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

# FORM 10-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANG ACT OF 1934

For the fiscal year ended March 31, 2000

OR

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

For the transition period from _____ to _____

Commission file number 0-13163

ACXIOM(R) CORPORATION
(Exact name of registrant as specified in its charter)

| DELAWARE | 71-0581897 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. 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)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $.10 Par Value
(Title of Class)

Preferred Stock Purchase Rights
(Title of Class)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing sale price of the registrant's Common Stock, $.10 par value per share, as of June 20, 2000 as reported on the Nasdaq National



Market, was approximately $2,433,946,068. (For purposes of determination of the above stated amount only, all directors, officers and 10% or more shareholders of the registrant are presumed to be affiliates.)

The number of shares of Common Stock, $.10 par value per share, outstanding as of June 20, 2000 was 88,135,363.

## DOCUMENTS INCORPORATED BY REFERENCE

Portions of Acxiom Corporation's Annual Report to Shareholders for the fiscal year ended March 31, 2000 ("Annual Report") are incorporated by reference into Parts I and II of this Form 10-K.

Portions of the Proxy Statement for the Annual Meeting of Shareholders

("2000 Proxy Statement") are incorporated by reference into Part III of this Form 10-K.

## PART I

### Item 1. Business

### SUMMARY

We are a leader in customer data integration in support of customer relationship management. We offer innovative database marketing services, advanced data integration and delivery technologies, and premier data content. Acxiom enables businesses to develop and deepen customer relationships by achieving a single view of customers across the enterprise. Founded in 1969, Acxiom is based in Little Rock, Arkansas, with operations throughout the United States and in the United Kingdom, France, Spain and Australia.

Our products and services enable our clients to use information to improve their business decision-making and effectively manage existing and prospective customer relationships. We believe that we offer our clients the most technologically advanced, accurate and timely solutions available. Our solutions are customized to the specific needs of our clients and the industries in which they operate.

We target organizations that view data as a strategic competitive advantage and an integral component of their business decision-making process. Historically, our client base has primarily been Fortune 1000 companies in the financial services, insurance, information services, direct marketing, publishing, retail and telecommunications industries. More recently, our industry focus has expanded to include the pharmaceuticals/healthcare, e-commerce, Internet, utilities, automotive, high technology, packaged goods and media/entertainment industries. Our top 25 clients include:

| | | |
|---|---|---|
| ADP Financial Information Services, Inc. | Bank of America | Household International, Inc. |
| Advance Publications, Inc. | Chase Manhattan Bank | IBM Corporation |
| Allstate Insurance Company | Citigroup | The Polk Company |
| American Express Travel Related Services Company, Inc. | Conseco, Inc. | Procter & Gamble |
| | Deluxe Corporation | Rodale, Inc. |
| | Federated Department Stores, Inc. | Sears, Roebuck and Co. |
| American National Can | First USA Bank | Trans Union LLC |
| Associates First Capital | General Electric Capital Corporation | Vodafone Airtouch Plc |
| AT&T Corporation | Guideposts | Wal-Mart Stores, Inc. |

Our primary development initiatives over the past three years have been AbiliTecsm, our patented customer data integration technology, and the Acxiom Data Network(SM), our proprietary delivery vehicle for AbiliTec and our InfoBase(TM) data products. We believe that AbiliTec is the fastest, most accurate customer data integration technology available in the global marketplace today. The Acxiom Data Network is a web-enabled technology that

allows us to cost effectively provide our clients with real-time desktop access to actionable information over the Internet and via private networks. We expect that the ease of use and low cost delivery of the Acxiom Data Network will allow us to extend our scope of services in the existing markets we serve and, through channel distribution partners, to expand our client base to include the middle market and small office/home office companies seeking customer relationship management solutions. For a more detailed discussion of AbiliTec and the Acxiom Data Network, see the section below under "Acxiom's Business / Competitive Strengths / AbiliTec and the Acxiom Data Network: Industry-leading customer data integration and customer relationship management technologies."

We have increased revenue from $754.1 million in fiscal year 1999 to $964.5 million in fiscal year 2000, representing an increase of 28%. Over the same time period, our diluted earnings per share has increased from $0.78 (excluding special charges) to $1.00, also a 28% increase. Also during this time period, our operating profit margin has improved from 15.6% in fiscal 1999 (excluding special charges) to 17% in fiscal 2000. In fiscal 2000, approximately 62% of our total revenue was under long-term contracts with initial terms of three years or longer, up from 53% in the prior year. In addition, we reduced the number of days sales outstanding from 80 days at the end of fiscal 1999 to 67 days at the end of fiscal 2000, which was significantly better than our 72-day target.

Information Services Industry

We believe the following trends and dynamics in the information services industry will continue to provide us with growth opportunities:

- Increasing recognition of data as a competitive resource
- Increasing amount of raw data to manage
- Growth of the Internet and e-commerce
- Increasing importance of customer relationship management and customer data integration to major corporations
- Evolution of one-to-one marketing
- Growth in technology partnering

Competitive Strengths

We intend to reinforce our position as a leading provider of customer data integration and information management solutions by capitalizing on our competitive strengths, which include:

- Industry-leading customer data integration and customer relationship management technology: AbiliTec and the Acxiom Data Network
- Ability to build and manage large-scale databases
- Accurate and comprehensive data content
- Comprehensive information management services
- Ability to attract and retain talent

Growth Strategy

Using our competitive strengths, we are continuing to pursue the following strategic initiatives:

- Leverage AbiliTec and the Acxiom Data Network
- Further penetrate existing and new client industries
- Expand data content
- Capture cross-selling opportunities
- Pursue international opportunities
- Seek acquisitions and alliances that complement or expand our business

## RISK FACTORS

The risks described below could materially and adversely affect our business, financial condition and results of future operations. These risks are not the only ones we face. Our business operations could also be impaired by additional risks and uncertainties that are not presently known to us, or that we currently consider immaterial.

We must continue to improve and gain market acceptance of our technology, particularly AbiliTec and the Acxiom Data Network, in order to remain competitive and grow.

The complexity and uncertainty regarding the development of new high technologies affects our business greatly, as does the loss of market share through competition, or the extent and timing of market acceptance of new technologies like AbiliTec and the Acxiom Data Network. We are also affected by:

- the potential lengthening of sales cycles due to the nature of AbiliTec being an enterprise-wide solution;
- the introduction of competent, competitive products or technologies by other companies;
- changes in the consumer and/or business information industries and markets;
- the company's ability to protect proprietary information and technology or to obtain necessary licenses on commercially reasonable terms; and
- the impact of changing legislative, regulatory and consumer environments in the geography where AbiliTec will be deployed.

Maintaining technological competitiveness in our data products, processing functionality, software systems and services is key to our continued success. Our ability to continually improve our current processes and to develop and introduce new products and services is essential in order to maintain our competitive position and meet the increasingly sophisticated requirements of our clients. If we fail to do so, we could lose clients to current or future competitors which could result in decreased revenues, net income and earnings per share. In addition, there could be a change in the general economic climate which would result in a reduction in demand for our products and services.

Changes in legislative, regulatory, or consumer environments relating to consumer privacy or information collection and use may affect our ability to collect and use data.

There could be a material adverse impact on our direct marketing, data sales, and AbiliTec business due to the enactment of legislation or industry regulations, or simply a change in customs, arising from public concern over consumer privacy issues. Restrictions could be placed upon the collection, management, aggregation and use of information that is currently legally available, in which case our cost of collecting some kinds of data might be increased materially. It is also possible that we could be prohibited from collecting or disseminating certain types of data, which could in turn materially adversely affect our ability to meet our clients' requirements.

Data suppliers might withdraw data from us, leading to our inability to provide products and services.

Much of the data that we use is either purchased or licensed from third parties. We compile the remainder of the data that we use from public record sources. We could suffer a material adverse effect if owners of the data we use were to withdraw the data from us. Data providers could withdraw their data from us if there is a competitive reason to do so or if legislation is passed restricting the use of the data. If a substantial number of data providers were to withdraw their data, our ability to provide products and services to our clients could be materially adversely impacted which could result in decreased revenues, net income and earnings per share.

Failure to attract and retain qualified personnel could adversely affect our business.

In the current marketplace, competition for qualified technical, sales and other personnel is intense, and we periodically are required to pay premium wages to attract and retain personnel. There can be no assurance that we will be able to continue to hire and retain sufficient qualified management, technical, sales and other personnel necessary to conduct our operations successfully, particularly if the planned growth occurs.

Short-term contracts affect the predictability of our revenues.

While approximately 62% of our total revenue is currently derived from long-term client contracts (defined as contracts with initial terms of three years or longer), the remainder is not. With respect to that portion of our business which is not under long-term contract, revenues are less predictable, and we must engage in continual sales efforts to maintain revenue stability and future growth.

Our operations outside the U.S. subject us to risks normally associated with international operations.

We conduct business outside of the United States. During the last fiscal year, we received approximately 6% of our revenues from business outside the United States. As part of our growth strategy, we plan to continue to pursue opportunities outside the U.S. Accordingly, our future operating results could be negatively affected by a variety of factors, some of which are beyond our control. These factors include regulatory, political or economic conditions in a specific country or region, trade protection measures, and other regulatory requirements. In order to successfully expand non-U.S. revenues in future periods, we must continue to strengthen our foreign operations, hire additional personnel and continue to identify and execute beneficial strategic alliances. To the extent that we are unable to do these things in a timely manner, our growth, if any, in non-U.S. revenues will be limited, and our operating results could be materially adversely affected. Although foreign currency translation gains and losses are not currently material to our consolidated financial position, results of operations or cash flows, an increase in our foreign revenues could subject us to foreign currency translation risks in the future. Additional risks inherent in our non-U.S. business activities generally include, among others, potentially longer accounts receivable payment cycles, the costs of and difficulties in managing international operations, potentially adverse tax consequences, and greater difficulty enforcing intellectual property rights.

Loss of data center capacity or interruption of telecommunication links could adversely affect our business.

Our ability to protect our data centers against damage from fire, power loss, telecommunications failure or other disasters is critical to our future. The on-line services we provide are dependent on links to telecommunication providers. We believe we have taken reasonable precautions to protect our data centers and telecommunication links from events that could interrupt our operations. Any damage to our data centers or any failure of our telecommunications links that causes interruptions in our operations could materially adversely affect our ability to meet our clients' requirements, which could result in decreased revenues, income, and earnings per share.

Failure to favorably negotiate or effectively integrate acquisitions could adversely affect our business.

From time to time, our growth strategy has included growth through acquisitions. While we believe we have been relatively successful in implementing this strategy during previous years, there is no certainty that future acquisitions will be consummated on acceptable terms or that any acquired assets, data or businesses will be successfully integrated into our operations. Our failure to identify appropriate acquisition candidates, to negotiate favorable terms for future acquisitions, or to successfully integrate them into our existing operations could result in decreased revenues, net income and earnings per share.

Postal rate increases could lead to reduced volume of business.

The direct marketing industry has been negatively impacted from time to time during past years by postal rate increases. Any future increases will, in our opinion, force direct mailers to mail fewer pieces and to target their prospects more carefully. This sort of response by direct mailers could negatively affect us by decreasing the amount of processing services purchased from us, which could result in lower revenues, net income and earnings per share.

## RECENT DEVELOPMENTS

Effective April 25, 2000, we sold a part of our DataQuick business group, which is based in San Diego, California, for $55.5 million. We retained the real property data sourcing and compiling portion of DataQuick. Of the total sale price, we received $30 million on the sale date, and will receive the remainder on October 25, 2000. We will report the gain on the sale of these assets in the first quarter of fiscal 2001.

## ACXIOM'S BUSINESS

### Overview

We are a leader in customer data integration in support of customer relationship management. We offer innovative database marketing services, advanced data integration and delivery technologies, and premier data content. Acxiom enables businesses to develop and deepen customer relationships by achieving a single view of customers across the enterprise. Founded in 1969, Acxiom is based in Little Rock, Arkansas, with operations throughout the United States and in the United Kingdom, France, Spain and Australia.

Our products and services enable our clients to use information to improve their business decision-making and effectively manage existing and prospective customer relationships. We believe that we offer our clients the most technologically advanced, accurate and timely solutions available. Our solutions are customized to the specific needs of our clients and the industries in which they operate.

Information Services Industry

In today's technologically advanced and competitive business environment, companies are using vast amounts of customer, prospect and marketplace information to manage their businesses. As a result, an information services industry has evolved that provides a broad range of products and services. Within this industry, our products and services are centered on customer data integration and customer relationship management. To this end, we provide data warehousing, database management, real-time information delivery, data content, and data center and network management. Our products and services enable our clients to use information to improve business decision-making and manage customer relationships. This information can be used to answer our clients' important business questions such as:

What are the profiles of our existing customers?

Who are our prospective customers?

Who are our most profitable customers?

What do our customers want and when do they want it?

How do we service our customers?

How should we price our products and services?

What distribution channels should we use?

What new products should we develop?

We believe the trends and dynamics that will provide us growth opportunities include the following:

Increasing recognition of data as a competitive resource. Since the 1970's, businesses have gathered and maintained increasing amounts of customer, product, financial, sales and marketing data in an electronic format in order to better manage their operations. Generally, businesses have maintained this data in a number of discrete and often incompatible systems, and therefore, the data has not been readily accessible. More recently, advances in information technology have allowed this data to be accessed and processed more cost effectively into useful strategic information and shared more efficiently within an organization. This has caused many companies to invest in managing and maintaining their own internal data and integrating their data with external data sources to improve business decision-making.

In a report published in October, 1999 by the Meta Group Inc., a Stamford, Connecticut information technology consulting firm, Meta predicted that the nation's largest companies will need to spend up to $250 million each over the next three years on programs to help them attract and retain customers. Corporations are continuing to increase the amount of expenditures allocated to building data warehouses, which are central repositories for the data that resides within businesses. International Data Corporation projects that the data warehouse market will grow from $10.9 billion in 1999 to $27.6 billion in 2003. Companies using data as a competitive resource have traditionally consisted of Fortune 1000 companies in the financial services, insurance, publishing, information service and retail industries. This group is expanding to include companies in the telecommunications, pharmaceuticals/healthcare, e-commerce, Internet, utilities, packaged goods, automotive, technology and media/entertainment industries. Advances in technology and reductions in hardware and software costs have also helped expand the universe of users to include middle market and small office/home office companies across multiple industries.

Increasing amount of raw data to manage. The combination of demographic shifts and lifestyle changes, the proliferation of new products and services, and the evolution of multiple marketing channels have made the information management process increasingly complex. Marketing channels now include cable and satellite television, telemarketing, direct mail, direct response, in-store point-of-sale, on-line services and the Internet. The multiplicity of these marketing channels

has created more data and compounded the growth and complexity of managing data. Advances in computer and software technology have also unlocked vast amounts of customer data which historically was inaccessible, further increasing the amount of existing data to manage and analyze. Today, it is common for a business to keep several thousand to tens of thousands of characters of information about each customer. This compares to a few hundred characters of information kept ten to twelve years ago. As these data resources expand and become more complex, it also becomes increasingly difficult to maintain the quality and integrity of the data.

Growth of the Internet and e-commerce. The emergence of the Internet is dramatically changing how consumers and businesses are purchasing products and services. International Data Corporation estimates that transactions over the Internet will increase from approximately $80.5 billion worldwide in 1999 to $726.1 billion worldwide in 2003. As a result of this change, traditional marketing techniques are being challenged. Businesses are being forced to change how they market to and interact with their customers. This shift is creating an entirely new set of marketing complexities and opportunities, which will require businesses to better understand and utilize customer and market data. Businesses are seeking access to highly sophisticated technology resources in order to manage this new data rich environment and to capitalize on the tremendous growth opportunities associated with this new medium.

Increasing importance of customer relationship management and customer data integration to major corporations. Customer relationship management has recently emerged as one of the most important issues facing global companies. In conjunction with the Internet and e-business, customer relationship management is fundamentally changing the way companies organize and conduct their businesses. Whole new markets are being created around the technologies and services that underlie customer relationship management. The International Data Corporation predicts that the total worldwide customer relationship management services market will reach $109.4 billion by 2003, compared with $36.6 billion in 1999. Within the customer relationship management field, there is a growing recognition of the necessity of being able to quickly and efficiently integrate customer data in order for customer relationship management to work effectively.

Evolution of one-to-one marketing. Advances in information technology combined with the ever increasing amounts of raw data and the changing household and population profiles in the United States have spurred the transition from traditional mass media to targeted one-to-one marketing. One-to-one marketing enables the delivery of a customized message to a defined audience and the measurement of the response to that message. The Internet has rapidly emerged as an ideal one-to-one marketing channel. It allows marketing messages to be customized to specific consumers and allows marketers to make immediate modifications to their messages based on consumer behavior and response. The Internet can also accomplish these objectives far more cost effectively than existing marketing mediums.

Growth in technology partnering. Companies are increasingly looking outside of their own organizations for help in managing the complexities of their information needs. The reasons for doing so include:

- allowing a company to focus on its fundamental business operations
- avoiding the difficulty of hiring and retaining scarce technical personnel
- taking advantage of world-class expertise in particular specialty areas
- benefiting from the cost efficiencies of outsourcing
- avoiding the organizational and infrastructure costs of building in-house capability
- benefiting more from the latest technologies

Competitive Strengths

We believe we possess the following competitive strengths which allow us to benefit from these industry trends and offer solutions to the information needs of our clients:

AbiliTec and the Acxiom Data Network: Industry-leading customer data integration and customer relationship management technologies.

AbiliTec. We believe that AbiliTec and the Acxiom Data Network are emerging as the leading solution for companies seeking to better integrate their customer data and manage their customer relationships. Customer relationship management involves studying, identifying, acquiring and retaining customers. Knowledge delivered directly and immediately to a desktop or customer point of contact in real time is critical to the customer relationship management process.

As the basic infrastructure for integrated customer relationship management solutions, AbiliTec allows the linking of disparate databases across a client's business and makes possible personalized, real-time customer relationship management at every customer touch-point. It allows our clients to accomplish goals that were not possible before. We believe that AbiliTec's unprecedented accuracy and speed should quickly establish it as the industry standard for customer data integration, both as an internal processing tool and as the enabler of the single customer view that drives true, one-to-one marketing.

AbiliTec is a data integration tool that permits up-to-the-minute updating of consumer and business information with our data, thereby creating a new level of data accuracy within the industry. By applying this unique, patented technology, we are able to properly cleanse data and eliminate redundancies, constantly update the data to reflect real-time changes, and combine our data with our clients' data.

We will continue with the strategy announced last year to pursue and invest in the implementation of AbiliTec globally during the next 18 to 24 months. Our goal is to continue to grow our revenue at our recent historical rates while aggressively investing in AbiliTec in order to maintain our first-to-market advantage with this unique technology. During the last year, we completed the successful validation of the AbiliTec technology, noting substantial improvements in the speed and accuracy of combining or appending data and in the accurate matching of valid names and addresses. We are currently putting in place the processes and production infrastructure to process massive amounts of data, and we are continuing to improve the technology and taking the first steps necessary for AbiliTec to become a global offering. In addition, we are holding training sessions across the company designed to better equip our associates with the knowledge and support they need to sell the AbiliTec technologies as enterprise-wide solutions.

Some of the advantages already realized by the implementation of AbiliTec are:

We have estimated that a major retailing client can save $30 million a year in postal costs alone due to a 5.2% improvement in the identification of duplicates and unmailable addresses by applying AbiliTec links to its 60 million-record data warehouse.

A major database of e-mail addresses that once took 17 hours to update can be updated with AbiliTec in 1.5 hours, a 91% improvement that gives Internet marketers the crucial information they need much more quickly.

Using traditional processing methods, only 3.3% of name-and-address records contained in a major financial services company's database were flagged for suppression. With AbiliTec, 9.8% of the files were identified for suppression, or almost a three-fold improvement.

Real estate data gathered from recorders' and assessors' offices across the country, with AbiliTec links applied, can be ready for marketers' use within three hours versus 24 hours with traditional processing methods, an 88% improvement.

As our business has grown over the years, more and more demand has been placed on our mainframe computers. The speed of AbiliTec lessens that load. For example, processing a leading national retailer's 250 million-record data warehouse with AbiliTec saves 500 hours or almost 21 non-stop 24-hour days of mainframe usage per month.

The financial benefits for our clients generated by faster processing times are multi-faceted. Our clients will gain advantages from AbiliTec by:

Greatly improving the speed in which campaigns are brought to market in order to seize on opportunities more quickly than their competitors can.

Leveraging shorter turnaround times to increase the frequency of data warehouse updates. With AbiliTec, some Acxiom clients have moved from monthly to weekly updates, others from weekly to nightly, and some have plans to utilize the technology in an on-line transaction process (OLTP) mode to update their data continuously, as new information becomes available.

Basing marketing and other business decisions on more accurate data. In the world of customer or prospect data warehouses, fresher information equals more accurate information.

We also believe that AbiliTec will enable our clients to better serve the consumer privacy preferences of their customers. Just as AbiliTec allows businesses to create a single view of their customers in real time for marketing purposes, it will make it much easier for businesses to allow their customers to access, correct and selectively opt-out their information, provide better safeguards around their customers' information, and facilitate the addition of information such as preference in time and manner of contact.

The Acxiom Data Network.

The Acxiom Data Network is an on-line access and web-enabled delivery system that provides authorized clients with real-time desktop access to our AbiliTec technology and our data via the Internet. It also enables our clients to have real-time access from their desktops to our consumer and business data products, as well as proprietary client data content from databases that we build and manage for our clients. In addition, it allows clients to integrate their existing databases together in ways that have previously been difficult or impossible.

The Acxiom Data Network allows us and our clients to integrate data directly into customer relationship applications such as:

customer analysis

interactive web pages

call centers

direct mail initiatives

campaign management

point-of-sale

customer service automation

sales force automation

Delivery of information over the Internet or via private network, as opposed to traditional delivery through CD-ROM, floppy discs, tape cartridges and tapes, significantly reduces the turnaround time from days to minutes or seconds and reduces the operating costs associated with extended processing and turnaround.

This affordable access to data content will enable us to more efficiently serve our traditional Fortune 1000 client base and it will also enable us to expand our potential client base to include what we believe to be over 20 million U.S. middle market and small office/home office businesses. We are working with channel partners, who are leading e-commerce and industry specialized software solution providers, to expand the market presence of the Acxiom Data Network. The use of channel partners opens new markets to us, stimulates product development, and creates new revenue generating capabilities.

Ability to build and manage large-scale databases.

We have extensive experience in developing and managing large-scale databases for some of the world's largest companies including: AT&T, Allstate, Citibank, General Electric, IBM, and Wal-Mart. Our state-of-the-art data centers, computing capacity and operating scale enable us to access and process vast amounts of raw data and cost effectively transform the data into useful information. We house over 300 terabytes of disk storage. A terabyte is approximately one trillion bytes, and is the scale often used when measuring computer storage.

We provide a complete solution that starts with consulting, integrates data content, applies data management technology and delivers customer relationship management applications to the desktop. Our open system client/server environment allows our clients to use a variety of tools, and provides the greatest flexibility in analyzing data relationships. This open system environment also optimizes our clients' requirements for volume, speed, scalability and functional performance.

Accurate and comprehensive data content.

We believe that we have the most comprehensive and accurate collection of United States consumer, business, property and telephone marketing data available from a single supplier. Our InfoBase consumer database contains approximately 17 billion data elements, which we believe covers over 95% of all households in the United States. Our InfoBase business database covers approximately 15 million United States businesses. Our real estate database, which includes most major United States metropolitan areas, covers approximately 70 million properties in 41 states. We believe our InfoBase TeleSource product represents the most comprehensive repository of accurate telephone number information for business and consumer telephone numbers in the United States and Canada. We believe we process more mailing lists than any other company in the United States. Our clients use this data to manage existing customer relationships and to target prospective customers.

Comprehensive information management services.

We offer our clients comprehensive, integrated information management solutions tailored to their specific needs. We believe our total solution approach is a competitive strength because it allows our clients to use a sole service provider for all of their information management needs. Our IT solutions cover the computing requirements of our clients, ranging from full mainframe information processing centers to desktop applications. We currently operate several large mainframe and midrange data centers, manage numerous networks, and host Internet applications. We offer information management services in the following areas:

- mainframe computing operations
- client server management
- network management
- web hosting and content change management
- help desks

high-speed electronic printing

print and mailing outsourcing

bill presentation services

Ability to attract and retain talent.

We believe our progressive culture allows us to attract and retain top associates, especially those in technology fields where critical technical skills are scarce. Our culture is based on concepts such as leadership, associate development, and continuous improvement. Our business culture rewards customer satisfaction, associate satisfaction and profitability. In addition to our culture, our extensive geographic presence, with over 50 locations in the United States, Europe, and Australia, including Atlanta, Chicago, London, Los Angeles, New York, Phoenix, and Sydney, has enhanced our ability to attract talented associates. In both 1998 and 1999, we were included on Fortune magazine's listing of the 100 best companies to work for in America. In 2000, we were named in ComputerWorld magazine as one of the top 100 information technology companies to work for, and Business Week ranked us in its list of the top 200 IT companies in the U.S.

Growth Strategy

Using our competitive strengths, we are pursuing a strategy that includes the following initiatives:

Leverage AbiliTec and the Acxiom Data Network.

Our primary development initiative over the past three years has been AbiliTec and the Acxiom Data Network. These are proprietary technologies that enable us to provide our clients with what we believe to be the industry's most effective means to integrate their customer information and then enhance it with our consumer and business information in a real-time manner over the Internet or via private network. The Abilitec and Acxiom Data Network technologies are available to a broad range of business enterprises that desire to manage existing and prospective customer relationships. Our technology to deliver this capability over the Internet via the Acxiom Data Network was the first offered in the marketplace in 1998. Our goal is to establish these technologies as the widely accepted standard for integrating, managing and enhancing consumer and business data, providing a single, accurate and comprehensive view of the customer in real time across the enterprise. We are marketing AbiliTec and the Acxiom Data Network through our existing sales organization and through alliances with our channel partners, who include leading e-commerce and industry specialized software solution providers such as Oracle and Hewlett Packard. We expect to generate revenues from AbiliTec and the Acxiom Data Network in two primary ways:

Our clients can license the AbiliTec technology and access the Acxiom Data Network as tools to integrate the customer data residing on their internal systems on an ongoing basis and then enhance that information with our InfoBase data product offerings.

Our clients can use the Acxiom Data Network as a cost effective channel for accessing our data products. The ease of use and low cost delivery of the Acxiom Data Network will allow us to extend our scope of services in our existing markets and expand our client base to include the large pool of smaller companies seeking customer relationship management solutions. These markets have not historically been cost effective markets for us.

In addition to the benefits we expect to provide for our clients, we anticipate that the full deployment of AbiliTec will also result in significant computer and personnel cost saving to us internally.

Further penetrate existing and new client industries.

Our clients expect information management solutions tailored to the needs of their industry. We have developed specific knowledge for the industries we serve, including the financial services, insurance, information services, direct

marketing, publishing, retail, pharmaceuticals/healthcare, technology and telecommunications industries. We expect to continue to expand our presence in these industries as well as to penetrate new industries as their information management needs increase. The telecommunications and utilities industries are examples of industries where information about existing and prospective customers is becoming increasingly important as they move into a deregulated environment. Other industries which we believe are undergoing change that will increase the need for data and information management services include the e-commerce, Internet, automotive, packaged goods and media/entertainment sectors.

Expand data content.

We continue to invest substantial resources to maintain the quality and increase the scope of our databases. We enhance our databases by adding new data through multiple sources and increasing the accuracy of the data through the use of AbiliTec. Expanding our data content offerings enables us to grow existing client relationships, capture new clients and enter new industries. Data content also represents an attractive business model for us because we can repackage it into multiple formats or sell it through various distribution channels, including the Acxiom Data Network, at a minimal incremental cost.

Capture cross-selling opportunities.

Our established client base is primarily composed of Fortune 1000 companies. These clients use a single product or service or a combination of multiple products and services. Our consultative approach, comprehensive set of services and products and long-standing client relationships, combined with the increasing information needs of our clients, provide us with a significant opportunity to offer our existing client base new and enhanced services and products.

Pursue international opportunities.

We first entered the international marketplace with an acquisition in the United Kingdom in 1986, and have made additional acquisitions in Spain and France to further develop a European presence. Most recently, we have entered into a strategic alliance with a German media and information services company, AZ Bertelsmann Direct. Bertelsmann has a database of 35 million names in Germany alone, and does extensive work in Austria and Switzerland, as well as in Spain. Together with Bertelsmann, we intend to deliver international marketing data and information management solutions to multinational clients operating in the major European markets. The alliance will combine the geographic market strengths of Bertelsmann operations in Germany and Austria with Acxiom operations in the United Kingdom. The alliance also will leverage the complementary market services of each company, notably the international data content assets of Bertelsmann and the international customer data integration, customer relationship management, and data access and delivery solutions offered by Acxiom. The alliance will be an important step towards introducing AbiliTec as the industry standard for customer data integration across Europe. We believe that the introduction of AbiliTec to the European market will be accelerated and enhanced by Bertelsmann's exceptional access to high quality data content.

The Bertelsmann alliance is complementary to the Levante Global(TM) CRM Solutions alliance that was entered into during the last year with OgilvyOne, a leading worldwide marketing agency owned by WPP Group. The Levante alliance combines OgilvyOne's strategic and consultative skills with AbiliTec and other Acxiom technology to help companies deploy international database marketing programs. Also during the past year, we entered into a strategic alliance with PBL, a large publisher and broadcasting company in Sydney, Australia, through which we are offering our services in Australia and New Zealand.

Effective April 1, 2000, we changed our internal operations so as to integrate what was formerly a separate international revenue division into the domestic revenue divisions, so that each operating division now has an international component. Our intention is to transform Acxiom from a company with international offices into a global company capable of providing solutions to our customers in any part of the world. This represents a fundamental change not only in terms of organizational structure, but in all of our processes. It is affecting how we communicate, how we sell, how we market, and how we team. We have been configuring our European operations centers to support larger, more

complex software systems, and plans to market AbiliTec globally are underway. We have formed a global solutions resource team which has the mission of helping our sales force expand our global customer base. In addition to exploring new business opportunities, this team consults with sales and account leaders in building relationships with our largest international customers.

We believe that our existing international presence, combined with the emerging market demand for our information services, represents a large growth opportunity for us.

Seek acquisitions and alliances.

We will continue to seek acquisition and alliance opportunities with companies that can complement or expand our business by offering unique data content, strategic services or market presence in a new industry. Previous acquisitions have significantly extended our range of products and services, increased our client base, and expanded our industry coverage. We currently have a number of strategic alliances and actively seek new alliances with channel partners, software developers and data content providers that will strengthen our position in the marketplace and help us better serve our customers.

Lines of Business

We have three primary lines of business: Services, Data Products, and Information Technology Management.

Services

Our Services segment provides solutions which integrate and manage customer, consumer, and business data using our information management skills and technology. With the development and implementation of AbiliTec and the Acxiom Data Network, we are poised to transition our traditional processing and data delivery methods to the faster, more efficient methods described above. See the discussion of AbiliTec and the Acxiom Data Network under "Competitive Strengths" above. We use our core competencies of data integration, data management and data delivery to build customized solutions for our clients. Our primary services include the following:

| Service | Description |
|---|---|
| Marketing database and data warehouse design consulting | Develops strategies to effectively use and transform data into actionable information |
| | Selects data elements that are relevant for a particular client's goals and industry |
| | Lays foundation for data warehouse/database development and marketing campaigns |
| Data integration | Standardizes, converts, cleanses and validates data to ensure accuracy and remove duplicative and unnecessary data |
| | Creates accurate and comprehensive standardized customer profile from disparate data sources |
| | Augments client's data with our proprietary data |
| Data warehouse/database management and delivery | Designs, models and builds data warehouse/ database |
| | Provides data warehouse/database maintenance and updates |
| | Delivers information through a variety of channels including the Internet via the Acxiom Data Network |
| Customer relationship applications management | Provides market planning, analytical and statistical modeling, campaign management, channel implementation, and tracking and reporting applications |
| | Enables client to manage and monitor customer relationships |
| List processing | Provides processing tools to increase accuracy, deliverability and efficiency of marketing lists |
| | Addresses and pre-sorts mailing to maximize postal discounts and minimize handling costs |
| | Cleanses and integrates mailing list data |

Data Products

Our InfoBase data products include both business and consumer data. We believe InfoBase represents the industry's most comprehensive and accurate marketing data product offerings that are sold on a stand-alone basis as well as integrated with our customized service offerings.

Our primary products include the following:

| Product | Description |
|---|---|
| InfoBase Enhancement (Consumer) | InfoBase Enhancement is the leading consumer data enhancement product containing demographic and lifestyle information on the majority of U.S. households, and providing instant access to the first and largest multi-source database in the U.S.<br><br>InfoBase Enhancement can process customer data through multiple delivery options including traditional or "batch" processing for large volumes of data or online processing using the Acxiom Data Network for smaller volumes for instant processing of individual records. |
| InfoBase List (Consumer) | InfoBase List is a comprehensive multi-sourced, consumer list designed to help target prospects more effectively and efficiently. InfoBase List consists of base name and address records combined with InfoBase's industry-leading consumer data including key demographics, home ownership characteristics, purchase behavior and lifestyle data.<br><br>No other compiled list in the business offers better value on the key areas of comparison--coverage, selectivity, deliverability, accuracy, freshness and customer service.<br><br>Acxiom Data Network gives you on-demand, instant access to Acxiom's superior InfoBase Consumer Lists. Through Acxiom Data Network, you obtain InfoBase-enhanced snapshots of your existing records or host prospects for customer acquisition and retention efforts, quickly and inexpensively. |
| InfoBase Business Enhancement | InfoBase Business Enhancement gives you access to information on over 13 million businesses. Combine information from this extensive, multi-sourced database with your own customer records to pinpoint good customers, the best prospects, and the market segments with the highest profit potential. |
| InfoBase Business List | InfoBase Business List is a powerful tool for business-to-business marketing that combines Acxiom's industry-leading record for superior data quality with access to over 13 million unique businesses nationwide and their key employees. No other business list can beat InfoBase Business List's accuracy and deliverability. |

| | |
|---|---|
| InfoBase TeleSource | InfoBase TeleSource is the most comprehensive, multi-sourced telephone data product in the United States. Averaging a 94% match rate on phone appends or reverse phone appends, it allows you to reach a greater number of qualified customers and prospects. In fact, InfoBase TeleSource's national database contains more than 160 million consumer names, telephone numbers and addresses. This includes 35 million not available from any other source and 12 million business listings. |
| InfoBase eMail Enhancement | A database that matches e-mail addresses to corresponding postal names and addresses. Its purpos is to enhance existing customer files with accurate, deliverable e-mail addresses, including reverse phone append. |
| InfoBase Analytics: Data Profile Analysis (DPA) | The DPA provides a comprehensive profile of customers using InfoBase data. DPA is provided as a printed document, but is also available in PC-compatible formats. |
| InfoBase Analytics: Scored List Rental | Scoring applied to the InfoBase List file, putting into action models previously developed by the customer or InfoBase Analytics. |
| InfoBase Analytics: Scored Customer Files | Custom scoring applied to a customer's self-prepared mail file, putting into action models previously developed by the customer or by InfoBase Analytics. |
| InfoBase Analytics: Modeled Data | Propensity scores or segmentation codes (e.g., income, net worth, internet users, etc.) modeled data elements are utilized by other InfoBase products (lists, enhancement, profiler). Modeled data elements are created by InfoBase Analytics or by outside sources. |

Our clients use our data products for a range of decision-making and customer relationship management functions including: identification, verification and segmentation of customers and prospects for direct marketing purposes; campaign management; Internet marketing; point-of-sale marketing; sales force automation; customer service automation; risk management; fraud prevention; and other information driven applications.

The data that we use is either purchased or licensed from third parties, or it is obtained from public record. We utilize multiple data sources to compile our consumer database, including telephone directories, motor vehicle registrations, drivers licenses, voter registrations, product registration, questionnaires, warranty cards, county real estate property records, purchase transactions, mail-order transactions and postal service information. Our business database is likewise obtained from multiple sources and covers practically every business throughout the United States. Business data is verified by telephone at least once a year or by matching against other sources of the data. Business data sources include: yellow and white pages; annual reports and other SEC information; federal, state and municipal government data; business magazines, newsletters, and newspapers; business registries; the Internet; professional directories; outbound telemarketers; and postal service information. Our real estate database is obtained from county recorders' and assessors' files. We update and maintain our databases frequently in order to provide current information to our clients.

Information Technology Management

Information Technology (IT) outsourcing enables our customers to focus on their core business while Acxiom manages their technology needs. We provide IT services and solutions for large systems, mid-range processors, and networks.

Our IT outsourcing services give our customers a secure, high-performance network and computing environment, supported by experienced IT professionals. The benefits include:

- computing and network capacity driven by customer demand
- highly scalable computing and network environments
- 24 x 7 system availability
- improved service levels
- ability to implement new technologies
- access to skilled personnel
- significant reduction in operating costs while freeing up capital

| Overview | Services |
| --- | --- |
| Our IT solutions cover the computing needs ofour clients ranging, from full mainframe information processing centers to desktop applications. Acxiom currently operates several large mainframe and midrange data centers, manages numerous networks, and hosts Internet applications. | We offer technology services in the following areas:<br>mainframe computing operations<br>client server management<br>network management<br>web hosting and content change management<br>help desks<br>high-speed electronic printing<br>print and mailing outsourcing<br>bill presentation services |

Clients

Our clients are primarily in the financial services, insurance, information services, publishing, retail and telecommunications industries. Our ten largest clients represented approximately 39% of our revenues in fiscal 2000. No one client accounted for more than 10% of our revenue during the past fiscal year.

We seek to maintain long-term relationships with our clients. Many of our clients typically operate under long-term contracts (defined as contracts with initial terms of at least three years in length). In fiscal 2000, 62% of our revenue was derived from long-term contracts.

Representative clients by the industries we serve include:

| Financial Services | Insurance | Information Services |
|---|---|---|
| American Express | Allstate | ADP |
| Associates First Capital | Physicians Mutual | CCC Information Services |
| Bank One | Prudential | IBM |
| Bank of America | | Polk |
| Chase Manhattan Bank | | Trans Union |
| Citigroup | | |
| Conseco | | |
| Deluxe | | |
| Discover Financial Services | | |
| First USA Bank | | |
| GE Capital Corp | | |
| Household | | |
| Wachovia | | |

| Publishing | Retail | Telecommunications |
|---|---|---|
| Advance Publications | Federated Department Stores | AT&T |
| Guideposts | Lands' End | Sprint |
| Meredith | Neiman Marcus | Vodafone Airtouch |
| Rodale | Sears | |
| | Wal-Mart | |
| | Wards | |

More recently, our industry focus has expanded to include the pharmaceuticals/healthcare, e-commerce, Internet, utilities, automotive, technology, packaged goods and media/entertainment industries. Representative clients in these new industries include Abbot Laboratories, America On-Line, DaimlerChrysler, Discovery.Com, Inc., National Geographic, Novell, Parke-Davis, Procter & Gamble, Searle, TAP Pharmaceuticals and 3Com.

In addition, our Information Technology Management outsourcing customers include a wide array of clients, such as AGL Resources, American National Can, AmericanTours International, Borden Foods, the City of Chicago, DeVry Institutes, Jack in the Box Restaurants, NuWorld Marketing, Outboard Marine, National Steel and Shipbuilding, Ralston Purina, and Sonoco.

Sales and Marketing

We have separate sales forces dedicated to our Services, Data Products and Information Technology Management lines of business. We maintain separate sales forces to allow our sales representatives to concentrate on particular services, technologies and client demands. However, we expect to increasingly leverage our many and growing relationships to sell the full range of Acxiom solutions from the entire corporation.

Both the Services and Information Technology Management sales forces are decentralized and organized by industry. Our largest clients have their own dedicated sales personnel. Sales to these and other large accounts typically involve business unit leaders, group leaders and other members of our senior management. Most major contracts are negotiated with the highest levels of our clients' organizations and therefore necessitate the involvement of our senior executives.

Our Data Products segment sells products rather than services and thus requires a larger sales force. This sales force is organized into two groups. The direct data sales team sells InfoBase data products directly to clients. The channels sales team focuses on creating sales through business partners and other alternate channels of distribution.

Pricing for Products and Services

We have standard list pricing guidelines for many services such as list processing, national change of address processing, merge/purge processing and other standard processing. Data warehousing/database management services tend to be more custom-designed and are priced individually to each client. We have built extensive pricing guidelines and case studies for pricing based on our experience in building large-scale data warehouses and databases.

Pricing for data warehouses and databases normally includes separate fees for design, initial build, ongoing updates, queries and outputs. We also price separately for consulting and statistical analysis services.

We publish standard list prices for many of our data products. These products are priced with volume discounts. Licenses for our entire consumer or business database for one or more years are priced individually.

AbiliTec is priced as intellectual property and the right to use it is licensed to our clients under one to three year license agreements. The pricing includes separate fees for the annual license and for individual transactions. Both components allow for volume discounts.

Information Technology Management services are priced based on the cost of managing and operating the data center, network and client/server systems.

Strategic Alliances

In addition to our traditional sales force activity, we maintain and pursue strategic alliances to further the development and distribution of our best products and services. We partner with firms that can help us service our clients. Current strategic alliances formed to facilitate the adoption of our AbiliTec technology include Abacus, AZ Bertelsmann, Dun and Bradstreet, E.piphany, Hewlett-Packard, OgilvyOne, Oracle, and USADATA.com, among others. We also have alliances with Bigfoot (e-mail marketing), Trans Union (information services), Xchange, Inc. (customer relationship management applications software), and PBL (marketing services in Australia and New Zealand).

Our strategic alliances are structured in several ways. Because each of our partners is unique, it is necessary to create a structure specifically suited to our needs and the needs of our business partners. Examples of various alliance structures in which we participate include:

- joint ventures
- channel partner relationships
- minority interests in small, early-stage companies
- joint marketing alliances
- agreements to pay commissions for business directed to us
- agreements to pay finders fees for new clients directed to us

Competition

The information services industry in which we operate is highly competitive, with no single dominant competitor. Within the industry, there are data content providers, database marketing service providers, analytical data application vendors, enterprise software providers, systems integrators, consulting firms, list brokerage/list management firms and teleservices companies. Many firms offer a limited number of services within a particular geographic area, and several participants tend to be national or international and offer a broad array of information services. However, we do not know of a competitor that offers our complete line of products and services.

In the Services market, we compete primarily with in-house information technology departments of current clients, as well as firms that provide data warehousing and database services, mailing list processing, and consulting services. Competition is based on the quality and reliability of products and services, technological expertise, historical experience, ability to develop customized solutions for clients, processing capabilities and price. Competitors in the data warehousing and database services and mailing list processing sectors include Harte-Hanks, Metromail and Experian (both subsidiaries of Great Universal Stores), Dynamark (a subsidiary of Fair Isaac), Epsilon, and KnowledgeBase Marketing (a subsidiary of Young & Rubicam).

In the Data Products market, we compete with two types of firms: data providers and list providers. Competition is based on the quality and comprehensiveness of the information provided, the ability to deliver the information in products and formats that the customer needs and, to a lesser extent, on the pricing of information products and services. Our principal competitors in this market are Abacus Direct, Experian, R. L. Polk and infoUSA. We also compete with hundreds of smaller firms that provide list brokerage and list management services.

In the Information Technology Management services market, competition is based on the quality and reliability of services, technical expertise, processing capabilities, processing environment and price. Our primary competitors include Affiliated Computer Services; Lockheed Martin; PKS Information Services; Structure, Systems Management Specialists and the in-house information technology departments of current clients and those of potential clients. In addition, but on a less frequent basis, we compete with IBM, Electronic Data Systems, Computer Sciences Corporation, Perot Systems, and Worldcom IDC.

Privacy

We have always taken an active approach with respect to consumer privacy rights. The growth of e-commerce and companies wanting consumer information means that we must work even harder to guarantee that our policies offer individuals the protection to which they are entitled.

Consequently, we actively promote adherence to a common set of strict privacy guidelines for the direct marketing, e-commerce, and data industries as a whole. Industry wide compliance helps address U.S. privacy concerns and the rigorous safe-harbor requirements of the European Union to ensure the continued free flow of information.

Our own Fair Information Practices Policy outlines the variety of measures we currently take to protect consumers' privacy rights. A copy of this policy is posted on our website at www.acxiom.com. Our multi-level security systems, for example, are designed to ensure that only authorized clients can access our data. We go to great lengths to educate clients and associates regarding consumer right-to-privacy issues, guidelines, and laws. Our policy also explains the simple steps that consumers may take to have their names removed from our InfoBase line of marketing products and to learn what non-public information we maintain about them in our reference products.

Companies are assessing their consumer privacy policies and beginning to recognize that newly developed customer data integration technology can help them honor individual privacy rights and address consumers' concerns. We believe that technologies such as AbiliTec will enable businesses to move beyond mere privacy "protection" and toward aggressive consumer advocacy. Just as AbiliTec allows businesses to create a single view of their customers in real time for marketing purposes, it should make it much easier for businesses to allow their customers to access, correct and selectively opt-out their information, provide better safeguards around their customers' information, and facilitate the addition of information such as preference in time and manner of contact.

Privacy legislation has been introduced in the Congress and in most of the fifty states, and we anticipate that additional legislation will be introduced in the future. We are supportive of legislation which codifies the current industry guidelines of notice and opt-out regarding whether or not a consumer's personal information is used for marketing purposes. With regard to certain types of sensitive personal information (such as medical data), we support choice on an opt-in basis for third-party use.

Employees

Acxiom employs approximately 5,600 employees (associates) worldwide. With the exception of approximately 45 associates who are engaged in lettershop and fulfillment activities at Acxiom's Skokie, Illinois facility, none of Acxiom's associates are represented by a labor union or are the subject of a collective bargaining agreement. Acxiom has never experienced a work stoppage and believes that its employee relations are good.

Forward-Looking Statements

Certain statements in this report and in other filings by Acxiom with the Securities and Exchange Commission, and in other documents such as press releases, presentations by Acxiom or its management and oral statements may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which are not statements of historical fact, may contain estimates, assumptions, projections and/or expectations regarding Acxiom's financial position, results of operations, market position, product development, regulatory matters, growth opportunities and growth rates, acquisition and divestiture opportunities, and other similar forecasts and statements of expectation. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," and "should," and variations of these words and similar expressions, are intended to identify these forward-looking statements. Forward-looking statements are not guarantees of future performance. They involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of Acxiom to be materially different from any future results, performance or achievements expressed or implied by any forward-looking statements.

The forward-looking statements contained in this report and in Acxiom's Annual Report to Stockholders, portions of which are incorporated by reference into this report, include: statements on Acxiom's future results of operations; statements concerning future revenue and earnings per share growth; statements concerning the length and future impact of our investment in AbiliTec products and Acxiom Data Network on our client base, future revenue and margins; statements concerning the benefits of AbiliTec and Acxiom Data Network for our customers; statements concerning any competitive lead; statements concerning the impact of implementation of AbiliTec and Acxiom Data Network technology in customer relationship management applications; statements concerning the momentum of CRM applications and e-commerce initiatives; statements concerning the future growth and size of the CRM market; statements regarding our ability to penetrate existing and new client industries; statements concerning AbiliTec becoming an industry standard; statements concerning efficiency gains related to the implementation of AbiliTec; and statements concerning potential growth of international markets.

The following are important factors that could cause actual results to differ materially from these forward-looking statements: With regard to all statements concerning AbiliTec and the Acxiom Data Network: the complexity and uncertainty regarding the development of new high technologies; the loss of market share through competition or the acceptance of these or other company offerings on a less rapid basis than expected; changes in the length of sales cycles due to the nature of AbiliTec being an enterprise-wide solution; the introduction of competent, competitive products or technologies by other companies; changes in the consumer and/or business information industries and markets; our ability to protect proprietary information and technology or to obtain necessary licenses on commercially reasonable terms; and the impact of changing legislative, regulatory and consumer environments in the geography where AbiliTec will be deployed.

With regard to the statements that generally relate to our business: all of the above factors; the possibility that economic or other conditions might lead to a reduction in demand for our products and services; our continued ability to attract and retain qualified technical and leadership associates and the possible loss of associates to other organizations; the ability to properly motivate our sales force and other associates; our ability to achieve cost reductions; changes in the legislative, regulatory and consumer environments affecting our business including but not limited to legislation, regulations and customs relating to our ability to collect, manage, aggregate and use data; the fact that data suppliers might withdraw data from us, leading to our inability to provide certain products and

services; the effect of short-term contracts on the predictability of our revenues; the potential loss of data center capacity or interruption of telecommunication links; postal rate increases that could lead to reduced volumes of business; and customers that may cancel or modify their agreements with us.

With specific reference to all statements that relate to the providing of products or services outside our primary base of operations in the United States: all of the above factors and the difficulty of doing business in numerous sovereign jurisdictions due to differences in culture, laws and regulations.

These and other risk factors are more specifically described in this report under the caption "Risk Factors" above. 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 and described under "Risk Factors," all of which are inherently difficult to forecast. We undertake no obligation to publicly release any revision to any forward-looking statement to reflect any future events or circumstances.

## Item 2. Properties

The following table sets forth the location, ownership and general use of the principal properties of Acxiom.

| Location | Held | Use |
|---|---|---|
| Acxiom Corporation: | | |
| (a) Phoenix, Arizona | Held in fee | Customer service facilities; data center; office space |
| (b) Conway, Arkansas | Six facilities held in fee; one facility secures a $2,874,000 encumbrance and another secures a $6,775,000 encumbrance | Customer service facilities; data center; office space |
| (c) Little Rock, Arkansas | Lease | Principal executive offices; customer service facilities; office space |
| (d) Denver, Colorado | Lease | Customer service facilities |
| (e) Stamford, Connecticut | Lease | Office space |
| (f) Southfield, Michigan | Lease | Office space; data center |
| (g) Bloomington, Minnesota | Lease | Customer service facilities; office space |
| (h) Carmel, New York | Lease | Office space; data center |
| (i) Cincinnati, Ohio | Lease | Customer service facilities |
| (j) Memphis, Tennessee | Lease | Customer service facilities; office space |

| | | |
|---|---|---|
| Acxiom CDC, Inc.: | | |
| (a) Chicago, Illinois | Lease | Office space; data center |
| Acxiom Limited: | | |
| (a) London, England | Lease | Customer service facilities; office space |
| (b) Sunderland, England | Held in fee | Office space; data center; warehouse space; data processing and fulfillment service center |
| (c) Cedex, France | Lease | Office space |
| (d) Barcelona, Spain | Lease | Office space |
| Acxiom / May & Speh, Inc.: | | |
| (a) Chatsworth, California | Lease | Office space; data center; customer service facilities; print facilities |
| (b) Woodland Hills, California | Lease | Office space; data center; service facilities; print facilities |
| (c) Atlanta, Georgia | Lease | Office space |
| (d Chicago, Illinois | Lease | Office space; warehouse facility |
| (e) Downer's Grove, Illinois | Lease | Office space; data center; customer service facilities |
| (f) Melville, New York | Lease | Office space; print facilities |
| (g) Rochester, New York | Lease | Office space |
| Acxiom Australia Pty Ltd: | | |
| (a) Sydney, Australia | Lease | Office space |
| Acxiom SDC, Inc. (d/b/a Buckley Dement, an Acxiom Company): | | |
| (a) Skokie, Illinois | Lease | Office space; data center; customer service facilities; warehouse facility; lettershop |

Acxiom also leases additional sales office space in Arizona, California, Georgia, Illinois, Kansas, Massachusetts, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Texas, Virginia, Washington, Washington, D.C., Canada, and the United Kingdom.

Acxiom's headquarters is in Little Rock, Arkansas, located in a building completed during the last fiscal year. We also completed construction of a new customer service facility in Little Rock, Arkansas last year, and during the first quarter of fiscal year 2001 we completed construction of a new customer service facility in Conway, Arkansas. The Conway facilities consist of office buildings and a data processing center. During fiscal year 2001, construction is expected to begin on new customer service facilities in Little Rock and in Phoenix.

In general, our offices, customer service and data processing facilities are in good condition. Management believes that our facilities are suitable and adequate to meet our current needs. Management believes that, except for the planned expansions noted above, no substantial additional properties will be required during fiscal year 2001.

Item 3. Legal Proceedings

On September 20, 1999 Acxiom and certain of its directors and officers were sued by an individual shareholder in a purported class action filed in the United States District Court for the Eastern District of Arkansas. The action alleges that the defendants violated Section 11 of the Securities Act of 1933 in connection with the July 23, 1999 public offering of 5,421,000 shares of our common stock. In addition, the action seeks to assert liability against Company Leader Charles Morgan pursuant to Section 15 of the Securities Act of 1933. The action seeks to have a class certified of all purchasers of the stock sold in the public offering. Two additional suits were subsequently filed in the same venue against the same defendants and asserting the same allegations. The plaintiffs have now filed a consolidated complaint. The cases are still in the initial phase of litigation, with the defendants having filed their initial response to the lawsuit. We believe the allegations are without merit and the defendants intend to vigorously contest the cases, and at the appropriate time, seek their dismissal.

There are various other litigation matters that arise in the normal course of our business. We don't believe any of these, however, are material in their nature or scope.

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

Not applicable.

EXECUTIVE OFFICERS OF ACXIOM

Each of Acxiom's executive officers, including position held, age, and year of initial appointment as an executive officer and business experience for the past five years, is listed below:

| Name | Position Held | Age | Year Elected |
|---|---|---|---|
| Charles D. Morgan | Chairman of the Board and President (Company Leader) | 57 | 1972 |
| Rodger S. Kline | Chief Operating Officer, Treasurer and Director | 57 | 1975 |
| James T. Womble | Division Leader and Director | 57 | 1975 |
| C. Alex Dietz | Division Leader | 57 | 1979 |
| Paul L. Zaffaroni | Division Leader | 53 | 1990 |
| L. Lee Hodges | Division Leader | 53 | 1998 |
| Jerry C. Jones | Business Development and Legal Leader | 44 | 1999 |
| Robert S. Bloom | Chief Financial Officer | 44 | 1992 |

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Mr. Morgan joined Acxiom in 1972. He has been Chairman of the Board of Directors since 1975, and serves as Acxiom's President (Company Leader). He is also a director and Chairman of the Board-elect of the Direct Marketing Association. In addition, he serves as Chairman of the Board of Hendrix College. He was employed by IBM Corporation prior to joining Acxiom. Mr. Morgan holds a mechanical engineering degree from the University of Arkansas.

Mr. Kline joined Acxiom in 1973 and serves as Acxiom's Treasurer and Chief Operating Officer (Operations Leader). Prior to joining Acxiom, Mr. Kline was employed by IBM Corporation. He holds an electrical engineering degree from the University of Arkansas.

Mr. Womble joined Acxiom in 1974 and serves as one of Acxiom's four Division Leaders. Mr. Womble is also a director of Sedona Corporation. Prior to joining Acxiom, he was employed by IBM Corporation. He holds a degree in civil engineering from the University of Arkansas.

Mr. Dietz joined Acxiom in 1970 and served as a Vice President until 1975. Between 1975 and 1979 he was an officer of a commercial bank responsible for data processing matters. Following his return to Acxiom in 1979, Mr. Dietz served as a senior-level officer of Acxiom and is presently one of Acxiom's Division Leaders. Mr. Dietz holds a degree in electrical engineering from Tulane University.

Mr. Zaffaroni joined Acxiom in 1990. He serves as one of Acxiom's Division Leaders. Prior to joining Acxiom, he was employed by IBM for 21 years, most recently serving as regional sales manager. Mr. Zaffaroni holds a degree in marketing from Youngstown State University.

Mr. Hodges joined Acxiom in 1998. He serves as one of Acxiom's Division Leaders. Prior to joining Acxiom, he was employed for 6 years with Tascor, the outsourcing subsidiary of Norrell Corporation, most recently serving as a senior vice president. Prior to that time, Mr. Hodges served in a number of engineering, sales, marketing and executive positions with IBM for 24 years. Mr. Hodges holds a degree in industrial engineering from Pennsylvania State University.

Mr. Jones joined Acxiom in 1999. Prior to joining Acxiom, he was employed for nineteen years as an attorney in private practice with the Rose Law Firm, representing a broad range of business interests. Mr. Jones holds a degree in public administration from the University of Arkansas and a law degree from the University of Arkansas School of Law.

Mr. Bloom joined Acxiom in 1992 as Chief Financial Officer. Prior to joining Acxiom, he was employed for six years with Wilson Sporting Goods Co. as chief financial officer of its international division. Prior to his employment with Wilson, Mr. Bloom was employed by Arthur Andersen & Co. for nine years, serving most recently as manager. Mr. Bloom, a Certified Public Accountant, holds a degree in accounting from the University of Illinois.

There are no family relationships among any of Acxiom's executive officers and/or directors.

## PART II

### Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

The information required by this Item appears in Acxiom's Annual Report at p. 52, which information is incorporated herein by reference.

### Item 6. Selected Financial Data

The information required by this Item appears in Acxiom's Annual Report at p. 18, which information is incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by this Item appears in Acxiom's Annual Report at pp. 19-28, which information is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Acxiom's earnings are affected by changes in short-term interest rates primarily as a result of its revolving credit agreement, which bears interest at a floating rate. Acxiom does not use derivative or other financial instruments to mitigate the interest rate risk. Risk can be estimated by measuring the impact of a near-term adverse movement of 10% in short-term market interest rates. If short-term market interest rates average 10% more in fiscal 2001 than in 2000, there would be no material adverse impact on Acxiom's results of operations. Acxiom has no material future earnings or cash flow expenses from changes in interest rates related to its other long-term debt obligations as substantially all of Acxiom's remaining long-term debt obligations have fixed rates. At March 31, 2000, the fair value of Acxiom's fixed rate long-term obligations approximated carrying value.

Although Acxiom conducts business in foreign countries, principally the United Kingdom, foreign currency translation gains and losses are not material to Acxiom's consolidated financial position, results of operations or cash flows. Accordingly, Acxiom is not currently subject to material foreign currency exchange rate risks from the effects that exchange rate movements of foreign currencies would have on Acxiom's future costs or on future cash flows it would receive from its foreign investment. To date, Acxiom has not entered into any foreign currency forward exchange contracts or other derivative financial instruments to hedge the effects of adverse fluctuations in foreign currency exchange rates.

As discussed in note 8 to the consolidated financial statements, Acxiom is a party to two equity forward purchase agreements under which it will purchase 3.1 million and 0.2 million shares of its common stock at average total costs of approximately $20.81 and $26.51 per share, respectively, for a total notional purchase price of $69.4 million. The value of the equity forward contracts at March 31, 2000 was $38.6 million, based on the market value of Acxiom common stock of $33.25 at March 31, 2000. The value of the equity forward contracts will vary based on the market price of the common stock. For each $1.00 increase or decrease in the stock price, the value of the equity forward contracts will increase or decrease by approximately $3.3 million.

Item 8. Financial Statements and Supplementary Data

The Financial Statements required by this Item appear in Acxiom's Annual Report at pp. 29-49, which information is incorporated herein by reference. The Financial Statement Schedule which constitutes the Supplementary Data required by this Item is attached hereto.

Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

Not applicable.

PART III

Item 10. Directors and Executive Officers of the Registrant

Pursuant to general instruction G(3) of the instructions to Form 10-K, information concerning Acxiom's executive officers is included under the caption "Executive Officers of Acxiom" at the end of Part I of this Report. The remaining information required by this Item appears under the captions "Proposals You May Vote On," "Information About the Board of Directors," and "Section 16(a) Reporting Delinquencies" in Acxiom's 2000 Proxy Statement, which information is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this Item appears under the heading "Executive Compensation" in Acxiom's 2000 Proxy Statement, which information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this Item appears under the heading "Stock Ownership" in Acxiom's 2000 Proxy Statement, which information is incorporated herein by reference.

Item 13. Certain Relationships and Transactions

The information required by this Item appears under the heading "Certain Transactions" in Acxiom's 2000 Proxy Statement, which information is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedule and Reports on Form 8-K

(a) The following documents are filed as a part of this Report:

1. Financial Statements.

The following consolidated financial statements of the registrant and its subsidiaries included on pages 29 through 49 of Acxiom's Annual Report and the Independent Auditors' Report on page 50 thereof are incorporated herein by reference. Page references are to page numbers in the Annual Report.

| | Page |
|---|---|
| Consolidated Balance Sheets as of March 31, 2000 and 1999 | 29 |
| Consolidated Statements of Operations for the years ended March 31, 2000, 1999 and 1998 | 30 |
| Consolidated Statements of Cash Flows for the years ended March 31, 2000, 1999 and 1998 | 31 |
| Consolidated Statements of Stockholders' Equity for the years ended March 31, 2000, 1999 and 1998 | 32-33 |
| Notes to Consolidated Financial Statements | 34-49 |
| Independent Auditors' Report | 50 |

2. Financial Statement Schedule.

The following additional information for the years 2000, 1999 and 1998 is submitted herewith and appears on the two pages immediately preceding the signature page of this Report on Form 10-K.

Independent Auditors' Report

Schedule II - Valuation and Qualifying Accounts for the years ended March 31, 2000, 1999 and 1998

All other schedules are omitted because they are not applicable or not required or because the required information is included in the consolidated financial statements or notes thereto.

3. Exhibits and Executive Compensation Plans.

The following exhibits are filed with this Report or are incorporated by reference to previously filed material.

Exhibit No.

3(a) Amended and Restated Certificate of Incorporation (previously filed as Exhibit 3(i) to Acxiom's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996, Commission File No. 0-13163, and incorporated herein by reference)

3(b) Amended and Restated Bylaws (previously filed as Exhibit 3(b) to Acxiom's Annual Report on Form 10-K for the fiscal year ended March 31, 1991, Commission File No. 0-13163, and incorporated herein by reference)

4(a) Rights Agreement dated January 28, 1998 between Acxiom and First Chicago Trust Company of New York, as Rights Agent, including the forms of Rights Certificate and of Election to Exercise, included in Exhibit A to the Rights Agreement and the form of Certificate of Designation and Terms of Participating Preferred Stock of Acxiom, included in Exhibit B to the Rights Agreement (previously filed as Exhibit 4.1 to Acxiom's Current Report on Form 8-K dated February 10, 1998, Commission File No. 0-13163, and incorporated herein by reference)

4(b) Form of Indenture with Form of Note attached as Exhibit "A" for the 5.25% Convertible Subordinated Notes due 2003 of Acxiom May & Speh, Inc. (f/k/a May & Speh, Inc.) (previously filed as Exhibit 4.1 to the Form S-3 Registration Statement of May & Speh, Inc., filed on February 19, 1998, Commission File No. 333-46547, and incorporated herein by reference)

10(a) Data Center Management Agreement dated July 27, 1992 between Acxiom and Trans Union Corporation (previously filed as Exhibit A to Schedule 13-D of Trans Union Corporation dated August 31, 1992, Commission File No. 5-36226, and incorporated herein by reference)

10(b) Agreement to Extend and Amend Data Center Management Agreement and to Amend Registration Rights Agreement dated August 31, 1994 (previously filed as Exhibit 10(b) to Form 10-K for the fiscal year ended March 31, 1995, as amended, Commission File No. 0-13163, and incorporated herein by reference)

10(c) Data Management Outsourcing Agreement dated April 1, 1999 between Acxiom and Allstate Insurance Company (previously filed as Exhibit 10(c) to Acxiom's Annual Report on Form 10-K for the fiscal year ended March 31, 1999, Commission file No. 0-13163, and incorporated herein by reference)

10(d) Acxiom Corporation Deferred Compensation Plan (previously filed as Exhibit 10(b) to Acxiom's Annual Report on Form 10-K for the fiscal year ended March 31, 1990, Commission File No. 0-13163, and incorporated herein by reference)

10(e) Amended and Restated Key Associate Stock Option Plan of Acxiom Corporation

10(f) 2000 Associate Stock Option Plan of Acxiom Corporation

10(g) Acxiom Corporation U.K. Share Option Scheme (previously filed as Exhibit 10(f) to Acxiom's Annual Report on Form 10-K for the fiscal year ended March 31, 1997, Commission File No. 0-13163, and incorporated herein by reference)

10(h) Leadership Compensation Plan

10(i) Acxiom Corporation Non-Qualified Deferred Compensation Plan (previously filed as Exhibit 10(i) to Acxiom's Annual Report on Form 10-K for the fiscal year ended March 31, 1996, Commission File No. 0-13163, and incorporated herein by reference)

10(j) Credit Agreement, dated as of December 29, 1999, among Acxiom Corporation and Chase Bank of Texas, National Association, individually and as co-administrative agent for certain other Lenders (the "Credit Agreement")

10(k) Increased Commitment Supplement to Credit Agreement, dated as of February 22, 2000

10(l) Increased Commitment Supplement to Credit Agreement, dated as of June 15, 2000

13 Portions of Acxiom's Annual Report

21 Subsidiaries of Acxiom

23 Consent of KPMG LLP

24 Powers of Attorney for Robert S. Bloom, Dr. Ann H. Die, William T. Dillard II, Harry L. Gambill, Rodger S. Kline, Thomas F. (Mack) McLarty, III, Charles D. Morgan, Stephen M. Patterson and James T. Womble

27 Financial Data Schedule

Listed below are the executive compensation plans and arrangements currently in effect and which are required to be filed as exhibits to this Report:

2000 Associate Stock Option Plan of Acxiom Corporation
Amended and Restated Key Associate Stock Option Plan of Acxiom Corporation
Acxiom Corporation U.K. Share Option Scheme
Leadership Compensation Plan
Acxiom Non-Qualified Deferred Compensation Plan

- ----------

(b) Reports on Form 8-K.

None.

# INDEPENDENT AUDITORS' REPORT

The Board of Directors
Acxiom Corporation:

Under date of May 2, 2000, we reported on the consolidated balance sheets of Acxiom Corporation and subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the three-year period ended March 31, 2000, which are included in the 2000 annual report to shareholders. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for the year ended March 31, 2000. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related financial statement schedule of valuation and qualifying accounts. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG LLP

/s/ KPMG LLP

Dallas, Texas
May 2, 2000

Schedule II

ACXIOM CORPORATION AND SUBSIDIARIES

Schedule of Valuation and Qualifying Accounts

Years ended March 31, 2000, 1999 and 1998

(In thousands)

| | Balance at beginning of period | Additions charged to costs and expenses | Other additions (note) | Bad debts written off | Bad debts recovered | Balance at end of period |
|---|---|---|---|---|---|---|
| 2000: | | | | | | |
| Allowance for doubtful accounts, returns and credits | $ 5,619 | 2,313 | 1,010 | 3,910 | 320 | 5,352 |
| 1999: | | | | | | |
| Allowance for doubtful accounts, returns and credits | $ 3,847 | 2,373 | 710 | 2,026 | 715 | 5,619 |
| 1998: | | | | | | |
| Allowance for doubtful accounts, returns and credits | $ 4,898 | 3,105 | 224 | 4,777 | 397 | 3,847 |

Note - Other additions represent the valuation accounts acquired in connection with business combinations.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned.

ACXIOM CORPORATION

Date: June 26, 2000

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and as of the dates indicated.

| Signature | | |
|---|---|---|
| Robert S. Bloom*<br>Robert S. Bloom | Chief Financial Officer<br>(Principal accounting officer) | June 26, 2000 |
| Dr. Ann H. Die*<br>Dr. Ann H. Die | Director | June 26, 2000 |
| William T. Dillard II*<br>William T. Dillard II | Director | June 26, 2000 |
| Harry C. Gambill*<br>Harry C. Gambill | Director | June 26, 2000 |
| Rodger S. Kline*<br>Rodger S. Kline | Chief Operating Officer,<br>Treasurer and Director<br>(Principal financial officer) | June 26, 2000 |
| Thomas F. McLarty, III*<br>Thomas F. McLarty, III | Director | June 26, 2000 |
| Charles D. Morgan*<br>Charles D. Morgan | Chairman of the Board and<br>President (Company Leader)<br>(Principal executive officer) | June 26, 2000 |
| Stephen M. Patterson*<br>Stephen M. Patterson | Director | June 26, 2000 |
| James T. Womble*<br>James T. Womble | Division Leader and Director | June 26, 2000 |

*By: /s/ Catherine L. Hughes
Catherine L. Hughes
Attorney-in-Fact

EXHIBIT INDEX
Exhibits to Form 10-K

| Exhibit No. | Exhibit |
|---|---|
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| 27 | Financial Data Schedule |

EXHIBIT 10(e)

# AMENDED AND RESTATED KEY ASSOCIATE STOCK OPTION PLAN OF ACXIOM CORPORATION as of May 24, 2000

1. Establishment, Continuation, and Purpose. On November 9, 1983, the Board of Directors (the "Board") and the shareholders of Acxiom Corporation (formerly CCX Network, Inc.) (the "Company") approved the adoption of the CCX Network, Inc. Incentive Stock Option Plan and the CCX Network, Inc. Nonstatutory Stock Option Plan. Such plans were amended and restated effective as of April 22, 1987 so as to combine the two separate plans into one plan (the "Plan") and to comply with certain provisions of the Tax Reform Act of 1986. Subsequent amendments were adopted on July 20, 1988; January 30, 1991; May 26, 1993; May 24, 1995, July 23, 1996, May 28, 1997, and May 24, 2000. The purpose of the Plan is to further the growth and development of the Company and any of its present or future subsidiary corporations, as hereinafter defined, by granting to certain key associates of the Company and any subsidiary corporation, as an incentive and encouragement to stock ownership, options to purchase shares of common stock of the Company, $.10 par value ("Common Stock"), thereby offering such key associates a proprietary interest in the Company's business and a more direct stake in its continuing welfare, and aligning their interests with those of the Company's stockholders.

2. Administration. The Plan shall be administered by a committee (the "Committee") of no less than two "disinterested" (as that term is defined in Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the "Act")) members of the Company's Board of Directors. The Committee is authorized to grant options on behalf of the Company as hereinafter provided, to interpret the Plan and options granted pursuant to the Plan, and to make and amend such regulations as it may deem appropriate.

3. Grant of Options. Options to purchase shares of Common Stock shall be granted on behalf of the Company by the Committee from time to time and within the limits of the Plan. The Committee shall determine the key associates ("Optionees" or "Participants") of the Company and of any subsidiary corporation to whom options are to be granted, the number of shares to be granted to each, the option price, the option period(s), and the number of shares that may be exercised during such option period(s). Options granted under the Plan may be either non-qualified stock options or incentive stock options, as defined by Section 422A of the Internal Revenue Code of 1986, as amended (the "Code"). The Committee, at the time each option is granted, shall designate such option as either a non-qualified stock option or an incentive stock option. Any incentive stock option granted under the Plan must be exerciseable within ten (10) years of the date upon which it is granted. For incentive options granted after December 31, 1986, the aggregate fair market value (as determined at the time the option is granted) of the stock with respect to which incentive options granted herein are exerciseable for the first time by any Optionee during any calendar year (under all plans of the Company and its subsidiaries) shall not exceed $100,000.

4. Shares Subject to the Plan. The shares which may be granted pursuant to the Plan shall be authorized and unissued shares of Common Stock not exceeding in the aggregate 15,200,000 shares.

5. Eligible Participants. All key associates of the Company and any subsidiary corporation of the Company shall be eligible to receive options and thereby become Participants in the Plan. In granting options, the Board may include or exclude previous Participants in the Plan. As used herein, the terms "subsidiary corporation" and "parent corporation" shall mean a "subsidiary corporation" or "parent corporation" as defined in Section 425 of the Code.

For purposes of this Plan, a "key associate" shall mean employees of the Company or its affiliates, directors, officers (whether or not they are directors), independent contractors and consultants who render those types of services which tend to contribute materially to the success of the Company or an affiliate or which reasonably may be anticipated to contribute materially to the future success of the Company or an affiliate.

No executive officer named in the Summary Compensation Table of the Company's then current Proxy Statement shall be eligible to receive in excess of 600,000 options in any three-year period.

6. Option Price. (a) The price for each share of Common Stock purchasable under any incentive option shall be not less than one hundred percent (100%) of the fair market value per share on the date of grant. The price for each share of Common Stock purchasable under any non-qualified option shall be any price determined by the Committee in its sole discretion. All such prices shall be subject to adjustment as provided for in paragraph 17 hereof. For purposes of determining the fair market value of the Common Stock, the following rules shall apply:

(i) If the Common Stock is at the time listed or admitted to trading on any stock exchange, then the fair market value shall be either (a) the closing sales price of the Common Stock on the date in question on the principal exchange on which the Common Stock is then listed or admitted to trading, or (b) the average bid and ask price for the ten (10) trading days preceding the week during which the Committee grants options. With respect to (a), if no reported sale of the Common Stock takes place on the date in question on the principal exchange, then the fair market value shall be determined as of the closest preceding date on which such principal exchange shall be have been open for business and shares of the Common Stock were traded.

(ii) If the Common Stock is not at the time listed or admitted to trading on a stock exchange, the fair market value shall be the mean between the closing bid and asked quotations for the Common Stock on the date in question in the over-the-counter market, as such prices are reported in a publication of general circulation selected by the Company and regularly reporting the market price of the Common Stock in such market. If there are no bid and asked quotations for the Common Stock on such date, the fair market value shall be deemed to be the mean between the closing bid and asked quotations in the over-the-counter market for the Common Stock on the closest date preceding the date in question for which such quotations are available.

(b) If any Optionee to whom an incentive option is to be granted under the Plan is on the date of grant the owner of stock (as determined under Section 425(d) of the Code) possessing more than 10% of the total combined voting power of all classes of stock of the Company or any one of its subsidiaries, then the following special provisions shall be applicable to any options granted to such individual:

(i) The option price per share of Common Stock subject to such option shall not be less than 110% of the fair market value of one share of Common Stock on the date of grant; and

(ii) The option shall not have a term in excess of five (5) years from the date of grant.

7. Exercise Period. Subject to paragraph 18, the period for exercising an option (the "Exercise Period") shall be such period of time as may be designated by the Committee at the time of grant, except that:

(a) If a Participant retires during the Exercise Period, such option shall be exerciseable only during the three (3) months following the effective date of retirement, but in no event after the expiration of the Exercise Period, unless the Committee in its discretion provides otherwise.

(b) If a Participant terminates his or her employment by reason of disability, such option shall be exerciseable only during the six (6) months following such termination, but in no event after the expiration of the Exercise Period, unless the Committee in its discretion provides otherwise.

(c) If a Participant dies during the Exercise Period, such option shall be exerciseable by the executors, administrators, legatees or distributees of the Participant's estate only during the twelve (12) months following the date of death, but in no event after the expiration of the Exercise Period, unless the Committee in its discretion provides otherwise.

(d) If a Participant ceases to be an associate of the Company for any cause other than retirement, disability or death, such option shall be exerciseable only during the three (3) months following such termination, but in no event after the expiration of the Exercise Period, unless the Committee in its discretion provides otherwise.

The maximum duration of any incentive stock option granted under the Plan shall be ten (10) years from the date of grant, although such options may be granted for a lesser duration. The Committee shall have the right to accelerate, in whole or in part, from time to time, conditionally or unconditionally, a Participant's rights to exercise any option granted hereunder.

8. Exercise of Option. Subject to paragraphs 7(a), 7(b), 7(c), 7(d) and 18, an option may be exercised at any time and from time to time during the Exercise Period. If one of the events referred to in paragraphs 7(a), 7(b), 7(c) or 7(d) occurs, the option shall be exerciseable (subject to paragraph 18) under this paragraph 8 during the three months following retirement, during the six months following termination by reason of disability, during the twelve months following death, or during the three months following termination for any other reason, only as to the number of shares, if any, as to which the option was exerciseable immediately prior to said retirement, disability, death or other termination, unless the Committee in its discretion provides otherwise.

Notwithstanding the foregoing, with respect to any incentive stock option granted under the Plan prior to January 1, 1987, no such incentive stock option shall be exerciseable by a Participant while there is outstanding any other incentive stock option which was previously granted to the Participant to purchase shares in the Company or in a corporation which (at the time of the granting of such option) is a parent or subsidiary corporation of the Company, or is a predecessor corporation of any such corporation. This provision shall not apply to any options granted after December 31, 1986. For purposes of this paragraph 8, any incentive stock option shall be treated as outstanding until such option is exercised in full or expires by reason of lapse of time.

9. Payment for Shares. Full payment for shares purchased, together with the amount of any tax or excise due in respect of the sale and issue thereof, shall be made in such form of property (whether cash, securities or other

consideration) as may be acceptable to the Committee. The Company will issue no certificates for shares until full payment therefor has been made, and a Participant shall have none of the rights of a shareholder until certificates for the shares purchased are issued to him or her. In lieu of cash, a Participant may pay for the shares purchased with shares of the Company's Common Stock having a fair market value on the date upon which the Participant exercises his or her option equal to the option price, or with a combination of cash and shares of Common Stock equal to the aggregate option price. For purposes of determining fair market value, the rules set forth in paragraph 6 shall apply. The Committee may permit a Participant to defer the issuance of any shares, subject to such rules and procedures as it may establish.

10. Withholding Taxes. The Company may require a Participant exercising a non-qualified option granted hereunder to reimburse the Company (or the subsidiary which employs such Participant) for taxes required by any government to be withheld or otherwise deducted and paid by such corporation in respect of the issuance of the shares. For purposes of determining fair market value, the rules set forth in Paragraph 6 shall apply. A Participant may elect to satisfy such withholding requirements by any one of the following methods:

(a) A Participant may request that the Company (or the subsidiary which employs such Participant) withhold from the number of shares which would otherwise be issued to the Participant that number of shares (based upon the fair market value of the Common Stock on the date of exercise) which would satisfy the withholding requirement. If such an election is made, the Participant must notify the Company that he or she is so electing either (i) six months prior to the date the option exercise becomes taxable (which will either be the date of exercise or, if an election under Section 83(b) of the Code is made, six months before the date of exercise), or (ii) during any period beginning on the third business day following the date upon which any quarterly or annual sales and earnings statement is released by the Company and ending on the thirtieth day following the release of any such statement, such notice provisions being applicable only to those Participants who are "executive officers," as defined in the Act, or directors of the Company.

(b) A Participant may deliver previously-owned shares of Common Stock (based upon the fair market value of the Common Stock on the date of exercise) in an amount which would satisfy the withholding requirement.

(c) A Participant may deliver cash in an amount which would satisfy the withholding requirement.

11. Stock Appreciation Rights. The Committee may, under such terms and conditions as it deems appropriate, authorize the surrender by an Optionee of all or part of an unexercised option and authorize a payment in consideration therefor of an amount equal to the difference obtained by subtracting the option price of the shares then subject to exercise under such option from the fair market value of the Common Stock represented by such shares on the date of surrender, provided that the Committee determines that such settlement is consistent with the purpose of the Plan. Such payment may be made in shares of Common Stock valued at their fair market value on the date of surrender of such option or in cash, or partly in shares and partly in cash. Acceptance of such a surrender and the manner of payment shall be in the discretion of the Committee, subject to the limitations contained in Section 422A of the Code and Section 16b(3) of the Act. For purposes of determining fair market value, the rules set forth in Paragraph 6 shall apply. If an option is surrendered pursuant to this Paragraph 11, the shares covered by the surrendered option will not thereafter be available for grant under the Plan.

12. Loans or Guarantee of Loans. The Committee may authorize the extension of a loan to an Optionee by the Company (or the guarantee by the Company of a loan obtained by an Optionee from a third party) in order to assist an Optionee to exercise an option granted under the Plan. The terms of any loans or guarantees, including the interest rate and terms of repayment, will be subject to the discretion of the Committee. Loans and guarantees may be granted without security, the maximum credit available being the exercise price of the option sought to be executed plus any federal and state income tax liability incurred upon exercise of the option.

13. Transferability. Current and future nonqualified options granted under the Plan may be transferred by a Participant to (i) the Participant's family members (whether related by blood, marriage, or adoption); (ii) trust(s) for the benefit of family members; (iii) family partnerships and/or family limited liability companies; and (iv) former spouse(s) pursuant to divorce. The Committee may, in its sole discretion, permit transfers to other persons or entities upon the request of a Participant. Subsequent transfers of transferred options may only be made to one of the permitted transferees named above, unless the Committee has approved of such subsequent transfer. Otherwise, such transferred options may be transferred only by will or the laws of descent and distribution. Concurrently with any transfer, the transferor shall give written notice to the Plan's then current stock option administrator of the name and address of the transferee, the number of shares being transferred, the date of grant of the options being transferred, and such other information as may reasonably be required by the administrator. Following transfer, any such options shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer. The events of termination of employment set forth in Section 7 of the Plan shall continue to be applied with respect to the original Participant, following which the options shall be exerciseable by the transferee only to the extent that they could have been exercised by the Participant. The Company disclaims any obligation to provide notice to a transferee of any termination or expiration of a transferred option.

14. Conditions to Exercise of Options. The Committee may, in its discretion, require as conditions to the exercise of options and the issuance of shares thereunder either (a) that a registration statement under the Securities Act of 1933, as amended, with respect to the options and the shares to be issued upon the exercise thereof, containing such current information as is required by the Rules and Regulations under said Act, shall have become, and continue to be, effective; or (b) that the Participant (i) shall have represented, warranted and agreed, in form and substance satisfactory to the Company, both that he or she is acquiring the option and, at the time of exercising the option, that he or she is acquiring the shares for his/her own account, for investment and not with a view to or in connection with any distribution; (ii) shall have agreed to restrictions on transfer, in form and substance satisfactory to the Company; and (iii) shall have agreed to an endorsement which makes appropriate reference to such representations, warranties, agreements and restrictions both on the option and on the certificate representing the shares.

15. Conditions to Effectiveness of the Plan. No option shall be granted or exercised if the grant of the option, or the exercise and the issuance of shares pursuant thereto, would be contrary to law or the regulations of any duly constituted authority having jurisdiction.

16. Alteration, Termination, Discontinuance, Suspension, or Amendment. The Board, in its discretion, may alter, terminate, discontinue, suspend or amend the Plan at any time. The Board may not, however, without shareholder approval (except as provided below in paragraph 17), (i) materially increase the maximum

number of shares subject to the Plan, (ii) materially increase the benefits accruing to Participants under the Plan, or (iii) materially modify the requirements as to eligibility for participation in the Plan or, without the consent of the affected Participant, change, alter or impair any option previously granted to him under the Plan (except as provided below in paragraph 18). The Committee shall be authorized to amend the Plan and the options granted thereunder to permit the options to qualify as incentive stock options under Section 422A of the Code and the regulations promulgated thereunder. The rights and obligations under any option granted before amendment of the Plan or any unexercised portion of such option shall not be adversely affected by amendment of the Plan or the option without the consent of the holder of the option.

17. Effect of Changes in Common Stock. If the Company shall combine, subdivide or reclassify the shares of Common Stock which have been or may be subject to the Plan, or shall declare thereon any dividend payable in shares of Common Stock, or shall reclassify or take any other action of a similar nature affecting the Common Stock, then the number and class of shares of Common Stock which may thereafter become subject to options (in the aggregate and to any Participant) shall be adjusted accordingly, and, in the case of each option outstanding at the time of any such action, the number and class of shares which may thereafter be purchased pursuant to such option and the option price per share shall be adjusted to such extent as may be determined by the Committee to be necessary to preserve unimpaired the rights of the Participants, and each and every such determination shall be conclusive and binding upon such Participants.

18. Reorganization. In case of any one or more reclassifications, changes or exchanges of outstanding shares of Common Stock or other stock (other than as provided in paragraph 17), or consolidations of the Company with, or mergers of the Company into other corporations, or other recapitalizations or reorganizations (other than transactions in which the Company continues to exist and which do not result in any reclassification change or exchange of outstanding shares of the Company), or in case of any one or more sales or conveyances to another corporation of the property of the Company as an entirety, or substantially an entirety (any and all of which are referred to in this paragraph 18 as "Reorganization(s)"), the holder of each option then or thereafter outstanding shall have the right, upon any subsequent exercise thereof, to acquire the same kind and amount of securities and property which such holder would then hold if such holder had exercised the option immediately before the first of any such Reorganization, and continued to hold all securities and property which came to such holder as a result of that and any subsequent Reorganization, less all securities and property surrendered or canceled pursuant to any of same, the adjustment rights in paragraph 17 and this paragraph 18 being continuing and cumulative; provided, that notwithstanding any provisions of paragraph 7 to the contrary, the Committee shall have the right in connection with any such Reorganization, upon not less than thirty (30) days, written notice to the holders of outstanding options, to terminate the Exercise Period, and in such event all outstanding options (other than options as to which one of the events referred to in paragraph 7 has occurred) may be exercised only to the extent thereby permitted, in each case only at a time prior to such Reorganization. A liquidation shall be deemed a Reorganization for the foregoing purpose.

19. Use of Proceeds. Proceeds realized from the sale of Common Stock pursuant to options granted hereunder shall constitute general funds of the Company.

EXHIBIT 10(f)

# 2000 ASSOCIATE STOCK OPTION PLAN
# OF
# ACXIOM CORPORATION

1. Establishment and Purpose. The purpose of the 2000 Associate Stock Option Plan of Acxiom Corporation (the "Plan") is to further the growth and development of Acxiom Corporation (the "Company") and any of its present or future Subsidiaries and Affiliated Companies (as defined below) by granting to certain Associates (as defined below) of the Company and any Subsidiary or Affiliated Company options to purchase shares of Common Stock (as defined below) of the Company, thereby offering such Associates a proprietary interest in the Company's business and a more direct stake in its continuing welfare, and aligning their interests with those of the Company's shareholders. This Plan is also intended to assist the Company in attracting and retaining talented Associates, who are vital to the continued development and success of the Company.

2. Definitions. The following capitalized terms, when used in the Plan, will have the following meanings:

(a) "Act" means the Securities Exchange Act of 1934, as amended and in effect from time to time.

(b) "Affiliated Company" means any corporation, limited liability company, partnership, limited liability partnership, joint venture or other entity in which the Company or any of its Subsidiaries has an ownership interest.

(c) "Associate" means any employee, officer (whether or not also a director), affiliate, independent contractor or consultant of the Company, a Subsidiary or an Affiliated Company who renders those types of services which tend to contribute to the success of the Company, its Subsidiaries or its Affiliated Companies, or which may reasonably be anticipated to contribute to the future success of the Company, its Subsidiaries or its Affiliated Companies.

(d) "Board" shall mean the Board of Directors of the Company.

(e) "Code" means the Internal Revenue Code of 1986, as amended and in effect from time to time.

(f) "Common Stock" means the common stock, par value $.10 per share, of the Company or any security into which such common stock may be changed by reason of any transaction or event of the type described in Section 18 of the Plan.

(g) "Committee" means a committee of the Board whose members are appointed by the Board from time to time. All of the members of the Committee, which may not be less than two, are intended at all times to qualify as "outside directors" within the meaning of Section 162(m) of the Code and "Non-Employee Directors" within the meaning of Rule 16b-3; provided, however, that the failure of a member of such Committee to so qualify shall not be deemed to invalidate any Stock Option granted by such Committee.

(h) "Date of Grant" means the date specified by the Committee or the Board, as applicable, on which a grant of Stock Options or Stock Appreciation Rights will become effective.

(i) "Exercise Price" means the purchase price per share payable upon exercise of a Stock Option.

(j) "Fair Market Value" means, as of any applicable determination date or for any applicable determination period, the fair market value of the Common Stock as determined by the Committee or Board.

(k) "Grant Documents" means any written agreement, memorandum or other document or instrument, authorized by the Committee or Board, evidencing the terms and conditions of a Stock Option or Stock Appreciation Right grant under the Plan.

(l) "Incentive Stock Option" means a Stock Option intended to be and designated as an "Incentive Stock Option" within the meaning of Section 422 of the Code.

(m) "Legal Requirements" mean any laws, or any rules or regulations issued or promulgated by the Internal Revenue Service (including Section 422 of the Code), the Securities and Exchange Commission, the National Association of Securities Dealers, Inc., The Nasdaq, Inc.'s National Market (or any other stock exchange upon which the Common Stock is listed for trading), or any other governmental or quasi-governmental agency having jurisdiction over the Company, the Common Stock or the Plan.

(n) "Non-Qualified Stock Option" means any Stock Option that is not an Incentive Stock Option.

(o) "Participant" means a person who is selected by the Committee or the Board, as applicable, to receive Stock Option or Stock Appreciation Right grants under the Plan and who is at that time an Associate.

(p) "Rule 16b-3" means Rule 16b-3 under Section 16 of the Act, as such Rule is in effect from time to time.

(q) "Stock Appreciation Right" means the right pursuant to an award granted under Section 12 of the Plan, to surrender to the Company all (or a portion) of such right and, if applicable, a related Stock Option, and receive cash or shares of Common Stock in accordance with the provisions of Section 12.

(r) "Stock Option" means the right to purchase a share of Common Stock upon exercise of an option granted pursuant to Section 4 of the Plan.

(s) "Strike Price" shall have the meaning set forth for such term in Section 12(b) of the Plan.

(t) "Subsidiary" means any corporation, limited liability company, partnership, limited liability partnership, joint venture or other entity in which the Company owns or controls, directly or indirectly, not less than 50% of the total combined voting power or equity interests represented by all classes of stock issued by such corporation, limited liability company, partnership, limited liability partnership, joint venture or other entity.

3. Administration. The Plan shall be administered by the Committee and the Board. Each of the Committee or the Board has the full authority and discretion to administer the Plan, and to take any action that is necessary or advisable in connection with the administration of the Plan including, without limitation, the authority and discretion to:

(a) select the Associates eligible to become Participants under the Plan;

(b) determine whether and to what extent Incentive Stock Options, Non-Qualified Stock Options or Stock Appreciation Rights are to be granted hereunder to one or more Associates;

(c) determine the number of shares of Common Stock to be covered by each such grant;

(d) determine the terms and conditions, not inconsistent with the terms of the Plan, of any grant hereunder (including, but not limited to, the Exercise Price or Strike Price and any restriction, limitation, procedure, or deferral related thereto, or any vesting acceleration or waiver of forfeiture restrictions regarding any Stock Option, or the shares of stock relating thereto, or any Stock Appreciation Right, based in each case on such guidelines and factors as the Committee or Board shall determine from time to time in its sole discretion); and

(e) determine whether, to what extent and under what circumstances grants under the Plan are to be made and operate, whether on a tandem basis or otherwise, with other grants or awards (whether equity or cash based) made by the Company under or outside of the Plan.

Each of the Committee and the Board shall have the authority to adopt, alter and repeal such rules, guidelines and practices governing the Plan as it shall from time to time deem advisable; to interpret the terms and provision of the Plan and any Stock Option or Stock Appreciation Right grant issued under the Plan (and any Grant Documents relating thereto); and to otherwise supervise the administration of the Plan.

Each of the Committee and the Board shall also have the authority to provide, in its discretion, for the recision, forfeiture, cancellation or other restriction of any Stock Option or Stock Appreciation Right granted under the Plan, or for the forfeiture, recision or repayment to the Company by an Associate or former Associate of any profits or gains related to the exercise of any Stock Option or Stock Appreciation Right granted hereunder, or other limitations, upon the occurrence of such prescribed events and under such circumstances as the Committee or the Board shall deem necessary and reasonable for the benefit of the Company.

All decisions made by the Committee and the Board pursuant to the provisions of the Plan shall be made in the Committee's or Board's sole discretion and shall be final and binding on all persons including the Company and any Participant. No member of the Committee or Board will be liable for any such action or determination made in good faith.

Notwithstanding any provision of the Plan to the contrary, the Committee will have the exclusive authority and discretion to administer or otherwise take any action required or permitted to be taken under the provisions of Sections 4, 6, 7, 8, 10, 11, 12, 17 or 18 hereof with respect to Stock Options or Stock Appreciation Rights granted under the Plan that are intended to comply with the requirements of Section 162(m) of the Code.

4. Grant of Stock Options. The Committee or the Board may from time to time authorize grants of Stock Options to any Participant upon such terms and conditions as the Committee or Board may determine in accordance with the provisions set forth in this Plan. Each grant will specify, among other things, the number of shares of Common Stock to which it pertains; the Exercise Price, the form of payment to be made by the Participant for the shares purchased upon exercise of the Stock Option and the required period or periods (if any) of continuous service by the Participant with the Company, a Subsidiary or an Affiliated Company and/or any other conditions to be satisfied before the Stock Options or installments thereof will vest and become exercisable. Stock Options granted under the Plan may be either Non-Qualified Stock Options or Incentive Stock Options. The Committee or Board, at the time each Stock Option is granted, shall designate such option as either a Non-Qualified Stock Option or an Incentive Stock Option.

Notwithstanding any provision of the Plan to the contrary, the aggregate Fair Market Value (as determined on the Date of Grant) of the Common Stock with respect to which Incentive Stock Options granted are exercisable for the first time by any Participant during any calendar year (under all plans of the Company and its Subsidiaries) shall not exceed the maximum amount specified by Section 422 of the Code, as amended from time to time (currently $100,000).

Each Stock Option granted under this Plan will be evidenced by Grant Documents delivered to the Participant containing such further terms and provisions, consistent with the Plan, as the Committee or Board may approve in its discretion.

5. Shares Subject to the Plan. The total number of shares of Common Stock which may be issued pursuant to the Plan shall not exceed in the aggregate 6,500,000 shares. Such shares may consist, in whole or in part, of authorized and unissued shares or treasury shares, as determined in the discretion of the Committee or Board. Any shares of Common Stock which are subject to Stock Options that are terminated unexercised, forfeited or surrendered or that expire for any reason will again be available for issuance under the Plan. The shares of Common Stock available for issuance under the Plan will be subject to adjustment as provided in Section 18 below.

6. Eligible Participants. All Associates shall be eligible to receive Stock Options and thereby become Participants in the Plan, regardless of such Associate's prior participation in the Plan or any other benefit plan of the Company. No executive officer named in the Summary Compensation Table of the

Company's then current Proxy Statement shall be eligible to receive in excess of 600,000 Stock Options or Stock Appreciation Rights in any three-year period.

7. Exercise Price.

(a) The Exercise Price for each share of Common Stock purchasable under any Stock Option shall be not less than 100% of the Fair Market Value per share on the Date of Grant as the Committee or Board shall specify. All such Exercise Prices shall be subject to adjustment as provided for in Section 18 hereof.

(b) If any Participant to whom an Incentive Stock Option is to be granted under the Plan is on the Date of Grant the owner of stock (as determined under Section 425(d) of the Code) possessing more than 10% of the total combined voting power of all classes of stock of the Company or any one of its Subsidiaries or Affiliated Companies, then the following special provisions shall be applicable to any Incentive Stock Options granted to such individual:

(i) The Exercise Price per share of Common Stock subject to such Incentive Stock Option shall not be less than 110% of the Fair Market Value of one share of Common Stock on the Date of Grant; and

(ii) The Incentive Stock Option shall not have a term in excess of five (5) years from the Date of Grant.

8. Exercise Period. Subject to Section 18 hereof, the period during which a Stock Option shall vest and become exercisable by a Participant (or his or her representative(s) or transferee(s)) whether during or after employment or following death, retirement or disability (the "Exercise Period") shall be such period of time as may be designated by the Committee or Board as set forth in the applicable Grant Documents executed in connection with such Stock Option. If the Committee or Board provides, in its sole discretion, that any Stock Option is exercisable only in installments, the Committee or Board may waive or accelerate such installment exercise provisions at any time at or after grant in whole or in part, based upon such factors as the Committee or Board shall determine, in its sole discretion.

The maximum duration of any Incentive Stock Option granted under the Plan shall be ten (10) years from the Date of Grant (and no such Incentive Stock Option shall be exercisable after the expiration of such (10) year period), although such options may be granted for a lesser duration. The duration of Non-Qualified Stock Options shall be for such period as determined by the Committee or Board in its sole discretion.

9. Exercise of Option. Subject to Section 18 hereof, a Stock Option may be exercised by a Participant at any time and from time to time during the Exercise Period by giving written notice of such exercise to the Company specifying the number of shares of Common Stock to be purchased by Participant. Such notice shall be accompanied by payment of the Exercise Price in accordance with Section 10 below.

10. Payment for Shares. Full payment of the Exercise Price for shares purchased upon exercise of a Stock Option, together with the amount of any tax or excise due in respect of the sale and issue thereof, may be made in one of the following forms of payment:

(a) Cash, by check or electronic funds transfer;

(b) Pursuant to procedures approved by the Company, through the sale (or margin) of shares of Common Stock acquired upon exercise of the Stock Option through a broker-dealer to whom the Participant has submitted an irrevocable notice of exercise and irrevocable instructions to deliver promptly to the Company the amount of sale (or if applicable margin loan) proceeds sufficient to pay for the Exercise Price, together with, if requested by the Company, the amount of federal, state, local or foreign withholding taxes payable by reason of such exercise;

(c) By delivering previously-owned shares of the Company's Common Stock owned by the Participant for a period of at least six months having a Fair Market Value on the date upon which the Participant exercises his or her Stock Option equal to the Exercise Price, or by delivering a combination of cash and shares of Common Stock equal to the aggregate Exercise Price;

(d) By authorizing the Company to withhold a number of shares of Common Stock otherwise issuable to the Participant upon exercise of a Stock Option having an aggregate Fair Market Value on the date upon which the Participant exercises his or her Stock Option equal to the aggregate Exercise Price; or

(e) By any combination of the foregoing;

provided however, that the payment methods described in clauses (c), (d) or (e) immediately above shall not be available to a Participant (i) without the prior consent of either the Committee or Board, or its authorized designee(s) and (ii) if at any time that the Company is prohibited from purchasing or acquiring shares of Common Stock under applicable law. The Committee may permit a Participant to defer the issuance of any shares, subject to such rules and procedures as it may establish.

The Company will issue no certificates for shares until full payment of the Exercise Price has been made, and a Participant shall have none of the rights of a shareholder until certificates for the shares purchased are issued to him or her; provided however, that for purposes of this Section 10, full payment shall be deemed to be received by the Company upon evidence of delivery to a broker-dealer of the irrevocable instructions contemplated by clause (b) immediately above.

11. Withholding Taxes. The Company may require a Participant exercising a Non-Qualified Stock Option or Stock Appreciation Right granted hereunder to reimburse the Company (or the entity which employs such Participant) for taxes required by any government to be withheld or otherwise deducted and paid by such corporation in respect of the issuance of the shares. Such withholding requirements may be satisfied by any one of the following methods:

(a) A Participant may deliver cash in an amount which would satisfy the withholding requirement;

(b) A Participant may deliver previously-owned shares of Common Stock (based upon the Fair Market Value of the Common Stock on the date of exercise) in an amount which would satisfy the withholding requirement; or

(c) With the prior consent of either the Committee or Board, or its authorized designee, a Participant may request that the Company (or the entity which employs such Participant) withhold from the number of shares otherwise issuable to the Participant upon exercise of a Stock Option such number of shares (based upon the Fair Market Value of the Common Stock on the date of exercise) as is necessary to satisfy the withholding requirement.

12. Stock Appreciation Rights.

(a) When granted, Stock Appreciation Rights may, but need not be identified with a specific Stock Option (including any Stock Option granted on or before the Date of Grant of the Stock Appreciation Rights) in a number equal to or different from the number of Stock Appreciation Rights so granted. If Stock Appreciation Rights are identified with shares subject to a Stock Option, then, unless otherwise provided in the applicable Grant Document, the Participant's associated Stock Appreciation Rights shall terminate upon the expiration, termination, forfeiture or cancellation of such Stock Option or the exercise of such Stock Option.

(b) The "Strike Price" of any Stock Appreciation Right shall (i) for any Stock Appreciation Right that is identified with a Stock Option, equal the Exercise Price of such Stock Option, or (ii) for any other Stock Appreciation Right, be not less than 100% of the Fair Market Value of a share of Common Stock on the Date of Grant as the Committee or Board shall specify.

(c) Subject to Section 18 hereof, (i) each Stock Appreciation Right which is identified with any Stock Option grant shall vest and become exercisable by a Participant as and to extent that the related Stock Option which respect to which such Stock Appreciation Right is identified may be exercised and (ii) each other Stock Appreciation Right shall vest and become exercisable by a Participant, whether during or after employment or following death, retirement or disability, at such time or times as may be designated by the Committee or Board as set forth in the applicable Grant Documents executed in connection with such Stock Appreciation Right.

(d) Subject to Section 18 hereof, Stock Appreciation Rights may be exercised by a Participant by delivery to the Company of written notice of intent to exercise a specific number of Stock Appreciation Rights. Unless otherwise provided in the applicable Grant Documents, the exercise of Stock Appreciation Rights which are identified with shares of Common Stock subject to a Stock Option shall result in the cancellation or forfeiture of such Stock Option to the extent of such exercise of such Stock Appreciation Right.

(e) The benefit to the Participant for each Stock Appreciation Right exercised shall be equal to (i) the Fair Market Value of a share of Common Stock on the date of such exercise, minus (ii) the Strike Price of such Stock Appreciation Right. Such benefit shall be payable in cash, except that the Committee or Board may provide in the Grant Documents that benefits may be paid wholly or partly in shares of Common Stock.

13. Loans or Guarantee of Loans. The Committee or Board, or its authorized designee(s), may authorize the extension of a loan to a Participant by the Company (or the guarantee by the Company of a loan obtained by a Participant from a third party) in order to assist a Participant to exercise a Stock Option granted under the Plan. The terms of any loans or guarantees, including the interest rate and terms of repayment, will be subject to the discretion of the Committee or Board, or its authorized designee(s). Loans and guarantees may be granted without security, the maximum credit available being the Exercise Price of the Stock Option sought to be exercised plus any federal and state income tax liability incurred upon exercise of the Stock Option.

14. Transferability.

(a) Incentive Stock Options granted under this Plan shall not be transferred by a Participant, except by will or by the laws of descent and distribution.

(b) Non-Qualified Stock Options and Stock Appreciation Rights (subject to the limitations in paragraph (c) below) granted under the Plan may be transferred by a Participant to: (i) the Participant's family members (whether related by blood, marriage, or adoption and including a former spouse); (ii) trust(s) in which the Participant's family members have a greater than 50% beneficial interest; and (iii) family partnerships and/or family limited liability companies which are controlled by the Participant or the Participant's family members, such transfers being permitted to occur by gift or pursuant to a domestic relation order, or, only in the case of transfers to the entities described in clauses (i) and (ii) immediately above, for value. The Committee or Board, or its authorized designee(s) may, in its sole discretion, permit transfers of Non-Qualified Stock Options or Stock Appreciation Rights to other persons or entities upon the request of a Participant. Subsequent transfers of previously transferred Non-Qualified Stock Options or Stock Appreciation Rights may only be made to one of the permitted transferees named above, unless the subsequent transfer has been approved by the Committee or the Board, or its authorized designee(s). Otherwise, such transferred options may be transferred only by will or the laws of descent and distribution.

(c) Notwithstanding the foregoing, if at the time any Stock Option is transferred as permitted under this Section 14, a corresponding Stock Appreciation Right has been identified as being granted in tandem with such Stock Option, then the transfer of such Stock Option shall also constitute a transfer of the corresponding Stock Appreciation Right, and such Stock Appreciation Right shall not be transferable other than as part of the transfer of the Stock Option to which it relates.

(d) Concurrently with any transfer, the transferor shall give written notice to the Plan's then current Stock Option administrator of the name and address of the transferee, the number of shares being transferred, the

Date of Grant of the Stock Options or Stock Appreciation Rights being transferred, and such other information as may reasonably be required by the administrator. Following transfer, any such Stock Options or Stock Appreciation Rights shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer. The provisions of the Plan and applicable Grant Documents shall continue to be applied with respect to the original Participant, and such Stock Options or Stock Appreciation Rights shall be exercisable by the transferee only to the extent that they could have been exercised by the Participant under the terms of such Grant Documents. The Company disclaims any obligation to provide notice to a transferee of any termination or expiration of a transferred Stock Option or Stock Appreciation Right.

15. Conditions to Exercise of Options. The Committee or Board may, in its discretion, require as conditions to the exercise of Stock Options or Stock Appreciation Rights and the issuance of shares thereunder either (a) that a registration statement under the Securities Act of 1933, as amended, with respect to the Stock Options or Stock Appreciation Rights and the shares to be issued upon the exercise thereof, containing such current information as is required by the Rules and Regulations under said Act, shall have become, and continue to be, effective; or (b) that the Participant or his or her transferee(s) (i) shall have represented, warranted and agreed, in form and substance satisfactory to the Company, both that he or she is acquiring the Stock Option or Stock Appreciation Right and, at the time of exercising the Stock Option or Stock Appreciation Right, that he or she is acquiring the shares for his/her own account, for investment and not with a view to or in connection with any distribution; (ii) shall have agreed to restrictions on transfer, in form and substance satisfactory to the Company; and (iii) shall have agreed to an endorsement which makes appropriate reference to such representations, warranties, agreements and restrictions both on the option and on the certificate representing the shares.

16. Conditions to Effectiveness of the Plan. No Stock Option of Stock Appreciation Right shall be granted or exercised if the grant of the Stock Option or Stock Appreciation Right, or the exercise and the issuance of shares or other consideration pursuant thereto, would be contrary to law or the regulations of any duly constituted authority having jurisdiction.

17. Alteration, Termination, Discontinuance, Suspension, or Amendment.

(a) Subject to the requirements of paragraph (c) below, the Committee or Board may, without the consent of the Participant, amend any Grant Documents evidencing a Stock Option or Stock Appreciation Right granted under the Plan, or otherwise take action, to accelerate the time or times at which the Stock Option or Stock Appreciation Right may be exercised, to extend the expiration date of the Stock Option or Stock Appreciation Right, to waive any other condition or restriction applicable to such Stock Option or Stock Appreciation Right or to the exercise of such Stock Option or Stock Appreciation Right, to reduce the Exercise Price or Strike Price, as applicable, of such Stock Option or Stock Appreciation Right, to amend the definition of a change in control of the Company (if such a definition is contained in such Grant Documents) to expand the events that would result in a change in control of the Company and to add a change in control provision to such Grant Documents (if such provision is not contained in

such Grant Documents) and may amend any such Grant Documents in any other respect with the consent of the Participant.

(b) Subject to the requirements of paragraph (c) below, the Plan may be amended from time to time by the Board or any duly authorized committee thereof.

(c) If required by any Legal Requirement, any amendment to the Plan or any Grant Document will also be submitted to and approved by the requisite vote of the shareholders of the Company. If any Legal Requirement requires the Plan to be amended, or in the event any Legal Requirement is amended or supplemented (e.g., by addition of alternative rules) to permit the Company to remove or lessen any restrictions on or with respect to Stock Options or Stock Appreciation Rights, the Board and the Committee each reserves the right to amend the Plan or any Grant Documents evidencing a Stock Option or Stock Appreciation Right to the extent of any such requirement, amendment or supplement, and all Stock Options or Stock Appreciation Rights then outstanding will be subject to such amendment.

(d) Notwithstanding any provision of the Plan to the contrary, the Committee or the Board may not, without prior approval of the shareholders of the Company, reprice any outstanding Stock Option by either lowering the Exercise Price thereof or canceling such outstanding Stock Option in consideration of a grant having a lower Exercise Price. This paragraph 17(d) is intended to prohibit the repricing of "underwater" Stock Options without prior shareholder approval and shall not be construed to prohibit the adjustments provided for in Section 18 hereof.

(e) The Plan may be terminated at any time by action of the Board. The termination of the Plan will not adversely affect the terms of any outstanding Stock Option or Stock Appreciation Right.

(f) The Plan will not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary or Affiliated Company, nor will it interfere in any way with any right the Company or any Subsidiary or Affiliated Company would otherwise have to terminate a Participant's employment or other service at any time.

18. Adjustment of Shares; Effect of Certain Transactions. Notwithstanding any other provision of the Plan to the contrary, in the event of any change in the shares of Common Stock subject to the Plan or to any Stock Option or Stock Appreciation Right granted under the Plan (through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, issuance of rights to subscribe, or change in capital structure), appropriate adjustments or substitutions shall be made by the Committee or Board as to the (i) maximum number of shares of Common Stock subject to the Plan, (ii) maximum number of shares of Common Stock for which Stock Options or Stock Appreciation Rights may be granted to any one employee, and (iii) the number of shares of Common Stock and price per share subject to outstanding Stock Options or Stock Appreciation Rights as shall be equitable to prevent dilution or enlargement of rights under previously granted Stock Options or Stock Appreciation Rights. The determination

of the Committee or Board as to these matters shall be conclusive; provided, however, that (i) any such adjustment with respect to an Incentive Stock Option and any related Stock Appreciation Right shall comply with the rules of Section 424(a) of the Code, and (ii) in no event shall any adjustment be made which would disqualify any Incentive Stock Option granted hereunder as an Incentive Stock Option for purposes of Section 422 of the Code.

The Committee or Board may determine, in its discretion, that Stock Options and Stock Appreciation Rights may become immediately exercisable upon the occurrence of a transaction involving a "change in control" of the Company, which transactions shall be as defined in the Grant Documents pursuant to which Stock Options or Stock Appreciation Rights are granted. A "change in control" transaction may include a merger or consolidation of the Company, a sale of all or substantially all of its assets, or the acquisition of a significant percentage of the voting power of the Company, or such other form of transaction as the Committee or Board determines to constitute a change in control.

The Committee or Board, in its discretion, may also determine that, upon the occurrence of such a "change in control" transaction, each Stock Option or Stock Appreciation Right outstanding hereunder shall terminate within a specified number of days after notice to the holder, and such holder shall receive, with respect to each share of Common Stock subject to such Stock Option or Stock Appreciation Right, an amount equal to the excess of the fair market value of the shares immediately prior to the occurrence of such transaction (which shall be no less than the value being paid for such shares pursuant to such transaction) over the Exercise Price or Strike Price, as applicable, of such Stock Option or Stock Appreciation Right; such amount shall be payable in cash, in one or more of the kinds of property payable in such transaction, or in a combination thereof, as the Committee or Board in its discretion shall determine.

19. Use of Proceeds. Proceeds realized from the sale of Common Stock pursuant to Stock Options granted hereunder shall constitute general funds of the Company.

Exhibit 10(h)

# Acxiom Corporation
# Leadership Team Compensation Plan
# Fiscal Year 2001

## PLAN OBJECTIVE

The objective of the Leadership Team compensation plan is to implement a pay plan that reflects the leader's responsibility, provide compensation that is both equitable and competitive, and which will:

Align the leader's interests with shareholder/investor's interest.

Motivate leaders to achieve the highest level of performance.

Retain key leaders by linking leadership team compensation to company performance.

Attract the best leaders through competitive, growth-oriented plans.

Enable sharing of growth & success between associates, leaders and shareholders.

## ELIGIBILITY OF PARTICPANTS

For purposes of the Leadership Team Compensation Plan, eligible associates will include Division leaders, Group leaders, Business Unit leaders, Sales leaders, Business Development leaders, Industry Application Development leaders, Finance and Accounting leaders, Organizational Development leaders, Legal leaders and Corporate Office leaders.

## COMPONENTS AND PLAN STRUCTURE

The components of the Leadership Team Compensation Plan are as follows:

Base salary (not at risk)
Base salary (at risk)
Long-term incentive (stock options)
Retention/Recruiting Bonus (Special Situations Only)

Exhibit 1 of this document reflects the above components for the 5 levels of the Leadership Team Compensation Plan. In addition, it reflects the Business Development / Sales Leadership Plan.

Each level of the plan has the following:

Base salary based on comparable market salary for the equivalent position.

Plan structure reflects percentages for each plan component to total compensation as well as number of years for which options are granted under the long-term incentive component of the plan.

Each leader is slotted into one of the five levels based on experience, scope of responsibility and past performance. The individual to whom the leader reports is responsible for managing his/her respective slotting. Division leaders must approve all level 3 slottings. Additionally, Division leaders must approve all slottings of individuals on the Business Development / Sales Leadership Compensation Plan. The Company leader must approve all slottings of levels 4 and 5.

Leaders slotted in the Business Development / Sales Leadership Plan must be a senior level business development / sales leader responsible for:

developing new business and relationships at senior executive levels of customers and prospects, or providing leadership to two or more sales associates for a Group or Division.

providing leadership means assigning quotas and territories, conducting regular reviews of salesperson's call activity, hiring, terminations, preparing associate effectiveness plans, performance reviews, coaching, mentoring and overseeing the overall sales process for the area.

BASE SALARY (NOT AT RISK)

Based on market data, guidelines have been established for base salary ranges and base salary increases for leaders. The target market for senior leaders is the 75th percentile. The target market for all other leaders is the 50th percentile. Leaders who are substantially below market for their role should be placed on a 3 to 4 year market adjustment plan to bring their base salary in line with the market.

The percentage increase guidelines are revised / validated annually.

BASE SALARY (AT RISK)

General

Base salary at risk (referred to as at risk throughout the remainder of this document) is determined based on the level in which the leader is slotted. At risk is based on the eligible associate's base salary as of May 1. No adjustment is made to at risk amounts during the plan year unless the leader moves from one plan level to another or is assigned a different job role that warrants a change. In the event there is a change in at risk, it will be prorated based on the date of the change.

Eligible associates must be employed on the date of the actual payment to receive payment for the quarterly and/or year-end at risk. The at risk for eligible associates who joined the Leadership Team after the beginning of the quarter will be pro-rated based on hire date. Additionally, the year-end at risk amount will be prorated in the same manner.

Division leaders have the right to withhold a leader's quarterly and/or annual at risk payment if the leader is on a performance improvement plan or has failed to deliver against his/her objectives.

At Risk Attainment

At risk attainment is determined based on Company Pre-investment EVA attainment.

Pre-investment EVA targets for Q1 and Q2 are shown below. Due to Acxiom's 6 month planning cycle, targets for Q3, Q4 and year-end will be determined later in the year and communicated at that time.

Pre-investment EVA Targets - FY2001

| | |
|---|---|
| First Quarter | $ 2,404,000 |
| Second Quarter | $ 1,733,000 |

EVA Incentive Principles

Target Incentive

Represents the competitive total compensation opportunity.

Expected EVA Improvement

Performance standard to achieve the company "target EVA" and to meet the market expectation of EVA improvement required to support the price of the Company's stock.

Achievement of Expected EVA Improvement results in Target Incentive (at risk) Pool.

Sharing of EVA Improvement Above/Below Expected

Associates and shareholders share risks and rewards.

Sharing of incremental EVA (above/below "Expected") is constant.

50% of every $1 of EVA above expected is added to incentive (at risk )pool
50% of every $1 of EVA below expected is subtracted from incentive (at risk) pool (EVA improvement can be below zero).

Associates/leaders share in all risks and rewards with no caps or floors.

At Risk Pool Funding

At risk pool is funded from earnings after meeting the Company's target EPS gate.

All at risk payments are subject to EPS gate except the commission/specific objective component of the Business Development / Sales Leadership plans. See page 5 - Commission/specific objective at risk targets.

At risk pool funding is subject to pro rata reduction if full funding above EPS Gate is not achieved.

EPS targets for Q1, Q2 and end of year are shown below. Due to Acxiom's 6 month planning cycle, targets for Q3 and Q4 will be determined later in the year and communicated at that time.

EPS Targets - FY2001

First Quarter $ .20
Second Quarter $ .28
Full Year $1.18

At Risk Pool Distribution

Distribution of the at risk pool to the divisions, shared services organizations and the corporate office will be determined by the CLT quarterly and at year-end.

Divisions will be measured based on their own performance. Shared Services and the Corporate Office will be measured on the Company's total performance.

Guideline criteria for distributions are:

Actual EVA Improvement (60%)
Contribution Improvement of Business Plan Submitted (20%)
Other - Major Wins, DSO Improvement Targets, etc. (20%)

Quarterly At Risk Pool Distribution

CLT will discuss attainment versus guideline criteria.

Compensation Committee will make recommendation for distribution.

CLT will make the final determination of distribution of the funded at risk pool to each of the Divisions, Shared Services and Corporate Office.

Annual At Risk Pool Distribution

CLT will discuss attainment versus guideline criteria.

CLT will rate each division's performance against criteria (anonymously).

Compensation Committee will rate each division's performance.

Outside consultant on EVA incentive plans (Scott Olsen) will recommend distribution.

CLT will make the final determination of distribution of the funded at risk pool to each of the Divisions, Shared Services and Corporate Office.

Allocation of At Risk to Each Individual

Individual at risk attainment is to be determined by Table 1 shown below.

Individual at risk paid equals adjusted attainment based on the percentage of distribution (determined above) compared to total at risk opportunity for your affiliated area of the business (Division, Shared Services or Corporate Office).

Any excess over targeted at risk is retained until year-end and will be included in the overachievement incentive calculations.

Standard At Risk Targets

The following represents a breakdown of the standard at risk targets that will be used to determine individual attainment.

Table 1:

| | Corporate Office | Division Leaders | Group Leaders OD/FA Leaders** | Revenue Unit Leaders | Shared Services Unit Leaders |
|---|---|---|---|---|---|
| Common Fate | 100% Co. EVA | 60% Co. EVA | 40% Co. EVA | 25% Co. EVA | 75% Co. EVA |
| Unit Performance | 0% | 30% Div EVA | 25% Div. EVA | 75%* | 25% Bus. Plan |
| | | 10% A/R | 25% Group EVA | (20%Div. EVA)* | |
| | | | 10% A/R | (45% Group EVA)* | |
| | | | | 10% A/R | |

* These are the default percentages unless the corporate office approves a different documented plan. The Division leader should submit differences to the corporate office by June 30 and by October 31 for mid-year revisions.

**Organizational Development and Finance/Accounting leaders' at risk targets are 50% Company EVA and 50% Division EVA.

EVA Targets for Divisions, Groups and Units (Except Data Products Division)

The Division, Group and unit EVA is the controllable EVA for a Division and revenue Group/Unit which includes the direct revenue and expenses for the unit(s) less appropriate ABM charges including data center consumption, application software and facilities. Also included will be a charge for the cost of capital including accounts receivable, data center equipment, workstation/LAN and facilities. The target for your Group/Unit EVA will be negotiated with your Division leader.

Exceptions granted during the current fiscal year will affect next year's EVA targets.

EVA Targets for Data Products Division - Groups/Units

The definition for EVA for the Data Products Division is the same as for all other divisions except it is calculated on a product line view. Product line EVA targets and attainment must be certified by the Corporate Office.

Business Plan Targets for Shared Services - Groups/Units

The business plan target component for Shared Services is to maintain your expenses at or below your current fiscal year budget.

Commission/Specific Objective At Risk Targets

These targets apply only to Business Development / Sales Leadership Plan.

The commission/specific objective portion of at risk under this plan is based on revenue and/or EVA percentage of quota attainment for the territories assigned to the business development/sales leader. It is the responsibility of the individual's Division and/or Group leader to establish these targets.

The commission/specific objective portion will be funded by the Unit, Group or Division and is not subject to the EPS gate as is the common fate portion of at risk. Budgets and EVA targets will not be adjusted for additional commission expense due to these plans.

All commissions are calculated on a YTD, cumulative basis.

The Division leader may change commission plan provisions and assigned quotas at any time.

The Division leader may choose not to accept additional business when resources are not available to process the work. It is the sales leader's responsibility to make certain that the work will be accepted before customer commitments are made.

Method Of Payment

It is Acxiom's intention to pay at risk in cash. However, from time to time the Company Leadership Team (CLT), may elect to pay at risk in stock options if conditions of the business justify it. In the event this decision is made, the CLT will make every effort to notify the Leadership Team members within 5 business days of the decision being finalized. If at risk is paid in stock options in lieu of cash, the Black-Scholes model will be used to calculate the option value and number of options. A two-year valuation will be used for the calculation. All of the options will be issued at the market price and will be 100% vested.

Payments will be made quarterly based on attainment of financial objectives up to the target incentive and are subject to the EPS funding gate calculation, as follows:

First Quarter - 1/8th of total opportunity
Second Quarter - 1/8th of total opportunity
Third Quarter - 1/8th of total opportunity
Fourth Quarter - 5/8th of total opportunity (1/8 for the 4th Quarter & 1/2 for the Annual Target)

All over achievement incentive calculations will be deferred until year-end. Over attainment distributions will be either in Stock Options or cash at the discretion of the Compensation Committee.

All payments will be made within 60 days of the end of the quarter.

All EVA and EPS gate calculations will be done on a year-to-date, cumulative basis.

For the first, second, third and fourth quarters, the objectives are equal to the year-to-date financial targets as of the end of each respective quarter and are subject to the EPS gate calculation.

Incentive Bank

Cumulative performance and incentive linked.

Over/Under achievement by Division for current year "deposited" into incentive bank.

Bank balance distributed:

Up to 33% of the resulting bank balance will be distributed.

It is the intent of the plan to distribute 33% of the bank balance under normal circumstances.

Actual payout % to be determined annually by the Compensation Committee based on business conditions, financial results and funding considerations.

The Compensation Committee may adjust the payout % based on special circumstances and may elect to not distribute any of the remaining bank balance and to carry all of it forward to the next year.

The Compensation Committee may elect to pay all or a portion of the distribution in stock options.

Remaining bank balance reserved for future payment subject to sustained business performance of the Division and Acxiom Corporation.

Bank balances are subject to forfeiture to satisfy EPS Gate.

"Negative" bank balance "repaid" before future overachievement incentives are paid.

In order to receive any distributions from the incentive bank, the associate must be employed at the time of distribution. Bank balances will be forfeited upon termination.

Over/Under Achievement

Above/below targeted EVA, 50% of all Incremental EVA will be added to / subtracted from the Incentive Banks.

Above/Below target funds will be added to/subtracted from the respective incentive banks based on the performance of the affiliated area of the business (Division, Shared Services or Corporate Office).

The over/under achievement EVA will be primarily calculated at the Division level. However, the Compensation Committee has the authority to make adjustments based on business circumstances. In no cases will the sum of the over attainment banked be greater than the total company's over attainment.

LONG-TERM INCENTIVE

For purposes of determination of the long-term incentive (LTI), eligible associates must be employed and be a member of the Leadership Team on the date the Board of Directors reviews the LTI grants for that year (May Board of Directors meeting). These options fall under the Acxiom stock option plan and will be subject to all standard provisions.

The long-term incentive will be in the form of stock options and other performance vehicles as necessary. The current year vehicle will be stock options.

Stock options will be awarded under three categories:

Category A - Fair market value at date of grant
Category B - 25% above fair market value
Category C - 50% above fair market value

Using the Black-Scholes stock options pricing model, the mix of options to be awarded as an approximate percentage of the total long-term incentive are:

Category A - 50% of total long-term incentive
Category B - 25% of total long-term incentive
Category C - 25% of total long-term incentive

Under the long-term incentive plan, participants will be awarded a grant of stock options on a cycle corresponding to the level of compensation plan to which the leader has been assigned. Multi-year grants are awarded for levels 3 through 5.

In the event a leader is assigned a level with multi-year grants, they will be awarded the number of years of options necessary to put them on the same cycle as all other leaders on that level.

Stock options awarded will vest over 6 years, 20% after years 2, 3, 4, 5, & 6 respectively, following the date of grant. Stock options may not be exercisable later than fifteen years after their date of grant.

Stock options may also be granted at the October Board Meeting. The October options include new Leadership Team members as well as adjustments for those moving from one level to another.

It is the current intent of the Board of Directors to continue this plan (or a similar plan) in future years. The Board of Directors reserves the right to modify or cancel this plan in at any time for any reason at its sole discretion.

RETENTION/RECRUITING BONUS

Retention Bonus

The objective of the retention bonus is to provide a vehicle to retain key senior leaders who we are at risk of losing.

Each Retention Bonus Plan for a senior leader must by approved by Charles Morgan and Rodger Kline.

In addition to the standard at risk plan, a retention bonus can be put in place for a leader with the following plan provisions:

Up to 25% of base salary (determined by Division leader, Rodger Kline and Charles Morgan)

To be paid at same time as at risk payments

Not subject to Corporate gate

Based on achieving predetermined, documented, individual objectives

Distribution amounts to be determined by Division leader

Recruiting Bonus

With the current demand for talent, it may be necessary to pay a one-time recruiting bonus to recruit key leaders to Acxiom.

In addition to the standard at risk plan, a retention bonus can be put in place for a leader with the following plan provisions: Up to 25% of base salary (determined by Division leader, Rodger Kline and Charles Morgan) To be paid upon hiring Not subject to Corporate gate

PLAN MODIFICATIONS

Any modification to this standard plan must be approved in advance by Rodger Kline.

Exhibit 1

Acxiom Corporation
Compensation Guidelines - FY2001
Leadership Team

**General Leadership Team Plan**

| Leader Classification | 'Not at Risk' Base Salary Ranges | Plan Structure | | | |
|---|---|---|---|---|---|
| | | Base | At Risk | LTI | Yrs. Granted |
| Level 5 | | 35% | 25% | 40% | 3 |
| Level 4 | Salary ranges determined by market data for individual area of responsibility. | 40% | 25% | 35% | 3 |
| Level 3 | | 50% | 25% | 25% | 2 |
| Level 2 | | 60% | 20% | 20% | 1 |
| Level 1 | | 70% | 15% | 15% | 1 |

NOTE: At Risk Opportunity for the fiscal year is established based on Base Salary as of May 1, 2000.

**Business Development / Sales Leadership Team Plan**

| Leader Classification | 'Not at Risk' Base Salary Ranges | Plan Structure | | | |
|---|---|---|---|---|---|
| | | Base | At Risk | LTI | Yrs Granted |
| Level 3 | | 40% | 40% | 20% | 2 |
| Level 2 | Salary ranges determined by market data for individual area of responsibility. | 40% | 40% | 20% | 1 |
| Level 1 | | 50% | 30% | 20% | 1 |

| Common Fate | Commissions |
|---|---|
| 75% | 25% |
| 50% | 50% |
| 25% | 75% |

NOTE: At Risk Opportunity for the fiscal year is established based on Base Salary as of May 1, 2000.

**% Increase Guidelines for Salaries**

| Perf. & Comp. Average | Within Range | In Excess of Range | Below Range |
|---|---|---|---|
| 1-4 | 0% | 0% | Multi-year market adjustment plans to be put in place to reach market. |
| 5-8 | Up to 6% | Up to 2% | |
| 9-10 | Up to 8% | Up to 4% | |

EXHIBIT 10(j)

CREDIT AGREEMENT

dated as of

29 December 1999

among

ACXIOM CORPORATION

The Lenders Party Hereto,

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION
as the agent and a co-administrative agent

and

MERCANTILE BANK, N.A.,
as a co-administrative agent,

with

BANK OF AMERICA, N.A.,
as syndication agent,

and

ABN AMRO BANK N.V.,
THE BANK OF NOVA SCOTIA,
BANK ONE, NA,
WACHOVIA BANK, N.A.
and
SUNTRUST BANK, NASHVILLE, N.A.
as co-agents,

CHASE SECURITIES INC.,
as sole book manager and a co-lead arranger

and

BANC OF AMERICA SECURITIES LLC,
as a co-lead arranger

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# CREDIT AGREEMENT

This CREDIT AGREEMENT (this "Agreement") dated as of December 29, 1999, is among ACXIOM CORPORATION, a Delaware Corporation, the LENDERS party hereto, CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, as the agent and as a co-administrative agent and MERCANTILE BANK, N.A., as a co-administrative agent, and BANK OF AMERICA, N.A., as syndication agent.

The parties hereto agree as follows:

## ARTICLE I.

## Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Accumulated Total Assets" has the meaning specified in Section 6.05.

"Acquiring Company" has the meaning specified in Section 6.04.

"Adjusted EBITDA" has the meaning specified in Section 7.02.

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Questionnaire" means an administrative questionnaire in a form supplied by the Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agent" means Chase Bank of Texas, National Association, as agent for the Lenders hereunder.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate, respectively.

"Applicable Percentage" means, at any time and with respect to any Lender, the percentage of the total Revolving Commitments represented by such Lender's Revolving Commitment at such time. If the Revolving Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Revolving Commitments most recently in effect, giving effect to any assignments.

"Applicable Rate" means, for any day (a) with respect to any ABR Loan or Eurodollar Loan or with respect to the commitment fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "ABR Spread", "Eurodollar Spread" or "Commitment Fee Rate", as the case may be, opposite the category in the table below which corresponds with the actual Leverage Ratio as of the most recent determination date; provided that until the first date that the Applicable Rate is determined as set forth below in this definition, the "Applicable Rate" shall be the applicable rate per annum set forth below in Category 3:

| Leverage Ratio | ABR Spread | Eurodollar Spread | Commitment Fee Rate |
|---|---|---|---|
| Category 1 less than 0.50 to 1.00 | 0.00% | 1.00% | 0.225% |
| Category 2 great than or equal to 0.50 to 1.00 but less than 1.00 to 1.00 | 0.00% | 1.25% | 0.250% |
| Category 3 greater than 1.00 to 1.00 but less than 1.50 to 1.00 | 0.00% | 1.50% | 0.300% |
| Category 4 greater than or equal to 1.50 to 1.00 | 0.25% | 1.75% | 0.375% |

For purposes of the foregoing, (i) the Leverage Ratio shall be determined as of the end of each fiscal quarter of the Borrower's fiscal year based upon the Borrower's consolidated financial statements delivered pursuant to Section 5.01(a) or (b) beginning with the fiscal quarter ended June 30, 2000 and (ii) each change in the Applicable Rate resulting from a change in the Leverage Ratio shall be effective during the period commencing on and including the date of delivery to the Agent of such consolidated financial statements indicating such change and ending on the date immediately preceding the effective date of the next such change; provided that the Leverage Ratio shall be deemed to be in Category 4 (A) at any time that an Event of Default has occurred and is continuing or (B) at the option of the Agent or at the request of the Required Lenders if the Borrower fails to deliver the consolidated financial statements required to be delivered by it pursuant to Section 5.01(a) or (b), during the period from the expiration of the time for delivery thereof until such consolidated financial statements are delivered.

"Assessment Rate" means, for any day, the annual assessment rate in effect on such day that is payable by a member of the Bank Insurance Fund classified as "well-capitalized" and within supervisory subgroup "B" (or a comparable successor risk classification) within the meaning of 12 C.F.R. Part 327 (or any successor provision) to the Federal Deposit Insurance Corporation for insurance by such Corporation of time deposits made in dollars at the offices of such member in the United States; provided that if, as a result of any change in any law, rule or regulation, it is no longer possible to determine the Assessment Rate as aforesaid, then the Assessment Rate shall be such annual rate as shall be determined by the Agent to be representative of the cost of such insurance to the Lenders.

"Asset Value" has the meaning specified in Section 7.04.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.04), and accepted by the Agent, in the form of Exhibit A or any other form approved by the Agent.

"Base CD Rate" means the sum of (a) the Three-Month Secondary CD Rate multiplied by the Statutory Reserve Rate plus (b) the Assessment Rate.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means Acxiom Corporation, a Delaware corporation.

"Borrowing" means Loans of the same Class and Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

"Borrowing Request" means a request by the Borrower for a Borrowing in accordance with Section 2.03.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York, New York, Houston, Texas, or Dallas, Texas are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Expenditures" means, for any period, the additions to property, plant and equipment and other capital expenditures of the Borrower and its consolidated Subsidiaries that are (or would be) set forth in a consolidated statement of cash flows of the Borrower for such period prepared in accordance with GAAP.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Change in Control" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of Sections 13(d) or 14(d) the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) of Equity Interests representing more than 20% of either the aggregate ordinary voting power or the aggregate equity value represented by the issued and outstanding Equity Interests in Borrower; or (b) the acquisition of direct or indirect Control of the Borrower by any Person or group; or (c) any "Change of Control" as defined in the Subordinated Debt Documents.

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or the Issuing Bank (or, for purposes of Section 2.14(b), by any lending office of such Lender or by such Lender's or the Issuing Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Swingline Loans.

"Co-Administrative Agents" means Chase Bank of Texas, National Association and Mercantile Bank, N.A.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Concentration Test" has the meaning specified in Section 5.11.

"Consolidated Net Income" has the meaning specified in Section 7.01.

"Consolidated Tangible Net Worth " has the meaning specified in Section 7.01.

"Consolidated Total Assets" means, with respect to any Person and at any time, all amounts which in conformity with GAAP would be included as assets on a consolidated balance sheet of such Person.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Current Maturity Date" has the meaning specified in Section 2.08(b).

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Disclosed Matters" means all the matters disclosed in the Borrower's reports to the securities and Exchange Commission on form 10-Q for the quarterly period ended September 30, 1999 and on form 10-K for the fiscal year ended March 31, 1999.

"Dispositions" has the meaning set forth in Section 6.05.

"Dollar Amount" means, as of any date of determination, (a) in the case of any amount denominated in dollars, such amount, and (b) in the case of any amount denominated in other currency, the amount of dollars which is equivalent to such amount of other currency as of such date, determined by using the Spot Rate on the date two (2) Business Days prior to such date.

"dollars" or "$" refers to lawful money of the United States of America.

"Domestic Subsidiary" means any Subsidiary that is organized under the laws of the United States of America, any state thereof or the District of Columbia.

"EBITDA" has the meaning specified in Section 7.02.

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 10.02).

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Forward Agreement" means the Synthetic Purchase Agreement governed by that certain International Swap Dealers Association, Inc. Master Agreement entered into between Borrower and Chase Bank of Texas, National Association in December of 1999, as the same may be amended or otherwise modified from time to time.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person and any option, warrant or other right relating thereto.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan

administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning specified in Article VIII.

"Excluded Subsidiary " means any Foreign Subsidiary and any Subsidiary who is not a party to the Subsidiary Guaranty.

"Excluded Subsidiary Loan and Guaranty Amount" has the meaning specified in Section 6.01(a)(iii).

"Excluded Subsidiary Loan and Guaranty Limit" has the meaning specified in Section 6.01(a)(iii).

"Excluded Taxes" means, with respect to the Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.18(b)), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Foreign Lender's failure to comply with Section 2.16(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.16(a).

"Extension Request" has the meaning specified in Section 2.08(b).

"Federal Funds Effective Rate" means (i) for the first day of an ABR Borrowing or Swingline Loan, the rate per annum which is the average of the rates on the offered side of the Federal funds market quoted by three interbank Federal funds brokers, selected by the Agent, at approximately the time the Borrower requests such Borrowing or Swingline Loan, for dollar deposits in immediately available funds, for a period and in an amount, comparable to the principal amount of such ABR Borrowing or Swingline Loan, as the case may be, and (ii) for each day of such ABR Borrowing or Swingline Loan thereafter, or for

any other amount hereunder which bears interest at the Alternative Base Rate or the Federal Funds Effective Rate, the rate per annum which is the average of the rates on the offered side of the Federal funds market quoted by three interbank Federal funds brokers, selected by the Agent, at approximately 2:00 p.m. New York City time on such day for dollar deposits in immediately available funds, for a period and in an amount, comparable to the principal amount of such ABR Borrowing, Swingline Loan or other amount, as the case may be; in the case of both clauses (i) and (ii), as determined by the Agent and rounded upwards, if necessary, to the nearest 1/100 of 1%.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower.

"Fixed Charges" has the meaning specified in Section 7.03.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Subsidiary" means any Subsidiary that is organized under the laws of a jurisdiction other than the United States of America, any State thereof or the District of Columbia.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness, or other obligation (including any obligations under an operating lease) of such Person or any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation (including the lessor under an operating lease) of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Guarantor" means Acxiom CDC, Inc., Acxiom/Direct Media, Inc., Acxiom/May & Speh, Inc., Acxiom RM-Tools, Inc., Acxiom/Woodland Hills Data Center, Inc. and each other Subsidiary who becomes a guarantor under the Subsidiary Guaranty in accordance with Section 5.11.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Hedging Agreement" means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement, security hedging agreement, other interest, currency or security exchange rate or commodity price hedging arrangement, any Synthetic Purchase Agreement or any other derivative instrument.

"Increased Commitment Supplement" has the meaning specified in Section 2.19.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (f) all obligations of others secured by (or for which the holder of such obligations has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed (provided that for purposes of this clause (f) the amount of any such Indebtedness shall be deemed not to exceed the higher of the market value or the book value of such assets), (g) all Guarantees by such Person of obligations of others (including Guarantees of operating leases), (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, (k) indebtedness in respect of mandatory redemption or mandatory dividend rights on Equity Interests but excluding dividends payable solely in additional Equity Interests, (l) all obligations of such Person, contingent or otherwise, for the payment of money under any noncompete, consulting or similar agreement entered into with the seller of a Target or any other similar arrangements providing for the deferred payment of the purchase price for an acquisition permitted hereby or an acquisition consummated prior to the date hereof, (m) all obligations of such Person under any Hedging Agreement, (n) all obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which lease is required or is permitted to be classified and accounted for as an operating lease under GAAP but which is intended by the parties thereto for tax, bankruptcy, regulatory, commercial law, real estate law and all other purposes as a financing arrangement, and (o) all other amounts (other than accruals, deferred revenue and deferred taxes) which are required by GAAP to be included as liabilities on a consolidated balance sheet of such Person. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person

is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. The amount of the obligations of the Borrower or any Subsidiary in respect of any Hedging Agreement (including, without limitation, the obligations arising under the Equity Forward Agreement) shall, at any time of determination and for all purposes under this Agreement, be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Subsidiary would be required to pay if such Hedging Agreement were terminated at such time giving effect to current market conditions notwithstanding any contrary treatment in accordance with GAAP. The deferred purchase price of property or services to be paid through earnings of the purchaser to the extent such amount is not characterized as liabilities in accordance with GAAP shall not be Indebtedness.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Information Memorandum" means the Confidential Information Memorandum dated December 1999 relating to the Borrower and the credit facility established by this Agreement.

"Interest Election Request" means a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.07.

"Interest Payment Date" means (a) with respect to any ABR Loan, the last day of each March, June, September and December commencing the first such date after the Effective Date, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period, and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

"Interest Period" means with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Issuing Bank" means Chase Bank of Texas, National Association, in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.05(i). The Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of the Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

"LC Disbursement" means a payment made by the Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"Lenders" means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender.

"Letter of Credit" means any letter of credit issued pursuant to this Agreement.

"Leverage Ratio" means, on any date, the ratio of Total Indebtedness to Adjusted EBITDA then most recently calculated in accordance with Section 7.02.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of Chase Bank of Texas, National Association in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan Documents" means this Agreement, the Subsidiary Guaranty and all other certificates, agreements and other documents or instruments now or hereafter executed and/or delivered pursuant to or in connection with this Agreement or the Subsidiary Guaranty and any and all amendments, modifications, supplements, renewals, extensions or restatements thereof.

"Loans" means the loans made by the Lenders to the Borrower pursuant to this Agreement.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations or financial condition of the Borrower and the

Subsidiaries taken as a whole, (b) the ability of the Borrower or any Guarantor to perform any of its obligations under any Loan Document or (c) the validity, enforceability or collectibility of the Revolving Loans or the ability of the Agent and the Lenders to enforce a material provision of any Loan Document.

"Material Indebtedness" means Indebtedness (other than the Loans and Letters of Credit) of any one or more of, the Borrower and the Subsidiaries in an aggregate principal amount exceeding a Dollar Amount equal to $5,000,000.

"Maturity Date" means December 29, 2002, or such later date as may be requested by the Borrower and approved by the Lenders in accordance with Section 2.08(b).

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"New Lender" has the meaning specified in Section 2.19.

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Encumbrances" means:

(a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 120 days and are not being enforced or are being contested in compliance with Section 5.04;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under clause (k) of Article VIII;

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially

detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Significant Subsidiary;

(g) Liens arising from filing UCC financing statements regarding leases permitted by this Agreement;

(h) leases or subleases of equipment to customers in the ordinary course of business;

(i) leases or subleases entered into by Borrower or a Subsidiary in good faith with respect to its property not used in its business and which do not materially interfere with the ordinary conduct of business of the Borrower or any Significant Subsidiary; and

(j) Liens incurred by Borrower with the consent of the Required Lenders;

provided that the term "Permitted Encumbrances" shall not include any Lien described in clauses (a) through (h) above that secures Indebtedness.

"Permitted Investments" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof which has a combined capital and surplus and undivided profits of not less than $500,000,000; and (d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by Chase Bank of Texas, National Association as its prime rate in effect at its principal office in Houston, Texas; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Prior Assets" has the meaning specified in Section 7.02.

"Prior Company" has the meaning specified in Section 7.02.

"Prior Target" has the meaning specified in Section 7.02.

"Purchase Price" means, as of any date of determination and with respect to a proposed acquisition, the purchase price to be paid for the Target or its assets, including all cash consideration paid (whether classified as purchase price, noncompete or consulting payments or otherwise), the value of all other assets to be transferred by the purchaser in connection with such acquisition to the seller (including any stock issued to the seller) all valued in accordance with the applicable purchase agreement and the outstanding principal amount of all Indebtedness of the Target or the seller assumed or acquired in connection with such acquisition.

"Register" has the meaning specified in Section 10.04.

"Rejecting Lender" has the meaning specified in Section 2.08(b).

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Required Lenders" means, at any time, Lenders having Revolving Exposures and unused Revolving Commitments representing 51% of the sum of the total Revolving Exposures and unused Revolving Commitments at such time.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Equity Interests in the Borrower or any Subsidiary (including any dividend, other distribution or other payment in respect of Equity Interests under a Synthetic Purchase Agreement).

"Revolving Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Revolving Commitments in accordance with the terms of this Agreement.

"Revolving Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Revolving Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The initial amount of each Lender's Revolving Commitment is set forth on Schedule 2.01, or

in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Revolving Commitment, as applicable. The initial aggregate amount of the Lenders' Revolving Commitments is $275,000,000.

"Revolving Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans and its LC Exposure and Swingline Exposure at such time.

"Revolving Lender" means a Lender with a Revolving Commitment or, if the Revolving Commitments have terminated or expired, a Lender with Revolving Exposure.

"Revolving Loan" means advances made pursuant to Section 2.01.

"S&P" means Standard & Poor's.

"Senior Debt" has the meaning specified in Section 7.04.

"Senior Notes" means the following senior notes of the Borrower:

(a) the 6.92% Senior Notes due March 30, 2007 in the original aggregate amount of $30,000,000; and

(b) 9.75% Senior Notes due May 1, 2000.

"Senior Note Documents" means the indentures or note purchase agreements under which the Senior Notes have been issued and all other instruments, agreements and other documents evidencing or governing the Senior Notes or providing for any Guarantee or other right in respect thereof.

"Significant Subsidiary" means, at any date of determination, any Subsidiary (i) whose Consolidated Total Assets equals or exceeds five percent (5%) of the Consolidated Total Assets of the Borrower, or (ii) whose Consolidated Net Income for the most recently completed four fiscal quarters equals or exceeds five percent (5%) of the Borrower's Consolidated Net Income for such period. In calculating Consolidated Net Income under the foregoing clause for a four fiscal quarter period, if the Borrower or a Subsidiary acquires the assets of a Target either directly or through a merger, the Consolidated Net Income of the Target for such four fiscal quarter period attributable to the time prior to the acquisition shall be added to the Consolidated Net Income of the Borrower or such Subsidiary, as applicable.

"Spot Rate" means, with respect to any day, the rate determined on such date on the basis of the offered exchange rates, as reflected in the foreign currency exchange rate display of Telerate System, Incorporated at or about 10:00 a.m. (Dallas, Texas time), to purchase dollars with the other applicable currency, provided that, if at least two such offered rates appear on such display, the rate shall be the arithmetic mean of such offered rates and, if no such offered rates are so displayed, the Spot Rate shall be determined by the Agent on the basis of the arithmetic mean of such offered rates as determined by the Agent in accordance with its normal practice.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Agent is subject (a) with respect to the Base CD Rate, for new negotiable nonpersonal time deposits in dollars of over $100,000 with maturities approximately equal to three months and (b) with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Subject Period" has the meaning set forth in Section 7.02.

"Subordinated Debt" means the Borrower's and Acxiom/May & Speh, Inc.'s 5.25% convertible subordinated notes due 2003 in the aggregate principal amount of $115,000,000 and the Indebtedness represented thereby.

"Subordinated Debt Documents" means the indenture under which the Subordinated Debt is issued and all other instruments, agreements and other documents evidencing or governing the Subordinated Debt or providing for any Guarantee or other right in respect thereof.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" means any subsidiary of the Borrower.

"Subsidiary Guaranty" means the Guaranty Agreement in substantially the form of Exhibit "C" hereto, executed by certain Subsidiaries for the benefit of the Agent and the Lenders, as the same may be amended or otherwise modified.

"Swingline Exposure" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

"Swingline Lender" means Chase Bank of Texas, National Association, in its capacity as lender of Swingline Loans hereunder.

"Swingline Loan" means a Loan made pursuant to Section 2.04.

"Synthetic Airplane Lease Facility" means the synthetic lease arrangement under which a lessor has committed to purchase (for an aggregate purchase price not to exceed $2,250,000) and lease to the Borrower a Dassault-Breguet, Model Falcon 10 Aircraft and related components under an aircraft lease agreement entered into by the Borrower on or about December 29, 1999.

"Synthetic Equipment Lease Facility" means the synthetic lease arrangement under which a lessor has committed to purchase and lease to the Borrower up to $100,000,000 of equipment under a master lease agreement entered into by the Borrower on September 30, 1999.

"Synthetic Purchase Agreement" means any agreement pursuant to which the Borrower or a Subsidiary is or may become obligated to make any payment (i) in connection with the purchase by any third party of any Equity Interest or subordinated Indebtedness or (ii) the amount of which is determined by reference to the price or value at any time of any Equity Interest or subordinated Indebtedness; provided that no phantom stock or similar plan providing for payments only to current or former directors, officers or employees of the Borrower or the Subsidiaries (or to their heirs or estates) shall be deemed to be a Synthetic Purchase Agreement.

"Synthetic Real Property Lease" means a synthetic lease arrangement under which a lessor has or will commit to purchase and lease to the Borrower or a Subsidiary the real property owned by Borrower consisting of two city blocks bounded by East 3rd Street, East 4th Street, Ferry Street and Commerce Street in downtown Little Rock, Arkansas for an aggregate purchase price not to exceed $35,000,000.

"Target" means a Person who is to be acquired or whose assets are to be acquired in a transaction permitted by Section 6.04.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Three-Month Secondary CD Rate" means, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day is not a Business Day, the next preceding Business Day) by the Board through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day) or, if such rate is not so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 a.m., New York City time, on such day (or, if such day is not a Business Day, on the next preceding Business Day) by the Agent from three negotiable certificate of deposit dealers of recognized standing selected by it.

"Total Indebtedness" has the meaning set forth in Section 7.02.

"Transferring Subsidiary " has the meaning set forth in Section 6.04.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurodollar Loan") or by Class and Type (e.g., a "Eurodollar Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurodollar Borrowing") or by Class and Type (e.g., a "Eurodollar Revolving Borrowing").

SECTION 1.03. Terms Generally.

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP.

Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Co-Administrative Agents that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

## ARTICLE II.

## The Credits

SECTION 2.01. Commitments.

Subject to the terms and conditions set forth herein, each Revolving Lender agrees to make advances to the Borrower from time to time during the Revolving Availability Period in an aggregate principal amount that will not result in such Revolving Lender's Revolving Exposure exceeding such Revolving

Lender's Revolving Commitment. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow under this Section 2.01.

SECTION 2.02. Loans and Borrowings.

(a) Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans of the same Type made by the Revolving Lenders ratably in accordance with their respective Revolving Commitments except as may otherwise be required by Section 2.19. The failure of any Revolving Lender to make any Revolving Loan required to be made by it shall not relieve any other Revolving Lender of its obligations hereunder; provided that the Revolving Commitments of the Revolving Lenders are several and no Revolving Lender shall be responsible for any other Revolving Lender's failure to make Revolving Loans as required.

(b) Subject to Section 2.13, each Revolving Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith; provided that all Borrowings made on the Effective Date must be made as ABR Borrowings. Each Revolving Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Revolving Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $250,000 and not less than $2,000,000. At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $100,000 and not less than $1,000,000; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Revolving Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e). Each Swingline Loan shall be in an amount that is an integral multiple of $25,000 and not less than $50,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of 10 Eurodollar Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Requests for Borrowings.

To request a Revolving Borrowing, the Borrower shall notify the Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., Dallas, Texas time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 10:00 a.m., Dallas, Texas time, on the day of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Agent of a written Borrowing Request in a form approved by the Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of such Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;

(iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Agent shall advise each Revolving Lender of the details thereof and of the amount of such Revolving Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Swingline Loans.

(a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make advances to the Borrower from time to time during the Revolving Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding $30,000,000 or (ii) the sum of the total Revolving Exposures exceeding the total Revolving Commitments; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Borrower shall notify the Swingline Lender of such request by telephone (confirmed by telecopy) not later than 12:00 noon, Dallas, Texas time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Swingline Lender shall make each Swingline Loan available to the Borrower by means of a credit to the general deposit account of the Borrower with the Swingline Lender or by wire transfer, automated clearing house debit or interbank transfer to such other account, accounts or Persons as may be designated from time to time by the Borrower (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e), by remittance to the Issuing Bank) by 3:00 p.m., Dallas, Texas time, on the requested date of such Swingline Loan.

(c) The Swingline Lender may by written notice given to the Agent not later than 12:00 noon, Dallas, Texas time, on any Business Day require the Revolving Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Revolving Lenders will participate. Promptly upon receipt of such notice, the Agent will give notice thereof to each Revolving Lender, specifying in such notice such Revolving Lender's Applicable Percentage

of such Swingline Loan or Loans. Each Revolving Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Agent, for the account of the Swingline Lender, such Revolving Lender's Applicable Percentage of such Swingline Loan or Loans. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Revolving Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.06 with respect to Loans made by such Revolving Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Revolving Lenders. The Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Agent; any such amounts received by the Agent shall be promptly remitted by the Agent to the Revolving Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

SECTION 2.05. Letters of Credit.

(a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit for its own account, in a form reasonably acceptable to the Issuing Bank, at any time and from time to time during the Revolving Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank and the Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Issuing Bank, the Borrower also shall submit a letter of credit application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and

warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the LC Exposure shall not exceed $40,000,000 and (ii) the total Revolving Exposures shall not exceed the total Revolving Commitments.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) (provided that any Letter of Credit with a one-year term may provide for the renewal thereof for additional one-year periods not to extend past the date in clause (ii) below) and (ii) the date that is five Business Days prior to the Maturity Date.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Bank or the Revolving Lenders, the Issuing Bank hereby grants to each Revolving Lender, and each Revolving Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Revolving Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Lender hereby absolutely and unconditionally agrees to pay to the Agent, for the account of the Issuing Bank, such Revolving Lender's Applicable Percentage of each LC Disbursement made by the Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Revolving Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If the Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Agent an amount equal to such LC Disbursement not later than 12:00 noon, Dallas, Texas time, on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 10:00 a.m., Dallas, Texas time, on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 12:00 noon, Dallas, Texas time, on (i) the Business Day that the Borrower receives such notice, if such notice is received prior to 10:00 a.m., Dallas, Texas time, on the day of receipt, or (ii) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time on the day of receipt; provided that the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.04 that such payment be financed with an ABR Borrowing or Swingline Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Borrowing or Swingline Loan. If the Borrower fails to make such payment when due, the Agent shall notify each Revolving Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Revolving Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Revolving Lender shall pay to the Agent its Applicable Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.06 with respect to Loans made by such Revolving Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment

obligations of the Revolving Lenders), and the Agent shall promptly pay to the Issuing Bank the amounts so received by it from the Revolving Lenders. Promptly following receipt by the Agent of any payment from the Borrower pursuant to this paragraph, the Agent shall distribute such payment to the Issuing Bank or, to the extent that Revolving Lenders have made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such Revolving Lenders and the Issuing Bank as their interests may appear. Any payment made by a Revolving Lender pursuant to this paragraph to reimburse the Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. None of the Co-Administrative Agents, the Lenders, the Issuing Bank, or any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank. The foregoing provisions of this clause (f) shall not be construed to excuse the Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Issuing Bank (as finally determined by a court of competent jurisdiction), the Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall promptly notify the Agent and the Borrower by telephone (confirmed by telecopy) of such demand for

payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Issuing Bank and the Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If the Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Loans; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.12(d) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Lender pursuant to paragraph (e) of this Section to reimburse the Issuing Bank shall be for the account of such Revolving Lender to the extent of such payment.

(i) Replacement of the Issuing Bank. The Issuing Bank may be replaced at any time by written agreement among the Borrower, the Agent, the replaced Issuing Bank and the successor Issuing Bank. The Agent shall notify the Lenders of any such replacement of the Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.11(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Agent or the Required Lenders demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Agent, in the name of the Agent and for the benefit of the Lenders, an amount in cash equal to the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in clause (h) or (i) of Article VIII. Each such deposit shall be held by the Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Agent to reimburse the Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for

the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Required Lenders) be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived.

SECTION 2.06. Funding of Borrowings.

(a) Each Revolving Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, Dallas, Texas time, to the account of the Agent most recently designated by it for such purpose by notice to the Revolving Lenders; provided that Swingline Loans shall be made as provided in Section 2.04. The Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Agent or by wire transfer, automated clearing house debit or interbank transfer to such other account, accounts or Persons designated by the Borrower in the applicable Borrowing Request; provided that ABR Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e) shall be remitted by the Agent to the Issuing Bank.

(b) Unless the Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Agent such Lender's share of such Borrowing, the Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Agent, then the applicable Lender and the Borrower severally agree to pay to the Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.07. Interest Elections.

(a) Each Revolving Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower shall notify the Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Agent of a written Interest Election Request in a form approved by the Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02 and paragraph (f) of this Section:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

(f) A Revolving Borrowing may not be converted to or continued as a Eurodollar Borrowing if after giving effect thereto the Interest Period therefor would commence before and end after a date on which any principal of the Loans is scheduled to be repaid.

SECTION 2.08. Termination and Reduction of Revolving Commitments; Extension of Maturity Date.

(a) Unless previously terminated, the Revolving Commitments shall terminate on the Maturity Date.

(b) By written notice sent to the Co-Administrative Agents (which the Agent shall promptly distribute to the Lenders), the Borrower may request that the then effective Maturity Date (the "Current Maturity Date") be extended to a date one year from the then Current Maturity Date (an "Extension Request"). An Extension Request may be delivered by the Borrower to the Co-Administrative Agents at any time prior to the date which is 90 days prior to the then Current Maturity Date when no Default exists. Within 45 days of the receipt by the Agent of an Extension Request, each Lender shall provide the Agent and the Borrower with a written consent to, or a rejection of, the Borrower's Extension Request. The decision whether to accept or reject an Extension Request shall be made by each Lender in its sole discretion based on such information as it may deem necessary and no Lender shall have any obligation to agree to any extension of the then Current Maturity Date. The failure of a Lender to respond to any Extension Request within such 45-day period shall be deemed a rejection of such request. If all the Lenders consent to an Extension Request, the Maturity Date shall be the date one year from the then Current Maturity Date as specified in a notice from the Agent. If Lenders holding 25% or less of the Revolving Exposures and unused Revolving Commitments reject an Extension Request (the "Rejecting Lenders"), then the Borrower may take one of the following actions: (i) by written notice to each Rejecting Lender and the Agent, delivered prior to the then Current Maturity Date, terminate the Revolving Commitment of each Rejecting Lender if simultaneously with such termination the Borrower pays to each Rejecting Lender all amounts owed by the Borrower to such Rejecting Lender hereunder or (ii) cause each Rejecting Lender to assign its interest in the Agreement to a new Lender who will consent to the Extension Request under the terms of Section 2.18(b) on or before the then Current Maturity Date. If the Borrower consummates either of the foregoing actions on or before the then Current Maturity Date, then the Maturity Date shall be the date one year from the then Current Maturity Date as specified in a notice from the Agent.

(c) The Borrower may at any time terminate, or from time to time reduce, the Revolving Commitments; provided that (i) each reduction of the Revolving Commitments shall be in an amount that is an integral multiple of $1,000,000 and not less than $10,000,000 and (ii) the Borrower shall not terminate or reduce the Revolving Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.10, the sum of the Revolving Exposures would exceed the total Revolving Commitments.

(d) The Borrower shall notify the Agent of any election to terminate or reduce the Revolving Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Revolving Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Revolving Commitments shall be permanent. Each reduction of the Revolving

Commitments shall be made ratably among the Lenders in accordance with their respective Revolving Commitments.

SECTION 2.09. Repayment of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay (i) to the Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan of such Lender on the Maturity Date, and (ii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two Business Days after such Swingline Loan is made; provided that on each date that a Revolving Borrowing is made, the Borrower shall repay all Swingline Loans then outstanding.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans of any Class made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.10. Prepayment of Loans.

(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part without premium or penalty except for amounts paid in accordance with Section 2.15, subject to the requirements of this Section.

(b) In the event and on such occasion that the sum of the Revolving Exposures exceeds the total Revolving Commitments, the Borrower shall prepay Revolving Borrowings or Swingline Borrowings (or, if no such Borrowings are outstanding, deposit cash collateral in an account with the Agent pursuant to Section 2.05(j)) in an aggregate amount equal to such excess.

(c) Prior to any optional or mandatory prepayment of Borrowings hereunder, the Borrower shall select the Borrowing or Borrowings to be prepaid and shall specify such selection in the notice of such prepayment pursuant to paragraph (d) of this Section.

(d) The Borrower shall notify the Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., Dallas, Texas time, three Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., Dallas, Texas time, on the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, not later than 12:00 noon, Dallas, Texas time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment; provided that, if a notice of optional prepayment is given in connection with a conditional notice of termination of the Revolving Commitments as contemplated by Section 2.08, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.08. Promptly following receipt of any such notice (other than a notice relating solely to Swingline Loans), the Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02, except as necessary to apply fully the required amount of a mandatory prepayment. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.12.

SECTION 2.11. Fees.

(a) The Borrower agrees to pay to the Agent for the account of each Lender a commitment fee, which shall accrue at the Applicable Rate on the average daily unused amount of the Revolving Commitment of such Lender during the period from and including the Effective Date to but excluding the date on which such Revolving Commitment terminates. Accrued commitment fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Revolving Commitments terminate, commencing on the first such date to occur after the date hereof. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). For purposes of computing commitment fees, the Revolving Commitment of a Lender shall be deemed to be used to the extent of the outstanding Revolving Loans and LC Exposure of such Lender (and the Swingline Exposure of such Lender shall be disregarded for such purpose).

(b) The Borrower agrees to pay (i) to the Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Rate as interest on Eurodollar Borrowings on the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Revolving Commitment terminates and the date on which such Lender

ceases to have any LC Exposure, and (ii) to the Issuing Bank, for its own account, a fronting fee, which shall accrue at the rate of 1/8 % per annum on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date of termination of the Revolving Commitments and the date on which there ceases to be any LC Exposure, as well as the Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Revolving Commitments terminate and any such fees accruing after the date on which the Revolving Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Bank pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Agent (or to the Issuing Bank, in the case of fees payable to it) for distribution, in the case of commitment fees and participation fees, to the Lenders entitled thereto. Except in the case of errors in payment which have been confirmed by Agent, fees paid shall not be refundable under any circumstances.

SECTION 2.12. Interest.

(a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) The Swingline Loans shall bear interest at the Federal Funds Effective Rate in effect from day to day plus 1.75%.

(d) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Borrowings as provided in paragraph (a) of this Section.

(e) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and upon termination of the Revolving Commitments; provided that (i) interest accrued pursuant to paragraph (d) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan prior to the end of the Revolving Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and

(iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(f) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or Adjusted LIBO Rate shall be determined by the Agent, and such determination shall be conclusive absent manifest error. The Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Agent in determining any interest rates pursuant to this Section 2.12.

SECTION 2.13. Alternate Rate of Interest.

If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Agent determines (which determination shall be conclusive absent manifest error) that through no fault of the Agent adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period; or

(b) the Agent is advised by the Required Lenders that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to the Lenders (as certified by such Required Lenders in a written certificate delivered to Agent and Borrower setting forth in detail the reasons for such Required Lenders' position) of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing.

SECTION 2.14. Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or the Issuing Bank; or

(ii) impose on any Lender or the Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or the

Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or the Issuing Bank hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or the Issuing Bank determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital or on the capital of such Lender's or the Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the Issuing Bank, to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Bank's policies and the policies of such Lender's or the Issuing Bank's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or the Issuing Bank setting forth (i) the amount or amounts (including a description of the method of calculating such amount or amounts), necessary to compensate such Lender or the Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and (ii) the applicable Change in Law and other facts that give rise to such amount or amounts shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or the Issuing Bank, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender or the Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender or the Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender or the Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.15. Break Funding Payments.

In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or as a result of the operation of Section 2.18), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Revolving Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.10(d) and is revoked in accordance therewith), or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.08 or Section 2.18, then, in any such event, the Borrower shall compensate each Lender

for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower, shall set forth the method of calculating such amount or amounts and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.16. Taxes.

(a) Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) each recipient of each such payment receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Agent, each Lender, the Issuing Bank, and any other party hereto within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Agent, such Lender, the Issuing Bank or other party hereto, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder or under any other Loan Document (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or the Issuing Bank, or by the Agent on its own behalf or on behalf of a Lender or the Issuing Bank, shall set forth in reasonable detail the origin and amount of the payments to be due under this Section 2.16 (c) and such certificate shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Agent the original or a certified copy of a receipt issued by such Governmental

Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Agent.

(e) If a Lender, the Issuing Bank or Agent shall become aware that it is entitled to claim a refund from a Governmental Authority specifically in respect of Indemnified Taxes or Other Taxes as to which it has been indemnified by a Borrower, or with respect to which a Borrower has paid additional amounts, pursuant to this Section 2.16, it shall promptly notify Borrower of the availability of such refund claim and shall, within 30 days after receipt of a request by Borrower, make a claim to such Governmental Authority for such refund at Borrower's expense. If a Lender, the Issuing Bank or any Agent receives a refund (including pursuant to a claim for refund made pursuant to the preceding sentence) specifically in respect of any Indemnified Taxes or Other Taxes as to which it has been indemnified by Borrower or with respect to which Borrower had paid additional amounts pursuant to this Section 2.16, it shall within 30 days from the date of such receipt pay over such refund to Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by Borrower under this Section 2.16 with respect to the Indemnified Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of such Lender, Issuing Bank or Agent and without interest (other than interest paid by the relevant Governmental Authority with respect to such refund); provided, however, that Borrower, upon the request of such Lender, Issuing Bank or Agent, agrees to repay the amount paid over to Borrower (plus penalties, interest or other charges) to such Lender, Issuing Bank or Agent in the event such Lender, Issuing Bank or Agent is required to repay such refund to such Governmental Authority.

(f) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate.

SECTION 2.17. Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) The Borrower shall make each payment required to be made by it hereunder or under any other Loan Document (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.14, 2.15 or 2.16, or otherwise) prior to the time expressly required hereunder or under such other Loan Document for such payment (or, if no such time is expressly required, prior to 12:00 noon, Dallas, Texas time), on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Agent at its offices in New York, New York, except payments to be made directly to the Issuing Bank or Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.14, 2.15, 2.16 and 10.03 and the other clauses of this Section 2.17 shall be made directly to the Persons entitled thereto and payments pursuant to other Loan Documents shall be made to the Persons specified therein. The Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment under any Loan Document shall be due on a day that is not a Business Day, the date for payment shall be extended to

the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments under each Loan Document shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Revolving Loans or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans and participations in LC Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Agent for the account of the Lenders or the Issuing Bank hereunder that the Borrower will not make such payment, the Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d) or (e), 2.06(b), 2.17(d) or 10.03(c), then the Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.18. Mitigation Obligations; Replacement of Lenders.

(a) If any Lender requests compensation under Section 2.14, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.14 or 2.16, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.14, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, or if any Lender defaults in its obligation to fund Loans hereunder or if a Lender fails to consent to an Extension Request, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 10.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Agent (and, if a Revolving Commitment is being assigned, the Issuing Bank and Swingline Lender), which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder (including any amounts due under Section 2.15 other than in connection with an assignment resulting from a Lender's default in its obligations to fund Loans), from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts), (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.16 or payments required to be made pursuant to Section 2.16, such assignment will result in a reduction in such compensation or payments, and (iv) in the case of any such assignment under the terms of Section 2.08(b) resulting from the rejection of an Extension Request, such assignment will result in the consent by all Lenders to such Extension Request. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

SECTION 2.19. Increase of Revolving Commitments.

By written notice sent to the Agent (which the Agent shall promptly distribute to the Lenders), the Borrower may request an increase of the aggregate amount of the Revolving Commitments (i) by an aggregate amount equal to any integral

multiple of $5,000,000 and not less than $10,000,000 and (ii) by an aggregate amount not to exceed $25,000,000; provided that (i) no Default shall have occurred and be continuing, (ii) the aggregate amount of the Revolving Commitments shall not have been reduced, nor shall the Borrower have given notice of any such reduction under Section 2.08(c), and (iii) the aggregate amount of the Revolving Commitments shall not previously have been increased pursuant to this Section 2.19. Within 10 days after such request has been given, each Lender shall notify the Agent, whether or not, in the exercise of its sole discretion, it is willing to increase its Revolving Commitment by an amount equal to its pro rata share (calculated based on its Revolving Commitment then in existence) of the requested increase (each Lender having no obligation to do so). The Agent shall promptly notify the Borrower and each other Lender of each Lender's decision. Any Lender that does not so notify the Agent within such period shall be deemed to have decided not to be willing to increase its Revolving Commitment. If one or more of the Lenders is not willing to so increase its Revolving Commitment, then within 15 days after the Borrower's original request has been given, with notice to the Agent and the other Lenders, another one or more financial institutions, each as approved by the Borrower and the Agent (a "New Lender"), may commit to provide an amount equal to the aggregate amount of the requested increase that will not be provided by the existing Lenders (the "Increase Amount"); provided, that the Revolving Commitment of each New Lender shall be at least $5,000,000 and the maximum number of New Lenders shall be three (3). Upon receipt of notice from the Agent to the Lenders and the Borrower that the Lenders, or sufficient Lenders and New Lenders, have agreed to commit to an aggregate amount equal to the Increase Amount (or such lesser amount as the Borrower shall agree, which shall be at least $10,000,000 and an integral multiple of $5,000,000 in excess thereof), then: provided that no Default exists at such time or after giving effect to the requested increase, the Borrower, the Agent and the Lenders willing to increase their respective Revolving Commitments and the New Lenders (if any) shall execute and deliver an Increased Commitment Supplement (herein so called) in the form attached hereto as Exhibit "D". If all existing Lenders shall not have provided their pro rata portion of the requested increase, on the effective date of the Increased Commitment Supplement the Borrower shall request a borrowing hereunder which shall be made only by the Lenders who have increased their Revolving Commitment and, if applicable, the New Lenders. The proceeds of such borrowing shall be utilized by the Borrower to repay the Lenders who did not agree to increase their Revolving Commitments, such borrowing and repayments to be in amounts sufficient so that after giving effect thereto, the Revolving Loans shall be held by the Lenders pro rata according to their respective Revolving Commitments.

## ARTICLE III.

## Representations and Warranties

The Borrower represents and warrants to the Lenders that:

SECTION 3.01. Organization; Powers.

Each of the Borrower and each Significant Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 3.02. Authorization; Enforceability.

The Loan Documents to be entered into by the Borrower and each Guarantor are within their respective corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. This Agreement has been duly executed and delivered by the Borrower and constitutes, and each other Loan Document to which the Borrower or any of the Guarantors is to be a party, when executed and delivered, will constitute, a legal, valid and binding obligation of, the Borrower or such Guarantor (as the case may be), enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03. Governmental Approvals; No Conflicts.

The execution, performance and delivery of the Loan Documents by the Borrower and the Guarantors (a) do not require any consent or approval of, registration or filing with (other than the inclusion of this Agreement as an exhibit to routine filings under the Securities Exchange Act of 1934), or any other action by, any Governmental Authority, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Borrower or any of the Significant Subsidiaries or any order of any Governmental Authority, (c) will not violate in any material respect or result in a material default under any indenture, agreement or other instrument (including, without limitation, the Subordinated Debt Documents and the Senior Note Documents) binding upon the Borrower or any of the Significant Subsidiaries or its assets, or give rise to a right thereunder to require any payment to be made by the Borrower or any of the Significant Subsidiaries, and (d) will not result in the creation or imposition of any Lien on any asset of the Borrower or any of the Significant Subsidiaries.

SECTION 3.04. Financial Condition; No Material Adverse Change.

(a) The Borrower has heretofore furnished to the Lenders its consolidated balance sheet and statements of income, stockholders equity and cash flows (i) as of and for the fiscal year ended March 31, 1999, reported on by KPMG LLP, independent public accountants, and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended September 30, 1999, certified by its chief financial officer. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower and the Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) Except as disclosed in the financial statements referred to above or the notes thereto or in the Information Memorandum and except for the Disclosed Matters, none of the Borrower or the Subsidiaries has, as of the Effective Date, any contingent liabilities, unusual long-term commitments or unrealized losses which could reasonably be expected to result in a Material Adverse Effect.

(c) Since September 30, 1999, there has been no material adverse change in the business, assets, operations or financial condition of the Borrower and the Subsidiaries, taken as a whole.

SECTION 3.05. Properties.

(a) Each of the Borrower and the Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business, (except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes) free and clear of all Liens other than Permitted Encumbrances and Liens permitted by clauses (ii) through (vii) of Section 6.02.

(b) Each of the Borrower and the Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Borrower and the Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(c) As of the Effective Date, neither the Borrower nor any of the Subsidiaries has received notice of, or has knowledge of, any pending or contemplated condemnation proceeding affecting any real property owned by it or any sale or disposition thereof in lieu of condemnation which could reasonably be expected to have a Material Adverse Effect. Neither any such real property nor any interest therein is subject to any right of first refusal, option or other contractual right to purchase such real property or interest therein which could reasonably be expected to have a Material Adverse Effect.

SECTION 3.06. Litigation and Environmental Matters.

(a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of the Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that involve any of the Loan Documents.

(b) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither the Borrower nor any of the Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

(c) The Disclosed Matters, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Since the date of this Agreement, there has been no change in the status of the Disclosed Matters that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

SECTION 3.07. Compliance with Laws and Agreements.

Each of the Borrower and the Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

SECTION 3.08. Investment and Holding Company Status.

Neither the Borrower nor any of the Subsidiaries is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.09. Taxes.

Each of the Borrower and the Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. ERISA.

No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $5,000,000 of the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $5,000,000 of the fair market value of the assets of all such underfunded Plans.

SECTION 3.11. Disclosure.

The Borrower has disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which the Borrower or any of the Subsidiaries is subject, and all other matters known to any of them, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. Neither the Information Memorandum nor any of the other reports, financial statements, certificates or other information furnished by or on behalf of the Borrower to either of the Co-Administrative Agents or any Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 3.12. Subsidiaries.

Schedule 3.12 sets forth the name of, the jurisdiction of organization of, and the ownership interest of the Borrower in, each Subsidiary as of the Effective Date. Schedule 3.12 also indicates which Subsidiaries are Significant Subsidiaries as of the Effective Date.

SECTION 3.13. Insurance.

Each of the Borrower and the Subsidiaries maintain with financially sound and reputable insurers, insurance with respect to its properties and business against such casualties and contingencies and in such amounts as are usually carried by businesses engaged in similar activities as the Borrower and the Subsidiaries and located in similar geographic areas in which the Borrower and the Subsidiaries operate.

SECTION 3.14. Labor Matters.

As of the Effective Date, there are no strikes, lockouts or slowdowns against the Borrower or any Subsidiary pending or, to the knowledge of the Borrower, threatened. The hours worked by and payments made to employees of the Borrower and the Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters in any material respect. All material amounts due from the Borrower or any Subsidiary, or for which any claim may be made against the Borrower or any Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of the Borrower or such Subsidiary.

SECTION 3.15. Solvency.

Immediately following the making of each Loan and after giving effect to the application of the proceeds of such Loans, (a) the fair value of the assets of Borrower and each Guarantor, at a fair valuation, will exceed its debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property of Borrower and each Guarantor will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) Borrower and each Guarantor will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) Borrower and each Guarantor will not have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted following the Effective Date. As used in this Section 3.15, the term "fair value" means the amount at which the applicable assets would change hands between a willing buyer and a willing seller within a reasonable time, each having reasonable knowledge of the relevant facts, neither being under any compulsion to act, with equity to both and "present fair saleable value" means the amount that may be realized if the applicable company's aggregate assets are sold with reasonable promptness in an arm's length transaction under present conditions for the sale of a comparable business enterprises.

SECTION 3.16. Senior Indebtedness.

Pursuant to that certain First Supplemental Indenture, dated as of September 17, 1998, among Borrower, May & Speh, Inc. and Harris Trust and Savings Bank, as trustee, Borrower assumed the obligations of May & Speh, Inc. under the Subordinated Debt and the Subordinated Debt Documents to the same extent as if Borrower had been originally named in the Subordinated Debt Documents as the "Company" (as such term was originally defined in such Subordinated Debt Documents). The Indebtedness of Borrower and Acxiom/May & Speh, Inc. arising under this Agreement and the other Loan Documents (including with respect to Acxiom/May & Speh, Inc., the Subsidiary Guaranty) constitutes "Senior Indebtedness" under and as defined in the Subordinated Debt Documents.

SECTION 3.17. Year 2000.

Any reprogramming required to permit the proper functioning, in and following the year 2000, of (a) the computer systems of the Borrower and the Subsidiaries and (b) equipment of the Borrower and the Subsidiaries containing embedded microchips and the testing of all such systems and equipment, as so reprogrammed, has been completed in a manner which will permit the Borrower and the Subsidiaries to conduct its business without Material Adverse Effect. The Borrower believes that the computer and management information systems of the Borrower and the Subsidiaries are and, with ordinary course upgrading and maintenance, will continue to be, sufficient to permit the Borrower to conduct its businesses without Material Adverse Effect.

SECTION 3.18. Margin Securities.

Neither the Borrower nor any Subsidiary is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations U or X of the Board of Governors of the Federal Reserve System), and, except for the repurchases of the Borrower's capital stock in accordance with the limitations in Section 5.10 and Section 6.08, no part of the proceeds of any Loan will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying margin stock.

## ARTICLE IV.

## Conditions

SECTION 4.01. Effective Date.

The obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.02):

(a) The Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement. The Agent shall have received the Subsidiary Guaranty signed by all Significant Subsidiaries in existence on the Effective Date that are Domestic Subsidiaries.

(b) The Agent shall have received a favorable written opinion (addressed to the Co-Administrative Agents and the Lenders and dated the Effective Date) of counsel for the Borrower, substantially in the form of Exhibit B, and covering such other matters relating to the Borrower, the Guarantor or the Loan Documents as either Co-Administrative Agent shall reasonably request. The Borrower hereby requests such counsel to deliver such opinions.

(c) The Agent shall have received such documents and certificates as the Co-Administrative Agents or their counsel may reasonably request relating to the organization, existence and good standing of the Borrower and each Guarantor, the power and authority of Borrower and each Guarantor to execute, deliver and perform the Loan Documents to which each is a party and any other legal matters relating to the Borrower, any Guarantor or the Loan Documents, all in form and substance satisfactory to the Co-Administrative Agents and its counsel.

(d) The Agent shall have received a certificate, dated the Effective Date and signed by the President, a Vice President, a Financial Officer or the chief legal officer of the Borrower, confirming compliance with the conditions set forth in paragraphs (a) and (b) of Section 4.02.

(e) The Co-Administrative Agents, Chase Securities Inc. and Banc America Securities LLC shall have received all fees and other amounts due and payable on or prior to the Effective Date, including with respect to the Agent and Chase Securities Inc. only, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses (including fees, charges and disbursements of counsel) required to be reimbursed or paid by the Borrower hereunder or under any other Loan Document.

(f) The Agent shall have received the Subordinated Debt Documents and the Senior Note Documents.

The Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding.

SECTION 4.02. Each Credit Event.

The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of the Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to receipt of the request therefor in accordance herewith and to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrower and the Guarantors set forth in the Loan Documents shall be true and correct in all material respects on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable.

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

## ARTICLE V.

## Affirmative Covenants

Until the Revolving Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

SECTION 5.01. Financial Statements and Other Information.
The Borrower will furnish to the Agent and each Lender:

(a) within 90 days after the end of each fiscal year of the Borrower, (i) its audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and the Subsidiaries on a consolidated basis in accordance with GAAP consistently applied and (ii) the Borrower's unaudited consolidating balance sheet and related statement of operations as of the end of and for such year, both certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Borrower and the Subsidiaries on a consolidating basis in accordance with GAAP consistently applied;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, its unaudited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year and its unaudited consolidating balance sheet and statement of operations for the same period, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Borrower and the Subsidiaries on a consolidated and consolidating basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Borrower (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Article VII, (iii) setting forth reasonably detailed calculations demonstrating the calculation of the Applicable Rate, (iv) setting forth reasonably detailed calculations demonstrating compliance with Section 5.11, and (v) stating whether any change in GAAP or in the application thereof has occurred since the date of the Borrower's audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) concurrently with any delivery of financial statements under clause (a) above, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Default (which certificate may be limited to the extent required by accounting rules or guidelines);

(e) at least 45 days prior to the commencement of each fiscal year of the Borrower, a detailed consolidated budget for such fiscal year (including a projected consolidated balance sheet and related statements of projected operations and cash flow as of the end of and for such fiscal year and setting forth the assumptions used for purposes of preparing such budget) and, promptly when available, any significant revisions of such budget;

(f) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Borrower or any Subsidiary with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, or distributed by the Borrower to its shareholders generally, as the case may be; and

(g) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower or any Subsidiary, or compliance with the terms of any Loan Document, as either Co-Administrative Agent or any Lender may reasonably request.

SECTION 5.02. Notices of Material Events.
The Borrower will furnish to the Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting, the Borrower or any Subsidiary thereof that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of the Borrower and the Subsidiaries in an aggregate amount exceeding $5,000,000; and

(d) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. Existence; Conduct of Business.
The Borrower will, and will cause each of the Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03. The Borrower will, and will cause each of the Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect the rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business in such a manner so that no Material Adverse Effect will result.

SECTION 5.04. Payment of Obligations.

The Borrower will, and will cause each of the Subsidiaries to, pay its Indebtedness and other obligations, including Tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends collection of the contested obligation and the enforcement of any Lien securing such obligation and (d) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.05. Maintenance of Properties.

The Borrower will, and will cause each of the Significant Subsidiaries to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

SECTION 5.06. Insurance.

The Borrower will, and will cause each of the Subsidiaries to, maintain, with financially sound and reputable insurance companies, insurance with respect to its properties and business against such casualties and contingencies and in such amounts as shall be in accordance with the general practices of businesses engaged in similar activities as the Borrower and the Subsidiaries and in similar geographic areas in which the Borrower and the Subsidiaries operate, containing such terms, in such forms and for such periods as may be reasonable and prudent. The Borrower will furnish to the Lenders, upon request of either Co-Administrative Agent, information in reasonable detail as to the insurance so maintained.

SECTION 5.07. Casualty and Condemnation.

The Borrower will furnish to the Agent and the Lenders prompt written notice of any casualty or other insured damage to any portion of any property owned by the Borrower or any Subsidiary or the commencement of any action or proceeding for the taking of any such property or any part thereof or interest therein under power of eminent domain or by condemnation or similar proceeding that in any case could have a Material Adverse Effect.

SECTION 5.08. Books and Records; Inspection and Audit Rights.

The Borrower will, and will cause each of the Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Borrower will, and will cause each of the Subsidiaries to, permit any representatives designated by either Co-Administrative Agent or any Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested.

SECTION 5.09. Compliance with Laws.

The Borrower will, and will cause each of the Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including, without limitation, Environmental Laws), except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.10. Use of Proceeds and Letters of Credit.

The proceeds of the Loans and Swingline Loans will be used only for working capital and other general corporate needs of the Borrower; provided that during the entire term of this Agreement, the Borrower will not use more than $65,000,000 of the proceeds of the Loans and the Swingline Loans to repurchase or redeem its capital stock and if any proceeds of the Loans or Swingline Loans are so used to repurchase the Borrower's capital stock, the Borrower agrees that such stock shall immediately be retired. Borrower agrees to use the proceeds of the initial Loan hereunder to pay in full all obligations owed under that certain Second Amended and Restated Credit Agreement dated as of March 26, 1998 among the Borrower, Mercantile Bank, N.A. as administrative and documentation agent and the other parties named therein. Upon such payment, Borrower agrees to terminate all commitments of the lenders thereunder. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations U and X. Letters of Credit will be issued only to support the general corporate needs of the Borrower and the Subsidiaries.

SECTION 5.11. Additional Subsidiaries; Additional Guarantors. If any additional Subsidiary is formed or acquired after the Effective Date and if such Subsidiary is a Significant Subsidiary and a Domestic Subsidiary, the Borrower will notify the Agent and the Lenders thereof and the Borrower will cause such Subsidiary to become a party to the Subsidiary Guaranty within three Business Days after such Subsidiary is formed or acquired. Notwithstanding the definition of Significant Subsidiary, the (i) total assets of the Borrower and the Guarantors (determined on a combined unconsolidated basis in accordance with GAAP) shall at all times equal or exceed 80% of the Consolidated Total Assets of the Borrower and (ii) the net income of Borrower and the Guarantors (determined on a combined unconsolidated basis in accordance with GAAP) for any four fiscal quarter period shall at all times equal or exceed 80% of the Consolidated Net Income of the Borrower (the requirements of the forgoing two clauses, the "Concentration Test"). If as of any fiscal quarter end, the Concentration Test is not met, within 60 days after the end of such fiscal quarter the Borrower shall cause a sufficient number of Domestic Subsidiaries to become Guarantors in accordance with the Subsidiary Guaranty so that after giving pro forma effect thereto as of the end of such fiscal quarter the Concentration Test shall be satisfied.

SECTION 5.12. Further Assurances.

The Borrower will execute, and will cause each Guarantor to execute, any and all further documents, agreements and instruments, and take all such further actions, which may be required under any applicable law, or which either Co-Administrative Agent or the Required Lenders may reasonably request, to effectuate the transactions contemplated by the Loan Documents all at the expense of the Borrower.

SECTION 5.13. Compliance with Agreements.

The Borrower will, and will cause each Subsidiary to, comply with all agreements, contracts, and instruments binding on it or affecting its properties or business other than such noncompliance which is not reasonably expected to have a Material Adverse Effect.

## ARTICLE VI.

## Negative Covenants

Until the Revolving Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

SECTION 6.01. Indebtedness; Certain Equity Securities.

(a) The Borrower will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Indebtedness, except:

(i) Indebtedness created under the Loan Documents;

(ii) Indebtedness existing on the date hereof and set forth in Schedule 6.01 and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or result in an earlier maturity date or decreased weighted average life thereof;

(iii) Indebtedness owed by a Subsidiary to Borrower or owed by a Subsidiary to its parent incurred in accordance with the restrictions set forth in Section 6.04; provided that (A) the obligations of each obligor of such Indebtedness must be subordinated in right of payment to any liability such obligor may have for the obligations arising hereunder from and after such time as any portion of the obligations arising hereunder or under any other Loan Documents shall become due and payable (whether at stated maturity, by acceleration or otherwise), (B) such Indebtedness must be incurred in the ordinary course of business or incurred to finance general corporate needs, (C) such Indebtedness must be provided on terms customary for intercompany borrowings among the Borrower and the Subsidiaries or must be made on such other terms and provisions as the Agent may reasonably require; and (D) the sum of the aggregate outstanding amount of the obligations of Excluded Subsidiaries guaranteed pursuant to clause (iv) below plus the aggregate outstanding principal amount of the loans and advances made to Excluded Subsidiaries by Borrower and the Subsidiaries (such sum the "Excluded Subsidiary Loan and Guaranty Amount") shall not at any time exceed the Dollar Amount equal to $45,000,000 (the "Excluded Subsidiary Loan and Guaranty Limit");

(iv) Guarantees by the Borrower or a Subsidiary of (A) Indebtedness of any of its wholly owned direct Subsidiaries; (B) trade accounts payable owed by any of its wholly owned direct Subsidiaries and arising in the ordinary course of business or (C) operating leases of any of its wholly owned direct Subsidiaries entered into in the ordinary course of business; provided that: (1) the Indebtedness guaranteed is otherwise

permitted hereunder; (2) no Default exists or would result from such Guarantee; and (3) the Excluded Subsidiary Loan and Guaranty Amount shall not exceed the Excluded Subsidiary Loan and Guaranty Limit;

(v) Indebtedness of the Borrower or any Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets (but excluding the acquisition of assets which constitute a business unit of a Person), including Capital Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or result in an earlier maturity date or decreased weighted average life thereof; provided that (A) such Indebtedness is incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement; (B) no Default exists or would result therefrom; (C) such Indebtedness does not exceed the amount of the purchase price or the costs of construction or improvement, as the case may be, of the applicable asset; and (D) after giving proforma effect to such Indebtedness, the Borrower shall be in compliance with Section 7.02 as of the most recently ended fiscal quarter of Borrower;

(vi) Indebtedness of any Person that becomes a Subsidiary after the date hereof or is merged with or into Borrower or a Subsidiary in accordance with the permissions herein set forth; provided that (A) such Indebtedness exists at the time such Person becomes a Subsidiary or was so merged and is not created in contemplation of or in connection with such Person becoming a Subsidiary or merger; (B) after giving proforma effect to such Indebtedness and the EBITDA of the Person who became a Subsidiary, the Borrower shall be in compliance with Section 7.02 of the most recently ended fiscal quarter of Borrower; and (C) no Default exists or would result therefrom;

(vii) Guaranties incurred in the ordinary course of business with respect to surety and appeal bonds, performance and return-of-money bonds, and other similar obligations not exceeding at any time outstanding a Dollar Amount equal to $1,000,000 in aggregate liability;

(viii) Indebtedness constituting obligations to reimburse worker's compensation insurance companies for claims paid by such companies on Borrower's or a Subsidiaries' behalf in accordance with the policies issued to Borrower and the Subsidiaries;

(ix) Indebtedness arising in connection with Hedging Agreements entered into in the ordinary course of business to enable Borrower or a Subsidiary (a) to limit the market risk of holding currency in either the cash or futures market or (b) to fix or limit Borrower's or any Subsidiaries' interest expense;

(x) the obligations arising under the Synthetic Real Estate Lease, the Synthetic Airplane Lease Facility and the Synthetic Equipment Lease Facility;

(xi) Indebtedness arising in connection with preferred Equity Interest permitted to be issued in accordance with Section 6.01(b);

(xii) Indebtedness for borrowed money not otherwise permitted under this Section 6.01 of any Excluded Subsidiary provided that the aggregate outstanding amount of all such Indebtedness shall not at any time exceed the Dollar Amount equal to $10,000,000;

(xiii) Indebtedness arising under the terms of the Equity Forward Agreement and any other Synthetic Purchase Agreement or Agreements entered into with respect to the capital stock of the Borrower provided that the aggregate notional amount applicable to all such other Synthetic Purchase Agreement or Agreements shall at not time exceed $50,000,000;

(xiv) Indebtedness represented by software licensing liabilities; and

(xv) unsecured Indebtedness of Borrower of the type described in clauses (a), (b), (c), (e), and (l) of the definition thereof, in addition to the Indebtedness permitted by clauses (i) through (xiv) of this Section 6.01 (a); provided that after giving proforma effect to the Indebtedness incurred under the permissions of this clause (xv), the Borrower shall be in compliance with Section 7.02 as of the most recently ended fiscal quarter of Borrower and no Default shall exist as result therefrom.

(b) The Borrower will not, nor will they permit any Subsidiary to, issue any preferred stock or other preferred Equity Interests except for the preferred Equity Interest set forth in Schedule 6.01 and except for the issuance of preferred Equity Interests by the Subsidiaries as long as the aggregate amount to be paid in connection with the redemption of such preferred Equity Interests issued after the Effective Dates does not exceed a Dollar Amount equal to $5,000,000 and no mandatory redemption of such preferred Equity Interest is due prior to the Maturity Date first established under the terms of this Agreement.

SECTION 6.02. Liens.

The Borrower will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(i) Permitted Encumbrances;

(ii) any Lien on any property or asset of the Borrower or any Subsidiary existing on the date hereof (excluding the Liens arising in connection with the Equity Forward Agreement and the other Synthetic Purchase Agreements permitted under Section 6.01(a)(xiii) which are only permitted in accordance with clause (vii) of this Section 6.02) and set forth in Schedule 6.02; provided that (i) such Lien shall not apply to any other property or asset of the Borrower or any Subsidiary and (ii) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(iii) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof in accordance with Section 6.04 prior to the time such Person becomes a Subsidiary; provided that (A) such Lien is not created in

contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (B) such Lien shall not apply to any other property or assets of the Borrower or any Subsidiary, (C) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof; (D) the Indebtedness secured thereby is otherwise permitted by Section 6.01; and (E) no Default exists or will result therefrom;

(iv) Liens on fixed or capital assets (but excluding assets which constitute a business unit) acquired, constructed or improved by the Borrower or any Subsidiary; provided that (A) such security interests secure Indebtedness permitted by clause (v) of Section 6.01(a), (B) such security interests and the Indebtedness secured thereby are incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement, (C) the Indebtedness secured thereby does not exceed 85% of the cost of acquiring, constructing or improving such fixed or capital assets and (D) such security interests shall not apply to any other property or assets of the Borrower or any Subsidiary;

(v) Liens created in connection with the Synthetic Real Estate Lease, the Synthetic Airplane Lease Facility and the Synthetic Equipment Lease Facility on property leased pursuant to the applicable related leases as long as such Liens do not encumber any other property of the Borrower or any Subsidiary;

(vi) Liens encumbering the property of an Excluded Subsidiary securing Indebtedness of such Excluded Subsidiary incurred in accordance with the permissions of Section 6.01(a)(xii); and

(vii) Liens, in addition to the Liens described in clauses (i) through (vi) of this Section 6.02, provided that (A) as of the date a Lien created under the permissions of this clause (vii) attaches, no Default exists or would result therefrom; (B) such Lien secures Indebtedness permitted to be incurred and secured in accordance with Section 6.01; and (C) after giving effect to the creation of the Lien in question, the aggregate amount of the Indebtedness secured by all Liens created under the permissions of this clause (vii) shall at no time exceed an amount equal to 7.5% of the Asset Value determined as of the most recently completed fiscal quarter end.

SECTION 6.03. Fundamental Changes.

(a) The Borrower will not, nor will it permit any Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall exist: (i) any Subsidiary may merge into the Borrower in a transaction in which the Borrower is the surviving corporation, (ii) any Subsidiary may merge into or consolidate with any other Subsidiary if the surviving Person assumes the obligations of the applicable Subsidiary under the Loan Documents, if any, and is solvent as contemplated under Section 3.15 hereunder after giving effect to such merger or consolidation, except that a Significant Subsidiary that is a Domestic Subsidiary may not be merged into or consolidated with a Foreign Subsidiary; (iii) any Excluded Subsidiary may liquidate or dissolve if its

assets are transferred to Borrower or a Significant Subsidiary and the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders; and (iv) Borrower or any Subsidiary may consolidate with or merge with any other Person in connection with an acquisition permitted by Section 6.04.

(b) The Borrower will not, and will not permit any of the Subsidiaries to, engage to any material extent in any business other than businesses of the type conducted by the Borrower and the Subsidiaries on the date of execution of this Agreement and businesses reasonably related thereto.

SECTION 6.04. Investments, Loans, Advances, Guarantees and Acquisitions. The Borrower will not, and will not permit any of the Subsidiaries to, purchase, hold or acquire any Equity Interests in or evidences of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit, except:

(a) Permitted Investments;

(b) investments, loans and advances existing on the date hereof and set forth on Schedule 6.04;

(c) Loans and advances to employees for business expenses incurred in the ordinary course of business;

(d) Loans and advances by Borrower or any Subsidiary to any of the Guarantors made in accordance with the restrictions set forth in Section 6.01; provided that, at the time any such loan or advance is made, no Default exists or would result therefrom;

(e) Loans and advances by Borrower or any Subsidiary to any of its directly owned Excluded Subsidiaries made in accordance with the restrictions set forth in Section 6.01; provided that, at the time of any such advance or loan, no Default exists or would result therefrom and at no time shall the Excluded Subsidiary Loan and Guaranty Amount exceed the Excluded Subsidiary Loan and Guaranty Limit;

(f) if no Default exists, Borrower and the Subsidiaries may make additional investments in or purchase Equity Interest of a wholly owned Subsidiary or a newly created Person organized by Borrower or a Subsidiary that, immediately after such investment or purchase, will be a wholly owned Subsidiary if the obligations under Section 5.11 shall be fulfilled and the aggregate amount of such contributions and investments made under the permissions of this clause (f) does not exceed a Dollar Amount equal to $100,000 during the entire term of this Agreement;

(g) investments by Foreign Subsidiaries which are held or made outside the United States of the same or similar quality as the Permitted Investments;

(h) the Borrower or any Subsidiary (the "Acquiring Company") may acquire assets constituting a business unit of any Subsidiary (a "Transferring Subsidiary") if the Acquiring Company assumes all the Transferring Subsidiary's liabilities,

including without limitation, all liabilities of the Transferring Subsidiary under the Loan Documents to which it is a party and if all of the capital stock of the Transferring Subsidiary is owned directly or indirectly by the Acquiring Company (and, following such assignment and assumption, such Transferring Subsidiary may wind up, dissolve and liquidate) except that no Foreign Subsidiary may acquire assets of a Domestic Subsidiary in such a transaction;

(i) If no Default exists or would result therefrom, Borrower and any Subsidiary may acquire all the Equity Interest of any Person or the assets of a Person constituting a business unit if:

(i) The Target is involved in a similar type of business activities as the Borrower or the Subsidiary;

(ii) If the proposed acquisition is an acquisition of the stock of a Target, the acquisition will be structured so that the Target will become a Subsidiary wholly and directly owned by Borrower or will, simultaneously with the acquisition be merged into Borrower or a Subsidiary. If the proposed acquisition is an acquisition of a business unit, the acquisition will be structured so that Borrower or a Subsidiary wholly and directly owned by Borrower will acquire the business unit;

(iii) The cash portion of the Purchase Price paid for the proposed acquisition in question does not exceed $75,000,000, the cash portion of the Purchase Price for the proposed acquisition in question together with the cash portion of the Purchase Prices paid for all acquisitions consummated in the same fiscal year does not exceed a Dollar Amount equal to $100,000,000 and the Purchase Price paid for the proposed acquisition in question together with the Purchase Prices paid for all acquisitions consummated in the same fiscal year does not exceed a Dollar Amount equal to $200,000,000;

(iv) Borrower shall have provided to the Agent and each Lender at least 7 Business Days prior to the date that the proposed acquisition is to be consummated (but no earlier than 10 Business Days prior to such date) the following: (a) the name of the Target; (b) a description of the nature of the Target's business; and (c) a certificate of a Financial Officer of the Borrower (1) certifying that no Default exists or could reasonably be expected to occur as a result of the proposed acquisition, and (2) demonstrating compliance with the criteria set forth in clause (iii) of this Section 6.04(i) and that both as of the date of any such acquisition and immediately following such acquisition the Borrower is and on a pro forma basis projects that it will continue to be, in compliance with the financial covenants of this Agreement;

(v) Such acquisition has been: (i) in the event a corporation or its assets is the Target, either (x) approved by the Board of Directors of the corporation which is the Target, or (y) recommended by such Board of Directors to the shareholders of such Target, (ii) in the event a partnership is the Target, approved by a majority (by percentage of voting power) of the partners of the Target, (iii) in the event an organization or entity other than a corporation or partnership is the Target, approved by a majority (by percentage of voting power) of the governing body, if any, or by a majority (by percentage of ownership interest) of the owners of the Target or (iv) in the event the

corporation, partnership or other organization or entity which is the Target is in bankruptcy, approved by the bankruptcy court or another court of competent jurisdiction;

(j) Guarantees constituting Indebtedness permitted by Section 6.01;

(k) In addition to the investments, loans and advances permitted by clauses (a) through (j) of this Section 6.04, investments in Equity Interests issued by, and loans and advances to, Persons having an ongoing business similar to or consistent with the Borrower's line of business; provided that, at any time of determination, the sum of the aggregate book value of all such investments plus the aggregate outstanding principal amount of all such loans and advances shall never exceed a Dollar Amount equal to five percent (5%) of the amount which, in conformity with GAAP, would be included as stockholders' equity on a consolidated balance sheet of Borrower and the Subsidiaries; and

(l) investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business.

SECTION 6.05. Asset Sales; Equity Issuances.

The Borrower will not, and will not permit any of the Subsidiaries to, sell, transfer, lease or otherwise dispose of any asset, including any Equity Interest owned by it, nor will the Borrower permit any of the Subsidiaries to issue any additional Equity Interest in such Subsidiary, except:

(a) sales of inventory, used or surplus equipment and Permitted Investments in the ordinary course of business and the sale, lease or sublease of equipment to customers in the ordinary course of business;

(b) sales, transfers and dispositions to the Borrower or a Subsidiary in accordance with Section 6.04;

(c) a Subsidiary may sell preferred Equity Interest issued by such Subsidiary in accordance with the limitations set forth in Section 6.01(b); and

(d) sales, transfers and other dispositions of assets that are not permitted by any other clause of this Section 6.05 (such other sales, transfers and other dispositions herein the "Dispositions"); if: (1) after giving effect to such Disposition, the aggregate book value of all such assets sold, transferred or otherwise disposed of in the same fiscal year under the permissions of this clause (d) would not exceed 10% of the Consolidated Total Assets, with the Consolidated Total Assets determined as of the end of the immediately preceding fiscal year; (2) after giving effect to the Disposition, the assets sold, transferred or otherwise disposed of in the same fiscal year under the permissions of this clause (d) did not contribute in excess of 15% of the Consolidated Net Income of the Borrower before income taxes and interest, for the prior fiscal year; and (3) after giving effect to such Disposition, the aggregate book value of all assets sold, transferred or otherwise disposed of under the permissions of this clause (d) for the entire term of this Agreement would not exceed, as of the date of determination, 25% of the Accumulated Total Assets. The term "Accumulated Total Assets" means, the sum of (x) 25% of Consolidated Total Assets determined as of September 30, 1999 plus (ii) the

cumulative sum of the increase (or decrease) in Consolidated Total Assets as of the end of each subsequent fiscal year prior to the date of determination. Notwithstanding the foregoing, the Borrower may make a Disposition and the book value of the assets shall not be required to be included in the foregoing computation if the Borrower shall, within one year after such Disposition, invest the net proceeds thereof in other tangible property of a similar nature and at least equivalent value (whether new, additional or replacement property but excluding property purchased as part of regular upkeep and maintenance) for use in the business of the Borrower and by Subsidiaries;

provided that all sales, transfers, leases and other dispositions permitted hereby (other than those permitted by clause (b) above) shall be made for fair value.

SECTION 6.06. Sale and Leaseback Transactions.

The Borrower will not, and will not permit any of the Subsidiaries to, enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereinafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred, except for any such sale of any fixed or capital assets that is made for cash consideration in an amount not less than the cost of such fixed or capital asset and is consummated within 90 days after the Borrower or such Subsidiary acquires or completes the construction of such fixed or capital asset and the lease thereof pursuant to the Synthetic Equipment Lease Facility, the Synthetic Airplane Lease Facility or the Synthetic Real Estate Lease.

SECTION 6.07. Hedging Agreements.

The Borrower will not, and will not permit any of the Subsidiaries to, enter into any Hedging Agreement, other than the Equity Forward Agreement, other Synthetic Purchase Agreements permitted by Sections 6.01(a)(xiii) and other Hedging Agreements entered into in the ordinary course of business to hedge or mitigate risks to which the Borrower or any Subsidiary is exposed in the conduct of its business and the management of its liabilities.

SECTION 6.08. Restricted Payments; Certain Payments of Indebtedness.

(a) The Borrower will not, nor will it permit any Subsidiary to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except (i) the Borrower may purchase or redeem its capital stock as long as no Default exists or would result therefrom (including, any Default arising as a result of the violation of Section 7.01), (ii) Subsidiaries may declare and pay dividends ratably with respect to their capital stock, and (iii) Subsidiaries may make payment in respect of preferred Equity Interest issued under the permissions of Section 6.01(b) when such payments become due.

(b) The Borrower will not, nor will it permit any Subsidiary to, make or agree to pay or make, directly or indirectly, any payment or other distribution (whether in cash securities or other property) of or in respect of principal of or interest on any Indebtedness, or any payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Indebtedness, except:

(i) payment of Indebtedness created under the Loan Documents;

(ii) payment of regularly scheduled interest and principal payments as and when due in respect of any Indebtedness, other than payments in respect of the Subordinated Debt prohibited by the subordination provisions thereof;

(iii) refinancings of Indebtedness to the extent permitted by Section 6.01;

(iv) payment of secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness; and

(v) Subsidiaries may make payment in respect of preferred Equity Interest issued under the permissions of Section 6.01 (b) when such payments become due.

(c) Neither the Borrower nor any Subsidiary shall enter into or be party to, or make any payment under, any Synthetic Purchase Agreement (other than the Equity Forward Agreement and any other Synthetic Purchase Agreement entered into in compliance with Section 6.01(a)(xiii)) unless (i) in the case of any Synthetic Purchase Agreement related to any Equity Interest, (A) the payments required to be made thereunder are limited to the $1,000,000 and (B) the obligations of the Borrower and the Subsidiaries thereunder are subordinated to the Indebtedness and other obligations arising hereunder and under the other Loan Documents on terms satisfactory to the Required Lenders and (ii) in the case of any Synthetic Purchase Agreement related to any subordinated Indebtedness, (A) the payments required to be made thereunder are limited to the amount permitted under Section 6.08 (b) of this Agreement and (B) the obligations of the Borrower and the Subsidiaries thereunder are subordinated to the Indebtedness and other obligations arising hereunder and under the other Loan Documents to at least the same extent as the subordinated Indebtedness to which such Synthetic Purchase Agreement relates. The Borrower shall promptly deliver to the Agent a copy of any Synthetic Purchase Agreement to which it becomes party.

SECTION 6.09. Transactions with Affiliates.

The Borrower will not, nor will it permit any Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) transactions in the ordinary course of business that are at prices and on terms and conditions not less favorable to the Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, and (b) any Restricted Payment permitted by Section 6.08.

SECTION 6.10. Restrictive Agreements.

The Borrower will not, nor will it permit any Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of the Borrower or any Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Borrower or any other Subsidiary or to Guarantee Indebtedness of the Borrower or any other Subsidiary; provided that (i) the foregoing shall not apply to restrictions and

conditions imposed by law or by any Loan Document, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 6.10 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness and (v) clause (a) of the foregoing shall not apply to customary provisions in leases restricting the assignment thereof.

SECTION 6.11. Amendment of Organizational Documents.

The Borrower will not, nor will it permit any Subsidiary to, amend, modify or waive any of its rights under its certificate of incorporation, by-laws or other organizational documents in a manner that would have a Material Adverse Affect.

SECTION 6.12. Subordinated Debt Documents.

Borrower will not and will not permit any Subsidiaries to change or amend the terms of the Subordinated Debt Documents, if the effect of such amendment is to: (a) increase the interest rate on the Subordinated Debt; (b) shorten the time of payments of principal or interest due under the Subordinated Debt Documents; (c) change any event of default or any covenant to a materially more onerous or restrictive provision; (d) change the subordination provisions thereof (or the subordination terms of any guaranty thereof); (e) change or amend any other term if such change or amendment would materially increase the obligations of the obligor or confer additional material rights on the holders of the Subordinated Debt in a manner materially adverse to Agent or any Lender as senior creditors or the interests of the Lenders under this Agreement or any other Loan Document in any respect; or (f) in any manner amend any term of any Subordinated Debt Document relating to the prohibition of the creation or assumption of any Lien upon the properties or assets of Borrower or any Subsidiary or relating to the prohibition of creation, existence or effectiveness of any consensual encumbrance or restriction of any kind on the ability of any Subsidiary to (i) pay dividends or make any other distribution; (ii) subject to subordination provisions, pay any Indebtedness owed to Borrower or any Subsidiary; (iii) make loans or advances to Borrower or any Subsidiary; or (iv) transfer any of its property or assets to Borrower or any Subsidiary.

SECTION 6.13. Senior Note Documents.

Borrower will not and will not permit any Subsidiaries to change or amend the terms of the Senior Note Documents, if the effect of such amendment is to: (a) increase the interest rate on the Senior Notes; (b) shorten the time of payments of principal or interest due under the Senior Note Documents; (c) change any event of default or any covenant to a materially more onerous or restrictive provision; (d) change or amend any other term if such change or amendment would materially increase the obligations of the obligor or confer additional material rights on the holders the Senior Notes in a manner materially adverse to Agent or any Lender as senior creditors or the interests of the Lenders under this Agreement or any other Loan Document in any respect; or (e) in any manner amend any term of any Senior Note Document relating to the prohibition of the creation or assumption of any Lien upon the properties or assets of Borrower or any Subsidiary or relating to the prohibition of creation, existence or effectiveness of any consensual encumbrance or restriction of any kind on the ability of any Subsidiary to (i) pay dividends or make any other distribution;

(ii) subject to subordination provisions, pay any Indebtedness owed to Borrower or any Subsidiary; (iii) make loans or advances to Borrower or any Subsidiary; or (iv) transfer any of its property or assets to Borrower or any Subsidiary.

SECTION 6.14. Change in Fiscal Year.

Borrower will not change the manner in which either the last day of its fiscal year or the last days of the first three fiscal quarters of its fiscal year is calculated.

## ARTICLE VII.

## Financial Covenants

Until the Revolving Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

SECTION 7.01. Consolidated Tangible Net Worth.

The Borrower will at all times maintain Consolidated Tangible Net Worth (as defined below) in an amount not less than the sum of (a) $280,000,000; plus (b) 50% of the Borrower's Consolidated Net Income for the period from September 30, 1999, through the fiscal quarter to have completely elapsed as of the date of determination; plus (c) 100% of the net cash proceeds of any sale of Equity Interests or other contributions to the capital of the Borrower received by Borrower since September 30, 1999, calculated without duplication. If Consolidated Net Income for a fiscal quarter is zero or less, no adjustment to the requisite level of Consolidated Tangible Net Worth shall be made. As used in this Agreement, the following terms have the following meanings:

"Consolidated Net Income" means, for any period and any Person (a "Subject Person"), such Subject Person's consolidated net income (or loss) determined in accordance with GAAP, but excluding any extraordinary, nonrecurring, nonoperating or noncash gains or losses, including or in addition, the following:

(i) the income (or loss) of any Person (other than a subsidiary) in which the Subject Person or a subsidiary has an ownership interest; provided, however, that (A) Consolidated Net Income shall include amounts in respect of the income of such when actually received in cash by the Subject Person or such subsidiary in the form of dividends or similar distributions and (B) Consolidated Net Income shall be reduced by the aggregate amount of all investments, regardless of the form thereof, made by the Subject Person or any of its subsidiaries in such Person for the purpose of funding any deficit or loss of such Person;

(ii) the income of any subsidiary to the extent the payment of such income in the form of a distribution or repayment of any Indebtedness to the Subject Person or a subsidiary is not permitted, whether on account of any restriction in by-laws, articles of incorporation or similar governing document, any

agreement or any law, statute, judgment, decree or governmental order, rule or regulation applicable to such subsidiary;

(iii) any gains or losses accrued on foreign currency receivables or on foreign currency payables of the Subject Person or a subsidiary organized under the laws of the United States which are not realized in a cash transaction;

(iv) the income or loss of any foreign subsidiary or of any foreign Person (other than a subsidiary) in which the Subject Person or subsidiary has an ownership interest to the extent that the equivalent Dollar Amount of the income contains increases or decreases due to the fluctuation of a foreign currency exchange rate after the Effective Date;

(v) the income or loss of any Person acquired by the Subject Person or a subsidiary for any period prior to the date of such acquisition;

(vi) the income from any sale of assets in which the accounting basis of such assets had been the book value of any Person acquired by the Subject Person or a subsidiary prior to the date such Person became a subsidiary or was merged into or consolidated with the Subject Person or a subsidiary; and

(vii) when determining Consolidated Net Income for Borrower and for any period which includes the second or third fiscal quarters of the 1999 fiscal year, any of the special charges recorded in the applicable fiscal quarter relating to the Borrower's acquisition of May & Speh and the write down of other impaired assets.

The gains or losses of the type described in clauses (i) through (vi) of this definition shall only be excluded in determining consolidated net income if the aggregate amount of such gains or losses exceed, in either case (i.e., gains or losses), $1,000,000 in the period of calculation. If a gain or loss is to be excluded from the calculation of consolidated net income pursuant to the foregoing $1,000,000 threshold, the whole gain or loss shall be excluded, not just that amount in excess of the threshold.

"Consolidated Tangible Net Worth" means, at any particular time, the sum of (i) all amounts which, in conformity with GAAP, would be included as stockholders' equity on a consolidated balance sheet of the Borrower and the Subsidiaries; minus (ii) the sum of the following: (a) the amount by which stockholders' equity has been increased by the write-up of any asset of the Borrower and the Subsidiaries after September 30, 1999, plus (b) the amount of net deferred income tax assets (less adjustments included in Consolidated Net Income after September 30, 1999), plus (c) any cash held in a sinking fund or other

analogous fund established for the purpose of redemption, retirement or prepayment of capital stock or Indebtedness, plus (d) the cumulative foreign currency translation adjustment (less adjustments included in Consolidated Net Income after September 30, 1999), plus (e) the amount at which shares of capital stock of the Borrower is contained among the assets on the consolidated balance sheet of the Borrower and the Subsidiaries, plus (f) the amount of any preferred stock, plus (g) to the extent included in clause (i) above of this definition, the amount properly attributable to the minority interests, if any, of other Persons in the stock, additional paid-in capital, and retained earnings of the Subsidiaries, plus (h) the amount of intangible assets carried on the balance sheet of the Borrower at such date determined in accordance with GAAP on a consolidated basis, including goodwill, patents, trademarks, tradenames, organizational expenses, deferred financing changes, debt acquisition costs, start up costs, preoperating costs, prepaid pension costs, or any other similar deferred charges but not including deferred charges relating to data processing contracts and software development costs.

SECTION 7.02. Leverage Ratio.

As of the last day of each fiscal quarter, the Borrower shall not permit the ratio of Total Indebtedness as of such date to Adjusted EBITDA for the four (4) Fiscal Quarters then ended to exceed 2.00 to 1.00. As used in this Agreement, the following terms have the following meanings:

"Adjusted EBITDA" means, for any period (the "Subject Period"), the total of the following calculated without duplication for such period: (a) Borrower's EBITDA; plus (b), on a pro forma basis, the pro forma EBITDA of each Prior Target or, as applicable, the EBITDA of a Prior Target attributable to the assets acquired from such Prior Target, for any portion of such Subject Period occurring prior to the date of the acquisition of such Prior Target or the related assets but only to the extent such EBITDA for such Prior Target can be established in a manner satisfactory to the Agent based on financial statements of the Prior Target prepared in accordance with GAAP; minus (c) the EBITDA of each Prior Company and, as applicable but without duplication, the EBITDA of Borrower and each Subsidiary attributable to all Prior Assets, in each case for any portion of such Subject Period occurring prior to the date of the disposal of such Prior Companies or Prior Assets.

"EBITDA" means, for any period and any Person, the total of the following each calculated without duplication on a consolidated basis for such period: (a) Consolidated Net Income (as defined in Section 7.01); plus (b) any provision for (or less any benefit from) income or franchise taxes included in determining Consolidated Net Income; plus (c) interest expense (including the interest portion of Capital Lease Obligations) deducted in determining Consolidated Net Income; plus (d) amortization and depreciation expense deducted in determining Consolidated Net Income.

"Prior Target" means all Targets acquired or whose assets have been acquired in a in a transaction permitted by Section 6.04.

"Prior Company" means any Subsidiary whose capital stock or other equity interests have been disposed of, or all or substantially

all of whose assets have been disposed of, in each case, in a transaction with an unaffiliated third party approved in accordance with this Agreement.

"Prior Assets" means assets that have been disposed of by a division or branch of Borrower or a Subsidiary in a transaction with an unaffiliated third party approved in accordance with this Agreement which would not make the seller a "Prior Company" but constitute all or substantially all of the assets of such division or branch.

"Total Indebtedness" means, at the time of determination, the sum of the following determined for Borrower and the Subsidiaries on a consolidated basis (without duplication): (a) the average outstanding Loans under this Agreement for the four fiscal quarter period ending on the date of determination (computed on the basis of the simple average of the balances outstanding as of each fiscal quarter end during such period); plus (b) all obligations for borrowed money, other than the Loans, or with respect to deposits or advances of any kind; plus (c) all obligations of such Person evidenced by bonds, notes, debentures, or other similar instruments, other than the Loans; plus (d) all obligations of such Person upon which interest charges are customarily paid, other than the Loans; (e) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (f) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (g) all obligations of others secured by (or for which the holder of such obligations has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed (provided that for purposes of this clause (g) the amount of any such Indebtedness shall be deemed not to exceed the higher of the market value or the book value of such assets), plus (h) all Capital Lease Obligations; plus (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, plus (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, plus (k) all obligations, contingent or otherwise, for the payment of money under any noncompete, consulting or similar agreement entered into with the seller of a Target or any other similar arrangements providing for the deferred payment of the purchase price for an acquisition; plus (l) all Indebtedness arising in connection with Hedging Agreements and preferred Equity Interests; minus (m) to the extent included in clauses (a) through (l) of this definition, the amount reflected on the Borrower's consolidated balance sheet as software license liabilities.

SECTION 7.03. Fixed Charge Coverage.

As of the last day of each fiscal quarter, the Borrower shall not permit the ratio of:

(a) the sum of the following for Borrower and the Subsidiaries calculated on a consolidated basis in accordance with GAAP for the period of four (4) consecutive fiscal quarters then ended: (i) EBITDA; plus (ii) operating lease rentals (including, rentals from operating leases treated as financings for all purposes other than accounting purposes), plus (iii) software licensing payments, minus (iv) Capital Expenditures, minus (v) all expenditures for software development to

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b) the Fixed Charges for the period of four (4) consecutive fiscal quarters then ended

to be less than:

(i) 1.25 to 1.00 as of the last day of each fiscal quarter occurring during the period from the Effective Date through and including December 31, 2000 and

(ii) 1.35 to 1.00 as of the last day of each fiscal quarter occurring after January 1, 2001.

As used in this Section 7.03, "Fixed Charges" means for any period, the sum of the following for the Borrower and the Subsidiaries calculated on a consolidated basis without duplication for such period: (a) the aggregate amount of interest, including payments in the nature of interest under Capitalized Lease Obligations; (b) the scheduled amortization of Indebtedness paid or payable; (c) operating lease rentals (including, rentals from operating leases treated as financings for all purposes other than accounting purposes); (d) all dividends, redemptions, and other distributions made by Borrower on account of Equity Interests; (e) payments on leases or other obligations assumed from customers under service agreements to the extent such arrangements are not treated as operating leases, Capital Lease Obligations or long term debt; and (f) to the extent not included in clauses (a) through (e) of this definition, software licensing payments.

SECTION 7.04. Asset Coverage.

The Borrower shall not at any time permit the ratio of the Asset Value to Senior Debt to be less than 2.00 to 1.00. As used in this Section 7.04, (a) the term "Asset Value" means, as of the date of determination, the sum of the book values of the following for Borrower and the Subsidiaries calculated on a consolidated basis: (i) trade accounts receivable and (ii) property, plant and equipment net of accumulated depreciation and amortization and (b) the term "Senior Debt" means, at the time of determination, the sum of the following determined for Borrower and the Subsidiaries on a consolidated (without duplication): (a) the average outstanding Loans under this Agreement for the four fiscal quarter period ending on the date of determination (computed on the basis of the simple average of the balances outstanding as of each fiscal quarter end during such period); plus (b) all obligations for borrowed money, other than the Loans, or with respect to deposits or advances of any kind; plus (c) all obligations of such Person evidenced by bonds, notes, debentures, or other similar instruments, other than the Loans; plus (d) all obligations of such Person upon which interest charges are customarily paid, other than the Loans; (e) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (f) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (g) all obligations of others secured by (or for which the holder of such obligations has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed (provided that for purposes of this clause (g) the amount of any such Indebtedness shall be deemed not to exceed the higher of the market value or the book value of such assets), plus (h) all Capital Lease Obligations; plus (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit

and letters of guaranty, plus (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, plus (k) all obligations, contingent or otherwise, for the payment of money under any noncompete, consulting or similar agreement entered into with the seller of a Target or any other similar arrangements providing for the deferred payment of the purchase price for an acquisition; plus (l) all Indebtedness arising in connection with Hedging Agreements; minus (m), to the extent included in clauses (a) through (l) of this definition, the sum of (x) the amount reflected on the Borrower's consolidated balance sheet as software license liabilities and (y) any Indebtedness which by its terms is subordinated in right of payment to the Loans.

ARTICLE VIII.

Events of Default

If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three Business Days;

(c) any representation, warranty or certification made or deemed made by or on behalf of the Borrower or any Subsidiary in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respects when made or deemed made;

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02, 5.03 (with respect to the existence of the Borrower) or 5.10 or in Article VI or Article VII;

(e) the Borrower or any Guarantor shall fail to observe or perform any covenant, condition or agreement contained in any Loan Document (other than those specified in clause (a), (b) or (d) of this Article), and such failure shall continue unremedied for a period of 30 days after notice thereof from the Agent to the Borrower (which notice will be given at the request of any Lender);

(f) the Borrower or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, (including, Indebtedness arising in connection with the Synthetic Equipment Lease Facility and the Synthetic Real Property Lease) when and as the same shall become due and payable;

(g) any event or condition occurs that results in any Material Indebtedness (including, Indebtedness arising in connection with the Synthetic Equipment Lease Facility and the Synthetic Real Property Lease) becoming due prior to its scheduled maturity or that enables or permits the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment,

repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Borrower or any Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) the Borrower or any Subsidiary shall become unable, admit in writing its inability, or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of $5,000,000 shall be rendered against the Borrower, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could or does result in a liability equal to or in excess of $5,000,000 or could reasonably be expected to result in a Material Adverse Effect;

(m) a Change in Control shall occur; or

(n) an event of default or event of termination shall occur under the Equity Forward Agreement;

then, and in every such event (other than an event with respect to the Borrower described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Revolving

Commitments, and thereupon the Revolving Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without notice of intent to accelerate, notice of acceleration, presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to the Borrower described in clause (h) or (i) of this Article, the Revolving Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without notice of intent to accelerate, notice of acceleration, presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

## ARTICLE IX.

## Agent

Each of the Lenders and the Issuing Bank hereby irrevocably appoints the Agent as its agent and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to it by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Agent hereunder.

The Agent shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) the Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02), and (c) except as expressly set forth in the Loan Documents, the Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any Subsidiaries that is communicated to or obtained by the bank serving as Agent or any of its Affiliates in any capacity. The Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02) or in the absence of its own gross negligence or willful misconduct. The Agent shall not be deemed to have knowledge of any Default unless and until written notice thereof is given to the Agent by the Borrower or a Lender, and the Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document

delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Agent.

The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Agent. The Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as the Agent.

Subject to the appointment and acceptance of a successor as provided in this paragraph, the Agent may resign at any time by notifying the Lenders, the Issuing Bank and the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders and the Issuing Bank, appoint a successor Agent. Upon the acceptance of its appointment as the Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Agent's resignation hereunder, the provisions of this Article and Section 10.03 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as the Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Agent, any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agent, any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or related agreement or any document furnished hereunder or thereunder.

Mercantile Bank, N.A., Bank of America, N.A., The Bank of Nova Scotia, Bank One, NA, Wachovia Bank, N.A., SunTrust Bank, Nashville, N.A. and ABN AMRO Bank, N.V., have been designated as "co-administrative agent," "syndication

agent" or "co-agent," hereunder in recognition of the level of each of their Revolving Commitments. Neither Mercantile Bank, N.A., Bank of America, N.A., The Bank of Nova Scotia, Bank One, NA, Wachovia Bank, N.A., SunTrust Bank, Nashville, N.A. nor ABN AMRO Bank, N.V. is an agent for the Lenders and no such Lender shall have any obligation hereunder other than those existing in its capacity as a Lender. Without limiting the foregoing, no such Lender shall have or be deemed to have any fiduciary relationship with or duty to any Lender.

## ARTICLE X.

## Miscellaneous

SECTION 10.01. Notices.

Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to the Borrower, to it at One Information Way, Little Rock, Arkansas 72202, Attention of Chief Financial Officer (Telecopy No. 501-342-3913);

(b) if to the Agent, the Issuing Bank, the Swing-Line Lender or to Chase Bank of Texas, National Association, as a Lender, 2200 Ross Avenue, 3rd Floor, Dallas, Texas 75201, Attention of Mike Lister, (Telecopy No. 214-965-2044), with a copy to Chase Bank of Texas, National Association, c/o The Chase Manhattan Bank, 1 Chase Manhattan Plaza, 8th Floor, New York, New York 10081; Attention Maniram Appanna, Telephone 212-552-7943; Telecopy No. 212-552-5777; and

(c) if to a Lender, to it at its address (or telecopy number) set forth in the Administrative Questionnaire delivered to the Agent by such Lender in connection with the execution of this Agreement or in the Assignment and Acceptance pursuant to which such Lender became a party hereto.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 10.02. Waivers; Amendments.

(a) No failure or delay by the Agent, the Issuing Bank or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Agent, the Issuing Bank and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by the Borrower or any Guarantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance

and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Agent, any Lender or the Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except (x) pursuant to an Increased Commitment Supplement executed in accordance with the terms and conditions of Section 2.19 which only needs to be signed by the Borrower, the Agent and the Lenders increasing or providing new Revolving Commitments thereunder if the Increased Commitment Supplement does not increase the aggregate amount of the Revolving Commitments to an amount in excess of $300,0000,000 and (y) in the case of this Agreement and any circumstance other than as described in clause (x), pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or, in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the parties thereto, in each case with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Revolving Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Revolving Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.17(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender or (vi) release any Guarantor from the Subsidiary Guaranty or limit its liability in respect of the Subsidiary Guaranty without the consent of each Lender; provided further that (1) no such agreement shall amend, modify or otherwise affect the rights or duties of the Agent, the Issuing Bank or the Swingline Lender without the prior written consent of the Agent, the Issuing Bank or the Swingline Lender, as the case may be and (2) the Agent shall be obligated and shall have the power without the consent of any Lender to release a Guarantor from the Subsidiary Guaranty if the Guarantor is sold in accordance with the restrictions on the disposition of assets set forth in Section 6.05.

SECTION 10.03. Expenses; Indemnity; Damage Waiver.

(a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Agent and Chase Securities Inc. and their respective Affiliates, including the reasonable fees, charges and disbursements of counsel for Agent and Chase Securities Inc., in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents or any amendments, modifications or waivers of the provisions thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by either Co-Administrative Agent, the Issuing Bank or any Lender, including the

fees, charges and disbursements of any counsel for either Co-Administrative Agent, the Issuing Bank or any Lender, in connection with the enforcement or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) THE BORROWER SHALL INDEMNIFY EACH CO-ADMINISTRATIVE AGENT, CHASE SECURITIES INC. AND BANC OF AMERICA SECURITIES LLC, THE ISSUING BANK AND EACH LENDER, AND EACH RELATED PARTY OF ANY OF THE FOREGOING PERSONS (EACH SUCH PERSON BEING CALLED AN "INDEMNITEE") AGAINST, AND HOLD EACH INDEMNITEE HARMLESS FROM, ANY AND ALL LOSSES, CLAIMS, DAMAGES, LIABILITIES AND RELATED EXPENSES, INCLUDING THE FEES, CHARGES AND DISBURSEMENTS OF ANY COUNSEL FOR ANY INDEMNITEE, INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF (I) THE EXECUTION OR DELIVERY OF ANY LOAN DOCUMENT OR ANY OTHER AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY, THE PERFORMANCE BY THE PARTIES TO THE LOAN DOCUMENTS OF THEIR RESPECTIVE OBLIGATIONS THEREUNDER OR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED HEREBY, (II) ANY LOAN OR LETTER OF CREDIT OR THE USE OF THE PROCEEDS THEREFROM (INCLUDING ANY REFUSAL BY THE ISSUING BANK TO HONOR A DEMAND FOR PAYMENT UNDER A LETTER OF CREDIT IF THE DOCUMENTS PRESENTED IN CONNECTION WITH SUCH DEMAND DO NOT STRICTLY COMPLY WITH THE TERMS OF SUCH LETTER OF CREDIT), (III) ANY ACTUAL OR ALLEGED PRESENCE OR RELEASE OF HAZARDOUS MATERIALS ON OR FROM ANY REAL PROPERTY CURRENTLY OR FORMERLY OWNED OR OPERATED BY THE BORROWER OR ANY OF THE SUBSIDIARIES, OR ANY ENVIRONMENTAL LIABILITY RELATED IN ANY WAY TO THE BORROWER OR ANY OF THE SUBSIDIARIES, OR (IV) ANY ACTUAL OR PROSPECTIVE CLAIM, LITIGATION, INVESTIGATION OR PROCEEDING RELATING TO ANY OF THE FOREGOING, WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY AND REGARDLESS OF WHETHER ANY INDEMNITEE IS A PARTY THERETO; PROVIDED THAT SUCH INDEMNITY SHALL NOT, AS TO ANY INDEMNITEE, BE AVAILABLE TO THE EXTENT THAT SUCH LOSSES, CLAIMS, DAMAGES, LIABILITIES OR RELATED EXPENSES ARE DETERMINED BY A COURT OF COMPETENT JURISDICTION BY FINAL AND NONAPPEALABLE JUDGMENT TO HAVE RESULTED FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNITEE. IT IS THE EXPRESSED INTENT OF THE PARTIES HERETO THAT THE INDEMNITY IN THIS CLAUSE (B) SHALL, AS TO ANY INDEMNITEE, BE AVAILABLE TO THE EXTENT THAT SUCH LOSSES, CLAIMS, DAMAGES, LIABILITIES OR RELATED EXPENSES ARE DETERMINED TO HAVE RESULTED FROM THE SOLE OR CONTRIBUTORY NEGLIGENCE OF SUCH INDEMNITEE.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Agent, the Issuing Bank or the Swingline Lender under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Agent, the Issuing Bank or the Swingline Lender, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related

expense, as the case may be, was incurred by or asserted against the Agent, the Issuing Bank or the Swingline Lender in its capacity as such. For purposes hereof, a Lender's "pro rata share" shall be determined based upon its share of the sum of the total Revolving Exposures and unused Revolving Commitments at the time.

(d) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 10.04. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit) and, to the extent expressly contemplated hereby, the Related Parties of each of the Co-Administrative Agents, the Issuing Bank and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Revolving Commitment and the Loans at the time owing to it); provided that (i) except in the case of an assignment to a Lender or an Affiliate of a Lender, each of the Borrower and the Agent must give their prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Revolving Commitment and Loans, the amount of the Revolving Commitment and Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Agent) shall not be less than $5,000,000 unless each of the Borrower and the Agent otherwise consent, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, (iv) the parties to each assignment shall execute and deliver to the Agent an Assignment and Acceptance, together with a processing and recordation fee of $3,500, and (v) the assignee, if it shall not be a Lender, shall deliver to the Agent an Administrative Questionnaire; and provided further that any consent of the Borrower otherwise required under this paragraph shall not be required if an Event of Default under clause (h) or (i) of Article VIII has occurred and is continuing. Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its

obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.14, 2.15, 2.16, 2.17 and 10.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) The Agent, acting for this purpose as an agent of the Borrower, shall maintain at its offices in New York, New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Revolving Commitment of, and principal amount of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Co-Administrative Agent, the Issuing Bank and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of the Borrower, either Co-Administrative Agent, the Issuing Bank or the Swingline Lender, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Revolving Commitment and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Agent, the Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.02(b) that affects such Participant. Subject to paragraph (f) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.14, 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08

as though it were a Lender, provided such Participant agrees to be subject to Section 2.17(c) as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.14 or 2.16 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.16 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.16(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 10.05. Survival.

All covenants, agreements, representations and warranties made by the Borrower in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that either Co-Administrative Agent, the Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Revolving Commitments have not expired or terminated. The provisions of Sections 2.14, 2.15, 2.16, 2.17 and 10.03 and Article IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Revolving Commitments or the termination of this Agreement or any provision hereof.

SECTION 10.06. Counterparts; Integration; Effectiveness.

This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. THIS AGREEMENT, THE OTHER LOAN DOCUMENTS AND ANY SEPARATE LETTER AGREEMENTS WITH RESPECT TO FEES PAYABLE TO EITHER CO-ADMINISTRATIVE AGENT EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES RELATING TO THE SUBJECT MATTER HEREOF AND SUPERSEDE ANY AND ALL PREVIOUS COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER ORAL OR WRITTEN, RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES HERETO. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been

executed by the Agent and the Borrower and when the Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.07. Severability.

Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.08. Right of Setoff.

If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 10.09. Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement shall be construed in accordance with and governed by the law of the State of Texas.

(b) THE BORROWER HEREBY IRREVOCABLY AND UNCONDI-TIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE SUPREME COURT OF THE STATE OF TEXAS SITTING IN DALLAS COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE NORTHERN DISTRICT OF TEXAS, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH TEXAS STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE AGENT, THE ISSUING BANK OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST THE BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 10.10. WAIVER OF JURY TRIAL.

EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 10.11. Headings.

Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 10.12. Confidentiality.

Each of the Co-Administrative Agents, the Issuing Bank and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to a Co-Administrative Agent, the Issuing Bank or any Lender on a nonconfidential basis from a source other than the Borrower. For the purposes of this Section, "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such

information that is available to the Co-Administrative Agents, the Issuing Bank or any Lender on a nonconfidential basis prior to disclosure by the Borrower; provided that, in the case of information received from the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 10.13. Maximum Interest Rate.

(a) No interest rate specified in any Loan Document shall at any time exceed the Maximum Rate. If at any time the interest rate (the "Contract Rate") for any obligation under the Loan Documents shall exceed the Maximum Rate, thereby causing the interest accruing on such obligation to be limited to the Maximum Rate, then any subsequent reduction in the Contract Rate for such obligation shall not reduce the rate of interest on such obligation below the Maximum Rate until the aggregate amount of interest accrued on such obligation equals the aggregate amount of interest which would have accrued on such obligation if the Contract Rate for such obligation had at all times been in effect. As used herein, the term "Maximum Rate" means, at any time with respect to any Lender, the maximum rate of nonusurious interest under applicable law that such Lender may charge Borrower. The Maximum Rate shall be calculated in a manner that takes into account any and all fees, payments, and other charges contracted for, charged, or received in connection with the Loan Documents that constitute interest under applicable law. Each change in any interest rate provided for herein based upon the Maximum Rate resulting from a change in the Maximum Rate shall take effect without notice to Borrower at the time of such change in the Maximum Rate. For purposes of determining the Maximum Rate under Texas law, the applicable rate ceiling shall be the weekly rate ceiling described in, and computed in accordance with, Article 5069-1.04, Vernon's Texas Civil Statutes.

(b) No provision of any Loan Document shall require the payment or the collection of interest in excess of the maximum amount permitted by applicable law. If any excess of interest in such respect is hereby provided for, or shall be adjudicated to be so provided, in any Loan Document or otherwise in connection with this loan transaction, the provisions of this Section shall govern and prevail and neither Borrower nor the sureties, guarantors, successors, or assigns of Borrower shall be obligated to pay the excess amount of such interest or any other excess sum paid for the use, forbearance, or detention of sums loaned pursuant hereto. In the event any Lender ever receives, collects, or applies as interest any such sum, such amount which would be in excess of the maximum amount permitted by applicable law shall be applied as a payment and reduction of the principal of the obligations outstanding hereunder, and, if the principal of the obligations outstanding hereunder has been paid in full, any remaining excess shall forthwith be paid to the Borrower. In determining whether or not the interest paid or payable exceeds the Maximum Rate, Borrower and each Lender shall, to the extent permitted by applicable law, (a) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the entire contemplated term of the obligations outstanding hereunder so that interest for the entire term does not exceed the Maximum Rate.

(c) The provisions of Chapter 346 of the Finance Code of Texas are specifically declared by the parties hereto not to be applicable to this Agreement or to the transactions contemplated hereby.

SECTION 10.14. Intercompany Subordination.

(a) Borrower agrees that the Subordinated Indebtedness (as defined below) shall be subordinate and junior in right of payment to the prior payment in full of all Senior Indebtedness (as defined below) as herein provided. The Subordinated Indebtedness shall not be payable, and no payment of principal, interest or other amounts on account thereof, and no property or guarantee of any nature to secure or pay the Subordinated Indebtedness shall be made or given, directly or indirectly by or on behalf of any Guarantor or received, accepted, retained or applied by Borrower unless and until the Senior Indebtedness shall have been paid in full in cash; except that prior to the occurrence and continuance of an Event of Default, each Guarantor shall have the right to make payments, and the Borrower shall have the right to receive payments on the Subordinated Indebtedness from time to time as may be determined by Borrower. After the occurrence and during the continuance of an Event of Default, no payments of principal, interest or other amounts may be made or given, directly or indirectly, by or on behalf of any Guarantor or received, accepted, retained or applied by Borrower unless and until the Senior Indebtedness shall have been paid in full in cash. If any sums shall be paid to Borrower by any Guarantor or any other Person on account of the Subordinated Indebtedness when such payment is not permitted hereunder, such sums shall be held in trust by the Borrower for the benefit of Agent and the Lenders and shall forthwith be paid to and applied by Agent against the Senior Indebtedness in accordance with the terms hereof. For purposes of this Section 10.14, the term (i) "Subordinated Indebtedness" means, with respect to a Guarantor, all indebtedness, liabilities, and obligations of such Guarantor to Borrower, whether such indebtedness, liabilities, and obligations now exist or are hereafter incurred or arise, or are direct, indirect, contingent, primary, secondary, several, joint and several, or otherwise, and irrespective of whether such indebtedness, liabilities, or obligations are evidenced by a note, contract, open account, or otherwise, and irrespective of the Person or Persons in whose favor such indebtedness, obligations, or liabilities may, at their inception, have been, or may hereafter be created, or the manner in which they have been or may hereafter be acquired by Borrower and (ii) "Senior Indebtedness" means, with respect to each Guarantor, all of the obligations, indebtedness and liability of the such Guarantor to the Agent, the Issuing Bank and the Lenders, or any of them, arising pursuant to the Subsidiary Guaranty or any of the other Loan Documents, whether now existing or hereafter arising, whether direct, indirect, related, unrelated, fixed, contingent, liquidated, unliquidated, joint, several, or joint and several, including, without limitation, any and all post-petition interest and expenses (including attorneys' fees) whether or not allowed under any bankruptcy, insolvency, or other similar law.

(b) Borrower agrees that any and all Liens (including any judgment liens), upon any Guarantor's assets securing payment of any Subordinated Indebtedness shall be and remain inferior and subordinate to any and all Liens upon any Guarantor's assets securing payment of the Senior Indebtedness or any part thereof, regardless of whether such Liens in favor of Borrower, Agent or any Lender presently exist or are hereafter created or attached. Without the prior written consent of Agent, Borrower shall not (i) file suit against any Guarantor or exercise or enforce any other creditor's right it may have against any Guarantor, or (ii) foreclose, repossess, sequester, or otherwise take steps or institute any action or proceedings (judicial or otherwise, including without limitation the commencement of, or joinder in, any liquidation, bankruptcy,

rearrangement, debtor's relief or insolvency proceeding) to enforce any obligations of any Guarantor to Borrower or any Liens held by Borrower on assets of any Guarantor.

(c) In the event of any receivership, bankruptcy, reorganization, rearrangement, debtor's relief, or other insolvency proceeding involving any Guarantor as debtor, Agent shall have the right to prove and vote any claim under the Subordinated Indebtedness and to receive directly from the receiver, trustee or other court custodian all dividends, distributions, and payments made in respect of the Subordinated Indebtedness until the Senior Indebtedness has been paid in full in cash. Agent may apply any such dividends, distributions, and payments against the Senior Indebtedness in accordance with the terms hereof.

(d) Borrower agrees that all promissory notes and other instruments evidencing Subordinated Indebtedness shall contain a specific written notice thereon that the indebtedness evidenced thereby is subordinated under the terms of this Section 10.14.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

ACXIOM CORPORATION, as the Borrower

By:
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Jerry C. Jones
Business Development/Legal Leader

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, as Agent and a co-administrative agent, the Issuing Bank, the Swingline Lender and as a Lender

By:
---
Michael J. Lister
Vice President

BANK OF AMERICA, N.A., as syndication agent and as a Lender

By:
---
Name:
---
Title:
---

MERCANTILE BANK, N.A., as a co-administrative agent and as a Lender

By:
---
Name:
---
Title:
---

THE BANK OF NOVA SCOTIA, as co-agen and as a Lender

By:
---
Name:
---
Title:
---

BANK ONE, NA (Main Office - Chicago), as co-agent and as a Lender

By: _____
Name: _____
Title: _____

SUNTRUST BANK, NASHVILLE, N.A., as co-agent and as a Lender

By: _____
Name: _____
Title: _____

WACHOVIA BANK, N.A., as co-agent and as a Lender

By: _____
Name: _____
Title: _____

ABN AMRO BANK N.V., as co-agent and as a Lender

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

BANK HAPOALIM

By: _____
Name: Dan Jozefov
Title: Vice President

By: _____
Name: John Rice
Title: Vice President

COMERICA BANK

By:
---
Name:
---
Title:
---

THE DAI-ICHI KANGYO BANK, LIMITED

By:
---
Name:
---
Title:
---

REGIONS BANK

By:
---
Name:
---
Title:
---

EXHIBITS:



SCHEDULES:

EXHIBIT A

TO

ACXIOM CORPORATION
CREDIT AGREEMENT

Form of Assignment and Acceptance

ASSIGNMENT AND ACCEPTANCE

Dated: _____

Reference is made to the Credit Agreement dated as of December 29, 1999 (as amended, modified, extended or restated from time to time, the "Agreement"), among ACXIOM CORPORATION (the "Borrower"), the lenders listed in Schedule 2.01 thereto (the "Lenders"), CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, as agent and as a co-administrative agent, MERCANTILE BANK, N.A., as co-administrative agent, and BANK OF AMERICA, N.A., as syndication agent.

1. The Assignor hereby sells and assigns, without recourse, to the Assignee, and the Assignee hereby purchases and assumes, without recourse, from the Assignor, effective as of the Effective Date of Assignment set forth below, the interests set forth below (the "Assigned Interest") in the Assignor's rights and obligations under the Agreement, including, without limitation, the interests set forth below in the Revolving Commitment of the Assignor on the Effective Date of Assignment and the Loans owing to the Assignor which are outstanding on the Effective Date of Assignment, together with unpaid interest accrued on the assigned Loans to the Effective Date of Assignment and the amount, if any, set forth below of the fees accrued to the Effective Date of Assignment for the account of the Assignor. Each of the Assignor and the Assignee hereby makes and agrees to be bound by all the representations, warranties and agreements set forth in Section 10.04 of the Agreement, a copy of which has been received by each such party. From and after the Effective Date of Assignment, (i) the Assignee shall be a party to and be bound by the provisions of the Agreement and, to the extent of the interests assigned by this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent of the interests assigned by this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Agreement. After giving effect to this Assignment and Acceptance, Assignor=s Revolving Commitment shall be $_____ and Assignee=s Revolving Commitment shall be $_____.

2. This Assignment and Acceptance is being delivered to the Agent together with (i) if the Assignee is organized under the laws of a jurisdiction outside the United States, the forms specified in Section 2.16(e) of the Agreement, duly completed and executed by such Assignee, and (ii) if the Assignee is not already a Lender under the Agreement, an Administrative Questionnaire and (iii) a processing and recordation fee of $3,500.

3. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of Texas.

Date of Assignment:
Legal Name of Assignor:
Legal Name of Assignee:
Assignee's Address for Notices:
Effective Date of Assignment

| Facility | Principal Amount Assigned | Percentage Assigned of Revolving Commitment (set forth, to at least 8 decimals, as a percentage of the aggregate Revolving Commitments of all Lenders thereunder) |
|---|---|---|
| Revolving Commitment Assigned: | $ | |
| Loans: | $ | |
| Fees Assigned (if any): | $ | |

The terms set forth herein are hereby agreed to:

[ASSIGNOR], as Assignor

By: _____

Name: _____

Title: _____

Accepted:

ACXIOM CORPORATION

By: _____

Name: _____

Title: _____

[ASSIGNEE], as Assignee

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, as Agent

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

EXHIBIT B

TO

ACXIOM CORPORATION
CREDIT AGREEMENT

Form of Opinion of Borrower's Counsel

December 29, 1999

Chase Bank of Texas National Association, as agent for certain lenders and the lenders party to the hereinafter defined Agreement 2200 Ross Avenue, 3rd Floor Dallas, Texas 75201

Re: The Credit Agreement dated as of December 29, 1999 (the "Agreement") among Acxiom Corporation, a Delaware corporation (the "Company"), Chase Bank of Texas, National Association, as the agent and as a co-administrative agent, Mercantile Bank, N.A., as a co-administrative agent, Bank of America, N.A., as syndication agent, and the other lenders named therein.

Ladies and Gentlemen:

We are special counsel to the Company. As such, we have been asked to render to you the opinion set forth below relating to the Agreement. This opinion is given pursuant to Section 4.01(b) of the Agreement. Capitalized terms used herein, not otherwise defined, have the meanings given them in the Agreement. The Agreement and the Subsidiary Guaranty are hereinafter collectively referred to as the "Loan Documents."

To enable us to render this opinion, we have reviewed originals or copies (certified or otherwise identified to our satisfaction) of the Certificate of Incorporation and By-Laws of the Company and each Guarantor, the Loan Documents, the records of proceedings of the Board of Directors of the Company and each Guarantor, and such other documents, corporate records and certificates of public officials as we have considered appropriate.

For purposes of this opinion, we have, with your permission, assumed without independent investigation or inquiry that:

(i) all signatures of the Lenders on the Loan Documents that we examined are genuine, the Loan Documents submitted to us as originals are authentic, and the Loan Documents submitted to us as copies conform to the original Loan Documents executed by the parties thereto;

(ii) the Loan Documents have been duly and validly authorized, executed, delivered and accepted by all parties thereto (other than the Company and each Guarantor) and all parties thereto (other than the Company and each Guarantor) have all requisite power and authority to make and enter into the Loan Documents and perform their obligations thereunder pursuant to the laws of all relevant jurisdictions;

(iii) the Agent and the Lenders have their principal place of business, chief executive office and domicile outside of the State of Arkansas; all substantive negotiations relating to the transactions contemplated by the Loan Documents have taken place outside the State of Arkansas, either in person or by telephone conferences between your

representatives in the States of Texas and New York and representatives of the Company in the State of Arkansas; the closing of the transactions contemplated by, the delivery by the Company and each Guarantor and the acceptance by the Lenders or their counsel of the Loan Documents occurred in the State of Texas; the administration of and delivery and acceptance of payments pursuant to the Loan Documents will take place in the State of New York; the choice of law as provided for in the Loan Documents is valid pursuant to the conflict of laws principles under the laws of any and all jurisdictions governing the same (other than the State of Arkansas) specifically including the laws of the State of Texas; and, the parties to the Loan Documents have voluntarily chosen to have the laws of the State of Texas govern the Loan Documents;

(iv) The Loan Documents were entered into in good faith and for adequate consideration; and

(v) The Agent and the Lenders will exercise their rights, remedies and benefits under the Loan Documents in a commercially reasonably manner.

Based upon the foregoing and subject to the qualifications and limitations set forth below, we are of the opinion that:

1. The Company and each Guarantor organized under the laws of the States of either Arkansas or Delaware (collectively the "Loan Parties") has been duly organized and is validly existing and in good standing under the laws of the State of its incorporation or organization as reflected in the Agreement.

2. Each Loan Party has the corporate power and authority to enter into and perform the Loan Documents to which it is a party. The execution, delivery and performance of the Loan Documents have been duly authorized by all requisite corporate action, and the Loan Documents have been duly executed and delivered by each Loan Party who is a party thereto.

3. The execution and delivery of the Loan Documents, and the performance by each Loan Party that is a party thereto of their respective terms, do not conflict with or result in a violation of law, rule or regulation, the Certificate of Incorporation or By-Laws of any Loan Party, or of any agreement, instrument, order, writ, judgment or decree known to us to which any Loan Party is a party or is subject.

4. A court of the State of Arkansas presented with the facts, as we have assumed them, and properly applying the current conflict of law principles, would honor the choice of law provisions as set forth in the Loan Documents and would not apply the substantive laws of the State of Arkansas, including usury laws to the Loan Documents, except for certain issues necessarily governed by Arkansas law such as title to properties and remedies and procedures for enforcement in Arkansas.

5. No consent, approval, authorization or other action by, or filing with, any governmental authority is required in connection with the execution and delivery by any Loan Party of Loan Documents to which it is a party.

6. To our knowledge, there are no actions, suits or proceedings pending or threatened against or affecting the Company or any Subsidiary or any of their respective properties in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

7. The execution and delivery by the Company and each Guarantor of the Agreement and the other Loan Documents executed by it, the consummation of the transactions contemplated by the Agreement and the performance of the terms and provisions of the Agreement and the other Loan Documents by the Company and the Guarantors will not involve any violations of Regulation T, U or X or any other rule or regulation of the Board of Governors of the Federal Reserve System pursuant to Section 7 of the Securities Exchange Act of 1934, as amended.

8. The Company is not an investment company, or a person directly or indirectly controlled by or acting on behalf of an investment company, within the meaning of the Investment Company Act of 1940, as amended.

9. The Indebtedness arising under the Subsidiary Guaranty, the Agreement and the other Loan Documents constitutes "Senior Indebtedness" under and as defined in the Subordinated Debt Documents.

The opinions hereinafter expressed are subject to the following qualifications and limitations:

(a) The opinions set forth herein are subject to the qualification that we are members of the bar of the State of Arkansas only and we express no opinion as to the laws of any jurisdiction other than the United States of America, the State of Arkansas and the General Corporate Laws of the State of Delaware.

(b) This opinion is limited to pertinent laws in effect as of the date hereof, and we expressly disclaim any undertaking to advise you of any changes of law or fact that may thereafter come to our attention.

(c) Our opinion is limited to the matters stated herein and no opinion is to be implied or may be inferred beyond those matters expressly stated. The opinions expressed herein represent our judgment as to certain legal matters, but they are not warranties or guarantees and should not be construed as such. The liability of this firm is limited to the fullest extent possible under Ark. Code Ann. Section 16-114-303; provided, however, the requirements of such section necessary to allow the Lenders to rely on this opinion have been satisfied.

(d) This opinion is furnished by us solely for your benefit, and it may not be relied upon, quoted from or delivered to any person other than counsel to you and your agents or employees and participants without our express prior written consent, except (i) in connection with the enforcement of obligations of the Loan Parties under the Loan Documents, (ii) in response to a valid subpoena or other legal process, (iii) as otherwise required by applicable law or regulations, or (iv) in connection with the sale or transfer of the rights under the Loan Documents to a subsequent purchaser or transferee.

(e) The phrases "known to us" or "to our knowledge" as used in this letter means the actual knowledge of those attorneys of our firm who have performed services in connection with the Loan Documents and this opinion based solely on representations from the Company, and does not include constructive knowledge or knowledge imputed to our firm under common law principles of agency or otherwise. Except as expressly set forth herein, we have not undertaken any investigation to determine the existence or absence of any facts and no inference as to our knowledge concerning any facts should be drawn from the fact that such representation has been undertaken by us.

(f) For purposes of the factual matters material to the opinions expressed herein, we have, with your consent, relied upon the correctness of the representations contained in the Agreement and the factual assumptions stated therein.

(g) Our opinions are rendered as of the date hereof and do not cover the effect of any amendment or supplement to the Loan Documents or the validity or enforceability of any amendment or supplement thereto, including without limitation any refinancings, modifications, extensions, waivers or releases or the effect or applicability of federal or state tax laws on or to the transactions contemplated by the Loan Documents.

(h) We have made no examination or investigation to verify the accuracy or completeness of any financial, accounting, or statistical information furnished to you or with respect to any other accounting and financial matters and express no opinion with respect thereto.

(i) We call your attention to the fact that the awarding of attorney's fees and expenses is discretionary under Arkansas law. We cannot opine that attorney's fees and expenses will be awarded in any particular amount.

(j) Our opinions are subject to, and we express no opinion on, state or federal law relating to fraudulent conveyances.

(k) The opinions expressed above are (i) given to the addressees hereof solely for their benefit and the benefit of their successors and transferees (including any assignee or participant in the Loans under the Loan Agreement) and it is acknowledged that each such Loan Party has relied on same, (ii) not binding on any court and (iii) may not be quoted in whole or in part or otherwise referred to in any legal opinion, document, or other report to be furnished to another person or entity without our prior written consent; provided, however, that you may furnish this opinion to any proposed assignee or participant in the Loans under the Loan Agreement.

Very truly yours,

KUTAK ROCK LLP

jjg/mlc

EXHIBIT "C"
TO
ACXIOM CORPORATION
CREDIT AGREEMENT

Form of Subsidiary Guaranty

GUARANTY AGREEMENT
(Subsidiaries)

WHEREAS, ACXIOM CORPORATION, a Delaware corporation (the "Borrower") has entered into that certain Credit Agreement dated December 29, 1999, among Borrower, the lenders party thereto (the "Lenders"), CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, as the agent for the Lenders (the "Agent") and a co-administrative agent, MERCANTILE BANK, N.A., as a co-administrative agent, and BANK OF AMERICA, N.A., as syndication agent (such Credit Agreement, as it may hereafter be amended or otherwise modified from time to time, being hereinafter referred to as the "Credit Agreement", and capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Credit Agreement);

WHEREAS, the execution of this Guaranty Agreement is a condition to the Agent's and each Lender's obligations under the Credit Agreement;

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, each of the undersigned Subsidiaries and any Subsidiary hereafter added as a "Guarantor" hereto pursuant to a Subsidiary Joinder Agreement in the form attached hereto as Exhibit A (individually a "Guarantor" and collectively the "Guarantors"), hereby irrevocably and unconditionally guarantees to Agent, the Lenders and their respective Affiliates the full and prompt payment and performance of the Guaranteed Indebtedness (hereinafter defined), this Guaranty Agreement being upon the following terms:

1. The term "Guaranteed Indebtedness", as used herein means all of the obligations, indebtedness and liability of the Borrower to the Agent, the Issuing Bank and the Lenders, or any of them, arising pursuant to any of the Loan Documents, pursuant to any interest rate protection Hedging Agreement entered into by the Agent, any Lender or any of their respective Affiliates with the Borrower to hedge or mitigate interest rate risk on the Loans, whether now existing or hereafter arising, whether direct, indirect, related, unrelated, fixed, contingent, liquidated, unliquidated, joint, several, or joint and several, including, without limitation, the obligation of the Borrower to repay the Loans, the LC Disbursements, interest on the Loans and all fees, costs and expenses (including attorneys' fees and expenses) provided for in the Loan Documents or such interest rate protection Hedging Agreements. The "Guaranteed Indebtedness" shall include any and all post-petition interest and expenses (including attorneys' fees) whether or not allowed under any bankruptcy, insolvency, or other similar law; provided that the Guaranteed Indebtedness shall be limited, with respect to each Guarantor, to an aggregate amount equal to the largest amount that would not render such Guarantor's obligations hereunder subject to avoidance under Section 544 or 548 of the United States Bankruptcy Code or under any applicable state law relating to fraudulent transfers or conveyances.

2. The Guarantors together desire to allocate among themselves (collectively, the "Contributing Guarantors"), in a fair and equitable manner, their obligations arising under this Guaranty Agreement. Accordingly, in the event any payment or distribution is made by a Guarantor under this Guaranty Agreement (a "Funding Guarantor") that exceeds its Fair Share (as defined below), that Funding Guarantor shall be entitled to a contribution from each of the other Contributing Guarantors in the amount of such other Contributing Guarantor's Fair Share Shortfall (as defined below), with the result that all such

contributions will cause each Contributing Guarantor's Aggregate Payments (as defined below) to equal its Fair Share. "Fair Share" means, with respect to a Contributing Guarantor as of any date of determination, an amount equal to (i) the ratio of (x) the Adjusted Maximum Amount (as defined below) with respect to such Contributing Guarantor to (y) the aggregate of the Adjusted Maximum Amounts with respect to all Contributing Guarantors, multiplied by (ii) the aggregate amount paid or distributed on or before such date by all Funding Guarantors under this Guaranty Agreement in respect of the obligations guarantied. "Fair Share Shortfall" means, with respect to a Contributing Guarantor as of any date of determination, the excess, if any, of the Fair Share of such Contributing Guarantor over the Aggregate Payments of such Contributing Guarantor. "Adjusted Maximum Amount" means, with respect to a Contributing Guarantor as of any date of determination, the maximum aggregate amount of the obligations of such Contributing Guarantor under this Guaranty Agreement determined in accordance with the provisions hereof; provided that, solely for purposes of calculating the "Adjusted Maximum Amount" with respect to any Contributing Guarantor for purposes of this paragraph 2, the assets or liabilities arising by virtue of any rights to or obligations of contribution hereunder shall not be considered as assets or liabilities of such Contributing Guarantor. "Aggregate Payments" means, with respect to a Contributing Guarantor as of any date of determination, the aggregate amount of all payments and distributions made on or before such date by such Contributing Guarantor in respect of this Guaranty Agreement (including, without limitation, in respect of this paragraph 2). The amounts payable as contributions hereunder shall be determined as of the date on which the related payment or distribution is made by the applicable Funding Guarantor. The allocation among Contributing Guarantors of their obligations as set forth in this paragraph 2 shall not be construed in any way to limit the liability of any Contributing Guarantor hereunder.

3. This instrument shall be an absolute, continuing, irrevocable and unconditional guaranty of payment and performance, and not a guaranty of collection, and each Guarantor shall remain liable on its obligations hereunder until the payment and performance in full of the Guaranteed Indebtedness. No set-off, counterclaim, recoupment, reduction, or diminution of any obligation, or any defense of any kind or nature which Borrower may have against Agent, any Lender or any other party, or which any Guarantor may have against Borrower, the Issuing Bank, the Agent, any Lender or any other party, shall be available to, or shall be asserted by, any Guarantor against Agent, any Lender or any subsequent holder of the Guaranteed Indebtedness or any part thereof or against payment of the Guaranteed Indebtedness or any part thereof.

4. If a Guarantor becomes liable for any indebtedness owing by Borrower to Agent or any Lender by endorsement or otherwise, other than under this Guaranty Agreement, such liability shall not be in any manner impaired or affected hereby, and the rights of Agent and the Lenders hereunder shall be cumulative of any and all other rights that Agent and the Lenders may ever have against such Guarantor. The exercise by Agent and the Lenders of any right or remedy hereunder or under any other instrument, or at law or in equity, shall not preclude the concurrent or subsequent exercise of any other right or remedy.

5. In the event of default by Borrower in payment or performance of the Guaranteed Indebtedness, or any part thereof, when such Guaranteed Indebtedness becomes due, whether by its terms, by acceleration, or otherwise, the Guarantors shall, jointly and severally, promptly pay the amount due thereon to Agent,

without notice or demand, in lawful currency of the United States of America, and it shall not be necessary for Agent or any Lender, in order to enforce such payment by any Guarantor, first to institute suit or exhaust its remedies against Borrower or others liable on such Guaranteed Indebtedness, or to enforce any rights against any collateral which shall ever have been given to secure such Guaranteed Indebtedness. In the event such payment is made by a Guarantor, then such Guarantor shall be subrogated to the rights then held by Agent and any Lender with respect to the Guaranteed Indebtedness to the extent to which the Guaranteed Indebtedness was discharged by such Guarantor and, in addition, upon payment by such Guarantor of any sums to Agent and any Lender hereunder, all rights of such Guarantor against Borrower, any other guarantor or any collateral arising as a result therefrom by way of right of subrogation, reimbursement, or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full of the Guaranteed Indebtedness. All payments received by the Agent hereunder shall be applied by the Agent to payment of the Guaranteed Indebtedness in the following order unless a court of competent jurisdiction shall otherwise direct:

(a) FIRST, to payment of all costs and expenses of the Agent incurred in connection with the collection and enforcement of the Guaranteed Indebtedness;

(b) SECOND, to payment of that portion of the Guaranteed Indebtedness constituting accrued and unpaid interest and fees, pro rata among the Lenders and their Affiliates in accordance with the amount of such accrued and unpaid interest and fees owing to each of them;

(c) THIRD, to payment of the principal of the Guaranteed Indebtedness and the net early termination payments and any other obligations due under any Hedging Agreements guaranteed hereby, pro rata among the Lenders and their Affiliates in accordance with the amount of such principal and such net early termination payments and other obligations then due and unpaid owing to each of them; and

(d) FOURTH, to payment of any Guaranteed Indebtedness (other than the Guaranteed Indebtedness listed above) pro rata among those parties to whom such Guaranteed Indebtedness is due in accordance with the amounts owing to each of them.

6. If acceleration of the time for payment of any amount payable by Borrower under the Guaranteed Indebtedness is stayed upon the insolvency, bankruptcy, or reorganization of Borrower, all such amounts otherwise subject to acceleration under the terms of the Guaranteed Indebtedness shall nonetheless be payable by the Guarantors hereunder forthwith on demand by Agent or any Lender.

7. Each Guarantor hereby agrees that its obligations under this Guaranty Agreement shall not be released, discharged, diminished, impaired, reduced, or affected for any reason or by the occurrence of any event, including, without limitation, one or more of the following events, whether or not with notice to or the consent of any Guarantor: (a) the taking or accepting of collateral as security for any or all of the Guaranteed Indebtedness or the release, surrender, exchange, or subordination of any collateral now or hereafter securing any or all of the Guaranteed Indebtedness; (b) any partial release of

the liability of any Guarantor hereunder, or the full or partial release of any other guarantor from liability for any or all of the Guaranteed Indebtedness; (c) any disability of Borrower, or the dissolution, insolvency, or bankruptcy of Borrower, any Guarantor, or any other party at any time liable for the payment of any or all of the Guaranteed Indebtedness; (d) any renewal, extension, modification, waiver, amendment, or rearrangement of any or all of the Guaranteed Indebtedness or any instrument, document, or agreement evidencing, securing, or otherwise relating to any or all of the Guaranteed Indebtedness; (e) any adjustment, indulgence, forbearance, waiver, or compromise that may be granted or given by Agent or any Lender to Borrower, any Guarantor, or any other party ever liable for any or all of the Guaranteed Indebtedness; (f) any neglect, delay, omission, failure, or refusal of Agent or any Lender to take or prosecute any action for the collection of any of the Guaranteed Indebtedness or to foreclose or take or prosecute any action in connection with any instrument, document, or agreement evidencing, securing, or otherwise relating to any or all of the Guaranteed Indebtedness; (g) the unenforceability or invalidity of any or all of the Guaranteed Indebtedness or of any instrument, document, or agreement evidencing, securing, or otherwise relating to any or all of the Guaranteed Indebtedness; (h) any payment by Borrower or any other party to Agent or any Lender is held to constitute a preference under applicable bankruptcy or insolvency law or if for any other reason Agent or any Lender is required to refund any payment or pay the amount thereof to someone else; (i) the settlement or compromise of any of the Guaranteed Indebtedness; (j) the non-perfection of any security interest or lien securing any or all of the Guaranteed Indebtedness; (k) any impairment of any collateral securing any or all of the Guaranteed Indebtedness; (l) the failure of Agent or any Lender to sell any collateral securing any or all of the Guaranteed Indebtedness in a commercially reasonable manner or as otherwise required by law; (m) any change in the corporate existence, structure, or ownership of Borrower; or (n) any other circumstance which might otherwise constitute a defense available to, or discharge of, Borrower or any other Guarantor (other than payment of the Guaranteed Indebtedness).

8. Each Guarantor represents and warrants to Agent and the Lenders as follows:

(a) All representations and warranties in the Credit Agreement relating to it are true and correct as of the date hereof and on each date the representations and warranties hereunder are restated pursuant to any of the Loan Documents with the same force and effect as if such representations and warranties had been made on and as of such date except to the extent that such representations and warranties relate specifically to another date.

(b) It has, independently and without reliance upon Agent or any Lender and based upon such documents and information as it has deemed appropriate, made its own analysis and decision to enter into the Loan Documents to which it is a party.

(c) It has adequate means to obtain from Borrower on a continuing basis information concerning the financial condition and assets of Borrower and it is not relying upon Agent or any Lender to provide (and neither the Agent nor any Lender shall have any duty to provide) any such information to it either now or in the future.

(d) The value of the consideration received and to be received by each Guarantor as a result of Borrower's and the Lenders' entering into the Credit Agreement and each Guarantor's executing and delivering this Guaranty Agreement is reasonably worth at least as much as the liability and obligation of each Guarantor hereunder, and such liability and obligation and the Credit Agreement have benefited and may reasonably be expected to benefit each Guarantor directly or indirectly.

9. Each Guarantor covenants and agrees that, as long as the Guaranteed Indebtedness or any part thereof is outstanding or any Lender has any commitment under the Credit Agreement, it will comply with all covenants set forth in the Credit Agreement specifically applicable to it.

10. When an Event of Default exists, Agent and each Lender shall have the right to set-off and apply against this Guaranty Agreement or the Guaranteed Indebtedness or both, at any time and without notice to any Guarantor, any and all deposits (general or special, time or demand, provisional or final, but excluding any account established by a Guarantor as a fiduciary for another party) or other sums at any time credited by or owing from Agent and the Lenders to any Guarantor whether or not the Guaranteed Indebtedness is then due and irrespective of whether or not Agent or any Lender shall have made any demand under this Guaranty Agreement. Each Lender agrees promptly to notify the Borrower (with a copy to the Agent) after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application. The rights and remedies of Agent and the Lenders hereunder are in addition to other rights and remedies (including, without limitation, other rights of set-off) which Agent or any Lender may have.

11. (a) Each Guarantor hereby agrees that the Subordinated Indebtedness (as defined below) shall be subordinate and junior in right of payment to the prior payment in full of all Guaranteed Indebtedness as herein provided. The Subordinated Indebtedness shall not be payable, and no payment of principal, interest or other amounts on account thereof, and no property or guarantee of any nature to secure or pay the Subordinated Indebtedness shall be made or given, directly or indirectly by or on behalf of any Debtor (hereafter defined) or received, accepted, retained or applied by any Guarantor unless and until the Guaranteed Indebtedness shall have been paid in full in cash; except that prior to the occurrence and continuance of an Event of Default, each Debtor shall have the right to make payments and a Guarantor shall have the right to receive payments on the Subordinated Indebtedness from time to time as may be determined by Borrower. After the occurrence and during the continuance of an Event of Default, no payments of principal or interest may be made or given, directly or indirectly, by or on behalf of any Debtor or received, accepted, retained or applied by any Guarantor unless and until the Guaranteed Indebtedness shall have been paid in full in cash. If any sums shall be paid to a Guarantor by any Debtor or any other Person on account of the Subordinated Indebtedness when such payment is not permitted hereunder, such sums shall be held in trust by such Guarantor for the benefit of Agent and the Lenders and shall forthwith be paid to Agent and applied by Agent against the Guaranteed Indebtedness in accordance with this Guaranty Agreement. For purposes of this Guaranty Agreement and with respect to a Guarantor, the term "Subordinated Indebtedness" means all indebtedness, liabilities, and obligations of Borrower or any other Guarantor (Borrower and such other Guarantor herein the "Debtors") to such Guarantor,

whether such indebtedness, liabilities, and obligations now exist or are hereafter incurred or arise, or are direct, indirect, contingent, primary, secondary, several, joint and several, or otherwise, and irrespective of whether such indebtedness, liabilities, or obligations are evidenced by a note, contract, open account, or otherwise, and irrespective of the Person or Persons in whose favor such indebtedness, obligations, or liabilities may, at their inception, have been, or may hereafter be created, or the manner in which they have been or may hereafter be acquired by such Guarantor.

(b) Each Guarantor agrees that any and all Liens (including any judgment liens), upon any Debtor's assets securing payment of any Subordinated Indebtedness shall be and remain inferior and subordinate to any and all Liens upon any Debtor's assets securing payment of the Guaranteed Indebtedness or any part thereof, regardless of whether such Liens in favor of a Guarantor, Agent or any Lender presently exist or are hereafter created or attached. Without the prior written consent of Agent, no Guarantor shall (i) file suit against any Debtor or exercise or enforce any other creditor's right it may have against any Debtor, or (ii) foreclose, repossess, sequester, or otherwise take steps or institute any action or proceedings (judicial or otherwise, including without limitation the commencement of, or joinder in, any liquidation, bankruptcy, rearrangement, debtor's relief or insolvency proceeding) to enforce any obligations of any Debtor to such Guarantor or any Liens held by such Guarantor on assets of any Debtor.

(c) In the event of any receivership, bankruptcy, reorganization, rearrangement, debtor's relief, or other insolvency proceeding involving any Debtor as debtor, Agent shall have the right to prove and vote any claim under the Subordinated Indebtedness and to receive directly from the receiver, trustee or other court custodian all dividends, distributions, and payments made in respect of the Subordinated Indebtedness until the Guaranteed Indebtedness has been paid in full in cash. Agent may apply any such dividends, distributions, and payments against the Guaranteed Indebtedness in accordance with the Credit Agreement.

(d) Each Guarantor agrees that all promissory notes and other instruments evidencing Subordinated Indebtedness shall contain a specific written notice thereon that the indebtedness evidenced thereby is subordinated under the terms of this Guaranty Agreement.

12. Except for modifications made pursuant to the execution and delivery of a Subsidiary Joinder Agreement (which needs to be signed only by the Subsidiary party thereto), no amendment or waiver of any provision of this Guaranty Agreement or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by Agent and Required Lenders except as otherwise provided in the Credit Agreement. No failure on the part of Agent or any Lender to exercise, and no delay in exercising, any right, power, or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

13. To the extent permitted by law, any acknowledgment or new promise, whether by payment of principal or interest or otherwise and whether by Borrower or others (including any Guarantor), with respect to any of the Guaranteed Indebtedness shall, if the statute of limitations in favor of a Guarantor

against Agent or any Lender shall have commenced to run, toll the running of such statute of limitations and, if the period of such statute of limitations shall have expired, prevent the operation of such statute of limitations.

14. This Guaranty Agreement is for the benefit of Agent and the Lenders and their successors and assigns, and in the event of an assignment of the Guaranteed Indebtedness, or any part thereof, the rights and benefits hereunder, to the extent applicable to the indebtedness so assigned, may be transferred with such indebtedness. This Guaranty Agreement is binding not only on each Guarantor, but on each Guarantor's successors and assigns.

15. Each Guarantor recognizes that Agent and the Lenders are relying upon this Guaranty Agreement and the undertakings of each Guarantor hereunder and under the other Loan Documents to which each is a party in making extensions of credit to Borrower under the Credit Agreement and further recognizes that the execution and delivery of this Guaranty Agreement and the other Loan Documents to which each Guarantor is a party is a material inducement to Agent and the Lenders in entering into the Credit Agreement and continuing to extend credit thereunder. Each Guarantor hereby acknowledges that there are no conditions to the full effectiveness of this Guaranty Agreement or any other Loan Document to which it is a party.

16. Any notice or demand to any Guarantor under or in connection with this Guaranty Agreement or any other Loan Document to which it is a party shall be deemed effective if given to the Guarantor, care of Borrower in accordance with the notice provisions in the Credit Agreement.

17. The Guarantors shall, jointly and severally, pay on demand all reasonable attorneys' fees and all other reasonable costs and expenses incurred by Agent and the Lenders in connection with the administration, enforcement, or collection of this Guaranty Agreement.

18. Except as otherwise specifically provided in the Credit Agreement, each Guarantor hereby waives promptness, diligence, notice of any default under the Guaranteed Indebtedness, demand of payment, notice of acceptance of this Guaranty Agreement, presentment, notice of protest, notice of dishonor, notice of the incurring by Borrower of additional indebtedness, and all other notices and demands with respect to the Guaranteed Indebtedness and this Guaranty Agreement.

19. The Credit Agreement, and all of the terms thereof, are incorporated herein by reference, the same as if stated verbatim herein, and each Guarantor agrees that Agent and the Lenders may exercise any and all rights granted to any of them under the Credit Agreement and the other Loan Documents without affecting the validity or enforceability of this Guaranty Agreement.

20. THIS GUARANTY AGREEMENT EMBODIES THE FINAL, ENTIRE AGREEMENT OF EACH GUARANTOR, AGENT AND THE LENDERS WITH RESPECT TO EACH GUARANTOR'S GUARANTY OF THE GUARANTEED INDEBTEDNESS AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL,

RELATING TO THE SUBJECT MATTER HEREOF. THIS GUARANTY AGREEMENT IS INTENDED BY EACH GUARANTOR, AGENT AND THE LENDERS AS A FINAL AND COMPLETE EXPRESSION OF THE TERMS OF THE GUARANTY AGREEMENT, AND NO COURSE OF DEALING AMONG ANY GUARANTOR, AGENT AND THE LENDERS, NO COURSE OF PERFORMANCE, NO TRADE PRACTICES, AND NO EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OR OTHER EXTRINSIC EVIDENCE OF ANY NATURE SHALL BE USED TO CONTRADICT, VARY, SUPPLEMENT OR MODIFY ANY TERM OF THIS GUARANTY AGREEMENT. THERE ARE NO ORAL AGREEMENTS AMONG ANY GUARANTOR, AGENT AND THE LENDERS.

21. This Guaranty Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas and applicable laws of the United States of America. EACH GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE SUPREME COURT OF THE STATE OF TEXAS SITTING IN DALLAS COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE NORTHERN DISTRICT OF TEXAS, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE GUARANTORS HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH TEXAS STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE GUARANTORS AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS GUARANTY AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE AGENT OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST A GUARANTOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION. Each Guarantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Guaranty Agreement or any other Loan Document in any court referred to in this paragraph 21. Each of the Guarantors irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

22. EACH GUARANTOR WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTY AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH GUARANTOR (A) CERTIFIES THAT NO

REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

EXECUTED as of the 29th day of December 1999.

GUARANTORS:

Acxiom CDC, Inc.
Acxiom/Direct Media, Inc.
Acxiom/May & Speh, Inc.
Acxiom RM-Tools, Inc.
Acxiom/Woodland Hills Data Center, Inc.

By: ----------
Name: ----------
Authorized Officer of all Guarantors

EXHIBIT "A"
TO
ACXIOM CORPORATION
SUBSIDIARY GUARANTY

Subsidiary Joinder Agreement

# SUBSIDIARY JOINDER AGREEMENT

This SUBSIDIARY JOINDER AGREEMENT (the "Agreement") dated as of _____, ____ is executed by the undersigned (the "Guarantor") for the benefit of CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, in its capacity as agent for the lenders party to the hereafter identified Credit Agreement (in such capacity herein, the "Agent") and for the benefit of such lenders in connection with that certain Credit Agreement among ACXIOM CORPORATION ("Borrower"), the lenders party thereto (the "Lenders"), CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, as the agent for the Lenders (the "Agent") and as a co-administrative agent, MERCANTILE BANK, N.A., as a co-administrative agent, and BANK OF AMERICA, N.A., as syndication (such Credit Agreement, as it may hereafter be amended or otherwise modified from time to time, being hereinafter referred to as the "Credit Agreement", and capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Credit Agreement) (as modified, the "Credit Agreement", and capitalized terms not otherwise defined herein being used herein as defined in the Credit Agreement).

The Debtor [is a newly formed or newly acquired Significant Subsidiary and] is required to execute this Agreement pursuant to Sections 5.11 of the Credit Agreement.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtor hereby agrees as follows:

1. The Debtor hereby assumes all the obligations of a "Guarantor" under the Subsidiary Guaranty and agrees that it is a "Guarantor" and bound as a "Guarantor" under the terms of the Subsidiary Guaranty as if it had been an original signatory thereto. In accordance with the forgoing and for valuable consideration, the receipt and adequacy of which are hereby acknowledged, Debtor irrevocably and unconditionally guarantees to the Agent and the Lenders the full and prompt payment and performance of the Guaranteed Indebtedness (as defined in the Subsidiary Guaranty) upon the terms and conditions set forth in the Subsidiary Guaranty.

2. This Agreement shall be deemed to be part of, and a modification to, the Subsidiary Guaranty and shall be governed by all the terms and provisions of the Subsidiary Guaranty, which terms are incorporated herein by reference, are ratified and confirmed and shall continue in full force and effect as valid and binding agreements of Debtor enforceable against Debtor. The Debtor hereby waives notice of Agent's, the Issuing Bank's or any Lender's acceptance of this Agreement.

IN WITNESS WHEREOF, the Debtor has executed this Agreement as of the day and year first written above.

Debtor:

By: ----------

Name: ----------

Title: ----------

EXHIBIT "D
TO
ACXIOM CORPORATION
CREDIT AGREEMENT

Increased Commitment Supplement

INCREASED COMMITMENT SUPPLEMENT

This INCREASED COMMITMENT SUPPLEMENT (this "Supplement") is dated as of _____, ___ and entered into by and among ACXIOM CORPORATION, a Delaware corporation (the "Borrower"), each of the banks or other lending institutions which is a signatory hereto (the "Lenders"), CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, as agent for itself and the other Lenders (in such capacity, together with its successors in such capacity, the "Agent"), and is made with reference to that certain Credit Agreement dated as of December 29, 1999 (as amended, the "Credit Agreement"), by and among the Company, the Lenders, the Agent, MERCANTILE BANK, N.A., as a co-administrative agent and BANK OF AMERICA, N.A., as syndication agent. Capitalized terms used herein without definition shall have the same meanings herein as set forth in the Credit Agreement.

RECITALS

WHEREAS, pursuant to Section 2.19 of the Credit Agreement, the Borrower and the Lenders are entering into this Increased Commitment Supplement to provide for the increase of the aggregate Revolving Commitments;

WHEREAS, each Lender [party hereto and already a party to the Credit Agreement] wishes to increase its Revolving Commitment [, and each Lender, to the extent not already a Lender party to the Credit Agreement (herein a "New Lender"), wishes to become a Lender party to the Credit Agreement];1

WHEREAS, the Lenders are willing to agree to supplement the Credit Agreement in the manner provided herein.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

Section 1.Increase in Revolving Commitments. Subject to the terms and conditions hereof, each Lender severally agrees that its Revolving Commitment shall be increased to [or in the case of a New Lender, shall be] the amount set forth opposite its name on the signature pages hereof.

Section 2. [New Lenders. Each New Lender (i) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent financial statements of the Borrower delivered under Section 5.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (ii) agrees that it has, independently and without reliance upon the Agent, any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Supplement; (iii) agrees that it will, independently and without reliance upon the Agent, any other Lender or any of their Related Parties and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iv) appoints and authorizes the Agent to take such action as agent

on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; and (v) agrees that it is a "Lender" under the Credit Agreement and will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender.

Section 3. Conditions to Effectiveness. Section 1 of this Supplement shall become effective only upon the satisfaction of the following conditions precedent:

(a) receipt by the Agent of an opinion of counsel to the Borrower as to the matters referred to in Section 3.01, 3.02 and 3.03 of the Credit Agreement (with the term "Agreement" as used therein meaning this Supplement for purposes of such opinion), dated the date hereof, satisfactory in form and substance to the Agent.

(b) receipt by the Agent of certified copies of all corporate action taken by the Borrower to authorize the execution, delivery and performance of this Supplement; and

(c) receipt by the Agent of a certificate of the Secretary or an Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign this Supplement and the other documents to be delivered hereunder.

Section 4. Representations and Warranties. In order to induce the Lenders to enter into this Supplement and to supplement the Credit Agreement in the manner provided herein, Borrower represents and warrants to Agent and each Lender that (a) the representations and warranties contained in Article III of the Credit Agreement are and will be true, correct and complete in all material respects on and as of the effective date hereof to the same extent as though made on and as of that date and for that purpose, this Supplement shall be deemed to be the Agreement referred to therein, and (b) no event has occurred and is continuing or will result from the consummation of the transactions contemplated by this Supplement that would constitute a Default.

Section 5. Effect of Supplement. The terms and provisions set forth in this Supplement shall modify and supersede all inconsistent terms and provisions set forth in the Credit Agreement and except as expressly modified and superseded by this Supplement, the terms and provisions of the Credit Agreement are ratified and confirmed and shall continue in full force and effect. The Borrower, the Agent, and the Lenders party hereto agree that the Credit Agreement as supplemented hereby shall continue to be legal, valid, binding and enforceable in accordance with their respective terms. Any and all agreements, documents, or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Credit Agreement as supplemented hereby, are hereby amended so that any reference in such documents to the Agreement shall mean a reference to the Agreement as supplemented hereby.

Section 6. Applicable Law. This Supplement shall be governed by, and construed in accordance with, the laws of the State of Texas and applicable laws of the United States of America.

Section 7. Counterparts, Effectiveness. This Supplement may be executed in any number of counterparts, by different parties hereto in separate counterparts and on telecopy counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. This Supplement (other than the provisions of Section 1 hereof, the effectiveness of which is governed by Section 3 hereof) shall become effective upon the execution of a counterpart hereof by the Borrower, the Lenders and receipt by the Borrower and the Agent of written or telephonic notification of such execution and authorization of delivery thereof.

Section 8. ENTIRE AGREEMENT. THIS SUPPLEMENT EMBODIES THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES RELATING TO THE SUBJECT MATTER HEREOF AND SUPERSEDE ANY AND ALL PREVIOUS COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER ORAL OR WRITTEN, RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES HERETO.

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

ACXIOM CORPORATION

By: ----------
Name: ----------
Title: ----------

New Total Revolving Commitment:
$ ----------

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, individually and as the Agent

By: ----------
Name: ----------
Title: ----------

$ ----------

[BANK]

By: ----------
Name: ----------
Title: ----------

$ [New Lender]
 ----------------

By:
 ---
Name:
 ---
Title:
 ---

Each Guarantor: (i) consents and agrees to this Supplement; (ii) agrees that the Subsidiary Guaranty is in full force and effect and continues to be its legal, valid and binding obligation enforceable in accordance with its terms; and (iii) agrees that the obligations, indebtedness and liabilities of the Borrower arising as a result of the increase in the Revolving Commitments contemplated hereby are "Guaranteed Indebtedness" as defined in the Subsidiary Guaranty.

[List Guarantors]

By:
 ---
Name:
 ---
Title:
 ---

SCHEDULE 2.01
to
ACXIOM CORPORATION
CREDIT AGREEMENT

Lenders and Commitments

| Lenders | | Revolving Commitments |
|---|---|---|
| 1. | Chase Bank of Texas National Association | $ 35,000,000 |
| 2. | Mercantile Bank, N.A. | $ 35,000,000 |
| 3. | Bank of America, N.A. | $ 30,000,000 |
| 4. | ABN AMRO Bank, N.V. | $ 25,000,000 |
| 5. | SunTrust Bank, Nashville, N.A. | $ 25,000,000 |
| 6. | Bank One, NA | $ 25,000,000 |
| 7. | The Bank of Nova Scotia | $ 25,000,000 |
| 8 | Wachovia Bank, N.A. | $ 25,000,000 |
| 9. | Dai-Ichi Kangyo Bank | $ 15,000,000 |
| 10. | Regions Bank | $ 15,000,000 |
| 11. | Bank Hapoalim | $ 10,000,000 |
| 12. | Comerica Bank | $ 10,000,000 |
| | Total | $275,000,000 |

SCHEDULE 3.12
to
ACXIOM CORPORATION
CREDIT AGREEMENT

List of all Subsidiaries of the Company

| Name | Incorporated In | Significant |
|---|---|---|
| **DOMESTIC SUBSIDIARIES** | | |
| Acxiom Asia, Ltd. | Arkansas | No |
| Acxiom CDC, Inc. | Arkansas | Yes |
| Acxiom/Direct Media, Inc. | Arkansas | Yes |
| Acxiom/May & Speh, Inc. | Delaware | Yes |
| Acxiom RM-Tools, Inc. | Arkansas | No |
| Acxiom RTC, Inc. | Delaware | No |
| Acxiom SDC, Inc. | Arkansas | No |
| Acxiom Transportation Services, Inc. | Arkansas | No |
| Acxiom/Woodland Hills Data Center, Inc. | Arkansas | No |
| Acxiom JTA Inc. | New Jersey | No |
| Catalog Marketing Services, Inc. | Florida | No |
| DQ Investment Corporation | California | No |
| DataQuick Information Systems | California | No |
| **FOREIGN SUBSIDIARIES** | | |
| Acxiom Limited | United Kingdom | Yes |
| Generator Datamarketing Limited | United Kingdom | No |
| Marketlead Services, Ltd. (Agency company of Acxiom Limited) | United Kingdom | No |
| Southwark Computer Services, Ltd. (Agency company of Acxiom Limited) | United Kingdom | No |
| Normadress SA | France | No |
| Marketing Technology SA | Spain | No |
| Acxiom Australia Pty Ltd. | Australia | No |

All Subsidiaries are wholly-owned by Acxiom Corporation, except for Acxiom CDC, Inc. Acxiom Corporation owns 99% of the outstanding capital stock of Acxiom CDC, Inc.

SCHEDULE 6.01
to
ACXIOM CORPORATION
CREDIT AGREEMENT

Existing Indebtedness and Preferred Equity Interest

A. Existing Indebtedness

| | Description | Principal Outstanding as of 11/30/99 | Liens |
|---|---|---|---|
| 1. | Subordinated Debt | $115,000,000 | Unsecured |
| 2. | 6.92% Senior Notes due March 30, 2007 | $30,000,000 | Unsecured |
| 3. | 9.75% Senior Notes due May 1, 2000 | $2,143,000 | Unsecured |
| 4. | Synthetic Equipment Facility | (see below) | Secured by Lien on all Equipment financed thereby (as defined in the Master Lease Agreement relating to the Synthetic Equipment Facility) |
| 5. | 8.5% Unsecured Term Loan | $8,600,000 | Unsecured |
| 6. | Capital Lease Obligations | $18,861,000 | Secured by Lien on land located in Downers Grove, Illinois and the related building and other related real and personal property assets of Acxiom/May & Speh, Inc. |
| 7. | Software license liabilities | $69,735,000 | Interest is software licenses arising under related agreements. |
| 8. | Construction loan | $3,000,000 | Secured by Lien on land located in Conway, Arkansas and the related building and other related real and personal assets of Acxiom Corporation. |
| 9. | Mortgage loan | $3,073,000 | Secured by Lien on land located in Conway, Arkansas and the related building and other related real and personal assets of Acxiom Corporation. |
| 10. | Aircraft Lease Agreement with General Electric Capital Corporation | $2,250,000 | Secured by Lien on Aircraft (as defined in the Aircraft Lease Agreement) |
| 11. | Other capital leases, debt and long-term liabilities | $1,904,000 | Secured by various Liens on assets of Borrower and/or its Subsidiaries with a book value of less than $500,000. |

Total commitment under the Synthetic Equipment Facility is $100,000,000.

B. Preferred Equity Interests.

None

SCHEDULE 6.02
to
ACXIOM CORPORATION
CREDIT AGREEMENT

Existing Liens

Liens described in Schedule 6.01.

SCHEDULE 6.04
to
ACXIOM CORPORATION
CREDIT AGREEMENT

Existing Investments

| Person | Type | Balance at 11/30/99 |
|---|---|---|
| Ceres Integrated Solutions, LLC | 25% ownership and membership interest | $ 3,176,000 |
| Chenal Technology Office Joint Venture | 50% ownership interest | 1,021,000 |
| Customer Analytics, Inc. | 250,000 shares Series A Preferred Stock | 500,000 |
| Exchange Marketing Group, LLC | Ownership of a 40% equity interest in Exchange Marketing Group, LLC | 610,000 |
| Riverdale Office Building Joint Venture | 81.82% ownership interest | 943,000 |
| Bigfoot International | 27% of Bigfoot International (5000 shares of common stock ($4,000,000.00), $4,000,000.00 Convertible Promissory Note, $750,000 of Preferred Series A Convertible, $750,000 contribution of Oracle license) | 9,522,000 |
| Joint Venture Agreement, Publishing & Broadcasting Limited; Jade West Entertainment PTY Limited; Acxiom Corporation; Acxiom Australia PTY Limited; Acxiom PTY Limited ("Australian/New Zealand Joint Venture) | Participating Interest of 50% | 520,000 |
| Digital Asset Management, Inc. | 35% equity interest | 1,769,000 |
| EMC | Miscellaneous | 50,000 |
| Constellation Ventures | Constellation Ventures is a Bear Stearns Venture Capital Group, Acxiom's maximum commitment is $5,000,000.00. | 3,000,000 |
| B & K List Services, Inc. | Ownership of 100% of assets of a small list brokerage business | 37,000 |
| The Personal Marketing Company "PMC" | Interim loan of $250,000.00 subject to completion of transaction; Acxiom has the option to purchase up to 15% of the common stock of PMC | 250,000 |
| | | $21,398,000 |

SCHEDULE 6.10
to
ACXIOM CORPORATION
CREDIT AGREEMENT

Existing Restrictions

Existing restrictions include the restrictions and conditions on the (a) ability of the Borrower or any Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock, to make or repay loans or advances to the Borrower or any other Subsidiary, or to Guarantee Indebtedness of the Borrower or any other subsidiary, that are contained in the loan documents pertaining to the Indebtedness described in items 1, 2, 3, 4 and 5 of Schedule 6.01.

EXHIBIT EX-10(k)

# INCREASED COMMITMENT SUPPLEMENT

This INCREASED COMMITMENT SUPPLEMENT (this "Supplement") is dated as of February 22, 2000 and entered into by and among ACXIOM CORPORATION, a Delaware corporation (the "Borrower"), MIDFIRST BANK, a federally chartered savings association (the "New Lender"), CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, as agent for itself and the other Lenders (in such capacity, together with its successors in such capacity, the "Agent"), and is made with reference to that certain Credit Agreement dated as of December 29, 1999 (as amended, the "Credit Agreement"), by and among the Company, the lenders named therein, the Agent, MERCANTILE BANK, N.A., as a co-administrative agent and BANK OF AMERICA, N.A., as syndication agent. Capitalized terms used herein without definition shall have the same meanings herein as set forth in the Credit Agreement.

## RECITALS

Pursuant to Section 2.19 of the Credit Agreement, the Borrower, the Agent and the New Lender are entering into this Increased Commitment Supplement to provide for the increase of the aggregate Revolving Commitments and, in that connection, the New Lender wishes to become a "Lender" party to the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

Section 1. Increase in Revolving Commitments. Subject to the terms and conditions hereof, the New Lender agrees that effective March 7, 2000 its Revolving Commitment shall be the amount set forth opposite its name on the signature pages hereof. After giving effect to the New Lender's Revolving Commitment, the aggregate amount of the Revolving Commitments is $285,000,000.

Section 2. New Lender. The New Lender (i) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent financial statements of the Borrower delivered under Section 5.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (ii) agrees that it has, independently and without reliance upon the Agent, any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Supplement; (iii) agrees that it will, independently and without reliance upon the Agent, any other Lender or any of their Related Parties and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iv) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; and (v) agrees that it is a "Lender" under the Credit Agreement and will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender.

Section 3. Conditions to Effectiveness. Section 1 of this Supplement shall become effective only upon the satisfaction of the following conditions precedent:

(a) receipt by the Agent of an opinion of counsel to the Borrower as to the matters referred to in Section 3.01, 3.02 and 3.03 of the Credit Agreement (with the term "Agreement" as used therein meaning this Supplement for purposes of such opinion), dated the date hereof, satisfactory in form and substance to the Agent.

(b) receipt by the Agent of certified copies of all corporate action taken by the Borrower to authorize the execution, delivery and performance of this Supplement; and

(c) receipt by the Agent of a certificate of the Secretary or an Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign this Supplement and the other documents to be delivered hereunder.

Section 4. Representations and Warranties. In order to induce the New Lender to enter into this Supplement and to supplement the Credit Agreement in the manner provided herein, Borrower represents and warrants to Agent, the New Lender and each Lender that (a) the representations and warranties contained in Article III of the Credit Agreement are and will be true, correct and complete in all material respects on and as of the effective date hereof to the same extent as though made on and as of that date and for that purpose, this Supplement shall be deemed to be the Agreement referred to therein, and (b) no event has occurred and is continuing or will result from the consummation of the transactions contemplated by this Supplement that would constitute a Default.

Section 5. Effect of Supplement. The terms and provisions set forth in this Supplement shall modify and supersede all inconsistent terms and provisions set forth in the Credit Agreement and except as expressly modified and superseded by this Supplement, the terms and provisions of the Credit Agreement are ratified and confirmed and shall continue in full force and effect. The Borrower, the Agent, and the New Lender agree that the Credit Agreement as supplemented hereby shall continue to be legal, valid, binding and enforceable in accordance with their respective terms. Any and all agreements, documents, or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Credit Agreement as supplemented hereby, are hereby amended so that any reference in such documents to the Agreement shall mean a reference to the Agreement as supplemented hereby.

Section 6. Applicable Law. This Supplement shall be governed by, and construed in accordance with, the laws of the State of Texas and applicable laws of the United States of America.

Section 7. Counterparts, Effectiveness. This Supplement may be executed in any number of counterparts, by different parties hereto in separate counterparts and on telecopy counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. This Supplement (other than the provisions of Section 1 hereof, the effectiveness of which is governed by Section 3 hereof) shall become effective upon the execution of a counterpart hereof by the Borrower, the New Lender and the Agent.

Section 8. ENTIRE AGREEMENT. THIS SUPPLEMENT EMBODIES THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES RELATING TO THE SUBJECT MATTER HEREOF AND SUPERSEDE ANY AND ALL PREVIOUS COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER ORAL OR WRITTEN, RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES HERETO.

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

ACXIOM CORPORATION

By: /s/ Jerry C. Jones
---
Jerry C. Jones, Business Development/Legal Leader

CHASE BANK OF TEXAS, NATIONAL
ASSOCIATION, only in its capacity as the Agent

By: /s/ Michael J. Lister
---
Michael J. Lister, Vice President

Revolving Commitment: MIDFIRST BANK
$ 10,000,000

By:
---
Name:
---
Title:
---

Each Guarantor: (i) consents and agrees to this Supplement; (ii) agrees that the Subsidiary Guaranty is in full force and effect and continues to be its legal, valid and binding obligation enforceable in accordance with its terms; and (iii) agrees that the obligations, indebtedness and liabilities of the Borrower arising as a result of the increase in the Revolving Commitments contemplated hereby are "Guaranteed Indebtedness" as defined in the Subsidiary Guaranty.

Acxiom CDC, Inc.
Acxiom/Direct Media, Inc.
Acxiom/May & Speh, Inc.
Acxiom RM-Tools, Inc.
Acxiom/Woodland Hills Data Center, Inc.

By: /s/ Jerry C. Jones
---
Jerry C. Jones, Authorized Officer of all Guarantors

EXHIBIT 10(l)

# INCREASED COMMITMENT SUPPLEMENT

This INCREASED COMMITMENT SUPPLEMENT (this "Supplement") is dated as of June 15, 2000 and entered into by and among ACXIOM CORPORATION, a Delaware corporation (the "Borrower"), UNION PLANTERS BANK, N.A. (the "New Lender"), CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, as agent for itself and the other Lenders (in such capacity, together with its successors in such capacity, the "Agent"), and is made with reference to that certain Credit Agreement dated as of December 29, 1999 (as amended, the "Credit Agreement"), by and among the Company, the lenders named therein, the Agent, MERCANTILE BANK, N.A., as a co-administrative agent and BANK OF AMERICA, N.A., as syndication agent. Capitalized terms used herein without definition shall have the same meanings herein as set forth in the Credit Agreement.

## RECITALS

Pursuant to Section 2.19 of the Credit Agreement, the Borrower, the Agent and the New Lender are entering into this Increased Commitment Supplement to provide for the increase of the aggregate Revolving Commitments and, in that connection, the New Lender wishes to become a "Lender" party to the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

Section 1. Increase in Revolving Commitments. Subject to the terms and conditions hereof, the New Lender agrees that effective June 15, 2000 its Revolving Commitment shall be the amount set forth opposite its name on the signature pages hereof. After giving effect to the New Lender's Revolving Commitment, the aggregate amount of the Revolving Commitments is $295,000,000.

Section 2. New Lender. The New Lender (i) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent financial statements of the Borrower delivered under Section 5.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (ii) agrees that it has, independently and without reliance upon the Agent, any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Supplement; (iii) agrees that it will, independently and without reliance upon the Agent, any other Lender or any of their Related Parties and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iv) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; and (v) agrees that it is a "Lender" under the Credit Agreement and will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender.

Section 3. Conditions to Effectiveness. Section 1 of this Supplement shall become effective only upon the satisfaction of the following conditions precedent:

(a) receipt by the Agent of an opinion of counsel to the Borrower as to the matters referred to in Section 3.01, 3.02 and 3.03 of the Credit Agreement (with the term "Agreement" as used therein meaning this Supplement for purposes of such opinion), dated the date hereof, satisfactory in form and substance to the Agent;

(b) receipt by the Agent of certified copies of all corporate action taken by the Borrower to authorize the execution, delivery and performance of this Supplement;

(c) receipt by the Agent of a certificate of the Secretary or an Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign this Supplement and the other documents to be delivered hereunder; and

(d) receipt by the Agent of this Supplement signed by the Required Lenders.

Section 4. Representations and Warranties. In order to induce the New Lender to enter into this Supplement and to supplement the Credit Agreement in the manner provided herein, Borrower represents and warrants to Agent, the New Lender and each Lender that (a) the representations and warranties contained in Article III of the Credit Agreement are and will be true, correct and complete in all material respects on and as of the effective date hereof to the same extent as though made on and as of that date and for that purpose, this Supplement shall be deemed to be the Agreement referred to therein, and (b) no event has occurred and is continuing or will result from the consummation of the transactions contemplated by this Supplement that would constitute a Default.

Section 5. Effect of Supplement. The terms and provisions set forth in this Supplement shall modify and supersede all inconsistent terms and provisions set forth in the Credit Agreement and except as expressly modified and superseded by this Supplement, the terms and provisions of the Credit Agreement are ratified and confirmed and shall continue in full force and effect. The Borrower, the Agent, and the New Lender agree that the Credit Agreement as supplemented hereby shall continue to be legal, valid, binding and enforceable in accordance with its terms. Any and all agreements, documents, or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Credit Agreement as supplemented hereby, are hereby amended so that any reference in such documents to the Agreement shall mean a reference to the Agreement as supplemented hereby.

Section 6. Applicable Law. This Supplement shall be governed by, and construed in accordance with, the laws of the State of Texas and applicable laws of the United States of America.

Section 7. Counterparts, Effectiveness. This Supplement may be executed in any number of counterparts, by different parties hereto in separate counterparts and on telecopy counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. This Supplement (other than the provisions of Section 1 hereof, the effectiveness of which is governed by Section 3 hereof) shall become effective upon the execution of a counterpart hereof by the Borrower, the New Lender and the Agent.

Section 8. ENTIRE AGREEMENT. THIS SUPPLEMENT EMBODIES THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES RELATING TO THE SUBJECT MATTER HEREOF AND SUPERSEDE ANY AND ALL PREVIOUS COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER ORAL OR WRITTEN, RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES HERETO.

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

ACXIOM CORPORATION

By: /s/ Jerry C. Jones
---
Jerry C. Jones, Business Development/Legal Leader

CHASE BANK OF TEXAS, NATIONAL
ASSOCIATION, only in its capacity as the Agent and as a Lender for purposes of the Lender Consent set forth below

By: /s/ Michael J. Lister
---
Michael J. Lister, Vice President

Revolving Commitment: UNION PLANTERS BANK, N.A.
$ 10,000,000

By:
---
Name:
---
Title:
---

GUARANTOR CONSENT

Each Guarantor: (i) consents and agrees to this Supplement; (ii) agrees that the Subsidiary Guaranty is in full force and effect and continues to be its legal, valid and binding obligation enforceable in accordance with its terms; and (iii) agrees that the obligations, indebtedness and liabilities of the Borrower arising as a result of the increase in the Revolving Commitments contemplated hereby are "Guaranteed Indebtedness" as defined in the Subsidiary Guaranty.

Acxiom CDC, Inc.
Acxiom/Direct Media, Inc.
Acxiom/May & Speh, Inc.
Acxiom RM-Tools, Inc.
Acxiom/Woodland Hills Data Center, Inc.

By: /s/ Jerry C. Jones
---
Jerry C. Jones, Authorized Officer of all Guarantors

LENDER CONSENT

Each of the Lenders whose signatures appear below consent to this Supplement and waives, for purposes of this Supplement only, (i) the condition that the aggregate amount of the Revolving Commitments may only be increased once under Section 2.19 of the Agreement and (ii) the requirement that the Borrower provide notice that the New Lender has agreed to provide the requested increase in the Revolving Commitment.

BANK OF AMERICA, N.A., as syndication agent and as a Lender

By: ----------
Name: ----------
Title: ----------

FIRSTAR BANK, N.A., as a co-administrative agent and as a Lender

By: ----------
Name: ----------
Title: ----------

THE BANK OF NOVA SCOTIA, as co-agent and as a Lender

By: ----------
Name: ----------
Title: ----------

BANK ONE, NA (Main Office - Chicago), as co-agent and as a Lender

By: ----------
Name: ----------
Title: ----------

SUNTRUST BANK, as co-agent and as a Lender

By: ----------
Name: ----------
Title: ----------

WACHOVIA BANK, N.A., as co-agent and as a Lender

By: _____
Name: _____
Title: _____

ABN AMRO BANK N.V., as co-agent and as a Lender

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

BANK HAPOALIM

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

COMERICA BANK

By: _____
Name: _____
Title: _____

THE DAI-ICHI KANGYO BANK, LIMITED

By: _____
Name: _____
Title: _____

REGIONS BANK

By:
---
Name:
---
Title:
---

MIDFIRST BANK

By:
---
Name:
---
Title:
---

EXHIBIT 13

SELECTED FINANCIAL DATA

| Years Ended March 31, | 2000 | 1999 | 1998 | 1997 | 1996 |
|---|---|---|---|---|---|
| **Earnings Statement Data:** | | | | | |
| Revenue | $ 964,460 | 754,057 | 592,329 | 499,232 | 346,671 |
| Net earnings (loss) | $ 90,363 | (15,142) | 47,155 | 38,944 | 27,284 |
| Basic earnings (loss) per share | $ 1.06 | (.19) | .64 | .55 | .42 |
| Diluted earnings (loss) per share | $ 1.00 | (.19) | .58 | .49 | .39 |
| **March 31,** | **2000** | **1999** | **1998** | **1997** | **1996** |
| **Balance Sheet Data:** | | | | | |
| Current assets | $ 340,046 | 301,999 | 294,704 | 150,805 | 87,174 |
| Current liabilities | $ 180,008 | 167,915 | 84,201 | 54,044 | 44,965 |
| Total assets | $ 1,105,296 | 889,800 | 681,634 | 419,788 | 247,564 |
| Long-term debt, excluding current installments | $ 289,234 | 325,223 | 254,240 | 109,898 | 45,222 |
| Stockholders' equity | $ 587,730 | 357,773 | 308,225 | 237,606 | 144,196 |

(In thousands, except per share data. Per share data are restated to reflect 2-for-1 stock split in fiscal 1997.)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

On May 28, 1999, the Company completed the acquisition of Computer Graphics of Arizona, Inc. and all of its affiliated companies. On September 17, 1998, the Company completed the acquisition of May & Speh, Inc. Both mergers have been accounted for as poolings-of-interests. Accordingly, the consolidated financial statements have been restated as if the combining companies had been combined for all periods presented. See note 2 to the consolidated financial statements for a more detailed discussion of the merger transactions.

RESULTS OF OPERATIONS

For the fiscal year ended March 31, 2000, the Company recorded the highest annual revenue, earnings and earnings per share in its history. Consolidated revenue was a record $964.5 million in 2000, up 28% from 1999. Excluding the impact of Direct Media, which was sold during the year, revenue increased 31% over the prior year. Revenue increased 43% after further adjusting revenues for the impact of lower revenue contributions from two customers: Waste Management, whose contract terminated July 1, 1999 and Allstate, whose revenues have declined due to lower volumes and reduced pricing. For fiscal 1999, revenue growth was 27% over 1998.

The following table shows the Company's revenue by business segment for each of the years in the three-year period ended March 31, 2000 (dollars in millions):

| | 2000 | 1999 | 1998 | 1999 to 2000 | 1998 to 1999 |
|---|---|---|---|---|---|
| Services | $ 609.8 | $ 453.1 | $ 331.7 | +35% | +37% |
| Data Products | 232.6 | 188.0 | 155.2 | +24 | +21 |
| Information Technology Management | 194.9 | 154.6 | 128.4 | +26 | +20 |
| Intercompany eliminations | (72.8) | (41.6) | (23.0) | +75 | +81 |
| | $ 964.5 | $ 754.1 | $ 592.3 | +28% | +27% |

The Services segment, the Company's largest segment, provides data warehousing, list processing and consulting services to large corporations in a number of vertical industries. Revenue growth for this segment has been strong with fiscal 2000 growing 35% following a 37% increase in 1999. Fiscal 2000 revenues grew 44% after adjusting for lower Allstate-related revenues noted above. Revenue contributions in this segment from financial services, retail, telecommunications and international customers led to the strong year-over-year performance.

The Data Products segment provides data content primarily in support of their customers' direct marketing activities. One of the channels for the Data Products segment is the customers of the Services segment. For internal reporting purposes, these revenues are included in both segments and then adjusted within the intercompany elimination. As evidenced by the table above, data revenues from the Services segment's customers grew strongly in 2000 increasing 75% over the prior year after an 81% increase in 1999. Fiscal 2000 revenue increased 39% after adjusting for the impact of the Direct Media business sold during the year. This growth was fueled by data and data license sales of the Infobase products.

The Information Technology Management segment reflects outsourcing services primarily in the areas of data center, client server and network management. This segment grew 26% in 2000 after increasing 20% in 1999. The growth during 2000 was hampered by a decrease in the Waste Management contract which terminated during the year, as noted above. Excluding this contract, the remaining Information Technology Management segment grew 56% for the year, reflecting new outsourcing contracts with Deluxe, Wards, the City of Chicago, AGL Resources, and customers from the Litton Enterprise Solutions acquisition during the third quarter.

The following table presents operating expenses for each of the years in the three-year period ended March 31, 2000 (dollars in millions):

| | 2000 | 1999 | 1998 | 1999 to 2000 | 1998 to 1999 |
|---|---|---|---|---|---|
| Salaries and benefits | $ 361.8 | $ 283.6 | $ 219.3 | +28% | +29% |
| Computer, communications and other equipment | 151.8 | 111.9 | 87.5 | +36 | +28 |
| Data costs | 113.1 | 111.4 | 93.4 | + 2 | +19 |
| Other operating costs and expenses | 173.9 | 129.8 | 106.5 | +34 | +22 |
| Special charges | - | 118.7 | 4.7 | NA | NA |
| | $ 800.6 | $ 755.4 | $ 511.4 | + 6% | +48% |

Salaries and benefits increased from 1999 to 2000 by 28%, and from 1998 to 1999 by 29%, which are both generally due to headcount and normal salary increases to support the Company's revenue growth. Headcount stood at 5,462 at March 31, 2000, compared to 5,166 at March 31, 1999 and 4,173 at March 31, 1998. The increase for 2000 was reduced by the sale of Direct Media during the fourth quarter, causing a decrease of approximately 400 in headcount.

Computer, communications and other equipment costs increased 36% from 1999 to 2000, after rising 28% from 1998 to 1999. The increases in 2000 and 1999 reflect depreciation on capital expenditures and amortization of software costs expenditures made to accommodate business growth, in particular the outsourcing business in the Information Technology Management segment.

Data costs grew 2% in 2000 compared to 19% in 1999. The increase in 2000 was caused by increases in Data Products segment revenue of 24% that were mostly offset by an 8% reduction in revenue under the data management contract with Allstate. In 1999, the increase was due to an increase in Data Products segment revenue of 21%, along with an increase in Allstate revenue of 10%.

Other operating costs and expenses increased by 34% in 2000, compared to 22% in 1999. Facilities costs increased $11.2 million in 2000 and $5.5 million in 1999, principally due to new buildings in Little Rock, Arkansas and Downers Grove, Illinois. Cost of sales, primarily related to sales of hardware, increased $17.7 million in 2000 after decreasing by $3.6 million in 1999. Other line items with significant increases in 2000 included office supplies, operating supplies, travel, amortization of goodwill, and consulting and outside services.

In the second and third quarters of fiscal 1999, the Company recorded special charges which totaled $118.7 million. These charges were merger and integration expenses associated with the May & Speh merger and the write-down of other impaired assets. The charges consisted of approximately $10.7 million of transaction costs, $8.1 million in associate-related reserves, $48.5 million in contract termination costs, $11.5 million for the write-down of software, $29.3 million for the write-down of property and equipment, $7.8 million for the write-down of goodwill and other assets, and $2.8 million in other accruals. See note 2 to the consolidated financial statements for further information about the special charges. In 1998, May & Speh recorded a $4.7 million special charge primarily for severance costs.

Total spending on capitalized software and research and development expense was $72.1 million in 2000, compared to $36.3 million in 1999 and $35.1 million in 1998. Research and development expense was $34.8 million, $17.8 million, and $13.7 million for 2000, 1999, and 1998, respectively. The increase in research and development spending includes increased investment in AbiliTec and the Acxiom Data Network, as discussed more fully in the Outlook section, below.

Excluding the effect of the special charges in both 1999 and 1998, income from operations grew to $163.9 million in 2000 from $117.4 million in 1999 and $85.6 million in 1998, an increase of 40% and 37%, respectively. The operating margin for 2000 grew to 17.0% from the operating margins before special charges of 15.6% and 14.5% for 1999 and 1998, respectively. Operating margins for the Services and Information Technology Management segments are generally higher than that of the Data Products segment. For fiscal 2000, operating margins were 20.6%, 13.7%, and 22.7% for the Services, Data Products, and Information Technology Management segments, respectively.

Interest expense increased by $6.1 million in 2000 after increasing $7.3 million in 1999. The increases are due primarily to increased average debt levels, including $115 million of convertible debt issued by May & Speh in March 1998, increases in the Company's revolving credit agreement, and increases in enterprise software license liabilities.

Other, net is primarily comprised of interest income of $3.9 million in 2000, $6.4 million in 1999, and $2.9 million in 1998 related to noncurrent receivables and invested cash. Other, net for 1998 also included a $0.9 million gain on the disposal of the Pro CD retail and direct marketing business.

The Company's effective tax rate, excluding the special charges, was 37.5%, 37.3%, and 37.3% for 2000, 1999, and 1998, respectively. In each year, the effective rate exceeded the U.S. statutory rate because of state income taxes, partially offset by research and experimentation tax credits. In 1999, the effect of the special charges increased the effective tax rate as certain of the special charges are not deductible for federal or state tax purposes.

The Company currently expects its effective tax rate to be 38-39% for fiscal 2001. This estimate is based on current tax law and current estimates of earnings, and is subject to change.

Net earnings for fiscal 2000 were $90.4 million. The net loss was $15.1 million in 1999 including the special charges noted above. Excluding the effect of the special charges, net earnings in 1999 would have been $66.8 million. Net earnings were $47.2 million in 1998, or $50.1 million excluding the special charge. Basic earnings per share, excluding the special charges, would have been $1.06, $0.86, and $0.68 in 2000, 1999, and 1998, respectively. Diluted earnings per share would have been $1.00, $0.78, and $0.61, respectively.

CAPITAL RESOURCES AND LIQUIDITY

Working capital at March 31, 2000 totaled $160.0 million compared to $134.1 million a year previously. At March 31, 2000, the Company had available credit lines of $286.5 million of which $61.5 million was outstanding. The Company's debt-to-capital ratio (capital defined as long-term debt plus stockholders' equity) was 33% at March 31, 2000 compared to 48% at March 31, 1999. Included in long-term debt at March 31, 1999 are two convertible debt facilities totaling $140 million, of which $25.0 million was converted to equity in fiscal 2000. The conversion price for the remaining $115 million convertible debt is $19.89 per share. The market price of the Company's common stock has been in excess of this conversion price for most of the current fiscal year. If the price of the Company's common stock stays above the conversion price, management expects this debt to be converted to equity as well. Assuming the remaining convertible debt had converted to equity, the Company's debt-to-capital ratio would have been reduced to 20% at March 31, 2000. Total stockholders' equity increased 64% to $587.7 million at March 31, 2000.

Cash provided by operating activities was $104.6 million for 2000 compared to $60.4 million for 1999 and $65.5 million for 1998. Earnings before interest expense, taxes, depreciation, and amortization ("EBITDA"), excluding the impact of the special charges, increased by 35% in both 2000 and 1999. The resulting operating cash flow was reduced by $112.6 million in 2000, $124.3 million in 1999, and $55.8 million in 1998 due to the net change in operating assets and liabilities. The change primarily reflects higher current and noncurrent receivables, partially offset by higher accounts payable and accrued liabilities resulting from the growth of the business. Days sales outstanding ("DSO") has improved from 80 days at March 31, 1999 to 67 days at March 31, 2000. This improvement was significantly better than management's 72-day target for the end of fiscal 2000. EBITDA is not intended to represent cash flows for the period, is not presented as an alternative to operating income as an indicator of operating performance, may not be comparable to other similarly titled measures of other companies, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles. However, EBITDA is a relevant measure of the Company's operations and cash flows and is used internally as a surrogate measure of cash provided by operating activities.

Investing activities used $157.8 million in 2000, $190.3 million in 1999, and $86.8 million in 1998. Investing activities in 2000 included $120.6 million in capital expenditures, compared to $127.9 million in 1999 and $68.1 million in 1998. Capital expenditures are principally due to purchases of data center equipment to support the Company's outsourcing agreements, as well as the purchase of additional data center equipment in the Company's core data centers. In fiscal 2000, the Company occupied two new buildings in Little

Rock, Arkansas and in fiscal 1999, the Company occupied a new building in Downers Grove, Illinois. During fiscal 2000, the Company entered into a $100 million synthetic off-balance sheet lease arrangement with a financial institution for computer equipment purchases, under which it has acquired equipment costing $67.8 million at March 31, 2000. Of this total, $34.8 million was received in a sale and leaseback transaction of equipment that had previously been owned by the Company. The remaining lease funding reduced capital expenditures for fiscal 2000 by $33.0 million.

Investing activities during 2000 also include $37.3 million in software development costs, compared to $18.5 million in 1999 and $21.4 million in 1998. Capitalization in 2000 and 1999 included approximately $19.2 million and $4.1 million, respectively, related to the Acxiom Data Network and AbiliTec products. The remainder of the software capitalization includes software tools and databases developed for customers in all three segments of the business. Investing activities also reflect cash paid for acquisitions of $33.0 million in 2000, $46.0 million in 1999, and $19.8 million in 1998. Dispositions of assets in 1998 includes $13.0 million from the sale of the retail and direct marketing assets of Pro CD. Notes 2 and 15 to the consolidated financial statements discuss the acquisitions and dispositions in more detail. Investing activities also reflect the investment of $5.8 million in 2000, $10.4 million in 1999, and $6.1 million in 1998 by the Company in joint ventures. Investing activities for 1999 and 1998 also include purchases and sales of marketable securities. These securities were owned by May & Speh prior to the merger.

Financing activities in 2000 provided $64.6 million, including the sale of stock by the Company in a secondary offering which generated approximately $51.3 million in cash, along with sales of stock through the Company's stock option and employee stock purchase plans. Financing activities in 1999 included sales of stock through the Company's stock option and employee stock purchase plans and the exercise of a warrant by Trans Union Corporation for the purchase of 4 million shares. This warrant was issued to Trans Union in 1992 in conjunction with the data center management agreement between Trans Union and the Company. Financing activities in 1998 provided $127.4 million, including the issuance of the $115 million convertible debt by May & Speh in March 1998.

During fiscal 2000, the Company began construction on a new customer service facility in Conway, and anticipates beginning construction in fiscal 2001 on another customer service facility in Little Rock, as well as a new customer service and data center facility in Phoenix. The Conway project is expected to be completed in June 2000 and to cost approximately $12.0 million. The Little Rock building is expected to cost approximately $30.0 to $35.0 million and construction is expected to last from June 2000 to December 2001. The Phoenix project is expected to cost approximately $25.0 million, including land, and construction is expected to last from August 2000 through May 2001. The Company has secured construction and permanent financing for the Conway project through a local bank. The City of Little Rock has committed to issue revenue bonds for the Little Rock project. The Company is working to finalize synthetic lease financing which will cover both the Little Rock and Phoenix projects.

While the Company does not have any other material contractual commitments for capital expenditures, additional investments in facilities and computer equipment continue to be necessary to support the growth of the business. In addition, new outsourcing or facilities management contracts frequently require substantial up-front capital expenditures in order to acquire or replace existing assets. In some cases, the Company also sells software and hardware to customers under extended payment terms or notes receivable collectible generally over three years. These arrangements also require up-front expenditures of cash, which are repaid over the life of the agreement. The Company also evaluates acquisitions from time to time which may require up-front payments of cash. Depending on the size of the acquisition it may be necessary to raise additional capital. If additional capital becomes necessary, the Company would first use available borrowing capacity under its revolving credit agreement, followed by the issuance of other debt or equity securities.

In fiscal 2000, the Company entered into two equity forward purchase agreements with a commercial bank under which the Company will purchase 3.1 million and 0.2 million shares of its common stock at an average total cost of $20.81 and $26.51 per share, respectively, for a total notional amount of

$69.4 million. In accordance with the terms of the forward contracts, the shares remain issued and outstanding until the forward purchase contracts are settled. The agreements may be settled in cash or in net shares of common stock. The Company has the option to settle the contracts at any time prior to March 31, 2002, when the contracts are required to be settled. The Company's intention is to settle the contracts by paying for and taking delivery of the 3.3 million shares, but the arrangements allow the Company the option to settle the contracts by paying cash, if the price upon settlement is below the contract price, or by receiving cash if the market price upon settlement is above the contract price. The Emerging Issues Task Force of the Financial Accounting Standards Board has recently reached a consensus that requires such contracts to be recorded as assets and liabilities, with adjustments to the market value of the common stock to be recorded on the income statement, in situations in which the counterparty can force the contracts to be settled in cash. The effective date of the new consensus was delayed until December 31, 2000 to allow such contracts to be amended. The Company is working with the financial institution to amend the forward agreements to remove those provisions, prior to December 31, 2000. Alternatively, the Company could settle the agreements prior to December 31, 2000.

YEAR 2000

Many computer systems ("IT systems") and equipment and instruments with embedded microprocessors ("non-IT systems") were designed to only recognize the last two digits of a calendar year. With the arrival of the Year 2000, these systems and microprocessors may encounter operating problems due to their inability to distinguish years after 1999 from years preceding 1999. This could manifest in a system failure or miscalculations causing disruption of operations, including, among other things, a temporary inability to process or transmit data, or engage in normal business activities. As a result, the Company has previously engaged in an extensive project to remediate or replace its date-sensitive IT systems and non-IT systems.

The following discussion of the implications of the Year 2000 issue for the Company contains numerous forward-looking statements based on inherently uncertain information. The information presented is based on the Company's best estimates, which were derived utilizing a number of assumptions of future events, including the continued availability of internal and external resources, third-party modifications, and other factors. However, there can be no guarantee that these estimates will be achieved and actual results could differ. Although the Company believes it will be able to make the necessary modifications, there can be no guarantee that failure to correctly modify the systems would not have a material adverse effect on the Company.

From 1996 through 1999, the Company was engaged in an enterprise-wide effort ("the Project") to address the risks associated with the Year 2000 problem, both internal and external. Under the Project, the Company established a project office comprised of representatives from each of the operating divisions of the Company. A Company readiness champion and project leader were responsible for the readiness process, which included deliverables such as plans, reviews, and appropriate sign-offs by the appropriate business unit leaders and the Company's Year 2000 leadership. The Project also included the dissemination of internal communications and status reports on a regular basis to senior leadership.

The Company set an internal deadline of December 31, 1998 to achieve Year 2000 readiness status, with any residual activity to conclude before March 31, 1999. Overall, this objective was achieved as outlined in the Project and exceptions were managed closely throughout 1999. The original timeline was developed to allow the Company to focus on mergers and acquisitions as well as customer-driven dependencies. While the core Project substantially ended on March 31, 1999, a transition strategy was implemented moving the Company from a project mode to a standards-based maintenance mode. Ongoing activities based on the transition strategy included reviewing or enhancing contingency plans, continuing vendor product analysis and evaluation, establishing the Year 2000 readiness of acquisitions, and maintaining the readiness standing of existing operations through purchasing and quality processes.

The Project involved four phases: (1) planning; (2) remediation; (3) testing; and (4) certification. The planning phase involved developing a detailed inventory of applications and systems, identifying the scope of necessary remediation to each application or system, and establishing a conversion schedule. During the remediation phase, source codes were actually converted, date fields were expanded or windowed, and the remediated system was tested to ensure it was functionally the same as the existing production version. In the testing phase, test data was prepared and the application was tested using a variety of Year 2000 scenarios. The certification phase validated that a system could run successfully in a Year 2000 environment and appropriate internal sign-offs were obtained.

The following table indicates the status of the Project.

| | Actual December 1999 |
|---|---|
| Planning | 100% |
| Remediation | 100% |
| Testing | 100% |
| Certification | 100% |

The financial impact of the Project to the Company has not been, and is not expected to be, material to its financial position or results of operations in any given fiscal year. The costs to date associated with the Year 2000 effort primarily represent a reallocation of existing Company resources. Because of the range of possible issues and the large number of variables involved (including the Year 2000 readiness of any entities acquired by the Company), it is impossible to accurately quantify the potential cost of problems if the Company's remediation efforts or the efforts of those with whom it does business are not successful. Such costs and any failure of such remediation efforts could result in a loss of business, damage to the Company's reputation, and legal liability.

The Company currently believes that with modifications to existing software and conversions to new software, the Year 2000 issues have been mitigated. But a vendor or customer may have failed to convert its software or may have implemented a conversion that is incompatible with the Company's systems, which could have a material adverse impact on the Company.

In order to assess the readiness status of the Company's vendors, the Company contacted each vendor, via written and/or telephone inquiries, regarding its Year 2000 status and set up an internal database of this information. The Company obtained, when possible, written commitments from each vendor that the products supplied to the Company are or will be (by a date certain) Year 2000 ready. As of March 31, 1999, the Company had received responses to 89% of its inquiries. The Company also relied on representations made or contained in its vendors' Web sites. The responses received were analyzed and where necessary, testing was undertaken. Year 2000 ready versions of vendor products were obtained, as available, and moved onto production platforms. The Company has also identified and communicated with customers to determine if customers had an effective plan in place to address their Year 2000 issues, and to determine the extent of the Company's vulnerability to the failure of customers to remediate their own Year 2000 issues.

During the Year 2000 rollover event, from midnight December 30, 1999, through midnight January 2, 2000, the Company staffed a Response Command Center around the clock in Conway, Arkansas and monitored Year 2000 issues in all Company locations worldwide. Additionally, all Company data centers and account teams were on alert status throughout this period. On Saturday, January 1, 2000, the Company exercised critical production systems and equipment to identify if they were operating correctly. Like most well-prepared companies, the Company did not experience any significant Year 2000 related issues during the rollover period or thereafter.

The Company believes that the most likely risks of serious Year 2000 business disruptions continue to be external in nature, such as disruptions in telecommunications, electric, or transportation services. In addition, the Company places a high degree of reliance on computer systems of third parties, such as customers and computer hardware and software suppliers. Although the Company has assessed the readiness of these third parties and prepared contingency plans, there can be no guarantee that the failure of these third parties to modify their systems would not have a material adverse effect on the Company. Of all the external risks, the Company believes the most reasonably likely worst-case scenario would be a business disruption resulting from an extended and/or extensive communications failure.

In an effort to mitigate any remaining risks associated with the Year 2000 problem, efforts to maintain and enhance our state of readiness will continue throughout the year 2000. Some of the follow-on activities include ensuring that existing operations remain Year 2000 ready, continuing vendor product analysis and evaluation, establishing the Year 2000 readiness of acquisitions, and reviewing or enhancing contingency plans. The Company will continue to maintain awareness and address the Year 2000 problem from both a leadership and operational perspective throughout this year.

Despite the best efforts of the Company, the failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Any failures could materially and adversely affect the Company's results of operations, liquidity and financial condition. While there remains some general uncertainty inherent in the Year 2000 problem, resulting in part from the uncertainty of the Year 2000 readiness of third-party vendors and customers, the Company does not believe at this time that the consequences of Year 2000 failures will have a material impact on the Company's results of operations, liquidity or financial condition. The Project is expected to significantly reduce the Company's level of uncertainty about the Year 2000 problem and, in particular, about the Year 2000 compliance and readiness of its material third-party vendors and customers. The Company believes that the implementation of the Project and ongoing Year 2000 activities will reduce the possibility of significant interruptions to the Company's normal business operations.

## SEASONALITY AND INFLATION

Although the Company cannot accurately determine the amounts attributable thereto, the Company has been affected by inflation through increased costs of compensation and other operating expenses. Generally, the effects of inflation are offset by technological advances, economies of scale and other operational efficiencies. The Company has established a pricing policy for long-term contracts which provides for the effects of expected increases resulting from inflation.

The Company's operations have not proven to be significantly seasonal, although the Company's traditional direct marketing operations experience slightly higher revenues in the Company's second and third quarters. In order to minimize the impact of these fluctuations, the Company continues to move toward long-term strategic partnerships with more predictable revenues. Revenues under long-term contract (defined as three years or longer) were 62%, 53%, and 55%, of consolidated revenues for 2000, 1999, and 1998, respectively.

## ACQUISITIONS

In 1998, the Company completed two acquisitions, which were effective October 1, 1997. The acquisitions of MultiNational Concepts, Ltd. and Catalog Marketing Services, Inc., entities which were under common control, and Buckley Dement, L.P. and its affiliated company, KM Lists, Incorporated were both accounted for as purchases. In fiscal 1999, the Company acquired Normadress, SIGMA Marketing Group, Inc., May & Speh, Inc., and three business units from Deluxe Corporation. The May & Speh acquisition was accounted for as a pooling-of-interests and the other acquisitions were treated as purchases. In fiscal 2000, the Company acquired Horizon Systems, Inc., Computer Graphics of Arizona, Inc., Access Communication Systems, Inc., and Litton Enterprise Solutions. Computer Graphics was accounted for as a pooling-of-interests and the remaining acquisitions were accounted for as purchases. See footnote 2 to the consolidated financial statements for more information regarding these acquisitions. The Company has also made several smaller acquisitions which are not material either individually or in the aggregate. In 1999, these smaller acquisitions included Marketing Technology, in Spain, and Berry Consulting, in the U.K.

## OTHER INFORMATION

In 1999 and 1998 the Company had one major customer who accounted for more than 10% of revenue. Allstate Insurance Company accounted for 10.9% and 12.6% of revenue in 1999 and 1998, respectively. Allstate is under a long-term contract which expires in 2004. In 2000 the Company had no customer who accounted for more than 10% of revenue.

Acxiom, Ltd., the Company's United Kingdom business, provides services primarily to the United Kingdom market which are similar to the traditional direct marketing industry services the Company provides in the United States. In addition, Acxiom, Ltd. also provides promotional materials handling and response services to its U.K. customers. Most of the Company's exposure to exchange rate fluctuation is due to translation gains and losses as there are no material transactions which cause exchange rate impact. The U.K. operation generally funds its own operations and capital expenditures, although the Company occasionally advances funds from the U.S. to the U.K. These advances are considered to be long-term investments, and any gain or loss resulting from changes in exchange rates as well as gains or losses resulting from translating the financial statements into U.S. dollars are accumulated in a separate component of stockholders' equity. There are no restrictions on transfers of funds from the U.K.

Efforts are continuing to expand the services of Acxiom to customers in Europe and the Pacific region. Management believes that the market for the Company's services in such locations is largely untapped. To date the Company has had no significant revenues or operations outside of the United States and the United Kingdom, although the Company has offices in Spain and France, and is involved in a joint venture in Australia. The Company's United Kingdom operations earned profits of $5.1 million in fiscal 2000, $1.9 million in fiscal 1999, and $1.5 million in fiscal 1998, and are expected to continue to show profits in the future.

Effective August 22, 1997, the Company sold certain assets of its Pro CD subsidiary to a subsidiary of American Business Information, Inc., which is now known as infoUSA, Inc. This company acquired the retail and direct marketing operations of Pro CD, along with compiled telephone book data for aggregate cash proceeds of $18.0 million. In conjunction with the sale to infoUSA, the Company also recorded certain valuation and contingency reserves. Included in other income is the gain on disposal related to this transaction of $855,000.

As discussed more fully in note 15 to the consolidated financial statements, the Company has sold a 51% interest in its Acxiom/Direct Media, Inc. business unit, and subsequent to March 31, 2000 sold part of its DataQuick business group. The Direct Media sale is a divestiture for legal and tax purposes, but not for accounting purposes under applicable accounting rules because the collection of the sales price is primarily dependent on the buyer's ability to repay the note through operations of the business. Accordingly, the result of operations of Direct Media will continue to be included in the Company's financial statements until such time as a sufficient portion of the note balance has been collected, at which time the Company will account for the transaction as a sale. The DataQuick sale will generate cash proceeds of $55 million during fiscal 2001, and the Company received a note receivable from the Direct Media sale in the amount of $22.5 million collectible over 7 years.

NEW ACCOUNTING PRONOUNCEMENTS

On December 3, 1999 the Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"). SAB 101 summarizes certain of the SEC staff's views in applying generally accepted accounting principles to revenue recognition in financial statements and affects a broad range of industries. The accounting and disclosure requirements of SAB 101 will be effective for Acxiom in the first quarter of fiscal 2001. The Company is currently evaluating the effects of SAB 101 on its methods of recognizing revenue and has not yet quantified the impact, if any, the application of SAB 101 will have on the Company's results of operations or financial position.

The Company is also assessing the reporting and disclosure requirements of Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting For Derivative Instruments and Hedging Activities." This statement establishes accounting and reporting standards for derivative instruments and hedging activities and will require the Company to recognize all derivatives on its balance sheet at fair value. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivatives will either be offset against the change in fair value of the hedged item through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The Company expects to adopt SFAS 133 in the first quarter of fiscal 2002 and does not anticipate that the adoption will have a material effect on the Company's results of operations or financial position.

In March 2000, the Financial Accounting Standards Board issued Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation: An Interpretation of APB Opinion No. 25." Among other issues, Interpretation No. 44 clarifies the application of Accounting Principles Board Opinion No. 25 ("APB 25") regarding (a) the definition of employee for purposes of applying APB 25, (b) the criteria for determining whether a plan qualifies as a noncompensatory plan, (c) the accounting consequences of various modifications to the terms of a previously fixed stock option or award, and (d) the accounting for an exchange of stock compensation awards in a business combination. The provisions of Interpretation No. 44 affecting the Company are to be applied on a prospective basis effective July 1, 2000.

## OUTLOOK

The Customer Relationship Management (CRM) market, according to industry consultant IDC, is expected to grow from $36.6 billion in 1999 to three times that size in 2003. Effective CRM efforts are putting new focus on the need to aggregate customer information across the enterprise at real-time speed. Acxiom's AbiliTec technology provides the customer data integration that can accurately and quickly aggregate all records about an individual. Customer data integration (or CDI) is the foundational data management process for every use of customer information. Without a reliable, up-to-the-second view of the customer's total relationship with the enterprise, even the best crafted customer-centric strategy can fail.

The recently introduced AbiliTec technology is being well received in the marketplace as major companies are including AbiliTec in their strategic initiatives for enterprise-wide CRM solutions. In addition to AbiliTec licenses, we expect this to result in significant demand for a broad array of our products and services.

Acxiom's core strategy is to:

- Dominate the customer data integration space with AbiliTec.
- Create additional value through database services, content and outsourcing services.
- Partner with software providers, consultants, system integrators and others that can complete a company's CRM solution.

Early signs of the successful introduction of the AbiliTec technology include the recent licensing by Lands' End, Conseco and Fortune 25 customer, Sears. Acxiom is also deploying the technology in much of the Company's internal data processing which is yielding significant savings in people and computer resources. Also, Acxiom has created multiple alliances to facilitate the adoption of AbiliTec technology in the United States and many other significant markets. The alliances are with numerous companies including Oracle, AZ Bertelsmann, Abacus, Dun and Bradstreet, E.piphany, Ogilvy One and USADATA.com.

As a result of the events outlined above, we will significantly increase our investment in the technology in order to maximize this opportunity. As we go forward with this investment, earnings per share growth for the next 18 to 24 months may be impacted and could be in the 15-20% range as a result of these investments which include incremental spending in marketing and branding, global development, education, training and implementation. We expect the investment period to be approximately 2 to 2 1/2 years. As the more efficient AbiliTec-delivered products become a predominant part of our total revenue, we anticipate the results of our investment will produce margins well above current levels. Further, we also currently expect annual revenues to grow in excess of 25% during the investment period.

Certain statements in this annual report may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which are not statements of historical fact, may contain estimates, assumptions, projections and/or expectations regarding the Company's financial position, results of operations, market position, product development, regulatory matters, growth opportunities and growth rates, acquisition and divestiture opportunities, and other similar forecasts and statements of expectation. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," and "should," and variations of these words and similar expressions, are intended to identify these forward-looking statements. Such forward-looking statements are not guarantees of future performance. They involve known and unknown risks, uncertainties, and

other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements include: statements concerning the Company's need for additional capital and the ability to raise additional capital; statements concerning the Company's ability to remediate date-sensitive IT systems and non-IT systems in conjunction with the arrival of the year 2000 and the impact of those efforts, and their success or failure, on the Company's future results of operations; statements concerning future earnings per share growth; statements concerning the length and future impact of the Company's investment in Acxiom Data Network and AbiliTec products on the Company's future revenue and margins; statements concerning the benefits of AbiliTec for our customers; statements concerning any competitive lead; statements concerning the impact of implementation of Acxiom Data Network and AbiliTec technology in CRM applications; statements concerning the momentum of CRM application and e-commerce initiatives; statements concerning the future growth and size of the CRM market; statements concerning AbiliTec becoming an industry standard; statements concerning efficiency gains related to the implementation of AbiliTec; and statements concerning potential growth of international markets. The following factors may cause actual results to differ materially from those in the forward-looking statements. With regard to all statements concerning AbiliTec: the complexity and uncertainty regarding the development of new high technologies; the loss of market share through competition or the acceptance of these or other Company offerings on a less rapid basis than expected; changes in the length of sales cycles due to the nature of AbiliTec being an enterprise-wide solution; the introduction of competent, competitive products or technologies by other companies; changes in the consumer and/or business information industries and markets; the Company's ability to protect proprietary information and technology or to obtain necessary licenses on commercially reasonable terms; the impact of changing legislative, regulatory and consumer environments in the geography that AbiliTec will be deployed. With regard to the statements that generally relate to the business of the Company: all of the above factors; the possibility that economic or other conditions might lead to a reduction in demand for the Company's products and services; the continued ability to attract and retain qualified technical and leadership associates and the possible loss of associates to other organizations; the ability to properly motivate the sales force and other associates of the Company; the ability to achieve cost reductions; changes in the legislative, regulatory and consumer environments affecting the Company's business including but not limited to legislation, regulations and customs relating to the Company's ability to collect, manage, aggregate and use data; data suppliers might withdraw data from the Company, leading to the Company's inability to provide certain products and services; short-term contracts affect the predictability of the Company's revenues; the potential loss of data center capacity or interruption of telecommunication links; postal rate increases that could lead to reduced volumes of business; customers that may cancel or modify their agreements with the Company. With specific reference to all statements that relate to the providing of products or services outside the Company's primary base of operations in the United States: all of the above factors and the difficulty of doing business in numerous sovereign jurisdictions due to differences in culture, laws and regulations. Other factors are detailed from time to time in the Company's periodic reports and registration statements. Acxiom believes that it has the product and technology offerings, facilities, associates and competitive and financial resources for continued business success, but future revenues, costs, margins and profits are all influenced by a number of factors, including those discussed above, all of which are inherently difficult to forecast. The Company undertakes no obligation to publicly release any revision to any forward-looking statement to reflect any future events or circumstances.

CONSOLIDATED BALANCE SHEETS
Years ended March 31, 2000 and 1999

| (Dollars in thousands) | 2000 | 1999 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 23,924 | $ 12,604 |
| Trade accounts receivable, net of allowances of $5,352 in 2000 and $5,619 in 1999 (note 12) | 198,818 | 184,799 |
| Refundable income taxes (note 9) | - | 12,651 |
| Deferred income taxes (note 9) | 18,432 | 30,643 |
| Other current assets (note 5) | 98,872 | 61,302 |
| Total current assets | 340,046 | 301,999 |
| Property and equipment, net of accumulated depreciation and amortization (notes 4 and 6) | 249,676 | 226,381 |
| Software, net of accumulated amortization of $27,829 in 2000 and $17,941 in 1999 (note 3) | 58,964 | 37,400 |
| Excess of cost over fair value of net assets acquired, net of accumulated amortization of $17,860 in 2000 and $13,517 in 1999 (note 2) | 145,082 | 122,483 |
| Other assets (note 5) | 311,528 | 201,537 |
| | $ 1,105,296 | $ 889,800 |
| LIABILITIES & STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Current installments of long-term debt (note 6) | $ 23,156 | $ 23,355 |
| Trade accounts payable | 54,016 | 60,216 |
| Accrued expenses: | | |
| Merger and integration costs (note 2) | 15,106 | 33,181 |
| Payroll | 26,483 | 18,224 |
| Other | 31,779 | 25,744 |
| Deferred revenue | 19,995 | 7,195 |
| Income taxes | 9,473 | - |
| Total current liabilities | 180,008 | 167,915 |
| Long-term debt, excluding current installments (note 6) | 289,234 | 325,223 |
| Deferred income taxes (note 9) | 48,324 | 38,889 |
| Stockholders' equity (notes 2, 6 and 8): | | |
| Common stock | 8,831 | 8,106 |
| Additional paid-in capital | 325,729 | 186,011 |
| Retained earnings | 257,376 | 167,013 |
| Accumulated other comprehensive loss | (1,448) | (324) |
| Treasury stock, at cost | (2,758) | (3,033) |
| Total stockholders' equity | 587,730 | 357,773 |
| Commitments and contingencies (notes 7, 10 and 14) | | |
| | $ 1,105,296 | $ 889,800 |

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
Years ended March 31, 2000, 1999 and 1998

| (Dollars in thousands, except per share amounts) | 2000 | 1999 | 1998 |
|---|---|---|---|
| Revenue (note 12) | $ 964,460 | $ 754,057 | $ 592,329 |
| Operating costs and expenses: | | | |
| Salaries and benefits | 361,768 | 283,659 | 219,339 |
| Computer, communications and other equipment | 151,816 | 111,876 | 87,529 |
| Data costs | 113,083 | 111,395 | 93,382 |
| Other operating costs and expenses | 173,909 | 129,764 | 106,470 |
| Special charges (note 2) | - | 118,747 | 4,700 |
| Total operating costs and expenses | 800,576 | 755,441 | 511,420 |
| Income (loss) from operations | 163,884 | (1,384) | 80,909 |
| Other income (expense): | | | |
| Interest expense | (23,532) | (17,393) | (10,091) |
| Other, net | 4,225 | 6,478 | 4,402 |
| | (19,307) | (10,915) | (5,689) |
| Earnings (loss) before income taxes | 144,577 | (12,299) | 75,220 |
| Income taxes (note 9) | 54,214 | 2,843 | 28,065 |
| Net earnings (loss) | $ 90,363 | $ (15,142) | $ 47,155 |
| Earnings (loss) per share: | | | |
| Basic | $1.06 | $(.19) | $.64 |
| Diluted | $1.00 | $(.19) | $.58 |

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2000, 1999 and 1998

| (Dollars in thousands) | 2000 | 1999 | 1998 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Net earnings (loss) | $ 90,363 | $ (15,142) | $ 47,155 |
| Adjustments to reconcile net earnings (loss) to net cash provided by operating activities: | | | |
| Depreciation and amortization | 86,529 | 64,097 | 49,808 |
| Loss (gain) on disposal or impairment of assets | 354 | 26 | (960) |
| Provision for returns and doubtful accounts | 2,313 | 2,373 | 3,105 |
| Deferred income taxes | 21,646 | (23,854) | 12,143 |
| Tax benefit of stock options and warrants exercised | 15,921 | 36,393 | 2,763 |
| ESOP compensation | - | 2,055 | 2,529 |
| Special charges | - | 118,747 | 4,700 |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable | (25,081) | (61,286) | (29,670) |
| Other assets | (78,434) | (62,596) | (42,009) |
| Accounts payable and other liabilities | 8,742 | 27,983 | 20,624 |
| Merger and integration costs | (17,795) | (28,385) | (4,700) |
| Net cash provided by operating activities | 104,558 | 60,411 | 65,488 |
| Cash flows from investing activities: | | | |
| Proceeds from the disposition of assets | 4,148 | 733 | 15,340 |
| Proceeds from sale of marketable securities | - | 11,794 | 19,021 |
| Purchases of marketable securities | - | - | (5,778) |
| Capitalized software | (37,317) | (18,544) | (21,411) |
| Capital expenditures | (120,616) | (127,880) | (68,093) |
| Proceeds from sale and leaseback transaction | 34,763 | - | - |
| Investments in joint ventures | (5,774) | (10,400) | (6,072) |
| Net cash paid in acquisitions (note 2) | (32,960) | (45,983) | (19,841) |
| Net cash used in investing activities | (157,756) | (190,280) | (86,834) |
| Cash flows from financing activities: | | | |
| Proceeds from debt | 194,657 | 18,939 | 125,820 |
| Payments of debt | (215,012) | (18,607) | (10,542) |
| Sale of common stock | 84,970 | 24,566 | 12,171 |
| Net cash provided by financing activities | 64,615 | 24,898 | 127,449 |
| Effect of exchange rate changes on cash | (97) | (77) | 2 |
| Net increase (decrease) in cash and cash equivalents | 11,320 | (105,048) | 106,105 |
| Cash and cash equivalents at beginning of year | 12,604 | 117,652 | 11,547 |
| Cash and cash equivalents at end of year | $ 23,924 | $ 12,604 | $ 117,652 |
| Supplemental cash flow information: | | | |
| Cash paid (received) during the year for: | | | |
| Interest | $ 25,902 | $ 15,608 | $ 9,350 |

| | | | |
|---|---|---|---|
| Income taxes | (5,459) | (4,715) | 13,360 |
| Noncash financing and investing activities: | | | |
| Issuance of warrants | 1,100 | 2,676 | - |
| Enterprise software licenses acquired under software obligation | 9,164 | 74,638 | 10,949 |
| Acquisition of property and equipment under capital lease | - | - | 14,939 |
| Land acquired for common stock | 1,300 | - | - |
| Purchases of subsidiaries for stock | 10,346 | - | - |
| Convertible debt and accrued interest converted into common stock | 27,081 | - | - |

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years ended March 31, 2000, 1999 and 1998

| (Dollars in thousands) | Common stock Number of shares | Common stock Amount | Additional paid-in capital |
|---|---|---|---|
| Balances at March 31, 1997 | 74,554,558 | $ 7,455 | $ 107,454 |
| May & Speh merger (note 2) | 72,160 | 7 | 115 |
| Sale of common stock | 1,235,971 | 124 | 9,158 |
| Tax benefit of stock options exercised (note 9) | - | - | 2,763 |
| Employee stock awards and shares issued to employee benefit plans, net of treasury shares repurchased | 57,529 | 6 | 2,548 |
| ESOP compensation earned | - | - | - |
| Comprehensive income: | | | |
| Foreign currency translation | - | - | - |
| Net earnings | - | - | - |
| Total comprehensive income | | | |
| Balances at March 31, 1998 | 75,920,218 | 7,592 | 122,038 |
| Sale of common stock | 4,000,000 | 400 | 11,850 |
| Tax benefit of stock options and warrants exercised (note 9) | - | - | 36,393 |
| Issuance of warrants (note 2) | - | - | 2,676 |
| Employee stock awards and shares issued to employee benefit plans, net of treasury shares repurchased | 1,144,198 | 114 | 13,054 |
| ESOP compensation earned | - | - | - |
| Comprehensive loss: | | | |
| Foreign currency translation | - | - | - |
| Net loss | - | - | - |
| Total comprehensive loss | | | |
| Balances at March 31, 1999 | 81,064,416 | 8,106 | 186,011 |
| Sale of common stock | 4,684,714 | 468 | 78,072 |
| Tax benefit of stock options and warrants exercised (note 9) | - | - | 15,921 |
| Issuance of warrants (note 2) | - | - | 1,100 |
| Employee stock awards and shares issued to employee benefit plans, net of treasury shares repurchased | 42,962 | 5 | 6,150 |
| Conversion of debt and accrued interest to stock | 2,000,000 | 200 | 26,881 |
| Purchase of subsidiaries for stock (note 2) | 465,546 | 47 | 10,299 |
| Purchase of land for stock | 54,450 | 5 | 1,295 |
| Comprehensive income: | | | |
| Foreign currency translation | - | - | - |
| Unrealized depreciation on marketable securities | - | - | - |
| Net earnings | - | - | - |
| Total comprehensive income | | | |
| Balances at March 31, 2000 | 88,312,088 | $ 8,831 | $ 325,729 |

See accompanying notes to consolidated financial statements.

| Compre-hensive income (loss) | Retained earnings | Accumulated other compre-hensive income (loss) | Unearned ESOP compen-sation | Treasury stock | | Total stock-holders' equity (note 8) |
|---|---|---|---|---|---|---|
| | | | | Number of shares | Amount | |
| - | $ 130,706 | $ 278 | $ (5,772) | (1,096,330) | $ (2,515) | $ 237,606 |
| - | 4,294 | - | 1,188 | - | - | 5,604 |
| - | - | - | - | - | - | 9,282 |
| - | - | - | - | - | - | 2,763 |
| - | - | - | - | 259,410 | 334 | 2,888 |
| - | - | - | 2,529 | - | - | 2,529 |
| $ 398 | - | 398 | - | - | - | 398 |
| 47,155 | 47,155 | - | - | - | - | 47,155 |
| $ 47,553 | | | | | | |
| - | 182,155 | 676 | (2,055) | (836,920) | (2,181) | 308,225 |
| - | - | - | - | - | - | 12,250 |
| - | - | - | - | - | - | 36,393 |
| - | - | - | - | - | - | 2,676 |
| - | - | - | - | 104,649 | (852) | 12,316 |
| - | - | - | 2,055 | - | - | 2,055 |
| $(1,000) | - | (1,000) | - | - | - | (1,000) |
| (15,142) | (15,142) | - | - | - | - | (15,142) |
| $(16,142) | | | | | | |
| - | 167,013 | (324) | - | (732,271) | (3,033) | 357,773 |
| - | - | - | - | - | - | 78,540 |
| - | - | - | - | - | - | 15,921 |
| - | - | - | - | - | - | 1,100 |
| - | - | - | - | 257,883 | 275 | 6,430 |
| - | - | - | - | - | - | 27,081 |
| - | - | - | - | - | - | 10,346 |
| - | - | - | - | - | - | 1,300 |
| $ (971) | - | (971) | - | - | - | (971) |
| (153) | - | (153) | - | - | - | (153) |
| 90,363 | 90,363 | - | - | - | - | 90,363 |
| $ 89,239 | | | | | | |
| | $ 257,376 | $ (1,448) | - | (474,388) | $ (2,758) | $ 587,730 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2000, 1999 and 1998

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Description of Business

Acxiom Corporation ("Acxiom" or "the Company") provides customer data integration solutions using customer, consumer and business data, primarily for customer relationship management applications. Business segments of the Company provide list services, data warehousing, consulting, data content, fulfillment services, and outsourcing and facilities management services primarily in the United States (U.S.) and United Kingdom (U.K.).

(b) Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Investments in 20% to 50% owned entities are accounted for using the equity method and investments in less than 20% owned entities are accounted for at cost.

(c) Use of Estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

(d) Marketable Securities

The Company has classified its marketable securities as available for sale. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and are reported as a separate component of other comprehensive income until realized. Realized gains and losses from the sale of available-for-sale securities are determined on a specific identification basis.

(e) Accounts Receivable

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of trade accounts receivable. The Company's receivables are from a large number of customers. Accordingly, the Company's credit risk is affected by general economic conditions. Although the Company has several large individual customers, concentrations of credit risk are limited because of the diversity of the Company's customers.

(f) Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are calculated on the straight-line method over the estimated useful lives of the assets as follows: buildings and improvements, 5-31.5 years; office furniture and equipment, 3-12 years; and data processing equipment, 2-10 years.

Property held under capitalized lease arrangements is included in property and equipment, and the associated liabilities are included with long-term debt. Property and equipment taken out of service and held for sale is recorded at net realizable value and depreciation is ceased.

(g) Software and Research and Development Costs

Costs of internally developed and purchased software are amortized on a straight-line basis over the remaining estimated economic life of the product, or the amortization that would be recorded by using the ratio of gross revenues for a product to total current and anticipated future gross revenues

for that product, whichever is greater. Research and development costs incurred prior to establishing technological feasibility of software products are charged to operations as incurred.

(h) Excess of Cost Over Fair Value of Net Assets Acquired
Goodwill, which represents the excess of acquisition costs over the fair values of net assets acquired in business combinations treated as purchase transactions, is being amortized on a straight-line basis over its estimated period of benefit of 15 to 40 years. The Company evaluates the recoverability of goodwill by determining whether the carrying amount is fully recoverable from the projected, undiscounted net cash flows of the related business unit. The amount of goodwill impairment, if any, is measured based on projected discounted future operating cash flows using a discount rate reflecting the Company's average cost of funds. The assessment of the recoverability of goodwill will be impacted if estimated future operating cash flows are not achieved.

(i) Revenue Recognition
Revenue from services, including consulting, list processing and data warehousing, and from information technology outsourcing services, including facilities management contracts, are recognized as services are performed. In the case of long-term outsourcing contracts, capital expenditures and other up-front costs incurred in connection with the contract are capitalized and amortized over the term of the contract whereby profit is recognized at a consistent rate of margin as services are performed under the contract. In certain outsourcing contracts, additional revenue is recognized based upon attaining certain annual margin improvements or cost savings over performance benchmarks as specified in the contracts. Such additional revenue is recognized when it is determinable that such benchmarks have been met.

Revenue from sales and licensing of software and data are recognized when the software and data are delivered, the fee for such software and data is fixed or determinable, and collectibility of such fee is probable. Software and data file maintenance is recognized over the term of the agreements. In the case of multiple-element software and data arrangements, revenue is allocated to the respective elements based upon their relative fair values. Billed but unearned portions of revenue are deferred.

(j) Income Taxes
The Company and its domestic subsidiaries file a consolidated Federal income tax return. The Company's foreign subsidiaries file separate income tax returns in the countries in which their operations are based.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(k) Foreign Currency Translation
The balance sheets of the Company's foreign subsidiaries are translated at year-end rates of exchange, and the statements of earnings are translated at the weighted-average exchange rate for the period. Gains or losses resulting from translating foreign currency financial statements are included in accumulated other comprehensive income (loss) in the statement of stockholders' equity.

(l) Earnings Per Share
A reconciliation of the numerator and denominator of basic and diluted earnings (loss) per share is shown below (in thousands, except per share amounts):

| | 2000 | 1999 | 1998 |
|---|---|---|---|
| Basic earnings per share: | | | |
| Numerator-net earnings (loss) | $ 90,363 | $ (15,142) | $ 47,155 |
| Denominator-weighted-average shares outstanding | 85,085 | 77,840 | 74,070 |
| Earnings (loss) per share | $ 1.06 | $ (.19) | $ .64 |
| Diluted earnings per share: | | | |
| Numerator: | | | |
| Net earnings (loss) | $ 90,363 | $ (15,142) | $ 47,155 |
| Interest expense on convertible debt (net of tax effect) | 3,773 | - | 465 |
| | $ 94,136 | $ (15,142) | $ 47,620 |
| Denominator: | | | |
| Weighted-average shares outstanding | 85,085 | 77,840 | 74,070 |
| Effect of common stock options | 3,600 | - | 3,593 |
| Effect of common stock warrant | 72 | - | 3,015 |
| Convertible debt | 5,783 | - | 2,102 |
| | 94,540 | 77,840 | 82,780 |
| Earnings (loss) per share | $ 1.00 | $ (.19) | $ .58 |

All potentially dilutive securities were excluded from the above calculations for the year ended March 31, 1999 because they were antidilutive. The equivalent share effects of common stock options and warrants and convertible debt which were excluded were 5,632 and 7,783, respectively. Interest expense on the convertible debt (net of income tax effect) excluded in computing diluted loss per share was $4,257.

Options to purchase shares of common stock that were outstanding during 2000, 1999 and 1998 but were not included in the computation of diluted earnings (loss) per share because the option exercise price was greater than the average market price of the common shares are shown below (in thousands, except per share amounts):

| | 2000 | 1999 | 1998 |
|---|---|---|---|
| Number of shares under option | 3,213 | 1,491 | 2,176 |
| Range of exercise prices | $ 17.93-$ 54.00 | $ 24.24-$ 54.00 | $ 15.94-$ 35.92 |

(m) Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of
Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net operating cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

(n) Cash and Cash Equivalents
The Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

(o) Advertising Expense
The Company expenses advertising costs as incurred. Advertising expense was approximately $11.8 million, $11.2 million and $8.6 million for the years ended March 31, 2000, 1999 and 1998, respectively.

(2) ACQUISITIONS
Effective December 15, 1999, the Company acquired the net assets of Litton Enterprise Solutions ("LES") for cash of $17.3 million. The acquisition has been accounted for as a purchase and, accordingly, the results of operations of LES are included in the consolidated results from the date of acquisition. The excess of the purchase price over the net assets acquired of $18.9 million is being amortized over 20 years. The pro forma effect of the acquisition is not material to the Company's consolidated results for the periods reported.

Effective August 1, 1999, the Company acquired all of the issued and outstanding common stock of Access Communication Systems, Inc. ("Access") for 300,000 shares of the Company's common stock, valued at $6.3 million. The acquisition has been accounted for as a purchase and accordingly, the results of operations of Access are included in the consolidated results of operations from the date of acquisition. The excess of the purchase price over the net assets acquired of $8.6 million is being amortized over 20 years. The pro forma effect of the acquisition is not material to the Company's consolidated results for the periods presented.

On May 28, 1999, the Company completed the acquisition of Computer Graphics of Arizona, Inc. ("Computer Graphics") and all of its affiliated companies in a stock-for-stock merger. The Company issued 1,871,334 shares of its common stock in exchange for all outstanding common stock of Computer Graphics. The acquisition was accounted for as a pooling-of-interests, and, accordingly, the consolidated financial statements for periods prior to the combination have been restated to include the accounts and results of operations of Computer Graphics.

Effective April 1, 1999, the Company acquired the assets of Horizon Systems, Inc. ("Horizon") for $16.5 million in cash and common stock and the assumption of certain liabilities of Horizon, and other cash and stock consideration based on the future performance of Horizon. The acquisition has been accounted for as a purchase and, accordingly, the results of operations of Horizon are included in the consolidated results of operations from the date of the acquisition. The excess of the purchase price over the net assets acquired of $14.1 million is being amortized over 20 years. The pro forma effect of the acquisition is not material to the Company's consolidated results of operations for the periods presented.

Effective January 1, 1999, the Company acquired three database marketing units from Deluxe Corporation ("Deluxe"). The purchase price was $23.6 million, of which $18.0 million was paid in cash at closing and the remainder was paid in April 1999. Deluxe's results of operations are included in the Company's consolidated results of operations beginning January 1, 1999. This acquisition was accounted for as a purchase. The excess of cost over net assets acquired of $21.9 million is being amortized using the straight-line method over 15 years. The pro forma effect of the acquisition is not material to the Company's consolidated results of operations for the periods presented.

On September 17, 1998, the Company issued 20,858,923 shares of its common stock in exchange for all outstanding capital stock of May & Speh, Inc. ("May & Speh"). Additionally, the Company assumed all of the outstanding options granted under May & Speh's stock option plans with the result that 4,289,202 shares of the Company's common stock became subject to issuance upon exercise of such options. This business combination has been accounted for as a pooling-of-interests and, accordingly, the consolidated financial statements for periods prior to the combination have been restated to include the accounts and results of operations of May & Speh.

The results of operations previously reported by Acxiom, May & Speh and Computer Graphics and the combined amounts presented in the accompanying consolidated financial statements are summarized below (dollars in thousands):

| | 1999 | 1998 |
|---|---|---|
| Revenue: | | |
| Acxiom | $ 729,984 | $ 465,065 |
| May & Speh | - | 103,955 |
| Computer Graphics | 24,073 | 23,309 |
| Combined | $ 754,057 | $ 592,329 |
| Net earnings (loss): | | |
| Acxiom | $ (16,430) | $ 35,597 |
| May & Speh | - | 10,458 |
| Computer Graphics | 1,288 | 1,100 |
| Combined | $ (15,142) | $ 47,155 |

Included in the statement of operations for the year ended March 31, 1999 are revenues of $66.6 million and net earnings of $9.3 million for May & Speh for the period from April 1, 1998 to September 17, 1998. Included in the statement of operations for the year ended March 31, 2000 are revenues of $5.3 million and net earnings of $1.1 million for Computer Graphics for the period from April 1, 1999 to May 28, 1999.

Prior to the combination, May & Speh's fiscal year ended September 30. In recording the pooling-of-interests combination, May & Speh's consolidated financial statements as of and for the year ended March 31, 1998 were combined with Acxiom's consolidated financial statements for the same period.

During the year ended March 31, 1999, the Company recorded special charges totaling $118.7 million related to merger and integration charges associated with the May & Speh merger and the write-down of other impaired assets. The charges consisted of approximately $10.7 million of transaction costs to be paid to investment bankers, accountants, and attorneys; $8.1 million in associate-related reserves, principally employment contract termination costs and severance costs; $48.5 million in contract termination costs; $11.5 million for the write-down of software; $29.3 million for the write-down of property and equipment; $7.8 million for the write-down of goodwill and other assets; and $2.8 million in other write-downs and accruals.

The transaction costs are fees which were incurred as a direct result of the merger transaction. The associate-related reserves include 1) payments to be made under a previously existing employment agreement with one terminated May & Speh executive in the amount of $3.5 million, 2) payments to be made under previously existing employment agreements with seven May & Speh executives who are remaining with Acxiom, but are entitled to payments totaling $3.6 million due to the termination of their employment agreements, and 3) involuntary termination benefits aggregating $1.0 million to seven May & Speh and Company employees whose positions have been or will be eliminated. One of the seven positions, for which $0.7 million was accrued, was not related to the May & Speh merger, but related to a Company associate whose position was eliminated as a result of the closure of the Company's New Jersey business location. Two of the seven associates were ultimately terminated. The other five were transferred or changed job duties within the Company. The remaining amounts accrued for the five associates of approximately $0.3 million were used to pay other associate-related merger and integration costs.

The contract termination costs were incurred to terminate duplicative software contracts. The amounts recorded represent cash payments which the Company has made or will make to the software vendors to terminate existing May & Speh agreements.

For all other write-downs and costs, the Company performed an analysis as required under Statement of Financial Accounting Standards ("SFAS") No. 121 to determine whether and to what extent any assets were impaired as a result of the merger. The analysis included estimating expected future cash flows from each of the assets which were expected to be held and used by the Company. These expected cash flows were compared to the carrying amount of each asset to determine whether an impairment existed. If an impairment was indicated,

the asset was written down to its fair value. Quoted market prices were used to estimate fair value when market prices were available. In cases where quoted prices were not available, the Company estimated fair value using internal valuation sources. In the case of assets to be disposed of, the Company compared the carrying value of the asset to its estimated fair value, and if an impairment was indicated, wrote the asset down to its estimated fair value.

Approximately $110.1 million of the charge was for duplicative assets or costs directly attributable to the May & Speh merger. The remaining $8.6 million related to other impaired assets which were impaired during the year, primarily $5.7 million related to goodwill and shut-down costs associated with the closing of certain business locations in New Jersey, Malaysia, and the Netherlands. Special charges in 1998 relate to employee severance payments made to former May & Speh executives.

The following table shows the balances which were initially accrued as of September 30, 1998, and the changes in those balances during the years ended March 31, 1999 and 2000 (dollars in thousands):

| | September 30, 1998 | Additions | Payments | March 31, 1999 | Payments | March 31, 2000 |
|---|---|---|---|---|---|---|
| Transaction costs | $ 9,163 | $ - | $ 9,163 | $ - | $ - | $ - |
| Associate-related reserves | 6,783 | 1,375 | 3,804 | 4,354 | 3,302 | 1,052 |
| Contract termination costs | 40,500 | - | 13,500 | 27,000 | 13,500 | 13,500 |
| Other accruals | 3,745 | - | 1,918 | 1,827 | 1,273 | 554 |
| | $ 60,191 | $ 1,375 | $ 28,385 | $ 33,181 | $ 18,075 | $ 15,106 |

The remaining associate-related reserves will be substantially paid out during fiscal 2001. The remaining contract termination costs were paid in April 2000. The other accruals will be paid out over remaining periods ranging up to four years.

Effective May 1, 1998, May & Speh acquired substantially all of the assets of SIGMA Marketing Group, Inc. ("Sigma"), a full-service database marketing company headquartered in Rochester, New York. Under the terms of the agreement, May & Speh paid $15 million at closing for substantially all of Sigma's assets, and will pay the former owners up to an additional $6 million, the substantial portion of which is contingent on certain operating objectives being met. Sigma's former owners were also issued warrants to acquire 276,800 shares of the Company's common stock at a price of $17.50 per share in connection with the transaction. Sigma's results of operations are included in the Company's consolidated results of operations beginning May 1, 1998. This acquisition was accounted for as a purchase. The excess of cost over net assets acquired of $23.2 million is being amortized using the straight-line method over 20 years. The pro forma effect of the acquisition is not material to the Company's consolidated results of operations for the periods reported.

Effective April 1, 1998, the Company purchased the outstanding stock of Normadress, a French company located in Paris. Normadress provides database and direct marketing services to its customers. The purchase price was 20 million French Francs (approximately $3.4 million) in cash and other additional cash consideration of which approximately $900,000 is guaranteed and the remainder is based on the future performance of Normadress. Normadress' results of operations are included in the Company's consolidated results of operations beginning April 1, 1998. This acquisition was accounted for as a purchase. The excess of cost over net assets acquired of $5.7 million is being amortized using the straight-line method over 20 years. The pro forma effect of the acquisition is not material to the Company's consolidated results of operations for the periods reported.

Effective October 1, 1997, the Company acquired 100% ownership of MultiNational Concepts, Ltd. ("MultiNational") and Catalog Marketing Services, Inc. (d/b/a Shop the World by Mail), entities under common control (collectively "STW"). Total consideration was $4.6 million (net of cash acquired) and other cash consideration based on the future performance of STW. MultiNational, headquartered in Hoboken, New Jersey, is an international mailing list and database maintenance provider for consumer catalogers

interested in developing foreign markets. Shop the World by Mail, headquartered in Sarasota, Florida, provides cooperative customer acquisition programs, and also produces an international catalog of catalogs whereby end-customers in over 60 countries can order catalogs from around the world.

Also effective October 1, 1997, the Company acquired Buckley Dement, L.P. and its affiliated company, KM Lists, Incorporated (collectively "Buckley Dement"). Buckley Dement, headquartered in Skokie, Illinois, provides list brokerage, list management, promotional mailing and fulfillment, and merchandise order processing to pharmaceutical, health care, and other commercial customers. Total consideration was $14.2 million (net of cash acquired) and other cash consideration based on the future performance of Buckley Dement.

Both the Buckley Dement and STW acquisitions are accounted for as purchases and their operating results are included with the Company's results beginning October 1, 1997. The purchase price for the two acquisitions exceeded the fair value of net assets acquired by $12.6 million and $5.2 million for Buckley Dement and STW, respectively. The resulting excess of cost over net assets acquired is being amortized over 20 years. The pro forma effect of the acquisitions is not material to the Company's consolidated results of operations for the periods reported.

(3) SOFTWARE AND RESEARCH AND DEVELOPMENT COSTS

The Company recorded amortization expense related to internally developed computer software of $10.3 million, $8.3 million and $5.9 million in 2000, 1999 and 1998, respectively. Additionally, research and development costs of $34.8 million, $17.8 million and $13.7 million were charged to operations during 2000, 1999 and 1998, respectively.

(4) PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows (dollars in thousands):

| | 2000 | 1999 |
|---|---|---|
| Land | $ 10,309 | $ 8,224 |
| Buildings and improvements | 107,888 | 92,417 |
| Office furniture and equipment | 41,155 | 36,765 |
| Data processing equipment | 222,590 | 204,435 |
| | 381,942 | 341,841 |
| Less accumulated depreciation and amortization | 132,266 | 115,460 |
| | $ 249,676 | $ 226,381 |

(5) OTHER ASSETS

Other assets consists of the following (dollars in thousands):

| | 2000 | 1999 |
|---|---|---|
| Purchased software licenses | $ 123,846 | $ 103,500 |
| Deferred contract costs | 63,173 | 28,400 |
| Notes receivable from software and data licenses and sales of equipment, net of current portion | 55,804 | 24,900 |
| Assets transferred under contractual arrangement (note 15) | 34,291 | - |
| Investments in joint ventures and other companies | 22,890 | 16,853 |
| Other | 11,524 | 27,884 |
| | $ 311,528 | $ 201,537 |

The software licenses are amortized over their estimated useful lives of five to seven years. Certain of the notes receivable from software and data licenses and equipment sales have no stated interest rate and have been discounted using an imputed interest rate based on the customer, type of

agreement, collateral and payment terms. The term of these notes is generally three years or less. This discount is being recognized into income using the interest method and is a component of other, net included in the statement of operations.

Other current assets includes the current portion of the notes receivable from data license and equipment sales of $42.4 million and $24.6 million as of March 31, 2000 and 1999, respectively. Other current assets also includes prepaid expenses, nontrade receivables and other miscellaneous assets of $56.5 million and $36.7 million as of March 31, 2000 and 1999, respectively.

(6) LONG-TERM DEBT

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

| | 2000 | 1999 |
|---|---|---|
| 5.25% Convertible subordinated notes due 2003 | $ 115,000 | $ 115,000 |
| Software license liabilities payable over terms of from five to seven years; effective interest rates at approximately 6% | 67,545 | 76,748 |
| Unsecured revolving credit agreement | 61,500 | 55,384 |
| 6.92% Senior notes due March 30, 2007, payable in annual installments of $4,286 commencing March 30, 2001; interest is payable semiannually | 30,000 | 30,000 |
| 3.12% Convertible note, interest and principal due April 30, 1999; convertible at maturity into two million shares of common stock | - | 25,000 |
| Capital leases on land, buildings and equipment payable in monthly payments of $357 of principal and interest; remaining terms of from five to twenty years; interest rates at approximately 8% | 18,051 | 20,587 |
| 8.5% Unsecured term loan; quarterly principal payments of $200 plus interest with the balance due in 2003 | 8,200 | 9,000 |
| Other capital leases, debt and long-term liabilities | 12,094 | 16,859 |
| Total long-term debt | 312,390 | 348,578 |
| Less current installments | 23,156 | 23,355 |
| Long-term debt, excluding current installments | $ 289,234 | $ 325,223 |

In March 1998, May & Speh completed an offering of $115 million 5.25% convertible subordinated notes due 2003. The notes are convertible at the option of the holder into shares of the Company's common stock at a conversion price of $19.89 per share. The notes also are redeemable, in whole or in part, at the option of the Company at any time on or after April 3, 2001. The total net proceeds to the Company were approximately $110.8 million after deducting underwriting discounts and commissions and offering expenses.

In April 1999, the holder of the 3.12% convertible note exchanged the note for two million shares of the Company's common stock. Accordingly, the balance of the debt and related accrued interest of $2.1 million has been reclassified into equity.

On December 29, 1999, the Company completed a new unsecured revolving credit agreement with a group of commercial banks and completely repaid the balance due under the prior revolving credit agreement. The new agreement expires December 29, 2002 unless extended in accordance with the terms of the agreement. The new agreement provides for revolving loans and letters of credit in amounts of up to $285 million and provides for interest at various market rates at the Company's option, including the prime rate, a LlBOR-based rate and a rate based on the federal funds rate. The agreement requires a commitment fee of 0.3% on the average unused portion of the loan commitment. The interest rate on the revolving credit facility was 7.5% as of March 31, 2000.

In connection with the construction of the Company's new headquarters building and a new customer service facility in Little Rock, Arkansas, the Company has entered into 50/50 joint ventures with local real estate

developers. In each case, the Company is guaranteeing portions of the loans for the buildings. The aggregate amount of the guarantees at March 31, 2000 was $4.5 million.

Under the terms of certain of the above borrowings, the Company is required to maintain certain tangible net worth levels, debt-to-equity and debt service coverage ratios. The aggregate maturities of long-term debt for the five years ending March 31, 2005 are as follows: 2001, $23.2 million; 2002, $22.7 million; 2003, $88.2 million; 2004, $138.9 million; and 2005, $16.5 million.

(7) LEASES

The Company leases data processing equipment, software, office furniture and equipment, land and office space under noncancellable operating leases. Future minimum lease payments under noncancellable operating leases for the five years ending March 31, 2005 are as follows: 2001, $54.7 million; 2002, $47.3 million; 2003, $48.6 million; 2004, $27.8 million; and 2005, $11.5 million.

Total rental expense on operating leases was $17.0 million, $24.7 million and $15.2 million for the years ended March 31, 2000, 1999 and 1998, respectively.

(8) STOCKHOLDERS' EQUITY

The Company has authorized 200 million shares of $.10 par value common stock and 1.0 million shares of $1.00 par value preferred stock. The Board of Directors of the Company may designate the relative rights and preferences of the preferred stock when and if issued. Such rights and preferences could include liquidation preferences, redemption rights, voting rights and dividends and the shares could be issued in multiple series with different rights and preferences. The Company currently has no plans for the issuance of any shares of preferred stock.

On July 28, 1999, the Company completed a secondary offering of 1.5 million shares of its common stock. In addition, four shareholders of the Company sold 4.0 million shares of common stock. In connection with the offering, the Company granted an over-allotment option to the underwriters to purchase up to an additional 800,000 shares. The underwriters exercised the option on August 17, 1999 for 500,000 shares, bringing the total shares sold by the Company to 2.0 million. The net proceeds to the Company, after deducting underwriting discounts and offering expenses, were approximately $51.3 million.

On March 30, 1998, May & Speh completed a secondary offering of 325,000 shares of its common stock (260,000 shares as adjusted for the merger with Acxiom). Total net proceeds were approximately $3.5 million.

In connection with its data center management agreement entered into in August 1992 with Trans Union LLC, the Company issued a warrant which entitled Trans Union to acquire up to 4.0 million additional shares of newly-issued common stock. The exercise price for the warrant stock was $3.06 per share through August 31, 1998 and increased $.25 per share in each of the two years subsequent to August 31, 1998. The warrant was exercised for 4.0 million shares on August 31, 1998. The Company recorded $68.0 million as additional sales discounts on its tax return for the difference in the fair value of the stock on the date the warrant was exercised and the fair value of the warrant on the date the warrant was issued (note 9).

The Company has a Key Employee Stock Option Plan ("Plan") for which 15.2 million shares of the Company's common stock have been reserved for issuance to its U.S. employees. The Company has for its U.K. employees a U.K. Share Option Scheme ("Scheme") for which 1.6 million shares of the Company's common stock have been reserved. These plans provide that the option price, as determined by the Board of Directors, will be at least the fair market value at the time of the grant. The term of nonqualified options is also determined by the Board of Directors. Incentive options granted under the plans must be exercised within 10 years after the date of the option. At March 31, 2000, 677,653 shares and 52,409 shares are available for future grants under the Plan and the Scheme, respectively.

May & Speh had options outstanding under two separate plans at March 31, 1998. Generally, such options vest and become exercisable in five equal annual increments beginning one year after the issue date and expire 10 years after the issue date except in the event of change in control of May & Speh all

options become fully vested and exercisable. Pursuant to the merger, the Company assumed all of the currently outstanding options granted under the May & Speh plans with the result that shares of the Company's common stock became subject to issuance upon exercise of such options.

Activity in stock options was as follows:

| | Number of shares | Weighted-average price per share | Number of shares exercisable |
|---|---|---|---|
| Outstanding at March 31, 1997 | 10,176,065 | $ 8.31 | 3,974,265 |
| May & Speh acquisition (note 2) | 217,440 | 16.89 | |
| Granted | 2,143,176 | 14.88 | |
| Exercised | (977,511) | 3.86 | |
| Forfeited or cancelled | (157,190) | 11.89 | |
| Outstanding at March 31, 1998 | 11,401,980 | 9.63 | 5,316,861 |
| Granted | 1,066,891 | 27.82 | |
| Exercised | (937,411) | 6.95 | |
| Forfeited or cancelled | (115,462) | 12.96 | |
| Outstanding at March 31, 1999 | 11,415,998 | 12.19 | 7,913,294 |
| Granted | 3,981,376 | 25.45 | |
| Exercised | (2,510,323) | 9.74 | |
| Forfeited or cancelled | (474,422) | 26.52 | |
| Outstanding at March 31, 2000 | 12,412,629 | $ 16.36 | 6,726,860 |

The per share weighted-average fair value of stock options granted during fiscal 2000, 1999 and 1998 was $10.96, $13.43 and $9.91, respectively, on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: Dividend yield of 0% for 2000, 1999 and 1998; risk-free interest rate of 5.60% in 2000, 5.44% in 1999, and 6.79% in 1998; expected option life of 6 years for 2000, and 10 years for 1999 and 1998; and expected volatility of 44.97% in 2000, 40.48% in 1999, and 38.69% in 1998.

Following is a summary of stock options outstanding as of March 31, 2000:

| | Options outstanding | | | Options exercisable | |
|---|---|---|---|---|---|
| Range of exercise prices | Options outstanding | Weighted-average remaining contractual life | Weighted-average exercise per share | Options exercisable | Weighted-average exercise per share |
| $ 1.38-$ 2.86 | 1,418,266 | 5.55 years | $ 2.34 | 1,381,690 | $ 2.36 |
| 3.13- 4.69 | 1,310,681 | 4.91 years | 3.92 | 1,084,258 | 3.92 |
| 5.38- 6.25 | 1,347,379 | 3.12 years | 6.11 | 1,060,797 | 6.09 |
| 7.43- 15.70 | 1,661,639 | 7.27 years | 13.30 | 1,217,615 | 13.65 |
| 15.75- 16.88 | 469,458 | 7.58 years | 16.85 | 469,458 | 16.85 |
| 16.89- 17.93 | 1,367,857 | 14.15 years | 17.86 | 49,026 | 17.33 |
| 17.96- 24.81 | 2,042,618 | 7.85 years | 22.19 | 802,223 | 22.35 |
| 24.84- 26.08 | 1,385,079 | 13.85 years | 26.05 | 557,948 | 26.02 |
| 26.25- 41.24 | 1,267,891 | 13.79 years | 34.48 | 90,496 | 33.21 |
| 42.47- 54.00 | 141,761 | 13.52 years | 48.22 | 13,349 | 49.76 |
| | 12,412,629 | 8.71 years | $ 16.36 | 6,726,860 | $ 11.22 |

The Company applies the provisions of Accounting Principles Board Opinion No. 25 and related interpretations in accounting for the stock-based compensation plans. Accordingly, no compensation cost has been recognized by the Company in the accompanying consolidated statements of operations for any

of the fixed stock options granted. Had compensation cost for options granted been determined on the basis of the fair value of the awards at the date of grant, consistent with the methodology prescribed by SFAS No. 123, the Company's net earnings (loss) would have been reduced to the following pro forma amounts for the years ended March 31 (dollars in thousands, except per share amounts):

| | | 2000 | 1999 | 1998 |
|---|---|---|---|---|
| Net earnings (loss) | As reported | $ 90,363 | $ (15,142) | $ 47,155 |
| | Pro forma | 81,673 | (32,302) | 40,725 |
| Basic earnings (loss) per share | As reported | $ 1.06 | $ (.19) | $ .64 |
| | Pro forma | .96 | (.41) | .55 |
| Diluted earnings (loss) per share | As reported | $ 1.00 | $ (.19) | $ .58 |
| | Pro forma | .90 | (.41) | .50 |

Pro forma net earnings (loss) reflect only options granted after fiscal 1995. Therefore, the full impact of calculating compensation cost for stock options under SFAS No. 123 is not reflected in the pro forma net earnings amounts presented above because compensation cost is reflected over the options' vesting period of up to 9 years and compensation cost for options granted prior to April 1, 1995 is not considered.

The Company maintains an employee stock purchase plan which provides for the purchase of shares of common stock at 85% of the market price. There were 218,139, 129,741 and 125,151 shares purchased under the plan during the years ended March 31, 2000, 1999 and 1998, respectively.

In fiscal 2000, the Company entered into two equity forward purchase agreements with a commercial bank under which the Company will purchase 3.1 million and 0.2 million shares of its common stock at an average total cost of approximately $20.81 and $26.51 per share, respectively, for a total notional amount of $69.4 million. The cost of the equity forwards of $300,000 has been accounted for as a component of stockholders' equity. If the market value of the stock exceeds the price under the equity forward, the Company has the option of settling the contract by receiving cash or stock worth the excess of the market value over the price under the equity forward. If the market value of the stock is less than the price under the equity forward, the Company has the option of settling the contract by paying cash in the amount of the excess of the contract amount over the fair market value of the stock. The Company can also settle the contracts by paying the full notional amount and taking delivery of the stock. The shares remain issued and outstanding until the forward purchase contracts are settled. The Company has the option to settle the contracts at any time prior to March 31, 2002, when the contracts are required to be settled.

(9) INCOME TAXES

Total income tax expense (benefit) was allocated as follows (dollars in thousands):

| | 2000 | 1999 | 1998 |
|---|---|---|---|
| Income from operations | $ 54,214 | $ 2,843 | $ 28,065 |
| Stockholders' equity, for expenses for tax purposes in excess of amounts recognized for financial reporting purposes: | | | |
| Compensation | (15,921) | (9,178) | (2,763) |
| Sale discounts (note 8) | - | (27,215) | - |
| | $ 38,293 | $ (33,550) | $ 25,302 |

Income tax expense (benefit) attributable to earnings (loss) from operations consists of (dollars in thousands):

| | 2000 | 1999 | 1998 |
|---|---|---|---|
| Current expense: | | | |
| Federal | $ 29,392 | $ 18,285 | $ 12,889 |
| Foreign | 1,875 | 1,165 | 1,206 |
| State | 1,301 | 7,247 | 1,827 |
| | 32,568 | 26,697 | 15,922 |
| Deferred expense (benefit): | | | |
| Federal | 15,154 | (14,780) | 9,792 |
| Foreign | (248) | (248) | 23 |
| State | 6,740 | (8,826) | 2,328 |
| | 21,646 | (23,854) | 12,143 |
| Total tax expense | $ 54,214 | $ 2,843 | $ 28,065 |

A reconciliation of income tax expense (benefit) computed using the U.S. federal statutory income tax rate of 35% of earnings (loss) before income taxes to the actual provision for income taxes follows:

| | 2000 | 1999 | 1998 |
|---|---|---|---|
| Computed expected tax expense (benefit) | $ 50,602 | $ (4,305) | $ 26,327 |
| Increase (reduction) in income taxes resulting from: | | | |
| Nondeductible merger and integration expenses | - | 7,836 | - |
| State income taxes, net of Federal income tax benefit | 5,227 | (1,026) | 2,701 |
| Research and experimentation credits | (757) | (265) | (715) |
| Other | (858) | 603 | (248) |
| Total tax expense | $ 54,214 | $ 2,843 | $ 28,065 |

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at March 31, 2000 and 1999 are presented below (dollars in thousands).

| | 2000 | 1999 |
|---|---|---|
| Deferred tax assets: | | |
| Accrued expenses not currently deductible for tax purposes | $ 14,932 | $ 20,633 |
| Investments, principally due to differences in basis for tax and financial reporting purposes | 309 | 328 |
| Net operating loss carryforwards | 1,841 | 7,986 |
| Other | 1,350 | 1,696 |
| Total deferred tax assets | 18,432 | 30,643 |
| Deferred tax liabilities: | | |
| Property and equipment, principally due to differences in depreciation | (22,276) | (12,887) |
| Intangible assets, principally due to differences in amortization | (2,417) | (3,624) |
| Capitalized software and other costs expensed as incurred for tax purposes | (22,105) | (20,501) |
| Installment sale gains for tax purposes | (1,526) | (1,877) |
| Total deferred tax liabilities | (48,324) | (38,889) |
| Net deferred tax liability | $ (29,892) | $ (8,246) |

At March 31, 2000, the Company had available tax benefits associated with state tax operating loss carryforwards of $15.7 million which expire annually in varying amounts to 2014. The deferred tax effect of such carryforwards are included above.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred

tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Based upon the Company's history of profitability and taxable income and the reversal of taxable temporary differences, management believes it is more likely than not the Company will realize the benefits of these deductible differences.

(10) RELATED PARTY TRANSACTIONS

The Company leases certain equipment from a business partially owned by an officer. Rent expense under these leases was approximately $876,000, $797,000 and $797,000 during the years ended March 31, 2000, 1999 and 1998, respectively. Under the terms of the lease in effect at March 31, 2000 the Company will make monthly lease payments of $75,000 through December 2001. The Company has agreed to pay the difference, if any, between the sales price of the equipment and 70 percent of the lessor's related loan balance (approximately $7.3 million at March 31, 2000) should the Company elect to exercise its early termination rights or not extend the lease beyond its initial five-year term and the lessor sells the equipment as a result thereof.

(11) RETIREMENT PLANS

The Company has a retirement savings plan which covers substantially all domestic employees. The Company also offers a supplemental nonqualified deferred compensation plan for certain management employees. The Company matches 50% of the employee's salary deferred contributions under both plans up to 6% annually and may contribute additional amounts to the plans from the Company's earnings at the discretion of the Board of Directors.

Effective October 1, 1988, May & Speh established the May & Speh, Inc. Employee Stock Ownership Plan ("ESOP") for the benefit of substantially all of its employees. May & Speh borrowed $22,500,000 from a bank and loaned the proceeds to the ESOP for the purpose of providing the ESOP sufficient funds to purchase 9,887,340 shares of May & Speh's common stock at $2.28 per share. The terms of the ESOP agreement required May & Speh to make minimum contributions sufficient to meet the ESOP's debt service obligations. During the year ended March 31, 1999, the ESOP loan was paid in full and the ESOP was merged into the Company's retirement savings plan.

Company contributions for the above plans amounted to approximately $4.0 million, $4.8 million and $4.3 million in 2000, 1999 and 1998, respectively.

(12) MAJOR CUSTOMERS

In 2000 the Company had no customer who accounted for more than 10% of revenue. Allstate Insurance Company accounted for revenue of $82.2 million (10.9%) and $74.7 million (12.6%) in 1999 and 1998, respectively.

(13) FOREIGN OPERATIONS

Foreign operations are conducted primarily in the United Kingdom. The Company attributes revenue to each geographic region based on the location of the Company's operations. The following table shows financial information by geographic area for the years 2000, 1999 and 1998 (dollars in thousands):

| | United States | Foreign | Consolidated |
|---|---|---|---|
| 2000: | | | |
| Revenue | $ 908,261 | $ 56,199 | $ 964,460 |
| Long-lived assets | 606,059 | 14,109 | 620,168 |
| 1999: | | | |
| Revenue | $ 712,907 | $ 41,150 | $ 754,057 |
| Long-lived assets | 454,631 | 10,687 | 465,318 |
| 1998: | | | |
| Revenue | $ 557,683 | $ 34,646 | $ 592,329 |
| Long-lived assets | 305,219 | 7,860 | 313,079 |

(14) CONTINGENCIES

On September 20, 1999, the Company and certain of its directors and officers were sued by an individual shareholder in a purported class action filed in the United States District Court for the Eastern District of Arkansas. The action alleges that the defendants violated Section 11 of the Securities Act of 1933 in connection with the July 23, 1999 public offering of 5,421,000 shares of the common stock of the Company. In addition, the action seeks to assert liability against the Company Leader pursuant to Section 15 of the Securities Act of 1933. The action seeks to have a class certified of all purchasers of the stock sold in the public offering. Two additional suits were subsequently filed in the same venue against the same defendants and asserting the same allegations. The cases are in their infancy and no substantive filings have been made subsequent to the initial complaints. The Company believes the allegations are without merit and the defendants intend to vigorously contest the cases, and at the appropriate time, seek their dismissal.

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

(15) DISPOSITIONS

Effective August 22, 1997, the Company sold certain assets of its Pro CD subsidiary to a wholly-owned subsidiary of American Business Information, Inc. ("ABI"). ABI is now known as infoUSA, Inc. ABI acquired the retail and direct marketing operations of Pro CD, along with compiled telephone book data for aggregate cash proceeds of $18.0 million, which included consideration for a compiled telephone book data license. In conjunction with the sale to ABI, the Company also recorded certain valuation and contingency reserves. Included in other income for the year ended March 31, 1998 is the gain on disposal related to this transaction of $855,000.

Effective February 1, 2000, the Company sold certain assets and a 51% interest in a newly formed Limited Liability Company ("LLC") to certain management of its Acxiom/Direct Media, Inc. business unit ("DMI"). The LLC was formed by the contribution of net assets used in the DMI operations. As consideration, the Company received a 6% note in the approximate amount of $22.5 million payable over 7 years. The Company also retains a 49% interest in the LLC. The 51% owners have the right to purchase the remaining interest in the LLC. The sale is a divestiture for legal and tax purposes, but not for accounting purposes under applicable accounting rules because the collection of the sales price is primarily dependent on the buyer's ability to repay the note through operations of the business. Accordingly, the result of operations of the LLC will continue to be included in the Company's financial statements until such time as a sufficient portion of the note balance has been collected, at which time the Company will account for the transaction as a sale. The Company's 49% interest in the LLC and the note receivable are included in other assets.

Effective April 25, 2000, the Company sold a part of its DataQuick business group, which is based in San Diego, California, for $55.5 million. The Company retained the real property data sourcing and compiling portion of DataQuick. Of the total sale price, $30 million was received as of the effective date and the remainder is payable on October 25, 2000. The gain on sale of these assets, which will be reported in the first quarter of fiscal 2001, will be in excess of $30 million.

(16) FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

- Cash and cash equivalents, trade receivables, short-term borrowings, and trade payables - The carrying amount approximates fair value because of the short maturity of these instruments.
- Marketable securities - The carrying value of marketable securities is equal to fair value as determined by reference to quoted market prices.
- Equity forward - The fair value of the equity forward contract as of March 31, 2000 is $38.6 million, as determined by quoted market prices.

_ Long-term debt - The interest rate on the revolving credit agreement is adjusted for changes in market rates and therefore the carrying value of the credit agreement approximates fair value. The estimated fair value of other long-term debt was determined based upon the present value of the expected cash flows considering expected maturities and using interest rates currently available to the Company for long-term borrowings with similar terms. At March 31, 2000, the estimated fair value of long-term debt approximates its carrying value.

(17) SEGMENT INFORMATION

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS 131") requires reporting segment information consistent with the way management internally disaggregates an entity's operations to assess performance and to allocate resources. As required, the Company adopted the provisions of SFAS 131 in its fiscal 1999 consolidated financial statements and has presented its prior-year segment information to conform to SFAS 131's requirements.

The Company's business segments consist of Services, Data Products, and Information Technology Management. The Services segment substantially consists of consulting, database and data warehousing and list processing services. The Data Products segment includes all of the Company's data content products. Information Technology Management includes information technology outsourcing and facilities management for data center management, network management, client server management and other complementary Information Technology services. The Company evaluates performance of the segments based on segment operating income, which excludes special charges. The Company accounts for sales of certain data products as revenue in both the Data Products segment and the Services segment which billed the customer. The duplicate revenues are eliminated in consolidation.

The following tables present information by business segment (dollars in thousands):

| | 2000 | 1999 | 1998 |
|---|---|---|---|
| Services | $ 609,740 | $ 453,119 | $ 331,713 |
| Data Products | 232,635 | 188,020 | 155,206 |
| Information Technology Management | 194,908 | 154,526 | 128,366 |
| Intercompany eliminations | (72,823) | (41,608) | (22,956) |
| Total revenue | $ 964,460 | $ 754,057 | $ 592,329 |
| Services | $ 125,560 | $ 91,731 | $ 55,302 |
| Data Products | 31,814 | 15,993 | 15,664 |
| Information Technology Management | 44,304 | 34,826 | 25,808 |
| Intercompany eliminations | (36,584) | (20,689) | (11,942) |
| Corporate and other | (1,210) | (123,245) | (3,923) |
| Income (loss) from operations | $ 163,884 | $ (1,384) | $ 80,909 |
| Services | $ 36,869 | $ 24,360 | $ 17,901 |
| Data Products | 22,888 | 19,214 | 12,660 |
| Information Technology Management | 26,563 | 20,039 | 16,547 |
| Corporate and other | 209 | 484 | 2,700 |
| Depreciation and amortization | $ 86,529 | $ 64,097 | $ 49,808 |
| Services | $ 494,110 | $ 427,210 | $ 228,115 |
| Data Products | 202,243 | 167,111 | 130,704 |
| Information Technology Management | 372,923 | 238,164 | 172,834 |
| Corporate and other | 36,020 | 57,315 | 149,981 |
| Total assets | $ 1,105,296 | $ 889,800 | $ 681,634 |

(18) SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The table below sets forth selected financial information for each quarter of the last two years (dollars in thousands, except per share amounts):

| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
|---|---|---|---|---|
| 2000: | | | | |
| Revenue | $ 211,506 | $ 246,840 | $ 244,303 | $ 261,811 |
| Income from operations | 30,246 | 39,883 | 46,389 | 47,366 |
| Net earnings | 15,749 | 21,300 | 26,478 | 26,836 |
| Basic earnings per share | .19 | .25 | .31 | .31 |
| Diluted earnings per share | .18 | .24 | .29 | .29 |
| 1999: | | | | |
| Revenue | $ 164,512 | $ 180,030 | $ 193,910 | $ 215,605 |
| Income (loss) from operations | 20,321 | (82,707) | 25,958 | 35,044 |
| Net earnings (loss) | 11,737 | (60,548) | 14,038 | 19,631 |
| Basic earnings (loss) per share | .16 | (.79) | .18 | .25 |
| Diluted earnings (loss) per share | .14 | (.79) | .16 | .22 |

INDEPENDENT AUDITORS' REPORT

THE BOARD OF DIRECTORS AND STOCKHOLDERS ACXIOM CORPORATION:

We have audited the accompanying consolidated balance sheets of Acxiom Corporation and subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the three-year period ended March 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Acxiom Corporation and subsidiaries as of March 31, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

Dallas, Texas
May 2, 2000

EXHIBIT 21

SUBSIDIARIES OF ACXIOM

U.S. SUBSIDIARIES

| Name | Incorporated In | Doing Business As |
|---|---|---|
| Acxiom Asia, Ltd. | Arkansas | Acxiom Asia, Ltd. |
| Acxiom CDC, Inc. | Arkansas | Acxiom CDC, Inc. |
| Acxiom Compilation Corporation (formerly DataQuick Information Systems) | California | Acxiom Compilation Corporation |
| Acxiom / Direct Media, Inc. | Arkansas | Acxiom/Direct Media, Inc. |
| Acxiom / May & Speh, Inc. | Delaware | Acxiom/May & Speh, Inc. |
| Acxiom NJA, Inc. | New Jersey | KM Lists Incorporated |
| Acxiom Property Development, Inc. | Arkansas | Acxiom Property Development, Inc. |
| Acxiom RM-Tools, Inc. | Arkansas | Acxiom RM-Tools, Inc. |
| Acxiom RTC, Inc. | Delaware | Acxiom RTC, Inc. |
| Acxiom SDC, Inc. | Arkansas | Buckley Dement, an Acxiom Company |
| Acxiom Transportation Services, Inc. | Arkansas | ATS; Conway Aviation, Inc. |
| Acxiom / Woodland Hills Data Center, Inc. | Arkansas | Acxiom Corporation |
| Catalog Marketing Services, Inc. | Florida | Acxiom Corporation |
| DQ Investment Corporation* | California | AccuDat |

INTERNATIONAL SUBSIDIARIES

| Name | Incorporated In | Doing Business As |
|---|---|---|
| Acxiom Limited | United Kingdom | Acxiom Limited |
| Generator Datamarketing Limited | United Kingdom | Generator Datamarketing Limited |
| Marketlead Services, Ltd. (Agency company of Acxiom Limited) | United Kingdom | N/A |
| Southwark Computer Services, Ltd. (Agency company of Acxiom Limited) | United Kingdom | N/A |
| Normadress SA | France | Normadress |
| Marketing Technology SA | Spain | Marketing Technology |
| Acxiom Australia Pty Ltd | Australia | Acxiom Australia Pty Ltd |
| Berry Floyd & Doyle Limited | United Kingdom | Berry Consulting |

* Inactive

EXHIBIT 23

The Board of Directors
Acxiom Corporation

We consent to incorporation by reference in the registration statements (Nos. 333-72009 and 333-81211 on Form S-3 and Nos. 33-17115, 33-37609, 33-37610, 33-42351, 33-72310, 33-72312, 33-63423 and 333-03391 on Form S-8) of Acxiom Corporation of our report dated May 2, 2000, relating to the consolidated balance sheets of Acxiom Corporation and subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the three-year period ended March 31, 2000 which is incorporated by reference in the March 31, 2000 annual report on Form 10-K of Acxiom Corporation. We also consent to incorporation by reference in the above-mentioned registration statements of our report dated May 2, 2000 relating to the consolidated financial statement schedule, which report appears in the March 31, 2000 annual report on Form 10-K of Acxiom Corporation.

/s/ KPMG LLP

Dallas, Texas
June 26, 2000

EXHIBIT 24

POWER OF ATTORNEY

The undersigned officer of Acxiom Corporation, a Delaware corporation (the "Company"), hereby appoints Catherine L. Hughes and Jerry C. Jones as his true and lawful attorneys-in-fact and agents, with full power of substitution for him and in his name, place and stead, in his capacity as the principal accounting officer of the Company, to sign the Company's Annual Report on Form 10-K for the year ended March 31, 2000, together with any amendments thereto, and to file the same, together with any exhibits and all other documents related thereto, with the Securities and Exchange Commission, granting to said attorneys-in-fact and agents full power and authority to do and perform each and any act necessary to be done in connection therewith, as fully to all intents and purposes as the undersigned might or could do in person, duly ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue of the power herein granted.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the date set forth below.

/s/ Robert S. Bloom
- ----------------------------------
Robert S. Bloom

Date: May 24, 2000

POWER OF ATTORNEY

The undersigned director of Acxiom Corporation, a Delaware corporation (the "Company"), hereby appoints Catherine L. Hughes and/or Robert S. Bloom as her true and lawful attorneys-in-fact and agents, with full power of substitution for her and in her name, place and stead, in her capacity as a director of the Company, to sign the Company's Annual Report on Form 10-K for the year ended March 31, 2000, together with any amendments thereto, and to file the same, together with any exhibits and all other documents related thereto, with the Securities and Exchange Commission, granting to said attorneys-in-fact and agents full power and authority to do and perform each and any act necessary to be done in connection therewith, as fully to all intents and purposes as the undersigned might or could do in person, duly ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue of the power herein granted.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the date set forth below.

/s/ Dr. Ann H. Die
- ----------
Dr. Ann H. Die

Date: May 24, 2000

POWER OF ATTORNEY

The undersigned director of Acxiom Corporation, a Delaware corporation (the "Company"), hereby appoints Catherine L. Hughes and/or Robert S. Bloom as his true and lawful attorneys-in-fact and agents, with full power of substitution for him and in his name, place and stead, in his capacity as a director of the Company, to sign the Company's Annual Report on Form 10-K for the year ended March 31, 2000, together with any amendments thereto, and to file the same, together with any exhibits and all other documents related thereto, with the Securities and Exchange Commission, granting to said attorneys-in-fact and agents full power and authority to do and perform each and any act necessary to be done in connection therewith, as fully to all intents and purposes as the undersigned might or could do in person, duly ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue of the power herein granted.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the date set forth below.

/s/ William T. Dillard II
- ----------------------------------
William T. Dillard II

Date: May 24, 2000

POWER OF ATTORNEY

The undersigned director of Acxiom Corporation, a Delaware corporation (the "Company"), hereby appoints Catherine L. Hughes and/or Robert S. Bloom as his true and lawful attorneys-in-fact and agents, with full power of substitution for him and in his name, place and stead, in his capacity as a director of the Company, to sign the Company's Annual Report on Form 10-K for the year ended March 31, 2000, together with any amendments thereto, and to file the same, together with any exhibits and all other documents related thereto, with the Securities and Exchange Commission, granting to said attorneys-in-fact and agents full power and authority to do and perform each and any act necessary to be done in connection therewith, as fully to all intents and purposes as the undersigned might or could do in person, duly ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue of the power herein granted.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the date set forth below.

/s/ Harry C. Gambill
- ----------------------------------
Harry C. Gambill

Date: May 24, 2000

POWER OF ATTORNEY

The undersigned director and officer of Acxiom Corporation, a Delaware corporation (the "Company"), hereby appoints Catherine L. Hughes and/or Robert S. Bloom as his true and lawful attorneys-in-fact and agents, with full power of substitution for him and in his name, place and stead, in his capacity as a director and principal financial officer of the Company, to sign the Company's Annual Report on Form 10-K for the year ended March 31, 2000, together with any amendments thereto, and to file the same, together with any exhibits and all other documents related thereto, with the Securities and Exchange Commission, granting to said attorneys-in-fact and agents full power and authority to do and perform each and any act necessary to be done in connection therewith, as fully to all intents and purposes as the undersigned might or could do in person, duly ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue of the power herein granted.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the date set forth below.

/s/ Rodger S. Kline
- ----------------------------------
Rodger S. Kline

Date: May 24, 2000

POWER OF ATTORNEY

The undersigned director of Acxiom Corporation, a Delaware corporation (the "Company"), hereby appoints Catherine L. Hughes and/or Robert S. Bloom as his true and lawful attorneys-in-fact and agents, with full power of substitution for him and in his name, place and stead, in his capacity as a director of the Company, to sign the Company's Annual Report on Form 10-K for the year ended March 31, 2000, together with any amendments thereto, and to file the same, together with any exhibits and all other documents related thereto, with the Securities and Exchange Commission, granting to said attorneys-in-fact and agents full power and authority to do and perform each and any act necessary to be done in connection therewith, as fully to all intents and purposes as the undersigned might or could do in person, duly ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue of the power herein granted.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the date set forth below.

/s/ Thomas F. (Mack) McLarty, III
- ----------------------------------
Thomas F. (Mack) McLarty, III

Date: May 24, 2000

POWER OF ATTORNEY

The undersigned director and officer of Acxiom Corporation, a Delaware corporation (the "Company"), hereby appoints Catherine L. Hughes and/or Robert S. Bloom as his true and lawful attorneys-in-fact and agents, with full power of substitution for him and in his name, place and stead, in his capacity as a director and principal executive officer of the Company, to sign the Company's Annual Report on Form 10-K for the year ended March 31, 2000, together with any amendments thereto, and to file the same, together with any exhibits and all other documents related thereto, with the Securities and Exchange Commission, granting to said attorneys-in-fact and agents full power and authority to do and perform each and any act necessary to be done in connection therewith, as fully to all intents and purposes as the undersigned might or could do in person, duly ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue of the power herein granted.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the date set forth below.

/s/ Charles D. Morgan
- ----------------------------------
Charles D. Morgan

Date: May 24, 2000

POWER OF ATTORNEY

The undersigned director of Acxiom Corporation, a Delaware corporation (the "Company"), hereby appoints Catherine L. Hughes and/or Robert S. Bloom as his true and lawful attorneys-in-fact and agents, with full power of substitution for him and in his name, place and stead, in his capacity as a director of the Company, to sign the Company's Annual Report on Form 10-K for the year ended March 31, 2000, together with any amendments thereto, and to file the same, together with any exhibits and all other documents related thereto, with the Securities and Exchange Commission, granting to said attorneys-in-fact and agents full power and authority to do and perform each and any act necessary to be done in connection therewith, as fully to all intents and purposes as the undersigned might or could do in person, duly ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue of the power herein granted.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the date set forth below.

/s/ Stephen M. Patterson
- ----------------------------------
Stephen M. Patterson

Date: June 20, 2000

POWER OF ATTORNEY

The undersigned director and officer of Acxiom Corporation, a Delaware corporation (the "Company"), hereby appoints Catherine L. Hughes and/or Robert S. Bloom as his true and lawful attorneys-in-fact and agents, with full power of substitution for him and in his name, place and stead, in his capacity as a director and officer of the Company, to sign the Company's Annual Report on Form 10-K for the year ended March 31, 2000, together with any amendments thereto, and to file the same, together with any exhibits and all other documents related thereto, with the Securities and Exchange Commission, granting to said attorneys-in-fact and agents full power and authority to do and perform each and any act necessary to be done in connection therewith, as fully to all intents and purposes as the undersigned might or could do in person, duly ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue of the power herein granted.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the date set forth below.

/s/ James T. Womble
- ----------------------------------
James T. Womble

Date: May 24, 2000

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

EXHIBIT 27

5

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

1,000

12-MOS
MAR-31-2000
MAR-31-2000
23,924
0
198,818
5,352
0
340,046
381,942
132,266
1,105,296
180,008
289,234
0
0
8,831
578,899
1,105,296
0
964,460
0
800,576
(4,225)
0
23,532
144,577
54,214
90,363
0
0
0
90,363
1.06
1.00