

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended December 31, 1994 OR

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

For the transition period from ----- to -----

Commission file number 0-13163

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

DELAWARE
(State or Other Jurisdiction of
Incorporation or Organization)

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

301 Industrial Boulevard, Conway, Arkansas
(Address of Principal Executive Offices)

72032
(Zip Code)

(501) 336-1000
(Registrant's Telephone Number, Including Area Code)

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

Yes No

The number of shares of Common Stock, par value of \$0.10 per share, outstanding as of January 31, 1995 was 22,381,014 (after giving effect to a two-for-one stock split effective January 10, 1995).

Form 10-Q

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Company for which report is filed:

ACXIOM CORPORATION

The consolidated financial statements included herein have been prepared by Registrant, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of the Registrant's management, however, all adjustments necessary for a fair statement of the results for the periods included herein have been made and the disclosures contained herein are adequate to make the information presented not misleading. All such adjustments are of a normal recurring nature.

ACXIOM CORPORATION AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 (Unaudited)

	December 31, 1994 -----	March 31, 1994 -----
Assets -----		
Current assets:		
Cash and short-term cash investments	\$ 5,088,000	475,000
Trade accounts receivable, net	38,874,000	28,204,000
Refundable income taxes	---	923,000
Other current assets	1,030,000	6,255,000
	-----	-----
Total current assets	44,992,000	35,857,000
	-----	-----
Property and equipment	117,038,000	102,826,000
Less - Accumulated depreciation and amortization	52,699,000	43,129,000
	-----	-----
Property and equipment, net	64,339,000	59,697,000
	-----	-----
Software, net of accumulated amortization	10,158,000	5,113,000
Excess of cost over fair value of net assets acquired	9,744,000	2,716,000
Investment in and advances to joint venture	---	3,974,000
Other assets	17,003,000	16,021,000
	-----	-----
	\$146,236,000	123,378,000
	=====	=====
Liabilities and Stockholders' Equity -----		
Current liabilities:		
Current installments of long-term debt	3,601,000	3,046,000
Short-term borrowings	---	500,000
Trade accounts payable	6,979,000	3,006,000
Accrued interest	209,000	609,000
Accrued payroll and related expenses	4,362,000	2,073,000
Other accrued expenses	5,764,000	3,315,000
Advances from customers	743,000	346,000
Income taxes	2,042,000	---
	-----	-----
Total current liabilities	23,700,000	12,895,000
	-----	-----
Long-term debt, excluding current installments	24,126,000	34,992,000
Deferred income taxes	5,734,000	5,734,000
Deferred revenue	702,000	169,000

Redeemable common stock	---	7,692,000
Stockholders' equity:		
Preferred stock	---	---
Common stock	1,150,000	1,049,000
Additional paid-in capital	46,768,000	25,672,000
Retained earnings	46,801,000	38,562,000
Foreign currency translation adjustment	(328,000)	(818,000)
Treasury stock, at cost	(2,417,000)	(2,569,000)
	-----	-----
Total stockholders' equity	91,974,000	61,896,000
Commitments and contingencies	-----	-----
	\$146,236,000	123,378,000
	=====	=====

See accompanying condensed notes to consolidated financial statements.

ACXIOM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)

	For the Three Months Ended	

	December 31,	
	1994	1993
	-----	-----
Revenue	\$ 52,742,000	41,430,000
Operating costs and expenses:		
Salaries and benefits	17,862,000	16,904,000
Computer, communications and other equipment	7,110,000	7,264,000
Data costs	14,583,000	5,022,000
Other operating costs and expenses	5,750,000	7,390,000
	-----	-----
Total operating costs and expenses	45,305,000	36,580,000
	-----	-----
Income from operations	7,437,000	4,850,000
	-----	-----
Other income (expense):		
Interest expense	(619,000)	(791,000)
Other, net	(63,000)	264,000
	-----	-----
	(682,000)	(527,000)
	-----	-----
Earnings before income taxes	6,755,000	4,323,000
Income taxes	2,634,000	1,686,000
	-----	-----
Net earnings	\$ 4,121,000	2,637,000
	=====	=====
Earnings per share	\$.36	.24
	=====	=====
Weighted average shares outstanding	11,596,000	10,954,000
	=====	=====

See accompanying condensed notes to consolidated financial statements.

ACXIOM CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF EARNINGS
 (Unaudited)

	For the Nine Months Ended	

	December 31,	

	1994	1993

Revenue	\$147,476,000	109,862,000
Operating costs and expenses:		
Salaries and benefits	48,693,000	49,316,000
Computer, communications and other equipment	21,047,000	20,819,000
Data costs	44,502,000	9,416,000
Other operating costs and expenses	16,731,000	19,050,000
	-----	-----
Total operating costs and expenses	130,973,000	98,601,000
	-----	-----
Income from operations	16,503,000	11,261,000
	-----	-----
Other income (expense):		
Interest expense	(1,876,000)	(2,073,000)
Other, net	(808,000)	662,000
	-----	-----
	(2,684,000)	(1,411,000)
	-----	-----
Earnings before income taxes	13,819,000	9,850,000
Income taxes	5,389,000	3,841,000
	-----	-----
Net earnings	\$ 8,430,000	6,009,000
	=====	=====
Earnings per share	\$.75	.55
	=====	=====
Weighted average shares outstanding	11,282,000	10,992,000
	=====	=====

See accompanying condensed notes to consolidated financial statements.

ACXIOM CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Unaudited)

	For the Nine Months Ended	
	December 31,	
	1994	1993
	-----	-----
Cash flows from operating activities:		
Net earnings	\$ 8,430,000	6,009,000
Non-cash operating activities:		
Depreciation and amortization	14,193,000	14,489,000
Loss on disposal of assets	540,000	35,000
Equity in operations of joint venture	279,000	(641,000)
Other, net	1,170,000	(84,000)
Changes in assets and Liabilities:		
Accounts receivable	(9,063,000)	(3,224,000)
Other assets	285,000	(688,000)
Accounts payable and other liabilities	8,101,000	1,599,000
	-----	-----
Net cash provided by operating activities	23,935,000	17,495,000
	-----	-----
Cash flows from investing activities:		
Sale of assets	5,638,000	260,000
Acquisition and development of software	(736,000)	(740,000)
Capital expenditures	(16,380,000)	(19,765,000)
Advances to and acquisition of joint venture	(7,290,000)	(365,000)
	-----	-----
Net cash used by investing activities	(18,768,000)	(20,610,000)
	-----	-----
Cash flows from financing activities:		
Proceeds from current and long-term debt	---	3,699,000
Payments of current and long-term debt	(13,484,000)	(1,195,000)
Sale of common stock	12,930,000	1,237,000
	-----	-----
Net cash provided (used) by financing activities	(554,000)	3,741,000
	-----	-----
Net increase in cash and short-term cash investments	4,613,000	626,000

Cash and short-term cash investments at beginning of period	475,000	1,479,000
	-----	-----
Cash and short-term cash investments at end of period	\$ 5,088,000	2,105,000
	=====	=====
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	\$ 2,276,000	2,531,000
Income taxes	2,424,000	722,000
	=====	=====

See accompanying condensed notes to consolidated financial statements.

ACXIOM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Certain note information has been omitted because it has not changed significantly from that reflected in Notes 1 through 14 of the Notes to Consolidated Financial Statements filed as a part of Item 14 of Registrant's 1994 Annual report on Form 10-K as filed with the Securities and Exchange Commission on June 29, 1994.

Notes to Consolidated Financial Statements:

1. Accretion on redeemable common stock of \$191,000 for the nine months ended December 31, 1994 is reflected as a direct charge to retained earnings.
2. On August 31, 1994 the Company announced the extension of its data center management agreement with Trans Union Corporation. The extension will carry the contract through July 2002, its full term of 10 years. As part of the extension agreement, Trans Union agreed to give up its right to cause the Company to repurchase the 480,000 shares of common stock then held by Trans Union. At the same time, the Company gave up its right to call the stock. At December 31, 1994, the \$7,883,000 in carrying value of the redeemable common stock has been reclassified to stockholders' equity.

The election to extend the data center agreement gives Trans Union the right to exercise 750,000 additional shares under the warrant which was issued at the inception of the contract, giving Trans Union the right to acquire a total of 1,000,000 shares. However, Trans Union is precluded from exercising the warrant to the extent that the shares acquired thereunder would cause its percentage ownership of the Company's common stock acquired pursuant to the data center management agreement to exceed 10% of the Company's then issued and outstanding common stock. The \$536,000 value of the additional shares now exercisable under the warrant has been credited to additional paid-in capital.

During the third quarter, the Company completed a sale of 500,000 shares of newly-issued common stock to Trans Union. The Company received sales proceeds of approximately \$12,000,000.

3. The Company has completed the sale of certain U.S. assets of its BSA, Inc. subsidiary for \$500,000 in cash. The sale closed July 15, 1994, effective as of June 1, 1994. The effect of the transaction on consolidated net earnings for the periods reported was not significant.

ACXIOM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

4. On March 9, 1994, the Chapter 11 bankruptcy trustee for CIS Corporation ("CIS") initiated suit in the United States Bankruptcy Court for the Southern District of New York seeking to recover certain computer equipment, together with alleged past due lease payments, taxes and interest amounting to approximately \$2,500,000. The Company had entered into several capital leases with CIS prior to CIS declaring bankruptcy in January 1989. The majority of the amounts sought by CIS relate to continuing lease, tax and interest charges assessed after the initial lease terms expired and after the Company had exercised its options to purchase the equipment, after which time no lease payments were due under the terms of the lease agreements. The Company intends to defend the case on the merits, based upon CIS' failure to (1) deliver title, (2) make scheduled sub-lease payments to the Company, (3) properly record and acknowledge lease payments actually paid by Acxiom which CIS claims were not paid, and (4) remit property taxes to the proper authorities after the Company paid such taxes to CIS. Under current circumstances, management believes that the ultimate outcome of the litigation will result in a final settlement, if any, substantially lower than the amount noted above.

The Company is involved in other various claims and legal actions in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position or its expected future consolidated results of operations.

5. At its quarterly meeting held on October 26, 1994, the Company's board of directors approved a two-for-one stock split of its common stock, effected in the form of a stock dividend to be distributed on January 10, 1995. Following approval by the Company's shareholders of an increase in the number of authorized shares of common stock from 20 million to 30 million at a special meeting of the shareholders held December 15, 1994, certificates for the additional shares were mailed on January 10, 1995 to shareholders of record as of December 27, 1994.
6. Effective October 1, 1994, the Company purchased the remaining one-half interest in the InfoBase Services partnership owned by ADV0, Inc. The purchase price consisted of \$9 million in cash and service discounts over the next four years, aggregating \$2,560,000, which is included in long-term debt at December 31, 1994. If the service discounts do not aggregate at least \$2,560,000 over the four-year period, the shortfall will be paid in cash.

ACXIOM CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (continued)

The Company has accounted for the purchase of the partnership interest using the purchase method of accounting. The aggregate investment in the InfoBase partnership has been allocated as follows:

Cash paid	\$ 9,000,000
Less cash purchased	1,710,000

Net cash expenditure	7,290,000
Service discounts	2,560,000
Investment in and advances to joint venture prior to purchase	3,695,000

 Total investment	 \$13,545,000 =====
 Software	 5,797,000
Excess of cost over fair value of net assets acquired	7,144,000
Accounts receivable	2,612,000
Property and equipment	442,000
Other assets	7,000
Accounts payable and other liabilities	(2,457,000)

 Total investment	 \$13,545,000 =====

The operations of InfoBase are included in the Company's consolidated results of operations beginning October 1, 1994. Prior to that date, the Company's 50% equity in the earnings of the joint venture was included in other income (expense).

The amount of the purchase price allocated to software is being amortized over the estimated remaining economic life of the software products of 2 to 4 years. The excess of cost over fair value of net assets acquired is being amortized using the straight line method over its estimated economic life of 15 years.

ACXIOM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

The following consolidated pro forma financial information shows the results of the Company's operations for the nine months ended December 31, 1994 and 1993 as though the purchase of InfoBase had occurred at the beginning of each period presented:

	1994 ====	1993 ====
Revenue	\$150,206,000 =====	118,153,000 =====
Net Earnings	\$ 7,902,000 =====	5,838,000 =====
Earnings per share	\$.70 =====	.53 =====

Pro forma adjustments have been made to reflect the accounting bases recognized in recording the purchase and to eliminate the effects of transactions between the Company and InfoBase.

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

Results of Operations

Consolidated revenue increased 27% to \$52.7 million for the quarter ended December 31, 1994 compared to the same quarter a year ago. Discounting the impact of units disposed of earlier in the year, revenues are up 49% for the quarter. This increase primarily reflects significant growth associated with the Allstate Insurance Company data management agreement combined with revenue from InfoBase Services whose results are presented on a consolidated basis after the Company acquired the remaining 50% interest not previously owned effective October 1, 1994. Revenues from the U.K. increased 7%.

For the nine months ended December 31, 1994, revenue increased 34% to \$147.5 million over the comparable period a year ago. Again discounting the impacts of the units sold, revenues are up 55%. Revenue increases associated with the Allstate agreement and InfoBase Services noted above combined to account for most of the increase. Additionally, financial services also provided substantial year-over-year gains. U.K. revenue declined 5% from the prior year.

For the quarter ended December 31, 1994, operating costs and expenses increased 24% when compared to the same quarter a year ago. Salaries and benefits increased 6%, computer, communications and other equipment expenses decreased 2%, and other operating costs and expenses decreased 22%. These expenses were favorably impacted from the units disposed of noted above. Data costs increased \$9.6 million principally due to the Allstate agreement. Income from operations was 14% for the quarter compared to 12% in the previous year.

Operating costs and expenses for the nine months ended December 31, 1994 increased 33% over the comparable period a year ago. Salaries and benefits decreased 1%, computer, communications and other equipment expenses increased 1%, and other operating costs and expenses decreased 12%. Again, these expenses were favorably impacted by the units disposed of. Data costs increased \$35.1 million principally due to the Allstate agreement. Income from operations was 11% of revenue for the nine months ended December 31, 1994 compared to 10% for the first nine months of the previous year.

Other expenses for the nine months ended December 31, 1994 included a \$500,000 charge for the estimated cost of disposal of certain assets of the U.S. operation of BSA.

The Company's effective tax rate was 39% for all periods presented. The Company expects the effective rate to remain in the 38-40% range for the fiscal year.

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

Capital Resources and Liquidity

Working capital at December 31, 1994 totaled \$21.3 million compared to \$23 million at March 31, 1994. At December 31, 1994 the Company had available credit lines of \$31 million of which \$6.3 million was outstanding. The Company's debt-to-capital ratio (capital defined as long-term-debt plus redeemable common stock plus stockholders' equity) was 21% at December 31, 1994 compared to 33% at March 31, 1994.

Cash provided from operating activities was \$23.9 million for the nine months ended December 31, 1994 compared to \$17.5 million for the same period a year earlier. In the current year, investing activities used \$18.8 million and financing activities used \$0.6 million. Investing activities included \$16.4 million in capital expenditures compared to \$19.8 million for the same period a year ago, and \$7.3 million paid to purchase the remaining half of the InfoBase Services partnership. Investing activities also included proceeds of \$5.6 million from sales of assets, primarily from the sale of substantially all the assets of Acxiom Mailing Services and the U.S. operations of BSA. Financing activities included payments on debt of \$13.5 million, partially offset by proceeds from the sale of stock of \$12.9 million.

On August 31, 1994, the Company announced the extension of its data center management agreement with Trans Union Corporation which will carry the contract through July, 2002, its full term of ten years. As part of the extension agreement, Trans Union agreed to give up its right to cause the Company to repurchase the 480,000 shares of common stock then held by Trans Union. At the same time, the Company gave up its right to call the stock. Accordingly, the \$7.9 million carrying value of the redeemable common stock has been transferred to stockholders' equity.

The Company also announced on August 31, 1994, an agreement to sell Trans Union an additional 500,000 shares of newly issued common stock. This sale was completed during the third quarter, with the Company receiving sales proceeds of approximately \$12 million.

As noted in footnote 6 to the consolidated financial statements, the Company has purchased the remaining one-half interest in the InfoBase Services partnership owned by ADV0, Inc. The Company paid \$9 million in cash, and also agreed to provide ADV0 with service discounts over the next four years totaling at least \$2.6 million. If the service discounts do not aggregate at least \$2.6 million, the shortfall will be paid in cash.

The Company is proceeding with plans to build a new 92,000 square foot customer service building on the main campus in Conway, Arkansas and plans to expand its Conway data center to accommodate increasing data processing requirements. These building projects are expected to be completed in the next year at an estimated cost of \$12 million.

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

While the Company does not have any other material contractual commitments for capital expenditures, additional investments in facilities and computer equipment will continue to be necessary to support the anticipated growth of the business. In addition, new outsourcing or facilities management contracts frequently require substantial up-front capital expenditures in order to acquire existing assets. Management believes that the combination of existing working capital, anticipated funds to be generated from future operations and the Company's available credit lines is sufficient to meet the Company's current operating needs as well as to fund the anticipated levels of capital expenditures. If additional funds are required, the Company would use existing credit lines to generate cash, followed by either additional borrowings to be secured by the Company's assets or the issuance of additional equity securities in either public or private offerings. Management believes that the Company has significant capacity to raise capital which could be used to support future growth.

ACXIOM CORPORATION

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

On December 15, 1994, the Company held a Special Meeting of Shareholders to consider a proposal to amend the Company's Certificate of Incorporation to increase the number of authorized shares of Common Stock, \$.10 par value, from 20,000,000 to 30,000,000. The proposal was duly voted upon and ratified by an affirmative vote of 8,086,912, with 33,458 votes opposed, 13,586 votes abstaining, and 0 broker non-votes.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits:

27 Financial Data Schedule

(b) Reports on Form 8-K filed during the third quarter:

None

ACXIOM CORPORATION AND SUBSIDIARIES

SIGNATURE

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

Acxiom Corporation

Dated February 6, 1995

/s/ Robert S. Bloom

(Signature)

Robert S. Bloom

Chief Financial Officer

(Chief Accounting Officer)

EXHIBIT INDEX

Exhibits to Form 10-Q

Exhibit Number

Exhibit

27

Financial Data Schedule

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF EARNINGS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

9-MOS

MAR-31-1995	DEC-31-1994
	5,088
	0
38,874	0
	0
44,992	117,038
52,699	
146,236	
23,700	24,126
0	0
	1,150
	90,824
146,236	0
147,476	0
130,973	
808	
0	
1,876	
13,819	
5,389	
8,430	
	0
	0
	0
8,430	
.75	
.75	