UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): **October 25, 2006**

ACXIOM CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE
(State or Other Jurisdiction of Incorporation)

0-13163	**71-0581897**
(Commission File Number)	(IRS Employer Identification No.)
1 Information Way, P.O. Box 8180, Little Rock, Arkansas	**72203-8180**
(Address of Principal Executive Offices)	(Zip Code)

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

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On October 25, 2006, Acxiom Corporation (the "Company") issued a press release announcing the results of its financial performance for the second quarter of fiscal year 2007. The Company held a conference call at 4:30 p.m. CDT on the same date to discuss this information further. The press release and the transcript of the conference call are furnished herewith as Exhibit 99.1 and Exhibit 99.2, respectively, and both are incorporated by reference herein.

The Company's press release, including the Financial Road Map (September 30, 2006), and other communications from time to time include certain non-GAAP financial measures. A "non-GAAP financial measure" is defined as a numerical measure of a company's financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the Company's financial statements.

The attached press release utilizes a non-GAAP measure of free cash flow available to equity. Free cash flow available to equity is defined as operating cash flow less cash used by investing activities (excluding the impact of cash paid in acquisitions), less required payments of debt (total debt payments excluding payments on the line of credit). The Company's management believes that this measure of free cash flow available to equity is superior to the previously reported free cash flow, since it represents the amount of money available for the Company's discretionary spending after funding all required obligations including scheduled debt payments, and it therefore provides a useful measure of liquidity for assessing the amount of cash available for general corporate and strategic purposes.

In addition, return on invested capital, also included in the attached press release, is a non-GAAP financial measure. Management defines "return on invested capital" as income from operations adjusted for the implied interest expense included in operating leases divided by the trailing four quarters' average invested capital. The implied interest adjustment for operating leases is calculated by multiplying the average quarterly balances of the present value of operating leases (beginning balance + ending balance)/2 times an 8% implied interest rate on the leases. Average invested capital is defined as the trailing 4 quarter average of the ending quarterly balances for total assets less cash, less non-interest bearing liabilities, plus the present value of operating leases. Return on invested capital for fiscal 2006, and for any four-quarter period including the quarter ended September 30, 2005, also excludes the impact of certain unusual charges recorded during the quarter ended September 30, 2005. Management believes that return on invested capital is useful because it provides investors with additional information for evaluating the efficiency of the Company's capital deployed in its operations. Return on invested capital does not consider whether the business is financed with debt or equity, but rather calculates a return on all financial capital invested in the business. Return on invested capital includes the present value of future payments on operating leases as a component of the denominator of the calculation, and adjusts the numerator of the calculation for the implied interest expense on those operating leases, in order to recognize the fact that the Company finances portions of its operations with leases instead of using either debt or equity. A reconciliation of return on invested capital to return on assets is included as an attachment to the press release.

Adjusted U.S. operating margin, adjusted international operating margin, and adjusted return on assets are also non-GAAP measures since they exclude unusual charges for the quarter ended September 30, 2005. These charges are excluded as unusual because they were not considered or anticipated when management set the Financial Road Map targets for fiscal 2006, and therefore management believes that it is appropriate to exclude these charges for purposes of comparison to the Financial Road Map. Furthermore, management believes this information will be useful to investors in assessing the Company's performance against the stated Road Map targets. A reconciliation of the adjusted operating margin to operating margin and a reconciliation of adjusted return on assets to return on assets is included as an attachment to the press release.

Adjusted income from operations, adjusted earnings before income taxes, adjusted net earnings, and adjusted diluted earnings per share for the quarter ended September 30, 2005 are also non-GAAP measures which exclude the same unusual charges referred to above. Management has previously excluded these charges for purposes of comparison to the Company's Financial Road Map, as discussed above. Management also believes it will be useful to investors to exclude these charges from the prior year for purposes of comparison to the current year results. A reconciliation of each of these items is included as an attachment to the press release.

EBITDA is defined as earnings before interest, taxes, depreciation and amortization. EBITDA is not mentioned in the attached press release, but may have been discussed during the conference call. EBITDA can be calculated directly from the financial statements by adding pre-tax income plus interest expense from the statement of operations plus depreciation and amortization from the cash flow statement. Management believes EBITDA is a useful measure of liquidity which may be used by investors to assess the Company's ongoing operations and liquidity.

The non-GAAP financial measures used by the Company in the attached press release may not be comparable to similarly titled measures used by other companies and should not be considered in isolation or as a substitute for measures of performance or liquidity prepared in accordance with GAAP.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits.

The following exhibits are furnished herewith:

Exhibit Number	Description
99.1	Press Release of the Company dated October 25, 2006 announcing second quarter earnings for fiscal year 2007.
99.2	Transcript of the Company's October 25, 2006 earnings conference call.

SIGNATURE

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

Dated: October 26, 2006

ACXIOM CORPORATION

By: /s/ Jerry C. Jones
Name: Jerry C. Jones
Title: Business Development/Legal Leader

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release of the Company dated October 25, 2006 announcing second quarter earnings for fiscal year 2007.
99.2	Transcript of the Company’s October 25, 2006 earnings conference call.

EXHIBIT 99.1

For more information, contact:

Katharine Raymond
Investor Relations Coordinator
Acxiom Corporation
(501) 342-1321
EACXM

Acxiom Announces Second-Quarter Results

Earnings growth among highlights of Company performance

LITTLE ROCK, Ark. — October 25, 2006 — Acxiom® Corporation (Nasdaq: ACXM) today announced financial results for the second quarter of fiscal 2007 ended September 30, 2006. Acxiom will hold a conference call at 4:30 p.m. CDT today to discuss this information further. Interested parties are invited to listen to the call, which will be broadcast via the Internet at www.acxiom.com.

Year over year, second-quarter earnings per diluted share increased 213 percent to $.25. Consolidated net earnings for the quarter increased 204 percent to $21.7 million. Gross margin increased to 27.5 percent from 26.2 percent in the same quarter a year ago. Second-quarter revenue totaled $348.3 million, an increase of 5.4 percent over the same quarter last year.

"We are pleased that Acxiom delivered another solid performance in the second quarter and remains on track to meet the fiscal 2007 targets we communicated at our Sept. 27 analysts' meeting in New York," Company Leader Charles D. Morgan said. "We continue to execute the fundamentals of our business and are delivering the results that we expected. I believe we are well positioned for a successful second half of the fiscal year."

Highlights of Acxiom's second-quarter performance include:

- Revenue of $348.3 million, up 5.4 percent from $330.5 million in the second quarter a year ago.
- Income from operations of $41.9 million, a 123 percent increase compared to $18.8 million in the second quarter last year. Last year's second-quarter results included the impact of net pretax charges of $15.8 million associated with restructuring, the sale of non-strategic operations and other unusual items. Excluding the impact of those charges, income from operations would have been up 21 percent. A reconciliation of the adjusted prior-year information is attached to this press release.
- Diluted earnings per share of $.25, a 213 percent increase compared to $.08 in the second quarter of fiscal 2006. The impact of the net charges described above reduced diluted EPS by $.12 for the second quarter last year. Excluding this impact, diluted earnings per share increased 25 percent.
- Operating cash flow of $64.4 million and free cash flow available to equity of $15.3 million. Free cash flow available to equity is a non-GAAP financial measure, and a reconciliation to the comparable GAAP measure, operating cash flow, is attached to this press release.
- Gross margin of 27.5 percent compared to 26.2 percent in the same quarter last year.
- Computer, communications and other equipment expense equaling 20.9 percent of revenue compared to 23.1 percent of revenue in the second quarter of fiscal 2006.

“The improvement in our earnings and margins – assisted by reduced computer expense as a percentage of revenue – shows the increasing strength of our business and the results of our initiatives to improve operational efficiencies,” Morgan said.

Morgan also noted that Acxiom recently completed new contracts with Procter & Gamble Co., E*TRADE FINANCIAL Corporation, D&B and Safety-Kleen Systems, Inc.

Outlook
The Company’s expectations are communicated in the Financial Road Map, which includes a chart summarizing the one-year and long-term goals as well as an explanation of the assumptions and definitions that accompany these goals. Acxiom’s current Financial Road Map reflects the Company’s current expectations for fiscal year 2007, and the long-term goals reflect expected performance in fiscal 2010.

Detailed information from our analysts’ day September 27 in New York is also posted on www.acxiom.com.

These financial projections are based on the assumptions and limitations set forth in the Financial Road Map. These projections are forward looking, and actual results may differ materially. These projections may be impacted by mergers, acquisitions, divestitures or other business combinations that may be completed in the future as well as the other factors set forth below.

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

For more information, visit www.acxiom.com.

This release and today’s conference call contain forward-looking statements that are subject to certain risks and uncertainties that could cause actual results to differ materially. Such statements may include but are not necessarily limited to the following: that the Company is continuing to experience continued improvement and momentum in financial performance, that we expect that continued focus on expense controls will lead to continued improvement in operating margins, that the projected revenue, operating margin, return on assets and return on invested capital, operating cash flow and free cash flow, borrowings, dividends and other metrics referred to in the Financial Road Map attached to this release will be within the estimated ranges; that the Company has identified categories of opportunity that provide upside to the ranges of the Financial Road Map, that the estimations of revenue, earnings, cash flow, growth rates, restructuring charges and expense reductions will be within the estimated ranges; and that the business pipeline and our anticipated cost structure will allow us to continue to meet or exceed revenue, cash flow and other projections. The following are important factors, among others, that could cause actual results to differ materially from these forward-looking statements: The possibility that certain contracts may not be closed, or may not be closed within the anticipated time frames; the possibility that clients may attempt to reduce the amount of business they do with the Company; the possibility that in the

event that a change of control of the Company was sought that certain of the clients of the Company
would invoke certain provisions in their contracts resulting in a decline in the revenue and profit of the Company; the possibility that certain contracts may not generate the anticipated revenue or profitability; the possibility that negative changes in economic or other conditions might lead to a reduction in demand for our products and services; the possibility of an economic slowdown or that economic conditions in general will not be as expected; the possibility that the historical seasonality of our business may change; the possibility that significant customers may experience extreme, severe economic difficulty; the possibility that the integration of acquired businesses may not be as successful as planned; the possibility that the fair value of certain of our assets may not be equal to the carrying value of those assets now or in future time periods; the possibility that sales cycles may lengthen; the possibility that we may not be able to attract and retain qualified technical and leadership associates, or that we may lose key associates to other organizations; the possibility that we won't be able to properly motivate our sales force or other associates; the possibility that we won't be able to achieve cost reductions and avoid unanticipated costs; the possibility that we won't be able to continue to receive credit upon satisfactory terms and conditions; the possibility that competent, competitive products, technologies or services will be introduced into the marketplace by other companies; the possibility that we may be subjected to pricing pressure due to market conditions and/or competitive products and services; the possibility that there will be changes in consumer or business information industries and markets that negatively impact the Company; the possibility that changes in accounting pronouncements may occur and may impact these projections; the possibility that we won't be able to protect proprietary information and technology or to obtain necessary licenses on commercially reasonable terms; the possibility that we may encounter difficulties when entering new markets or industries; the possibility that there will be changes in the legislative, accounting, regulatory and consumer environments affecting our business, including but not limited to litigation, legislation, regulations and customs relating to our ability to collect, manage, aggregate and use data; the possibility that data suppliers might withdraw data from us, leading to our inability to provide certain products and services; the possibility that we may enter into short-term contracts which would affect the predictability of our revenues; the possibility that the amount of ad hoc, volume-based and project work will not be as expected; the possibility that we may experience a loss of data center capacity or interruption of telecommunication links or power sources; the possibility that we may experience failures or breaches of our network and data security systems, leading to potential adverse publicity, negative customer reaction, or liability to third parties; the possibility that postal rates may increase, thereby leading to reduced volumes of business; the possibility that our clients may cancel or modify their agreements with us; the possibility that we will not successfully complete customer contract requirements on time or meet the service levels specified in the contracts, which may result in contract penalties or lost revenue; the possibility that we experience processing errors which result in credits to customers, re-performance of services or payment of damages to customers; the possibility that the services of the United States Postal Service, their global counterparts and other delivery systems may be disrupted; and the possibility that we may be affected by other competitive factors.

With respect to the Financial Road Map, all of the above factors apply, along with the following which were assumptions made in creating the Financial Road Map: that the U.S. and global economies will continue to improve at a moderate pace; that global growth will continue to be strong and that globalization trends will continue to grow at an increasing pace; that Acxiom's computer, communications and other equipment expenses will continue to fall as a percentage of revenue; that the Customer Information Infrastructure (CII) grid-based environment will continue to be implemented successfully over the next 3-4 years and that the new CII infrastructure will continue to provide increasing operational efficiencies; that the acquisitions of companies operating primarily outside of the United States will be successfully integrated and that significant efficiencies will be realized from this integration; relating to operating cash flow and free cash flow, that sufficient operating and capital lease arrangements will continue to be available to the Company to provide for the financing of most of its computer equipment and that software suppliers will continue to provide financing arrangements for most of the software purchases; relating to revolving credit line balance, that free cash flow will meet expectations and that the Company will use free cash flow to pay down bank debt, buy back stock and fund dividends; relating to annual dividends, that the Board of Directors will continue to approve quarterly dividends and will vote to increase dividends over time; relating to diluted shares, that the Company will meet its cash flow expectations and that potential dilution created through the issuance of equity instruments will be mitigated by continued stock repurchases in accordance with the Company's stock repurchase program. With respect to the provision of products or services outside our primary base of operations in the United States, all of the above factors apply, along with the difficulty of doing business in numerous sovereign jurisdictions due to differences in scale, competition, culture, laws and regulations.

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

We undertake no obligation to update the information contained in this press release, including the Financial Road Map or any other forward-looking statement.

Acxiom is a registered trademark of Acxiom Corporation.

###

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

	For the Three Months Ended September 30,			
	2006	2005	$ Variance	% Variance
Revenue:				
Services	266,099	253,193	12,906	5.1%
Data	82,220	77,330	4,890	6.3%
Total revenue	348,319	330,523	17,796	5.4%
Operating costs and expenses:				
Cost of revenue				
Services	201,384	191,883	9,501	5.0%
Data	51,062	52,124	(1,062)	(2.0%)
Total cost of revenue	252,446	244,007	8,439	3.5%
Services gross margin	24.3%	24.2%		
Data gross margin	37.9%	32.6%		
Total gross margin	27.5%	26.2%		
Selling, general and administrative	54,008	54,902	(894)	(1.6%)
Gains, losses and other items, net	-	12,799	(12,799)	0.0%
Total operating costs and expenses	306,454	311,708	(5,254)	(1.7%)
Income from operations	41,865	18,815	23,050	122.5%
Other income (expense):				
Interest expense	(8,950)	(7,416)	(1,534)	20.7%
Other, net	2,685	1,050	1,635	155.7%
Total other income (expense)	(6,265)	(6,366)	101	(1.6%)
Earnings before income taxes	35,600	12,449	23,151	186.0%
Income taxes	13,884	5,300	8,584	162.0%
Net earnings	21,716	7,149	14,567	203.8%
Earnings per share:				
Basic	0.25	0.08	0.17	212.5%
Diluted	0.25	0.08	0.17	212.5%

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

	For the Six Months Ended September 30,			
	2006	2005	$ Variance	% Variance
Revenue:				
Services	527,991	491,692	36,299	7.4%
Data	157,033	149,102	7,931	5.3%
Total revenue	685,024	640,794	44,230	6.9%
Operating costs and expenses:				
Cost of revenue				
Services	397,457	386,232	11,225	2.9%
Data	100,634	101,009	(375)	(0.4%)
Total cost of revenue	498,091	487,241	10,850	2.2%
Services gross margin	24.7%	21.4%		
Data gross margin	35.9%	32.3%		
Total gross margin	27.3%	24.0%		
Selling, general and administrative	108,753	108,602	151	0.1%
Gains, losses and other items, net	-	11,162	(11,162)	0.0%
Total operating costs and expenses	606,844	607,005	(161)	(0.0%)
Income from operations	78,180	33,789	44,391	131.4%
Other income (expense):				
Interest expense	(16,719)	(12,578)	(4,141)	32.9%
Other, net	3,332	1,941	1,391	71.7%
Total other income (expense)	(13,387)	(10,637)	(2,750)	25.9%
Earnings before income taxes	64,793	23,152	41,641	179.9%
Income taxes	25,269	9,364	15,905	169.9%
Net earnings	39,524	13,788	25,736	186.7%
Earnings per share:				
Basic	0.45	0.15	0.30	200.0%
Diluted	0.44	0.15	0.29	193.3%

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

	For the Three Months Ended			
	September 30, 2006	June 30, 2006	$ Variance	% Variance
Revenue:				
Services	266,099	261,892	4,207	1.6%
Data	82,220	74,813	7,407	9.9%
Total revenue	348,319	336,705	11,614	3.4%
Operating costs and expenses:				
Cost of revenue				
Services	201,384	196,073	5,311	2.7%
Data	51,062	49,572	1,490	3.0%
Total cost of revenue	252,446	245,645	6,801	2.8%
Services gross margin	24.3%	25.1%		
Data gross margin	37.9%	33.7%		
Total gross margin	27.5%	27.0%		
Selling, general and administrative	54,008	54,745	(737)	(1.3%)
Total operating costs and expenses	306,454	300,390	6,064	2.0%
Income from operations	41,865	36,315	5,550	15.3%
Other income (expense):				
Interest expense	(8,950)	(7,769)	(1,181)	15.2%
Other, net	2,685	647	2,038	315.0%
Total other income (expense)	(6,265)	(7,122)	857	(12.0%)
Earnings before income taxes	35,600	29,193	6,407	21.9%
Income taxes	13,884	11,385	2,499	21.9%
Net earnings	21,716	17,808	3,908	21.9%
Earnings per share:				
Basic	0.25	0.20	0.05	25.0%
Diluted	0.25	0.20	0.05	25.0%

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

	For the Three Months Ended		
	September 30, 2006	September 30, 2005	June 30, 2006
Basic earnings per share:			
Numerator - net earnings	21,716	7,149	17,808
Denominator - weighted-average shares outstanding	86,000	86,998	88,155
Basic earnings per share	0.25	0.08	0.20
Diluted earnings per share:			
Numerator - net earnings			
Net earnings	21,716	7,149	17,808
Denominator:			
Weighted-average shares outstanding	86,000	86,998	88,155
Dilutive effect of common stock options, warrants and restricted stock	2,203	2,599	2,268
	88,203	89,597	90,423
Diluted earnings per share	0.25	0.08	0.20

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

	For the Six Months Ended September 30,	
	2006	2005
Basic earnings per share:		
Numerator - net earnings	39,524	13,788
Denominator - weighted-average shares outstanding	87,078	89,021
Basic earnings per share	0.45	0.15
Diluted earnings per share:		
Numerator - net earnings		
Net earnings	39,524	13,788
Denominator:		
Weighted-average shares outstanding	87,078	89,021
Dilutive effect of common stock options, warrants and restricted stock	2,235	2,676
	89,313	91,697
Diluted earnings per share	0.44	0.15

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

	For the Three Months Ended		
Revenue:	September 30, 2006	September 30, 2005	June 30, 2006
US services & data	300,204	286,326	291,419
International services & data	48,115	44,197	45,286
Total revenue	348,319	330,523	336,705
US supplemental information:			
Services & data excluding IT mgmt	211,447	200,566	201,242
IT management services	88,757	85,760	90,177
	300,204	286,326	291,419
International supplemental information:			
Services & data excluding IT mgmt	48,115	44,197	45,286
Income from operations:			
US services & data	40,090	32,646	35,950
International services & data	1,775	(1,032)	365
Corporate & other	-	(12,799)	-
Total income from operations	41,865	18,815	36,315
Margin:			
US services & data	13.4%	11.4%	12.3%
International services & data	3.7%	-2.3%	0.8%
Total margin	12.0%	5.7%	10.8%

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

	For the Six Months Ended September 30,	
Revenue:	2006	2005
US services & data	591,623	551,760
International services & data	93,401	89,034
Total revenue	685,024	640,794
US supplemental information:		
Services & data excluding IT mgmt	412,689	379,198
IT management services	178,934	172,562
	591,623	551,760
International supplemental information:		
Services & data excluding IT mgmt	93,401	89,034
Income from operations:		
US services & data	76,040	47,363
International services & data	2,140	(2,412)
Corporate & other	-	(11,162)
Total income from operations	78,180	33,789
Margin:		
US services & data	12.9%	8.6%
International services & data	2.3%	-2.7%
Total margin	11.4%	5.3%

ACXIOM CORPORATION AND SUBSIDIARIES

DATA REVENUE AND COST OF DATA SUPPLEMENTAL SCHEDULE

(Unaudited)

(Dollars in thousands)

	For the Three Months Ended						
	September 30, 2006	September 30, 2005	$ Variance	% Variance	June 30, 2006	$ Variance	% Variance
Data	62,654	58,182	4,472	7.7%	54,530	8,124	14.9%
Passthrough data	19,566	19,148	418	2.2%	20,283	(717)	(3.5%)
Total data revenue	82,220	77,330	4,890	6.3%	74,813	7,407	9.9%
Cost of data revenue:							
Data	31,496	32,976	(1,480)	(4.5%)	29,289	2,207	7.5%
Passthrough data	19,566	19,148	418	2.2%	20,283	(717)	(3.5%)
Total cost of data	51,062	52,124	(1,062)	(2.0%)	49,572	1,490	3.0%
Margin:							
Data	49.7%	43.3%			46.3%		
Passthrough data	0.0%	0.0%			0.0%		
Total data	37.9%	32.6%			33.7%		

ACXIOM CORPORATION AND SUBSIDIARIES
DATA REVENUE AND COST OF DATA SUPPLEMENTAL SCHEDULE
(Unaudited)
(Dollars in thousands)

	For the Six Months Ended September 30,			
	2006	2005	$ Variance	% Variance
Data	117,183	111,400	5,783	5.2%
Passthrough data	39,850	37,702	2,148	5.7%
Total data revenue	157,033	149,102	7,931	5.3%
Cost of data revenue:				
Data	60,784	63,307	(2,523)	(4.0%)
Passthrough data	39,850	37,702	2,148	5.7%
Total cost of data	100,634	101,009	(375)	(0.4%)
Margin:				
Data	48.1%	43.2%		
Passthrough data	0.0%	0.0%		
Total data	35.9%	32.3%		

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

	September 30, 2006	March 31, 2006	$ Variance	% Variance
Assets				
Current assets:				
Cash and cash equivalents	91,832	7,705	84,127	1091.8%
Trade accounts receivable, net	265,685	261,624	4,061	1.6%
Deferred income taxes	24,513	24,587	(74)	(0.3%)
Other current assets	47,951	44,937	3,014	6.7%
Total current assets	429,981	338,853	91,128	26.9%
Property and equipment	698,037	662,948	35,089	5.3%
Less - accumulated depreciation and amortization	371,937	329,177	42,760	13.0%
Property and equipment, net	326,100	333,771	(7,671)	(2.3%)
Software, net of accumulated amortization	39,392	45,509	(6,117)	(13.4%)
Goodwill	477,885	472,401	5,484	1.2%
Purchased software licenses, net of accumulated amortization	155,006	155,518	(512)	(0.3%)
Unbilled and notes receivable, excluding current portions	21,014	19,139	1,875	9.8%
Deferred costs, net	128,682	112,817	15,865	14.1%
Data acquisition costs	35,103	40,828	(5,725)	(14.0%)
Other assets, net	20,159	21,662	(1,503)	(6.9%)
	1,633,322	1,540,498	92,824	6.0%
Liabilities and Stockholders' Equity				
Current liabilities:				
Current installments of long-term obligations	98,028	93,518	4,510	4.8%
Trade accounts payable	44,304	44,144	160	0.4%
Accrued payroll and related expenses	31,929	32,139	(210)	(0.7%)
Other accrued expenses	78,951	81,428	(2,477)	(3.0%)
Deferred revenue	109,471	123,916	(14,445)	(11.7%)
Income taxes	3,439	4,845	(1,406)	(29.0%)
Total current liabilities	366,122	379,990	(13,868)	(3.6%)
Long-term obligations:				
Long-term debt and capital leases, net of current installments	697,051	353,692	343,359	97.1%
Software and data licenses, net of current installments	26,036	22,723	3,313	14.6%
Total long-term obligations	723,087	376,415	346,672	92.1%
Deferred income taxes	77,560	77,916	(356)	(0.5%)
Commitments and contingencies				
Stockholders' equity:				
Common stock	11,050	10,946	104	1.0%
Additional paid-in capital	696,828	677,026	19,802	2.9%
Unearned stock-based compensation	-	(1,941)	1,941	(100.0%)
Retained earnings	440,994	410,278	30,716	7.5%
Accumulated other comprehensive loss	8,703	2,205	6,498	294.7%
Treasury stock, at cost	(691,022)	(392,337)	(298,685)	76.1%
Total stockholders' equity	466,553	706,177	(239,624)	(33.9%)
	1,633,322	1,540,498	92,824	6.0%

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

	For the Three Months Ended September 30,	
	2006	2005
Cash flows from operating activities:		
Net earnings	21,716	7,149
Non-cash operating activities:		
Depreciation and amortization	56,936	57,104
Gain on disposal or impairment of assets, net	(1,586)	(970)
Deferred income taxes	(189)	4,380
Non-cash stock compensation expense	591	324
Changes in operating assets and liabilities:		
Accounts receivable	(5,039)	(22,583)
Other assets	(4,576)	2,785
Accounts payable and other liabilities	920	(2,288)
Deferred revenue	(4,364)	(1,116)
Net cash provided by operating activities	64,409	44,785
Cash flows from investing activities:		
Disposition of operations	-	1,529
Sale of assets	-	3,613
Capitalized software	(6,926)	(5,809)
Capital expenditures	(3,260)	(3,025)
Cash collected from the sale and license of software	5,000	-
Deferral of costs	(16,559)	(18,703)
Payments received from investments	1,925	41
Net cash paid in acquisitions	-	(34,807)
Net cash used by investing activities	(19,820)	(57,161)
Cash flows from financing activities:		
Proceeds from debt	621,396	109,583
Payments of debt	(300,059)	(36,647)
Dividends paid	(8,808)	(4,377)
Sale of common stock	10,132	8,024
Acquisition of treasury stock	(281,335)	(69,081)
Tax benefit of stock options exercised	1,765	-
Net cash used by financing activities	43,091	7,502
Effect of exchange rate changes on cash	(11)	(53)
Net increase in cash and cash equivalents	87,669	(4,927)
Cash and cash equivalents at beginning of period	4,163	10,889
Cash and cash equivalents at end of period	91,832	5,962
Supplemental cash flow information:		
Cash paid (received) during the period for:		
Interest	8,732	6,076
Income taxes	17,563	(1,636)
Payments on capital leases and installment payment arrangements	21,951	15,967
Payments on software and data license liabilities	7,304	5,328
Other debt payments, excluding line of credit	1,804	2,434
Noncash investing and financing activities:		
Software licenses and maintenance acquired under software obligation	-	6,219
Acquisition of property and equipment under capital lease and installment payment arrangements	14,601	29,115
Construction and other financing	7,752	3,144

ACXIOM CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(Dollars in thousands)

	For the Six Months Ended September 30,	
	2006	2005
Cash flows from operating activities:		
Net earnings	39,524	13,788
Non-cash operating activities:		
Depreciation and amortization	115,983	112,638
Gain on disposal or impairment of assets, net	(1,670)	(927)
Deferred income taxes	(422)	8,015
Non-cash stock compensation expense	1,144	622
Changes in operating assets and liabilities:		
Accounts receivable	(6,835)	(5,286)
Other assets	(1,390)	(15,160)
Accounts payable and other liabilities	(8,823)	(1,371)
Deferred revenue	(16,752)	(6,058)
Net cash provided by operating activities	120,759	106,261
Cash flows from investing activities:		
Disposition of operations	-	1,529
Sale of assets	-	3,613
Capitalized software	(12,645)	(11,482)
Capital expenditures	(3,477)	(5,954)
Cash collected from the sale and license of software	10,000	-
Deferral of costs	(33,446)	(34,895)
Payments received from investments	2,708	762
Net cash paid in acquisitions	-	(141,526)
Net cash used by investing activities	(36,860)	(187,953)
Cash flows from financing activities:		
Proceeds from debt	650,269	391,289
Payments of debt	(367,925)	(90,777)
Dividends paid	(8,808)	(8,809)

Sale of common stock	16,905	21,551
Acquisition of treasury stock	(293,300)	(229,435)
Tax benefit of stock options exercised	2,844	-
Net cash used by financing activities	(15)	83,819
Effect of exchange rate changes on cash	243	(350)
Net increase in cash and cash equivalents	84,127	1,777
Cash and cash equivalents at beginning of period	7,705	4,185
Cash and cash equivalents at end of period	91,832	5,962
Supplemental cash flow information:		
Cash paid (received) during the period for:		
Interest	16,562	10,473
Income taxes	22,831	(1,446)
Payments on capital leases and installment payment arrangements	40,856	35,895
Payments on software and data license liabilities	15,151	16,266
Other debt payments, excluding line of credit	3,515	3,791
Noncash investing and financing activities:		
Issuance of options for acquisition	-	7,541
Software licenses and maintenance acquired under software obligation	15,266	8,380
Acquisition of property and equipment under capital lease and installment payment arrangements	34,027	55,573
Construction and other financing	13,656	6,798

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

	06/30/05	09/30/05	12/31/05	03/31/06	FY2006	06/30/06	09/30/06	YTD FY2007
Net cash provided by operating activities	61,476	44,785	95,414	74,158	275,833	56,350	64,409	120,759
Less:								
Tax benefit of stock options and warrants	-	-	-	(19,097)	(19,097)	-	-	-
Subtotal	61,476	44,785	95,414	55,061	256,736	56,350	64,409	120,759
Plus:								
Proceeds received from the disposition of operations	-	1,529	3,315	-	4,844	-	-	-
Proceeds received from the disposition of assets	-	3,613	1,510	-	5,123	-	-	-
Payments received from investments	721	41	2,093	905	3,760	783	1,925	2,708
Less:								
Capitalized software	(5,673)	(5,809)	(5,204)	(5,217)	(21,903)	(5,719)	(6,926)	(12,645)
Capital expenditures	(2,929)	(3,025)	(401)	(493)	(6,848)	(217)	(3,260)	(3,477)
Deferral of costs	(16,192)	(18,703)	(19,603)	(15,956)	(70,454)	(16,887)	(16,559)	(33,446)
Payments on capital leases and installment payment arrangements	(19,929)	(15,967)	(17,994)	(18,342)	(72,232)	(18,905)	(21,951)	(40,856)
Payments on software and data license liabilities	(10,938)	(5,328)	(7,344)	(5,459)	(29,069)	(7,847)	(7,304)	(15,151)
Other required debt payments	(1,357)	(2,434)	(1,715)	(3,796)	(9,302)	(1,711)	(1,804)	(3,515)
Subtotal	5,179	(1,298)	50,071	6,703	60,655	5,847	8,530	14,377
Plus:								
Tax benefit of stock options and warrants	-	-	-	19,097	19,097	1,079	1,765	2,844
Subtotal	5,179	(1,298)	50,071	25,800	79,752	6,926	10,295	17,221
Plus:								
Cash collected from sale of software	-	-	20,000	-	20,000	5,000	5,000	10,000
Total	5,179	(1,298)	70,071	25,800	99,752	11,926	15,295	27,221

ACXIOM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(Dollars in thousands, except earnings per share)

	06/30/05	09/30/05	12/31/05	03/31/06	FY2006	06/30/06	09/30/06	Q2 FY06 to Q2 FY07 %	Q2 FY06 to Q2 FY07 $	Q1 FY07 to Q2 FY07 %	Q1 FY07 to Q2 FY07 $
Revenue:											
Services	238,499	253,193	263,266	257,591	1,012,549	261,892	266,099	5.1%	12,906	1.6%	4,207
Data	71,772	77,330	84,165	86,752	320,019	74,813	82,220	6.3%	4,890	9.9%	7,407
Total revenue	310,271	330,523	347,431	344,343	1,332,568	336,705	348,319	5.4%	17,796	3.4%	11,614
Operating costs and expenses:											
Cost of revenue											
Services	194,349	191,883	189,502	196,428	772,162	196,073	201,384	5.0%	9,501	2.7%	5,311
Data	48,885	52,124	48,799	52,142	201,950	49,572	51,062	-2.0%	(1,062)	3.0%	1,490
Total cost of revenue	243,234	244,007	238,301	248,570	974,112	245,645	252,446	3.5%	8,439	2.8%	6,801
Selling, general and administrative	53,700	54,902	57,625	51,642	217,869	54,745	54,008	-1.6%	(894)	-1.3%	(737)
Gains, losses and other items, net	(1,637)	12,799	(1,202)	(456)	9,504	0	0	-100.0%	(12,799)	0.0%	0
Total operating costs and expenses	295,297	311,708	294,724	299,756	1,201,485	300,390	306,454	-1.7%	(5,254)	2.0%	6,064
Income from operations	14,974	18,815	52,707	44,587	131,083	36,315	41,865	122.5%	23,050	15.3%	5,550
% Margin	***4.8%***	***5.7%***	***15.2%***	***12.9%***	***9.8%***	***10.8%***	***12.0%***				
Other income (expense)											
Interest expense	(5,162)	(7,416)	(8,635)	(7,531)	(28,744)	(7,769)	(8,950)	20.7%	(1,534)	15.2%	(1,181)
Other, net	891	1,050	(71)	135	2,005	647	2,685	155.7%	1,635	315.0%	2,038
Total other income (expense)	(4,271)	(6,366)	(8,706)	(7,396)	(26,739)	(7,122)	(6,265)	-1.6%	101	-12.0%	857
Earnings before income taxes	10,703	12,449	44,001	37,191	104,344	29,193	35,600	186.0%	23,151	21.9%	6,407
Income taxes	4,064	5,300	16,720	14,132	40,216	11,385	13,884	162.0%	8,584	21.9%	2,499
Net earnings	6,639	7,149	27,281	23,059	64,128	17,808	21,716	203.8%	14,567	21.9%	3,908
Diluted earnings (loss) per share	0.07	0.08	0.31	0.26	0.71	0.20	0.25	212.5%	0.17	25.0%	0.05

ACXIOM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS - INTERNAL FORMAT

(Unaudited)

(Dollars in thousands, except earnings per share)

								Q2 FY06 to Q2 FY07		Q1 FY07 to Q2 FY07	
	06/30/05	09/30/05	12/31/05	03/31/06	FY2006	06/30/06	09/30/06	%	$	%	$
Revenue	310,271	330,523	347,431	344,343	1,332,568	336,705	348,319	5.4%	17,796	3.4%	11,614
Operating costs and expenses:											
Salaries and benefits	126,264	127,325	129,888	132,579	516,056	135,917	139,557	9.6%	12,232	2.7%	3,640
Computer, communications and other equipment	77,647	76,250	73,614	71,730	299,241	73,119	72,685	-4.7%	(3,565)	-0.6%	(434)
Data costs	41,831	44,752	42,021	44,593	173,197	43,372	44,196	-1.2%	(556)	1.9%	824
Other operating costs and expenses	51,192	50,582	50,403	51,310	203,487	47,982	50,016	-1.1%	(566)	4.2%	2,034
Gains, losses and other items, net	(1,637)	12,799	(1,202)	(456)	9,504	-	-	-100.0%	(12,799)	0.0%	0
Total operating costs and expenses	295,297	311,708	294,724	299,756	1,201,485	300,390	306,454	-1.7%	(5,254)	2.0%	6,064
Income (loss) from operations	14,974	18,815	52,707	44,587	131,083	36,315	41,865	122.5%	23,050	15.3%	5,550
Operating Margin	***4.8%***	***5.7%***	***15.2%***	***12.9%***	***9.8%***	***10.8%***	***12.0%***				
Other income (expense):											
Interest expense	(5,162)	(7,416)	(8,635)	(7,531)	(28,744)	(7,769)	(8,950)	20.7%	(1,534)	15.2%	(1,181)
Other, net	891	1,050	(71)	135	2,005	647	2,685	155.7%	1,635	315.0%	2,038
	(4,271)	(6,366)	(8,706)	(7,396)	(26,739)	(7,122)	(6,265)	-1.6%	101	-12.0%	857
Earnings (loss) before income taxes	10,703	12,449	44,001	37,191	104,344	29,193	35,600	186.0%	23,151	21.9%	6,407
Income taxes	4,064	5,300	16,720	14,132	40,216	11,385	13,884	162.0%	8,584	21.9%	2,499
Net earnings (loss)	6,639	7,149	27,281	23,059	64,128	17,808	21,716	203.8%	14,567	21.9%	3,908
Diluted earnings (loss) per share	0.07	0.08	0.31	0.26	0.71	0.20	0.25	212.5%	0.17	25.0%	0.05

ACXIOM CORPORATION AND SUBSIDIARIES
MARGIN ANALYSIS
(Unaudited)

	06/30/05	09/30/05	12/31/05	03/31/06	FY2006	06/30/06	09/30/06	Q2 FY06 to Q2 FY07 %	Q2 FY06 to Q2 FY07 $	Q1 FY07 to Q2 FY07 %	Q1 FY07 to Q2 FY07 $
Gross profit	67,037	86,516	109,130	95,773	358,456	91,060	95,873	10.8%	9,357	5.3%	4,813
Gross margin	21.6%	26.2%	31.4%	27.8%	26.9%	27.0%	27.5%				
Operating margin	4.8%	5.7%	15.2%	12.9%	9.8%	10.8%	12.0%				
Services gross profit	44,150	61,310	73,764	61,163	240,387	65,819	64,715	5.6%	3,405	-1.7%	(1,104)
Services gross margin	18.5%	24.2%	28.0%	23.7%	23.7%	25.1%	24.3%				
Data gross profit	22,887	25,206	35,366	34,610	118,069	25,241	31,158	23.6%	5,952	23.4%	5,917
Data gross margin	31.9%	32.6%	42.0%	39.9%	36.9%	33.7%	37.9%				

ACXIOM CORPORATION AND SUBSIDIARIES
EXPENSE TREND ANALYSIS
(Unaudited)

	06/30/05	09/30/05	12/31/05	03/31/06	FY2006	06/30/06	09/30/06	YTD FY2007
Salaries and benefits % of revenue	40.7%	38.5%	37.4%	38.5%	38.7%	40.4%	40.1%	40.2%
Computer, communications and other equipment % of revenue	25.0%	23.1%	21.2%	20.8%	22.5%	21.7%	20.9%	21.3%
Data costs % of revenue	13.5%	13.5%	12.1%	13.0%	13.0%	12.9%	12.7%	12.8%
Other operating costs and expenses % of revenue	16.5%	15.3%	14.5%	14.9%	15.3%	14.3%	14.4%	14.3%
Total operating costs and expenses % of revenue	95.2%	94.3%	84.8%	87.1%	90.2%	89.2%	88.0%	88.6%
SG&A % of revenue	17.3%	16.6%	16.6%	15.0%	16.3%	16.3%	15.5%	15.9%

ACXIOM CORPORATION AND SUBSIDIARIES

RECONCILIATION OF ADJUSTED OPERATIONS INFORMATION (NON-GAAP MEASUREMENTS)

FOR THE QUARTER ENDED SEPTEMBER 30, 2005

(Unaudited)

(Dollars in thousands, except earnings per share)

	Income from operations	Earnings before income taxes	Net earnings	Diluted earnings per share
As reported for GAAP	18,815	12,449	7,149	0.08
Unusual charges excluded for comparison:				
Gains, losses and other items, net	12,799	12,799	8,505	
Selling, general and administrative expense	2,977	2,977	1,846	
As adjusted for comparison purposes	34,591	28,225	17,500	0.20

The unusual charges excluded above are associated with restructuring, the sale of non-strategic operations, investment banking and other fees associated with representation of the Company related to activities by ValueAct Capital, and expenses related to a lawsuit resolved during the quarter. Management has previously excluded these charges for purposes of comparison to the Company's road map targets since these charges were not considered when setting the road map targets. Management also believes it will be useful to investors to exclude these charges from the prior year for purposes of comparison to the current year results.

Financial Road Map

(as of September 30, 2006)

Years Ending March 31,	Actual Fiscal 2006	Actual Q2 Fiscal 2007	Actual YTD Fiscal 2007	Target Fiscal 2007	Long-Term Goals Fiscal 2010
U.S. Revenue Growth	13.6%	4.8%	7.2%	7% to 10%	8% to 11% *(CAGR)*
U.S. Revenue	$1,148 million	$300 million	$592 million	$1,230 to $1,260 mil	-
International Revenue Growth	-13.0%	8.9%	4.9%	0% to 5%	5% to 8% *(CAGR)*
International Revenue	$185 million	$48 million	$93 million	$185 to $195 mil	-
U.S. Operating Margin	11.6%	13.4%	12.9%	14% to 15%	16% to 18%
Adjusted U.S. Operating Margin	12.4%[2]				
International Operating Margin	-1.1%	3.7%	2.3%	2% to 4%	12% to 15%
Adjusted International Operating Margin	2.5%[3]				
Return on Assets [1]	8.5%	11.2%	11.2%	11% to 13%	14% to 17%
Adjusted Return on Assets [1]	9.5%[2]				
Return on Invested Capital [1]	11.4%[2]	13.4%	13.4%	13% to 15%	16% to 19%
Operating Cash Flow	$276 million	$64 million	$121 million	$280 to $300 mil	$320 to $360 mil
Free Cash Flow to Equity	$100 million	$15 million	$27 million	$113 to $133 mil	$140 to $160 mil
Revolving Credit Line Balance	$252 million	$0 million	$0 million	< $500 mil	< $500 mil
Dividends Per Share	$0.20	$0.05	$0.10	$0.22	$0.24 to $0.28

1 ROA and ROIC are calculated on a trailing 4 quarters basis.

2 Results exclude unusual charges of $9.1 million for U.S. and $6.7 million for International in the quarter ended September 30, 2005. These charges are excluded when calculating performance compared to the Road Map since they were not considered in setting the Road Map target. All other time periods are as repor

Reconciliation of Non-GAAP Measurements
(Dollars in thousands)

Years Ending March 31,	Actual Fiscal 2006	Actual Q2 Fiscal 2007	Actual YTD Fiscal 2007
U.S. Operating Margin			
U.S. Revenue	1,147,641	300,204	591,623
U.S. Operating Income	133,072	40,090	76,040
U.S. Operating Income Margin	11.6%	13.4%	12.9%
Gains, losses and nonrecurring items, net	6,147	0	0
ValueAct Defense	2,216	0	0
Lawsuit Expenses	761	0	0
Adjusted U.S. Operating Income (1)	142,196	40,090	76,040
Adjusted U.S. Operating Income Margin (1)	12.4%	13.4%	12.9%
International Operating Margin			
International Revenue	184,927	48,115	93,401
International Operating Income	(1,991)	1,775	2,140
International Operating Income Margin	-1.1%	3.7%	2.3%
Gains, losses and nonrecurring items, net	6,652	0	0
Adjusted International Operating Income (1)	4,661	1,775	2,140
Adjusted International Operating Income Margin (1)	2.5%	3.7%	2.3%

		Actual Fiscal 2006	Actual Q2 Fiscal 2007	Actual YTD Fiscal 2007	Target Fiscal 2007 Low		Target Fiscal 2007 High	Long-Term Goals Fiscal 2010 Low		Long-Term Goals Fiscal 2010 High
Free Cash Flow to Equity										
Net cash provided by operating activities		275,833	64,409	120,759	280,000		300,000	320,000		360,000
Plus:	Proceeds received from disposition of assets	5,123	0	0	0		0	0		0
	Proceeds received from disposition of operations	4,844	0	0	0		0	0		0
	Cash received from investments	3,760	1,925	2,708	1,000		1,000	0		0
	Tax benefit of stock option and warrant exercise	0	1,765	2,844	7,000		7,000	10,000		10,000
	Proceeds received from sale of software	20,000	5,000	10,000	10,000		10,000	0		0
		33,727	8,690	15,552	18,000		18,000	10,000		10,000
Less:	Capitalized software	(21,903)	(6,926)	(12,645)	(20,000)		(20,000)	(20,000)		(25,000)
	Capital expenditures	(6,848)	(3,260)	(3,477)	(7,000)		(7,000)	(10,000)		(10,000)
	Deferral of costs	(70,454)	(16,559)	(33,446)	(60,000)		(60,000)	(65,000)		(75,000)
	Capital lease and installment payments	(72,232)	(21,951)	(40,856)	(60,000)		(60,000)	(65,000)		(70,000)
	Software and data license liability payments	(29,069)	(7,304)	(15,151)	(28,000)		(28,000)	(25,000)		(25,000)
	Other debt payments	(9,302)	(1,804)	(3,515)	(10,000)		(10,000)	(5,000)		(5,000)
		(209,808)	(57,804)	(109,090)	(185,000)		(185,000)	(190,000)		(210,000)
Free cash flow to equity		99,752	15,295	27,221	113,000	to	133,000	140,000	to	160,000

Free cash flow to equity as defined by the Company may not be comparable to similarly titled measures reported by other companies. Management of the Company has included free cash flow to equity in this Financial Road Map representing the amount of money available for the Company's discretionary spending. Management believes that it provides investors with a useful alternative measure of liquidity by allowing an assessment of the amount of cash available for general corporate and strategic purposes after funding operating activities and capital expenditures, capitalized software expenses, deferred costs and required debt repayments. The above table reconciles free cash flow to equity to cash provided by operating activities, the nearest comparable GAAP measure.

Notes

1 Results exclude unusual charges of $9.1 million for U.S. and $6.7 million for International in the quarter ended September 30, 2005. These charges are excluded when calculating performance compared to the Road Map since they were not considered in setting the Road Map target. All other time periods are as reported for GAAP.

Reconciliation of Non-GAAP Measurements

(Dollars in thousands)

Return on Assets (ROA) and Return on Invested Capital (ROIC)	Actual Fiscal 2006 ROA	Actual Fiscal 2006 Adjusted ROA	Actual Fiscal 2006 ROIC	Actual Q2 Fiscal 2007 ROA	Actual Q2 Fiscal 2007 ROIC	Actual YTD Fiscal 2007 ROA	Actual YTD Fiscal 2007 ROIC
Numerator:							
Income from operations (3)	131,083	131,083	131,083	175,474	175,474	175,474	175,474
Unusual Charges, Net (1)		15,776	15,776				
Add implied interest on operating leases			11,696		10,789		10,789
	131,083	146,859	158,554	175,474	186,263	175,474	186,263
Denominator:							
Average total assets	1,549,933	1,549,933	1,549,933	1,567,299	1,567,299	1,567,299	1,567,299
Less average cash (2)			(8,616)		(28,402)		(28,402)
Less average non-interest bearing current liabilities			(288,063)		(281,544)		(281,544)
Plus average present value of operating leases			135,190		130,545		130,545
	1,549,933	1,549,933	1,388,444	1,567,299	1,387,899	1,567,299	1,387,899
Return on invested capital	8.5%	9.5%	11.4%	11.2%	13.4%	11.2%	13.4%

Return on Assets (ROA) and Return on Invested Capital (ROIC)	Target Fiscal 2007 ROA Low	Target Fiscal 2007 ROA High	Target Fiscal 2007 ROIC Low	Target Fiscal 2007 ROIC High	Long-Term Goals Fiscal 2010 ROA Low	Long-Term Goals Fiscal 2010 ROA High	Long-Term Goals Fiscal 2010 ROIC Low	Long-Term Goals Fiscal 2010 ROIC H
Numerator:								
Income from operations (3)	175,500	196,900	175,500	196,900	268,600	337,600	268,600	3
Unusual Charges, Net (1)								
Add implied interest on operating leases			11,000	11,000			9,000	
	175,500	196,900	186,500	207,900	268,600	337,600	277,600	3
Denominator:								
Average total assets	1,550,000	1,575,000	1,550,000	1,550,000	1,860,000	1,960,000	1,860,000	1,9
Less average cash (2)			(10,000)	(10,000)			(10,000)	(1
Less average non-interest bearing current liabilities			(277,000)	(288,000)			(261,000)	(28
Plus average present value of operating leases			133,000	133,000			114,000	1
	1,550,000	1,575,000	1,396,000	1,385,000	1,860,000	1,960,000	1,703,000	1,7
Return on invested capital	11% to	13%	13% to	15%	14% to	17%	16% to	1

Notes

1 Results exclude unusual charges of $9.1 million for U.S. and $6.7 million for International in the quarter ended September 30, 2005. These charges are excluded when calculating performance compared to the Road Map since they were not considered in setting the Road Map target. All other time periods are as reported for GAAP.

2 Future cash balances above $10.0 million are assumed to be invested at money market rates and are excluded from this operating cash adjustment.

3 Trailing four quarters.

Return on Invested Capital (ROIC) as defined by the Company, may not be comparable to similarly titled measures reported by other companies. Management of the Company has included ROIC in this Financial Road Map because it measures the capital efficiency of our business. ROIC does not consider whether the business is financed with debt or equity; rather ROIC calculates a return on all capital invested in the business. The above table reconciles ROIC to a ROA calculation using GAAP numbers. The Company uses ROIC in a number of ways, including pricing analysis, capital expenditure evaluation, and merger and acquisition valuation.

General Road Map Definitions

1. **Revenue Growth** is defined as the percentage growth compared to the previous corresponding fiscal year or comparable period.
2. **Operating Margin** is defined as the income from operations as a percentage of revenue.
3. **Operating Cash Flow** is as shown on the Company's cash flow statement.
4. **Free Cash Flow to Equity** is defined as cash flow from operating activities plus or minus cash flow from investing activities (excluding net cash paid for acquisitions), less required payments of debt (total debt payments excluding payments on the line of credit).
5. **Revolving Credit Line Balance** is defined as actual funds borrowed under the Company’s revolving line of credit facility at the end of the period.
6. **Dividends Per Share** is defined as the sum of the dividends for that period.
7. **Return on Assets (ROA)** is defined as income from operations divided by average total assets for the trailing four quarters.
8. **Return on Invested Capital (ROIC)** is defined as trailing four quarters income from operations adjusted for the implied interest expense included in operating leases divided by the trailing four quarters' average invested capital. The implied interest adjustment for operating leases is calculated by multiplying the average quarterly balances of the present value of operating leases [(beginning balance + ending balance)/2] x an 8% implied interest rate on the leases. Average invested capital is defined as the trailing four-quarter average of the ending quarterly balances for total assets less operating cash, less non-interest bearing liabilities (current liabilities less the current portion of long-term debt), plus the present value of operating leases.

Operator:
Good day, and welcome everyone to the Acxiom second quarter physical year 2007 earnings conference call. Today's call is being recorded. At this time for opening remarks, I would like to turn the call over to the Chief Financial Officer, Mr. Frank Cotroneo, please go ahead.

Frank Cotroneo:
Thank you. Good afternoon and welcome. Thank you for joining us to discuss our fiscal 2007 second quarter results. Today with me are Charles Morgan, our Chairman and CEO, Lee Hodges, our Chief Operating Officer and Rodger Kline, our Corporate Administration Leader. Before we begin with our remarks, I'd like to thank all of you who attended our investor analyst conference in New York last month. We were very pleased with the participation and appreciated the opportunity to speak with you directly. We've received very positive responses from many of you regarding the content and the line of business format. We will continue to provide increased transparency into our business drivers and progress reports toward our stated goal. Before we begin our formal remarks, I would like to remind everyone that the various comments we may make about future expectations, guidance, targets, estimates, plans and prospects for the Company constitute forward-looking statements within the meaning of the Federal Securities Law, and are based on current information and expectations. Actual results may differ materially from those indicated by these forward-looking statements as a result of various important factors including those discussed in the first quarter press release, and in the Acxiom filings on Form 10K, Form 10Q, Form 8K which are on file with the SEC. A copy of our press release, required financial schedules, including any reconciliation of non-GAAP measures are now being posted to the Investor Relations portion of our website at Acxiom.com. At this time I'll turn the call over to Lee Hodges. Lee?

Lee Hodges:
Thanks, Frank and hi everyone. I would like to spend a few minutes highlighting our second quarter performance in company operations. Overall it was another very encouraging quarter. Our fifth consecutive strong operational quarter with solid results across the board including margins that continue to improve. As I've done in recent calls, I'll briefly cover three areas today. U.S. revenue performance, European results, and our ongoing expense in margin improvement efforts. Revenue in our U.S. business grew just under 5%, 4.8% over Q2 of fiscal 2006. That compares to a strong revenue quarter last year which then represented 10.5% growth over the prior year. U.S. operating margin rose a full percentage point, excluding the unusual charges a year ago, from 12.4% last year in the second quarter to 13.4% this year. But clearly while we're making very good improvements in bottom line results, and continue to improve margins, we need to focus more intently on growing the top line, and we are. And Charles will talk more about our revenue growth acceleration initiatives in a few minutes. Let me start with our financial services business in the U.S., where we were down 1% for the quarter, and were about flat year-over-year for the first half. We had one client in financial services whose spending with us fell off fairly significantly compared to last year when our revenues were temporarily bolstered due to this client's merger activity. In the past, we had a similar occurrence with another client as you may recall me discussing last year. In this large account financial services environment, it seems we will periodically have one client who will temporarily be cutting back, just one of the challenges we face. Removing the effect of that single client, we generated nearly 7% year-over-year growth in financial services in Q2. Date of products and digital services were up considerably and we saw no further decline in credit card direct mail volumes, one of our key metrics for traditional CDI and database services as you know. And we continue to make good progress in selling Acxiom Solutions into lines of business with enlarged financial institutions outside of our traditional credit card acquisition area. That's clearly one of the keys to our future success, and something we're very focused on. For example, our revenue in the investment brokerage area was up 33% over last year, and we signed up several new logos in our retail banking segment. That strategy is really paying off. As a post script in financial services, I'll mention that year-to-date revenue is up 12%, with that "problem" client we told you about last year. So things do turn around, and we remain upbeat about our long-term growth prospects in financial services, both for credit card and for our broader solutions set. Also in the second quarter, we had very solid reference growth in several of our key other industries in the U.S. In retail, we were up just under 10% in the quarter, with three of our largest accounts up even more than that. In automotive, we were up 38% year-over-year, much of that was due to huge growth in one major auto maker, but we saw very good growth with most of our largest auto clients. In median publishing revenue grew 31% compared to last year where we had a couple of big new contracts that landed in that segment. In our IT services segment, we're continuing to see great results from our important data factory thrust, with revenue up 49.9%, just about 50% quarter-over-quarter. And as we've discussed before, this strategic offering represents the primary ongoing focus of our IT services business. And Charles will cover more U.S. revenue highlights in a minute. Before turning to Europe, let me also mention this. We are becoming increasingly selective about the new business we pursue and sign from both a margin and an ROIC standpoint. While this may be having a short term effect on our top line, it will obviously have a positive effect on our bottom line. And as we further institutionalize this increased discipline, we'll see our top line continue to grow nicely as well. So now let's turn to Europe. As I told many of you at our Analyst Day in New York, we're continuing to make good solid progress in Europe, and the positive trend continued in the second quarter. European revenue was up 3% quarter-over-quarter, removing the effects of currency rate differences. In U.S. dollars, as reported, we were up 8%, and we generated $1.8 million in U.S. dollar in operating profit in the quarter, which was 3.7%, versus a loss of a $1 million last year. Clearly a positive turn around. As I also mentioned in New York, our European business has stabilized. In fact, maybe even a little bit better than stabilized, but it isn't yet what I'll call thriving. We'll have our European go forward strategic plan in place by the end of the calendar year. Also as we mentioned in New York, and we'll do this as we identify key strategic actions to aggressively grow revenue and improve our profitability even more. Since our New York meeting I spent a week in Europe, and I liked what I saw, we're simply making progress on many important fronts. Our big three countries on the continent, France, Germany, and the Netherlands have shown consistent growth for the past six months, and our UK data business has been showing very positive signs as well. That's been a challenge for us in recent quarters. And we're executing ORG structure changes that will more easily enable and industry focus in Europe. Frank and Charles will also be making trips across the pond before the end of the calendar year. We want to show our European associates they're a key part of the team, and we'll be helping them in all possible ways to insure their success. As we've discussed in the past, and we remain committed to it, our broad strategy in Europe is to leverage our strong data business to expand our services and solutions business, and we're continuing to make progress. One final comment about our Asia Pacific business. We're up nearly 20% over Q2 last year, and we continue to make very nice progress in that strategic region. Now let me shift to topic number three, our ongoing focus on expense management and margin improvement. And I'll revisit the key areas I've cited for you in recent quarters, which clearly are ongoing focus areas at Acxiom. The first is computer and related expense. In the second quarter, it represented 20.9% of total revenue compared to 23.1% last year. These very significant savings are the result of the many operational improvements we've made in our IT environments and the implementation of our lower cost grid infrastructure. The second major expense area we focus on is our U.S. delivery center. We held the line there with delivery center expenses 11.8% of total revenue, the same as last year. On a year-to-date basis, we're at 11.9% of total revenue versus 12.5% last year. Clearly our ongoing focus on margin improvement continues to yield good results. In Q2, our gross margin was 27.5% compared to 26.2% in the same quarter last year. And as I've told you in the past, we're not going to take our eye off the expense management ball at Acxiom. In summary, it was another strong quarter for Acxiom operations, our fifth in a row. We're making very solid progress in executing our business plan and we're generating positive repeatable results. The Acxiom operational machine is well oiled. Our business fundamentals are very sound, and we expect to see continued positive financial results in future quarters. Thanks and now I'll turn it over to Charles.

Charles Morgan:
Lee, thank you very much and I might add that these last five quarters and the results we've generated are in no small part to the leadership you have provided, so I want to thank you for that and acknowledge that. As I start talking about where we are today, and some of the areas that I'm going to cover, I think I can be fairly brief. We spent a lot of time in New York covering in great detail our current situation and future plans, and I think the information we shared in the release and the numbers that Lee just went over with you, and the numbers that Frank will share with you in a few minutes, all paint a pretty clear picture. We're continuing to make progress. We're delivering results which are very solid, and we're on track to achieve the targets that we've previously communicated to you. To net it out we're showing nice earnings growth, margins are improving. Our operating margins this quarter and year-to-date for both the U.S. and international are within our guidance range. As Lee told you we're all very intently focused on accelerating our revenue growth. I'm enjoying having time to reintensify my efforts to that end, and am spending much more time with senior executives at a number of our major client locations, and I definitely have an outstanding story to tell. At Acxiom we have really expanded our capabilities in the last year or so, with our digital and risk management solutions, with our expansions in Europe, and of course we remain a clear industry leader in the traditional data--in customer data integration, database markets as well particularly at the large end of the scale. In addition, our current and future grid base solutions offer effective answers to problems that our clients are looking to solve, and can solve those problems very effectively and cost efficiently. So there's no reason that we shouldn't be growing revenue faster than we are. I've always said what gets focused on and measured gets done. We've proven that with our expense management initiative in the many ways we have transformed Acxiom from a solution and delivery point of view. Our efforts to transform the top line began early in FY '07, and I might add, they're being made while keeping a close eye on margins, I think Lee has made that abundantly clear. The overall 5.4% growth really disguises a lot of good news stories on the revenue front. Lee told you about some of the impressive gains in some of our key industry. He mentioned retail up 9.6, up 31% in median publishing and up 38% in automotive, and I think he also mentioned the 19.6% increase in Asia Pac. I've been with a number of these industries, and industry teams. I was in Detroit last Friday with our automotive team. And those guys, as you can see the numbers, are really on a roll. One of the client reps as a matter of fact, had to miss our final business meeting because he had a meeting with a procurement team at one of the big auto makers. It seems they make a habit of trying to close deals on Friday afternoon. And in fact I found out this week we did close that deal with the automotive business. So in that industry, the good news continues, and they talked about a number of other outstanding opportunities they have in that industry. Today I want to tell you that the growth in these key industries was [filled] at least in part by some of the very strong year-over-year gains in several of our lines of business, as we call them, our rows. Our digital business continues to grow quickly, it's up 18.8% in Q2, compared to last year. Our risk business also had a great quarter. It was up 21% year-over-year. We have told you in the last few quarters that we're focusing on increasing the pace of our growth and data. Our U.S. info base revenue was up 8.3% in the quarter, and that compared to a 2.5% growth in Q2 of last year. Sequential growth, another way to look at how we're doing the data business, was up 20.2%, which was certainly well above last year's 15% Q1 to Q2 growth. We'll also, as we've said many times, very optimistic about another growth strategy partnering with company's like EMC and SAP to help us increase the distribution of our data products and services. We continue to make good progress with EMC, and are on schedule to release our business information grid in January of 2008. We've already sold one proof of concept deal, and we're doing paid consultant engagements with several other prospects, helping them determine how business information grid solution will deliver value for their business. Next week, we also reach a major milestone when we remotely install and run the grid solution on-site at an EMC lab. I told you last quarter about our new relationship with SAP, and we already are making Acxiom's data content and CDI services available from the SAP platform as a part of their CRM Suite of software products. We've already closed our first deal with SAP. We have several other deals in the works. We're clearly in the early stages of both of these important partnerships, but we're seeing great interest, and already some nice early results. So I'll promise to be brief. So in closing, let me just say that we're continuing to work to get better on all fronts. We're focused on planning and executing the fundamentals of our business. We're glad that we're on solid footing, and we're all focusing on continuing to produce predictable and positive financial results fueled by stronger revenue growth. Thanks for your time and interest in Acxiom. Now I'll turn it back over to Frank.

Frank Cotroneo:
Thank you, Charles. I'll be reviewing select financial highlights for the quarter, and I direct you to our website for the supporting financial schedules. These schedules are intended to give you additional insight into the trends of our business, and assist you with your analysis following this call. Should you have any additional questions following our Q&A, please contact us. As Charles and Lee described earlier, we posted very strong results in the second quarter. This quarter reflects our continued focus on our expense discipline, combined with our efforts to build our business and grow our top line revenue. This balanced approach will provide a foundation of sustainable financial performance for this fiscal year and beyond. I am very pleased that our result our success in both revenue growth and expense management. I would like to take this opportunity to thank all of our associates worldwide for delivering such strong results, and continuing the trend of delivering strong operational and financial performance. Consolidated revenue growth for the quarter was 5.4%. Operating income increased 123%. Pretax earnings were up 186% Net earnings grew 204%, and fully diluted earnings per share increased 213% over the same quarter a year ago. It is worth noting that last year's second quarter contained some non-recurring charges that depressed performance for that quarter. These charges are detailed in the press release. Excluding the impact of these unusual items in the prior year, second quarter results are still very strong. Operating income grew an impressive 21%. Pretax earnings increased 26%. Net earnings were up 24%, and fully diluted shares grew an impressive 25% versus a year ago. Our 213% increase in diluted earnings per share is a result of continuing margin expansion in our core business. For the three months ended September 30th, total revenue was $348 million. Net earnings were $21.7 million, or $0.25 per diluted share, compared to $7.1 million or $0.08 per diluted share a year ago. Services revenue for the quarter was $266 million. This represents an increase of $13 million or 5.1%. Revenue generated from our Insight America acquisition accounted for $2.9 million of this increase versus a year ago. The Insight acquisition was completed in the second quarter of fiscal 2006, so going forward this performance will be included as organic growth. U.S. operations excluding the impact of the Insight acquisition accounted for the majority of our remaining revenue increase of $10 million or a 4% growth in organic business. Data revenue for the quarter was $82.2 million. This represents a $4.9 million increase, or 6.3% over last year. The increase was equally attributable to Acxiom's U.S. info base and international data activity. U.S. data revenue was up 2.2 million, and international data was up 2.7. Approximately 1.2 million of the international data increase was due to positive foreign exchange. Excluding the effect of exchange rates, data revenue increased 4.8%. Cost of services revenue of $201.4 million represents an increase of $9.5 million or 5% compared to the same quarter a year ago. Gross margin for services revenue was stable over the period. The cost of services increase was in line with revenue growth and reflects the increase in delivery costs necessary to support that revenue growth. Cost of data revenue was $51 million, and represents a decrease of $1.1 million, or 2% compared to the same quarter a year ago. Data revenue gross margins improved from 32.6% to 37.9%, or 530 basis points over the prior year quarter. Excluding the pass through data, gross margins on data improved to 49.7% from 43.3%, or 640 basis points from a year ago. SG&A expense is $54 million for the quarter. As a percentage of total revenue, these expenses are 15.5%, compared to 16.6% a year ago, an improvement of 110 basis points. Excluding last year's unusual item, the year-over-year improvement is 20 basis points. Again much of

the reduction can be attributed to our ongoing cost reduction and margin improvement initiative. Total gross margin expansion reflects steady performance and top line revenue growth and our continued emphasis on expense management. As Lee and Charles both discussed, we are not satisfied with our revenue growth, and are taking steps to increase the pace of our revenue growth. Interest expense for the quarter is $9 million, compared to $7.4 million a year ago. The increase of $1.6 million is due primarily to the $600 million variable rate term loan that was closed in September. The proceeds of the term loan were used to purchase approximately 11 million shares of the Company stock in a dutch auction self tender, and to reduce or restructure other debt. A full quarter's incremental interest expense from this financing will be approximately $6 million, and should be expected on a go-forward basis. Other net increased $1.6 million in the current quarter to $2.7 million. The current quarter included a one-time gain of $1.6 million for the completion of the sale of a minority interest investment we had in a Japanese data company. The quarter also included interest income of approximately $1 million. The prior year balance was primarily related to interest income of approximately $400,000, and a gain on sale of investment of $500,000. The increase in interest income was partially attributable to invested cash from the borrowings under the new $600 million term loan. The current year effective rate is 39%. A decrease from the prior period rate of 42.6%. The prior period rate was negatively impact by the nondeductability of certain investment banking fees incurred in the second quarter of last year, in support of the proxy contest. These deductions were deferred until the resolution of the proxy contest which was successfully concluded this quarter. The current year rate is negatively impact by approximately 100 basis points due to the expiration of the research and experimentation credit effective December 31, 2005. Should that credit be reinstated, the tax rate will be justified to reflect that benefit. Diluted earnings per share were $0.25 for the quarter compared to $0.08 for the quarter a year ago. Excluding the impact of unusual charges in the prior year, diluted earnings per share would have increased 25%. Diluted weighted shares outstanding for the quarter was 88.2 million compared to 89.6 million a year ago. The year-over-year decrease is primarily the result of the recent acquisition of company stock through the dutch auction self tender. As this stock acquisition occurred late in September 2006 quarter, the full impact on weighted average shares will be reflected in future periods. Now let me touch on a few highlights of the current quarter balance sheet as compared to the March 31st balance sheet. As of September 30th, the Company had cash on hand of $91.8 million. This cash balance was due to proceeds of the 600 million term loan being in excess of the cash used to pay off our line of credit and to acquire approximately 11 million shares of company stock. We plan to use remaining cash balances to retire other existing debt and for other general corporate purposes. The change in loan term obligations reflects increases due to receipt of term loan proceeds of $600 million, offset by paying off the revolving credit agreement and other debt. Treasury stock increased due primarily to the purchase 11 million shares of company stock, or $284 million. As discussed last quarter, we will be basing our calculation of free cash flow on the philosophy of unencumbered cash flow available to equity holders. For the quarter ended September 30, 2006, free cash flow to equity was 15.3 million versus a negative 1.2 million a year ago. Compared to the most recent quarter, free cash flow to equity has increased approximately 3.4 million. With respect to our annual guidance, there's no change in our outlook from our annual guidance conversation from our recent Analyst Day on September 27th. We expect our fiscal year '07 earnings per share to be between the middle to low end of our road map ranges. Included in these expectations are the incremental investments we referenced in our Analysts Day discussions and those can be expensed in the remainder of the fiscal year along with the impacts of the dutch auction, the financing and other items. I would direct you to our website and my presentation for the details. That concludes our comments for our second quarter. In closing, we are very pleased with our second quarter results and the recent trend of financial performance for Acxiom. We know however we must stay diligent to maintain high quality earnings growth. I am confident this management team is focused on managing our business to deliver superior, sustainable financial performance for shareholders. thank you all again for joining us today. Now we're prepared to begin the question-and-answer session of our call.

Operator:
Thank you. [OPERATOR INSTRUCTIONS] We'll take our first question from Kevane Wong from JMP Securities.

Kevane Wong:
Hey, guys, how you doing? I've got a couple for you. I guess first on the U.S. revenue, looked a little bit light, and you mentioned the one client that sort of the had the fall off. Can you quantify the impact on the quarter of that fall off, and then also give us a sense on is that one timish, or is that basically business on a go-forward basis?

Frank Cotroneo:
Sure. We hesitate to give that kind of detail out, but it's about $4 to $5 million in the quarter. We expect it to be in that range for the next quarter, but we do expect this customer to maintain a strong book of business with us. Again going back to the conversation Lee had, and just mention this year, this has to do with year-over-year merger activity that is no longer taking place with the bank, but that particular bank has a very strong book of business and we expect that to continue.

Kevane Wong:
As then also as far as Europe, that seem likes the overall results are just been great, bumping up sort of near the top end of the guidance, is sort of where I'm looking. Is there anything that is coming up in Europe that might sort of derail things in the near term, or just bring down the growth in near term, which is maybe why you're sort of keeping the guidance there or are you really sort of looking at the top end of European guidance?

Charles Morgan:
This is Charles. On the last question, I think I actually looked at forecast for that particular customer. I think it's 3 rather than 4 million in the subsequent quarters on that same order, but just to clarify that--

Kevane Wong:
Couldn't hear that. There's some sort of sound on the --

Charles Morgan:
Well, we're sorry, we--we're really technical here. I was just--hopefully you heard.

Kevane Wong:
I think you said it was more of $3 to 4 million?

Charles Morgan:
Well, I think--

Frank Cotroneo:
We're getting a lot of feedback. It may not be from our side. Actually, operator are you still on the line?

Operator:
Yes, sir, I am. It is from your line, sir, unfortunately. And I don't hear the feedback anymore, so if you want to try to continue.

Charles Morgan:
We'll try again. This is Charles. I said that--Frank, I said I just happened to look at those forecasts, and I think that particular client was down in the range of less than $3 million is the forecast for next quarter, year-over-year. So it's--the impact will be less in the next quarter.

Lee Hodges:
Kevane, Lee Hodges. I'll answer your second question. No, there is nothing that we anticipate in any way shape or form that will derail our progress in Europe. We're just not going to change our guidance now, but we are making steady progress as I mentioned and continue to do so, we plan to continue to do so.

Kevane Wong:
Fantastic, and I'll just do one more and I'll jump back off here. So also you're mentioning some of the changes you're doing as far as structure etc. over in Europe. Can you give us any sense on how well that's going? Is that organizational structure change expected to have any impact on it operationally, or is that actually going in process and moving on smoothly at this point?

Lee Hodges:
It's in process and moving along very smoothly. And the highlights of it are this, Kevane, we are structuring our European business similarly to the way we're structured in the U.S., where we have a very strong focus on industries, and we are creating that similar--a similar type of structure in Europe as we speak under Dave Allen's leadership, he's putting in place a model that we think will be a great fit for us in Europe in the future.

Kevane Wong:
A little easier to make that change with Europe side versus how the U.S. was?

Lee Hodges:
Yes, absolutely. We'll start with the UK, and then we'll move that structure on to the continent, while still maintaining the--the obvious important element of the country structure, as well. But this is all a work in process through the quarter, as I mentioned, and we are tuning and tweaking, if you will, our European plans, and I think by the end of this quarter, we will--we will be in a position to really start seeing some good growth in Europe.

Kevane Wong:
Excellent. All right. Thanks, guys.

Operator:
Next we'll take a question from Megan Talbott from Lehman Brothers.

Megan Talbott:
Good evening. A couple of quick clarification questions for Frank. Sorry if you mentioned this before in your comments, could you give us U.S. data and U.S. services year-over-year growth for the quarter?

Frank Cotroneo:
Sure. U.S. data, the U.S. operations--U.S. data revenue was up 2.2 million, international data was up 2.7. Of the 2.7 for international, 1.2 of that was FX. Excluding the effect of FX changes, data revenue increased 4.8% in the non-U.S. Total U.S. operations was up 4% organic.

Megan Talbott:
Okay.

Frank Cotroneo:
Services revenue was up a total of 5.1%.

Megan Talbott:
And when you say total U.S. up 4%, is that just data, or is that total U.S.?

Frank Cotroneo:
That's total U.S.

Megan Talbott:
Okay.

Charles Morgan:
Let me say that I gave the data number as being up 8.6%--I mean the info based revenue is up 8.6%, and that still is the largest segment of our data business in the U.S., but we have one small discontinued data business, our real estate data business, and we also have one pass through data account, and so, again, if you put those discontinued business and the pass through business in, then it depresses the overall number. The core businesses are info based business, and it's a majority of revenue, and it was up 8.6.

Megan Talbott:
Okay. Great. That's helpful. And then Frank just very quickly, could you clarify your comments on the interest expense? Did you say that incrementally there would be $6 million impact from the new debt?

Frank Cotroneo:
Thank that's correct.

Megan Talbott:
Okay, just wanted to make sure.

Frank Cotroneo:
This quarter, there was about 1.6 million, but the debt was closed on September 12th so you only had about two weeks in the quarter.

Megan Talbott:
Okay. And then moving on to your forward-looking expectations, in terms of free cash flow to equity year-to-date you're at 27 million, your guidance is roughly 120 for the year at the mid-point. Is that seasonality that gets you that incremental bump in the back half of the year versus the run rate, or what else is going on in the cash flow that gets you to that number?

Frank Cotroneo:
That's exactly right, we're expecting, our third and fourth quarters are our strongest quarters in all regards, especially free cash flow, so we're expecting that to be within our guidance range, and it will happen over the back half of the year.

Megan Talbott:
Okay, and then just finally in terms of the back half of the year as well. You mentioned a lot of businesses that you're excited about in the U.S., and given what you said about the financial services customer potentially being weak, again, in the third quarter, and your run rate being--for the third quarter being a little lower than what you're looking for, for the full year, could you sum up sort of what gives you the confidence that you're going to meet your expectations for the full year? Are there particular businesses that you think are going to continue to outperform, or is financial services you think maybe going to improve in the third or the fourth quarter?

Frank Cotroneo:
Well, Megan, it's a pretty broad question.

Megan Talbott:
Yes, sorry.

Frank Cotroneo:
We remain confident about our U.S. road map, both revenue and operating profit. Financial services is obviously our largest segment, and we'll continue to give it a lot of focus. As I mentioned, we were up 7% over the second quarter of last year, excluding the effect of this one client situation. And as Charles mentioned, the effect of that one client situation will be lessened a little bit in the third quarter versus the impact it had in the second quarter. But we are--we are--we are focusing on financial services on a number of fronts. Traditionally, we have sold credit card acquisition solutions that have been basically marketing databases for getting new--new customers into a credit card company, but we have dramatically expanded that focus, and now focus on what we call the total life cycle of a customer with that financial services company from not just becoming a new customer, but then how the bank cross sells and upsells to them and retains them, and even collects money from them. So we are now, in addition to our traditional customer acquisition marketing database solutions focused on digital risk solutions, enhanced data solutions, and a lot of customer marketing, instead of just prospect marketing. So we're also focused on other segments of the industry, retail banking, brokerage and investment services as I mentioned. So we remain very confident about our growth prospects in financial services.

Charles Morgan:
Charles here, let me also note, in case we forget, I think financial services was up 9% last quarter, 9+% last quarter. We had a real strong financial services growth number--fairly strong growth number last quarter, and so we still have some quarter to quarter variations, and I'm confident that just looking at the forecast of businesses that we closed, and more specifically talking to the people all around the business that I am very confident that we'll make our road map revenue numbers.

Megan Talbott:
Great. Thank you.

Operator:
We'll take our next question from Frederick Searby from JP Morgan.

Frederick Searby:
Thank you. Charles, a couple of questions. It sounded like you had some--when we looked at the roster of net new business wins, some blockbuster business, can you, given that you're not giving us the actual metrics, can you give us a sense whether that's an improvement sequentially, or up year on year in aggregate? And then secondly--

Charles Morgan:
Wait a minute, Fred, let me understand what you're saying. I gave some growth numbers in these lines of business. Yes, I talked about our digital and risk business.

Frederick Searby:
No, I'm saying the Proctor and Gamble and the other business that you listed as having one new business, and I'm looking at those new contracts--

Charles Morgan:
Oh, the press release. I thought you were talking about what I said.

Frederick Searby:
In the press release, and I was curious as to whether given that it looks like some very huge potentially deals, what do those--how does that compare the tenor of new business wins and what you've won this quarter with a year ago, and sequentially last quarter?

Charles Morgan:
Yes, Fred, I--we're really on track. The real good news is that we're really doing a good job of tracking this new business in renewals, and that's how we build our road map and our guidance for you guys. We are very much on track. A number of our major business wins and renewals we can't even talk about because our clients don't let us. The ones that are in here in the press release are the only ones that we can get "permission" to release. So we're a little bit handicapped in what we can and can't talk about, but there's not any--there's no--you should say there are no surprises here. We are on track to make our revenue and profit gains. What we're telling you--the overriding message is, there's an enormous focus by all of us to increase the rate of revenue growth, and there are a number of very encouraging things in industry segments and in our lines of business that give me confidence we're going to be doing that in the months and quarters to come.

Frederick Searby:
And in October, how is the business pacing so far? I mean--generally in the U.S., of course--

Charles Morgan:
I hadn't seen the October numbers, or I would give them to you right now. But I can absolutely tell you with confidence that we feel very good about our road map numbers this year, Fred, and there's--there is certainly more optimism on the part of our teams overall, both sales teams and delivery teams than I've seen around here in a long, long time.

Frederick Searby:
Great. All right. Thank you.

Operator:
We'll take our next question from Brad Eichler from Stephens Incorporated.

Brad Eichler:
Hi, good afternoon, guys. A couple of questions, first, I just want to follow up on an earlier one to make sure I got this one, but the organic growth for the U.S. services businesses only, is that the 5.something% you gave?

Frank Cotroneo:
The 5.1% I gave is services revenue in total.

Charles Morgan:
U.S. and Europe, right?

Frank Cotroneo:
U.S. and Europe.

Brad Eichler:
Do you have just the U.S. services organic number?

Lee Hodges:
It's 5.0, Brad.

Brad Eichler:
5.0, thank you, Lee. Lee, you touched on, a second ago, the kind of shift that's under way from focusing almost exclusively on prospecting to now focusing on different aspects of the customer life cycle. Any illustrative comments you could make there in terms of what you're seeing from a client? Can you talk a little about the percentage of the sales now that are becoming other portions of the life cycle, versus prospecting etc., to give us an idea of the growth opportunity?

Lee Hodges:
Well, Brad, that would vary from client to client. For these large accounts, we build an extensive account plan, as we call it, for each one of them, and it varies from client to client. But I will tell you probably even more in our financial services accounts, large accounts, than in our other industries, we are branching off of our traditional Acxiom services solutions into these other things. Jeff Stalnaker's organization in the second quarter was, as I mentioned, a very considerably in the newer stuff from Acxiom in that client's head. Had a great digital quarter. A great and growing risk quarter. His data numbers were up considerably in financial services clients. So I don't have the exact metrics to give you, Brad, but I'll tell you that that is really happening, and it's one of the keys to the future success of Acxiom in financial services.

Brad Eichler:
Okay. Two other quick questions. Last year in the third quarter, you guys had a stellar operating margin, 15.2%. Given topline trends, do you feel like this third quarter should be better than last year, just from a margin perspective?

Charles Morgan:
Brad, we're going to make our year-end number, and just like we've seen this quarter, Brad revenue can vary $5 or $8 million in a quarter. We see that I will say all your expectations last quarter on revenue, and we're a little light this quarter. And a lot of that revenue comes with very little expense associated with it. That's why our numbers can vary in a quarter. And as I say, I can look at the last six months of this year and feel great about hitting the numbers, but that's one reason we're getting away from these quarterly forecasts, is we could end up with 5 million less, or 8 million more revenue in a quarter than we have actually in our plan and it doesn't mean anything other than it's going to happen next quarter. That's really the only thing that you've just got to stay cognizant of.

Brad Eichler:
Okay, and then any just quick update on the progress with the DMB relationship?

Charles Morgan:
I don't know what Lee's got, but I just know I talked to Mike Whittaker today, and he's just beside himself about all the opportunity we have with them, both from a product and distribution standpoint, as well as from what I'll call a services delivery standpoint--delivery services to those guys. It certainly is well--is like other things, very on track as of yesterday afternoon.

Lee Hodges:
The only thing I'll add to that, Charles, is that we have Steve Elisio who we know real well, he's the CEO of D&B as you may know, Brad, is very engaged in this thing. That's always a good sign, as are Charles and I and others in our business so, at the top of our respective companies, we're committed to the success of this partnership with D&B in all of the aspects of it that Charles mentioned. We have a joint product, go to market plan. They're going to be a big customer of ours, and we're doing a lot of good things with D&B.

Brad Eichler:
Yes, they speak highly of you. Okay, thank you.

Charles Morgan:
Thank you, Brad.

Operator:
Next from Robert W. Baird, we'll hear from Mark Bacurin.

Mark Bacurin:
Hi, good afternoon, a couple of questions. I was hoping you guys could talk about the partnership opportunities a little more. In the past you guys have announced some other partnerships such as Accenture, Fair Isaac, and I think there was some excitement on the front end and then ultimately didn't net as much as you had hoped. So just curious maybe what you learned from those partnerships that give you more comfort in these new ones with EMC and SAP and curious to drill down on how the pricing decisions are, and the actual implementation of these solutions are driven and how much control you have over that process?

Charles Morgan:
This is Charles. I'll take a shot at it. I think one of the thing is we've learned in these partnerships is that both parties have got to have skin in the game. In other words, both sides have got to make substantial commitment, and there's got to be something in it in terms of substantial gain for the respective partners. Got to make investment, you've got to see that you're going to be able to generate substantial gain from it. We've announced partnerships with Accenture and others in the past that were mostly good faith, makes sense for us to work together, and we're going to go and do good together. And what we've learned now with our--from those, is that with EMC, specifically, we have seen a major corporate commitment by EMC. They've put substantial money down, and are spending internally substantial money. They have put people in place. They've put commissioning arrangements in place. They've got organization. They've changed their organization, as we have, to have a go to market plan. So we have people that are given incentives and are being paid to make this thing work. Both organizations specifically at the senior level are engaged. I'm engaged, the senior--the leadership at EMC are also engaged and they've done all the things to create incentives, and a line to organizations, and both organizations see to gain a successful outcome. So you have to all of those pieces in place or you're not going to be successful, and the same thing goes with SAP. We have got sponsorship by the head of SAP North America, they have put in place incentive. They're paying their sales guys, as we are putting incentives in place. So we have alignment, organization alignment, incentive alignment, and senior leadership support for this, and that's why you haven't seen us announce a whole lot more of these. Other than D&B, where we've just talked about it, where we have exactly the same thing in place. So I'm--we've actually--we're actually--we've generated more revenue already from the EMC relationship than I think we ever did from the Accenture relationship. We haven't even gotten the EMC deal going, and I would say the same thing goes for SAP.

Mark Bacurin:
And then just the second question. You guys talked probably 12, 18 months ago about some discussions you had regarding government contract opportunities, particularly related to Homeland Security. I haven't heard anything in that arena lately. Just wonder if you could give us some update there.

Charles Morgan:
Yes, I would say we've been not as successful--I was actually talking to somebody today about that very topic, and they said, well it takes 24 months to get substantial business from the government. I said, well, that means we're a total failure, we've been working on it for about three years. But, I will say that while we haven't signed anything extremely large and substantial, we still feel like we have some very nice prospects, and, beyond that, the government needs what we have desperately.

Mark Bacurin:
Thank you.

Operator:
Next from Credit Suisse we'll hear from Brandon Dobell.

Brandon Dobell:
Hi, guys, thanks.

Charles Morgan:
Is that Dobell?

Brandon Dobell:
Dobell, Dobell, I've heard a lot worse than Dobell, I can tell you that. Probably will hear a lot worse going forward.

Lee Hodges:
I understand that.

Brandon Dobell:
That's all right. On the IT business, just for a second, if you look at sequential quarterly numbers, or year-over-year numbers, how do we think about how that business grows or cycles? Is there a significant project component that kind of moves up and down? I would think that given the longer term nature of those contracts, you should pretty sequentially, or at least the trajectory sequentially would be pretty even, but it seems like it bounces around a little bit. Just trying to get a better sense of how to think about the components of that revenue, and then I have a follow-up on a different subject. Thanks.

Lee Hodges:
Brandon, it's Lee. Let me see if I can comment on that. I would say there's probably two major drivers of the ups and downs. On the upside, it's obviously new deals. Right?

Brandon Dobell:
Right.

Lee Hodges:
We sign new business, and we also--what we enjoy with these long-term clients is that if there's any new IT activity, within that enterprise, that will generally get added to our contract. So up--on the upside, we sell new name customers, and we also grow those contracts. Usually fairly significantly within the same client.

Brandon Dobell:
Okay.

Lee Hodges:
The primary downside- I should say we have a 98% renewal rate, so there is very little downside in terms of lost business, but the nature of the business is that you will renew contracts at lower revenue streams going forward. So we get a little downward pressure at renewal time. So those are--those are the offsetting--those are the offsetting characteristics in that business.

Charles Morgan:
And also note that we--in the traditional outsourcing business is not a focus to go out and grow and sign big new traditional outsourcing deals. We are signing data factory outsourcing, which is a smaller business today, but as Lee reported growing at a 50% rate right now.

Brandon Dobell:
So if you would characterize, and I bet 98%, I would imagine as a number of clients, have you guys ever talked about a share of wallet or wallet renewal figure to give us a sense of what that revenue stream might look like?

Lee Hodges:
Say it again, Brandon, I'm not clear on your question.

Brandon Dobell:
Sure. I guess the two ways to look at renewals would be how many customers do you keep year on year, but then within those customers how much of the revenue, you get $100 million last year and you keep 50 of it, because of either pricing or scale back program--

Lee Hodges:
No, no, my 98% quote had to do with whole customers.

Brandon Dobell:
Okay.

Lee Hodges:
The renewal rate--sometimes we'll renew at a higher price, but generally the renewal might take a little bit of the revenue out. It wouldn't be anything like 50 to a 100, though.

Brandon Dobell:
No. Yes, I was just trying to scale it. Okay. Okay. And then I guess--I think both--well, all you guys talked about a lot of good data points on growth and verticals, growth from products. From two perspectives this quarter, where weren't you pleased with the topline opportunity, obviously excluding that one issue in financial services, and are the areas where you're not please do you see real easy upside? Is it tougher to get those things going to kind of the group average or above? Just trying to get a sense for what the low hanging fruit might be in terms of accelerating revenue growth.

Frank Cotroneo:
Brandon, this is Frank. I think you hit the nail on the head with the one area, and I think all things considered given our digital businesses grown over 18%, and the risk mitigation business growing in the middle 20's, and some of the other CDI marketing industries, automotive and others growing in the 20, 30% range, it's just a matter of us getting out and continuing to sell efforts in those new spaces while we continue to move up in the life cycle curve in the financial services phase, away from the acquisition piece up to the attrition avoidance for our key banks, up to the cross sell and the upsell, which is where a lot of our customers are going right now. So we have reason to believe that all those opportunities right now are fruitful, low hanging or middle hanging, but this is definitely the place where we're focused.

Brandon Dobell:
Okay. Okay.

Frank Cotroneo:
Just another thing to add to Lee's comment before on the renewals on the IT services, when we do find ourselves in a situation where we have some price pressure, that also gives us an opportunity to go back to the client and talk about scope of the deal. So we try our very best not to be in a situation where we're just reducing the revenue side of this. We're also reducing the expense side. Margin maintenance is a key strategy here. We understand that, and so do the clients. So you can't keep getting the same services cheaper forever and there's a scope issue there as well which we also maintain.

Brandon Dobell:
Okay. Great. Thanks a lot.

Operator:
We'll take a question from --

Frank Cotroneo:
We'll just have one more question, please.

Operator:
Okay, Troy Mastin from William Blair and Company.

Troy Mastin:
Thank you. Good afternoon. I don't think you're articulating any plans. I just want to make sure, you're mentioning efforts to accelerate revenue growth. Just want to make sure you're not really changing strategy or tactics from when you held the analyst meeting on September 27th.

Frank Cotroneo:
No.

Lee Hodges:
Absolutely not.

Charles Morgan:
We're focused on revenue growth, we talked a lot about revenue growth there, there's not any--there's really no news on that front, other than the fact that we're all fully engaged on it. It's on our mind, and we have a very ambitious set of plans to execute on that.

Troy Mastin:
Okay. Great. I just wanted to make sure I didn't miss anything. And then just a couple of clarifying questions. On the debt, are you saying that there's an extra 4.4 million in interest expense to expect next quarter or an extra 6 million?

Frank Cotroneo:
Well, this quarter had half a month, and that half a month equaled about 1.5 million, 1.6 million. When you normalize that for a full quarter you'll get about $6 million of incremental interest over a quarter without the incremental bar.

Troy Mastin:
Okay. That makes sense then. And then finally on the FX benefit, was your full FX benefit this quarter 1.2 million versus last year?

Frank Cotroneo:
Yes.

Troy Mastin:
Okay, I think those were all my questions. Thanks.

Charles Morgan:
Thanks, Troy.

Frank Cotroneo:
All right, I want to thank you very much. I appreciate everybody's attendance, and we look forward to speaking with you on the next call. Thank you, operator.

Operator:
You're welcome. And that does conclude today's conference call. Thank you all for joining us today.