rate			=	Equity Value Per Share		
		1.0%	2.0%	3.0%		1.0%	2.0%	3.0%
11.00%	\$88.4	\$390.9	\$438.7	\$498.3		\$4.68	\$5.24	\$5.95
11.50%	87.1	\$365.7	\$408.2	\$460.7		\$4.38	\$4.89	\$5.51
12.00%	85.9	\$342.9	\$380.9	\$427.4		\$4.12	\$4.57	\$5.12
12.50%	84.6	\$322.2	\$356.3	\$397.7		\$3.88	\$4.28	\$4.78
13.00%	83.4	\$303.3	\$334.2	\$371.2		\$3.66	\$4.03	\$4.47

## 50% of Off-Shoring Cost Initiatives Realized

	FYE March 31,			
	2008E	2009E	2010E	2011E
Labor Arb / Efficiency Re-engineering	\$5.0	\$18.8	\$33.8	\$45.5
Transition Impact	(15.0)	0.0	0.0	0.0
Facilities Savings	0.5	2.5	3.2	3.7
Poland - New Cost	(0.5)	(2.5)	(3.2)	(3.7)
<b>Pre-Tax Cost Savings</b>	<b>(10.0)</b>	<b>18.8</b>	<b>33.8</b>	<b>45.5</b>
Less: Taxes	3.8	(7.1)	(12.8)	(17.3)
<b>After-Tax Cost Savings</b>	<b>(\$6.2)</b>	<b>\$11.7</b>	<b>\$21.0</b>	<b>\$28.2</b>

Discount Rate	PV of Cash Flows (2008-2011)	PV of Terminal Value Based on Perpetual Growth Rate			=	Equity Value Per Share		
		1.0%	2.0%	3.0%		1.0%	2.0%	3.0%
11.00%	\$37.8	\$187.8	\$210.8	\$239.4		\$2.26	\$2.54	\$2.88
11.50%	37.2	\$175.7	\$196.1	\$221.3		\$2.12	\$2.36	\$2.67
12.00%	36.6	\$164.7	\$183.0	\$205.3		\$1.99	\$2.21	\$2.48
12.50%	36.0	\$154.8	\$171.2	\$191.1		\$1.87	\$2.07	\$2.31
13.00%	35.5	\$145.7	\$160.6	\$178.4		\$1.77	\$1.95	\$2.16

Source: Management projections.









Note: Dollars in millions, except per share data.

Note: Share count based on 3.5% perpetuity growth rate for Company excluding off-shoring cost initiatives.



## Appendix Selected Marketing & Data Public Comparables

(Dollars in Millions, Except Per Share Amounts)

Company	Share Price	% of 52-Week High	Equity Value	Enterprise Value	LTM Stock Change	EV / EBITDA		Equity Value / FCF		P/E		PEG Ratio		Long-Term EPS Growth	2007 Leverage Ratio		
	5/11/2007					2006A	2007E	2006A	2007E	2006A	2007E	2006A	2007E				
 <sup>(1)</sup>	\$11.13	90.7%	\$11,369	\$13,006	(4.8%)	12.8x	11.6x	25.3x	19.5x	20.6x	18.0x	1.5x	1.3x	14.0%	1.5x		
 <sup>(2)</sup>	95.05	99.0%	5,803	6,148	25.4%	13.3	12.5	23.0	18.0	23.9	20.8	1.6	1.4	15.3%	0.7x		
	62.88	92.3%	5,054	6,330	19.7%	13.4	10.9	14.4	11.1	27.1	24.1	1.5	1.3	17.9%	2.0x		
	41.15	98.0%	6,141	7,018	11.2%	11.3	10.2	17.6	18.0	18.7	16.8	1.7	1.5	10.8%	1.3x		
 <sup>(2)</sup>	17.59	59.2%	842	2,092	(39.7%)	9.3	8.3	31.1	NM	17.9	15.6	2.0	1.7	9.0%	4.6x		
	36.03	83.8%	2,126	2,323	(5.2%)	10.8	11.3	11.6	11.4	18.5	22.1	1.5	1.8	12.0%	1.0x		
 <sup>(3)</sup>	25.98	90.3%	1,944	2,105	(3.8%)	9.7	9.5	17.3	15.2	19.2	18.6	1.8	1.7	10.7%	0.7x		
 <sup>(4)</sup>	32.02	97.4%	1,525	1,597	43.4%	10.1	9.2	32.5	23.8	22.4	24.6	1.7	1.9	13.0%	0.4x		
						Maximum	43.4%	13.4x	12.5x	32.5x	23.8x	27.1x	24.6x	2.0x	1.9x	17.9%	4.6x
						Mean	3.0%	10.9	10.1	20.0	16.5	20.6	19.5	1.6	1.5	13.1%	1.6
						Median	(3.0%)	10.7	10.3	17.4	16.6	19.9	19.6	1.6	1.5	13.2%	1.3
						Minimum	(39.7%)	7.3	6.8	11.6	11.1	14.9	14.1	1.0	0.9	9.0%	0.4

Source: Wall Street research.

(1) Pro forma for acquisition of TALX.

(2) Pro forma for acquisition of ADVO.

(3) Catalina's market price as of February 21, 2007 (day prior to first acquisition announcement).

(4) Pro forma for acquisition of Opinion Research.



## Appendix

### Precedent Marketing Services Transaction Comparables

(Dollars in Millions)

Date Announced	Acquirer	Target	Form of Consideration	Transaction Value	LTM Multiples		
					Revenue	EBITDA	
Apr-07	Experian	Hitwise, Inc	Cash	\$240	4.3x	NA	
Apr-07	Hellman & Friedman	Catalina Marketing Corp	Cash	1,700	3.5x	10.7x	
Apr-07	Google Inc	DoubleClick Inc	Cash	3,100	10.3x	34.4x	
Dec-06	Alliance Data Systems	Abacus Direct Corp (DoubleClick)	Cash	435	4.4x	10.9x	
Dec-06	Publicis Groupe SA	Digitas Inc	Cash	1,133	1.9x	18.7x	
Aug-06	infoUSA	Opinion Research Corporation	Cash	133	0.7x	8.8x	
Jul-06	Valassis Communications	ADVO Inc	Cash	1,325	0.9x	11.8x	
Feb-06	AllianceData	DoubleClick Email	Cash	90	2.3x	8.8x	
Feb-06	D E Shaw & Co.	Aspen Marketing Services	Cash	220	1.0x	NA	
Jan-06	Private Equity Consortium	VNU	Cash	11,100	2.7x	14.5x	
Jan-06	Experian	ClarityBlue	Cash	150	3.0x	5.0x	
Sep-05	Alliance Data Systems	Bigfoot Interactive	Cash	120	3.0x	12.0x	
Aug-05	Value Click	Fastclick	Stock	267	NA	7.0x	
Jul-05	Apollo Group	Cendant Marketing Group	Cash	1,825	1.2x	5.5x	
Jun-05	Value Click	WebMarketing Holdings	Cash & Stock	166	2.8x	10.1x	
May-05	Pitney Bowes	Imagitas	Cash	260	3.0x	NA	
Apr-05	GFK AG	NOP World (United Business Media)	Cash	725	1.7x	18.7x	
Apr-05	Hellman & Friedman	DoubleClick	Cash	821	2.7x	14.0x	
Mar-05	Acxiom	Digital Impact	Cash	120	2.8x	NM	
Mar-05	Harte-Hanks	Tampa Flier	Cash	66	2.0x	NA	
					Mean	2.9x	12.7x
					Median	2.7x	10.9x



Source: Wall Street research.

## Appendix

### Rating Agency Commentary

#### Moody's (Ba2) <sup>(1)</sup>

- "Acxiom's Ba2 corporate family rating is constrained by its relatively high client concentration (the top 15 clients represented approximately 50% of fiscal 2006 revenue), modest size (measured by revenue and assets) relative to larger information technology services peers, and challenges to address an increasing public sentiment toward consumer privacy."
- "... [T]he rating reflects the company's ample free cash flow and modest financial leverage, which in isolation suggest a rating within the Baa category."
- "Acxiom maintains a blue chip client base including large financial institutions . . . The company enjoys business stability through long-term service contracts in excess of two years, resulting in approximately 70% recurring revenue."
- "Acxiom's generates ample free cash flow (defined as cash flow from operating activities less dividends, PP&E, software development costs, deferred costs, and data acquisition costs) in excess of \$130 million in each of the past four fiscal years."
- "Financial leverage is modest at about 2.5x, as measured by the ratio of debt pro forma for the \$600 million term loan offering and adjusted for capitalized operating leases to EBITDAR. In Moody's view, the company has relatively sizable capitalized operating leases of \$275 million (rent expense times 5)."

#### Standard & Poor's (BB) <sup>(2)</sup>

- "The rating on Little Rock, Ark.-based Acxiom Corp. reflects the company's good niche market position and adequate cash-flow generation."
- "Business risk is tempered by Acxiom's expertise in managing its comprehensive consumer databases."
- "More than one-half of its direct-marketing assignments are performed for long-term clients, and outsourcing contracts generally cover multiple years, offsetting a concentrated customer base and providing some revenue predictability."
- "... [T]he company remains a relatively small participant in a growing and fragmented industry that may see the entrance of several much larger competitors."
- "Standard & Poor's Ratings Services believes channel partnerships and moderate acquisitions could continue, primarily to expand the company's participation in selected vertical markets, enhance its distribution capability, and provide additional operational diversity."
- "The stable outlook reflects the prospects for continued earnings improvement and our expectation that Acxiom will continue to maintain a moderate financial profile, given current debt capacity within the rating."



(1) Source: Moody's Credit Report dated August 23, 2006. Represents Moody's Corporate Family Rating for Acxiom.

(2) Source: Standard & Poor's Credit Report dated March 27, 2007. Represents Standard & Poor's Long-Term Local Issuer Credit Rating for Acxiom.

## Disclaimers

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