SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

December 1, 1999
DATE OF REPORT (Date of earliest event reported)

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

DELAWARE	0-13163	71-0581897
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

1 Information Way
Little Rock, Arkansas 72202
(Address of principal executive offices)
(Zip Code)

(501) 252-1000
(Registrant's telephone number, including area code)

Item 5. Other Events.

On May 28, 1999, registrant acquired Computer Graphics of Arizona, Inc., and all of its affiliated companies in a stock-for-stock merger. Registrant accounted for the transaction as a pooling of interests. Because of this transaction, if registrant desires to file a registration statement under the Securities Act of 1933, registrant will be required to prepare restated financial statements reflecting such transaction.

Registrant prepared restated supplemental consolidated financial statements reflecting the above-described transaction and filed them as Exhibit 99 to its Report on Form 8-K dated June 18, 1999 so that registrant could incorporate such financial statements into any future registration statements by reference to this report.

On August 16, 1999, the Company filed its financial statements for the three months ended June 30, 1999 incorporating the results of operations of Computer Graphics of Arizona, Inc. on a retroactive basis.

Registrant has prepared restated consolidated financial statements as of March 31, 1999 and 1998 and for each of the years in the three-year period ended March 31, 1999 reflecting the above described transaction and is filing them as Exhibit 99 to this Current Report on Form 8-K so that registrant may incorporate such financial statements into any future registration statements by reference to this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

On May 26, 1998, we entered into a merger agreement with May & Speh, Inc. May & Speh, headquartered in Downers Grove, Illinois, provides computer-based information management services with a focus on direct marketing and information technology outsourcing services. The merger, which was completed September 17, 1998, has been accounted for as a pooling of interests. Accordingly, our 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 transaction.

On May 28, 1999, Acxiom acquired Computer Graphics and all of its affiliated companies in a stock-for-stock merger. The acquired companies provide computer-based information management services with a focus on direct marketing as well as other related data-based products. The transaction was accounted for as a pooling of interests. The Consolidated Financial Statements have also been restated to reflect this transaction. 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, 1999, we recorded the highest annual revenue, earnings, and earnings per share in our history, excluding the special charges discussed more fully below. Consolidated revenue was a record $754.1 million in 1999, up 27% from 1998. For fiscal 1998, revenue growth was 19% over the previous year.

In 1999 and 1998 we had one major customer who accounted for more than 10% of revenue, and in 1997 we had two major customers who accounted for more than 10% of revenue. Allstate accounted for 10.9%, 12.6%, and 13.6% in 1999, 1998 and 1997, respectively, and Trans Union accounted for 11.3% in 1997. The Trans Union data center management agreement and marketing services agreement both expire in 2005. The Allstate agreement has been extended and now expires in 2004. Revenues under long term contracts (defined as contracts having an initial term of three years or longer) were 51%, 53%, and 51% of consolidated revenues for 1999, 1998 and 1997, respectively.

The following table shows our revenue by business segment for each of the years in the three-year period ended March 31, 1999 and the percentage changes between years (dollars in millions):

	1999	1998	1997	1998 to 1999	1997 to 1998
Services..............................	$444.0	$331.7	$274.8	+34%	+21%
Data Products.........................	186.7	155.2	135.4	+20	+15
Information Technology Management......	164.5	128.4	109.5	+28	+17
Intercompany eliminations(/1/).........	(41.1)	(23.0)	(20.5)	+79	+12
	$754.1	$592.3	$499.2	+27	+19

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(1) Represents Data Products sold to the Services segment customers.

The Services segment, the Company's largest segment, provides data warehousing, database management, list processing and consulting services to large corporations in a number of industries. Revenue growth for this segment has been strong, with fiscal 1999 growing 34% over the previous year after a 21% increase in 1998. This performance has been fueled by a business trend to develop data warehouses to implement customer relationship management applications and one-to-one marketing initiatives for our clients.

The Data Products segment provides data content, primarily in support of our customers' direct marketing activities. Revenue growth for this segment in fiscal 1999 grew 20% over the previous year after a 15% increase in 1998. 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 intercompany eliminations in the previous table, revenues from customers of the Services segment grew strongly in 1999, increasing 79% over the prior year after a 12% increase in 1998.

The Information Technology Management segment reflects outsourcing services, primarily in the areas of data center, client/server and network management. Revenue growth for this segment in fiscal 1999 grew 28% over the previous year after a 17% increase in 1998. This segment is experiencing strong growth as a result of a trend towards business process outsourcing due to increased complexity and changes in technology. Growth in this segment was fueled by increases of 48% and 35% for May & Speh's outsourcing business in 1999 and 1998, respectively.

The following table presents operating expenses for each of the years in the three-year period ended March 31, 1999 and the percentage change between years (dollars in millions):

	1999	1998	1997	1998 to 1999	1997 to 1998
Salaries and benefits...............	$283.7	$219.3	$178.7	+29%	+23%
Computer, communications and other equipment..........................	111.9	87.5	77.6	+28	+13
Data costs..........................	111.4	93.4	80.8	+19	+16
Other operating costs and expenses..	129.7	106.5	93.9	+22	+13
Special charges.....................	118.7	4.7	--	NM	NM
	$755.4	$511.4	$431.0	+48	+19

Salaries and benefits increased by 29% from 1998 to 1999 and by 23% from 1997 to 1998 principally due to increased headcount to support the growth of the business and merit increases, combined with increases in incentive compensation, new outsourcing business, and the impact of acquisitions during the year.

Computer, communications and other equipment costs increased 28% from 1998 to 1999, after rising 13% from 1997 to 1998. The increases in 1999 and 1998 reflect depreciation on capital expenditures and amortization of software cost expenditures made to accommodate business growth. In 1998, the percentage increase was lessened due to the Trans Union pass-through expenses recorded in

1997.

Data costs grew 19% in 1999 and 16% in 1998. These costs are a direct result of growth in the Data Products segment and increased data purchases under our contract with Allstate.

Other operating costs and expenses increased by 22% in 1999. Facilities costs increased $5.5 million, primarily due to a new building in Downers Grove, Illinois. Outside services and temporary help costs increased $8.7 million, primarily to support growth in new Information Technology Management outsourcing contracts. The remainder of the increase was in office supplies, travel and entertainment expenses, and advertising, offset by a decrease in cost of sales for client/server equipment of $3.6 million. In total, the percentage increase in other operating costs and expenses was less than the percentage increase in revenue. Other operating costs and expenses increased 13% in 1998. The increase is primarily attributable to acquisitions, client/server sales noted above, an increase in bad debt expense, and volume-related increases, somewhat reduced by the impact of the sale of the Pro CD retail and direct marketing unit.

In the second and third quarters of fiscal 1999, we 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 $36.3 million in 1999, compared to $35.1 million in 1998 and $23.7 million in 1997. Research and development expense was $17.8 million, $13.7 million, and $13.0 million for 1999, 1998, and 1997, respectively.

Excluding the effect of the special charges on both years, income from operations would have been $117.4 million in 1999, an increase of 37% over the income from operations of $85.6 million in 1998. Income from operations in 1998 would have reflected an increase of 26% over 1997. The operating margin for 1999, 1998, and 1997 would have been 15.6%, 14.5%, and 13.7%, respectively. Operating margins for the Services and Information Technology Management segments are generally higher than that of the Data Products segment. For fiscal 1999, operating margins were 20.4%, 8.2%, and 21.2% for the Services, Data Products, and Information Technology Management segments, respectively.

Interest expense increased by $7.3 million in 1999 and by $4.3 million in 1998. The increase is due primarily to increased debt levels, including $115 million of convertible debt issued by May & Speh in March, 1998, increases in our revolving credit agreement, and increases in enterprise software license liabilities.

Other, net is primarily composed of interest income on noncurrent receivables and invested cash of $6.4 million in 1999, $2.9 million in 1998 and $1.6 million in 1997. Other, net for 1998 also includes $0.9 million of gain on the disposal of the Pro CD retail and direct marketing business compared with a $2.6 million charge in 1997 due to a write-off from the sale of a facility related to a previously disposed of unit.

Our effective tax rate, excluding the special charges, was 37.3%, 37.3%, and 37.7% for 1999, 1998, and 1997, 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 net loss was $15.1 million in 1999 including the special charges noted above. Excluding the effect of the special charges, net earnings would have been $66.8 million. Net earnings were $47.2 million in 1998, or $50.1 million excluding the special charges. Net earnings were $38.9 million in 1997. Basic earnings per share, excluding the special charges, would have been $0.86, $0.68, and $0.55 in 1999, 1998, and 1997, respectively. Diluted earnings per share would have been $0.78, $0.61, and $0.49, respectively.

Seasonal and Quarterly Comparisons

Our operations have not proven to be significantly seasonal, although our traditional direct marketing operations experience slightly higher revenues in our second and third quarters. This seasonal impact should decrease as we continue to move toward long-term strategic partnerships with more predictable revenues. The following table sets forth certain quarterly financial information for the quarters indicated.

	Three Months Ended							
	6/30/97	9/30/97	12/31/97	3/31/98	6/30/98	9/30/98	12/31/98	3/31/99
Statement of Operations Data(/1/):								
Revenue................	$129,390	$141,739	$152,892	$168,308	$164,512	$180,030	$193,910	$215,605
Income from operations.	15,006	21,000	25,525	24,078	20,321	26,665	35,333	35,044
Net earnings...........	8,265	12,575	15,035	14,241	11,737	15,473	19,944	19,631
Percentage of Revenue(/1/):								
Income from operations.	11.6%	14.8%	16.7%	14.3%	12.4%	14.8%	18.2%	16.3%
Net earnings...........	6.4	8.9	9.8	8.5	7.1	8.6	10.3	9.1

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(1) Excludes special charges for the fiscal year ended March 31, 1998 related to May & Speh severance costs and for the fiscal year ended March 31, 1999 related to merger and integration charges associated with the May & Speh merger and the write down of other impaired assets.

Capital Resources and Liquidity

Working capital at March 31, 1999 totaled $134.1 million compared to $210.5 million a year previously. At March 31, 1999, we had available credit lines of $126.5 million, of which $55.4 million was outstanding. Our debt-to-capital ratio (capital defined as long-term debt plus stockholders' equity) was 48% at March 31, 1999, compared to 45% at March 31, 1998. Included in long-term debt are two convertible debt facilities totaling $140 million, of which $25.0 million was converted to equity in April 1999. Assuming both of these facilities will convert to equity, our debt-to-capital ratio would be reduced to 27% as of March 31, 1999. Total stockholders' equity increased to $357.8 million at March 31, 1999, from $308.2 million at March 31, 1998.

In May 1999, we arranged a $25.0 million increase in our current revolving credit facility. This temporary increase will expire on July 31, 1999. As of June 17, 1999, $139.9 million was outstanding compared to $55.4 million at March 31, 1999. The increase in the amount outstanding under our revolving credit facility was the result of acquisition payments, capital expenditures and working capital needs. We intend to use the net proceeds of this offering to pay down a portion of the outstanding balance of this facility.

Cash provided by operating activities was $60.4 million for 1999 compared to $65.5 million in 1998 and $44.2 million in 1997. Excluding the impact of special charges, cash provided by operating activities was $88.8 million, $70.2 million and $44.2 million in 1999, 1998 and 1997, respectively. Earnings before interest, taxes, depreciation, and amortization ("EBITDA"), again excluding the impact of the special charges, increased by 34% in 1999 after also increasing 34% in 1998. The operating cash flow was reduced by $124.1 million in 1999, $55.7 million in 1998, and $50.8 million in 1997 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 our business. EBITDA is not intended to represent operating cash flow, 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 our operations and cash flows and is used internally as a surrogate measure of cash provided by operating activities.

Investing activities used $190.3 million in 1999, $86.8 million in 1998, and $108.3 million in 1997. Investing activities in 1999 included $127.9 million in capital expenditures, compared to $68.1 million in 1998 and $65.3 million in 1997. The increase in capital expenditures was principally due to purchases of data center equipment to support our outsourcing agreements, as well as the purchase of additional data center equipment in our core data centers. Approximately one-half of the capital expenditures in 1999 were related to customer-specific projects or contractual customer requirements. We occupied a new building in Downers Grove, Illinois in fiscal 1999 and two new buildings in Little Rock, Arkansas in the first quarter of fiscal 2000.

Investing activities during 1999 also include $18.5 million in capitalized software development costs, compared to $21.4 million in 1998 and $10.7 million in 1997. The capitalized costs in 1998 included $8.1 million capitalized by May & Speh on a project that was completed during 1998. Excluding the decrease related to this project at May & Speh, capitalized software development costs increased $5.2 million from 1998 to 1999, primarily due to capitalized software costs related to the Acxiom Data Network. The remainder of the capitalized software costs includes software tools and databases developed for customers in all three segments of our business. Investing activities also reflect cash paid for acquisitions of $46.0 million in 1999, $19.8 million in 1998, and $16.2 million in 1997. These outflows were partially offset in 1998 by $15.3 million received from the sale of assets, including $13.0 million from the sale of the retail and direct marketing assets of Pro CD. Notes 2 and 15 to our Consolidated Financial Statements discuss the acquisitions and dispositions in more detail. Investing activities also reflect the investment of $10.4 million in 1999 and $6.1 million in 1998 in joint ventures. These investments include approximately $4.0 million invested in each of 1999 and 1998 in Bigfoot International, Inc., an emerging company that provides services and tools for Internet e-mail users, and $3.2 million invested in fiscal 1999 in Ceres Integrated Solutions, LLC, a provider of software and analytical services to large retailers. Investing activities also include purchases and sales of marketable securities. These securities were purchased by May & Speh prior to the merger. As of March 31, 1999, we no longer held any marketable securities.

Financing activities in 1999 provided $24.9 million of cash, including sales of stock through our stock option and employee stock purchase plans and the exercise of a warrant by Trans Union for the purchase of 4.0 million shares. This warrant was issued to Trans Union in 1992 in conjunction with our data center management agreement with Trans Union. Financing activities in 1998 provided $127.4 million of cash, including the issuance of the $115.0 million convertible debt by May & Speh in March 1998. Financing activities in 1997 included the issuance of $30.0 million in senior notes and the issuance of $43.0 million of common stock by May & Speh.

During fiscal 1999, construction was substantially completed on our new headquarters building and a new customer service facility in Little Rock, Arkansas. These two buildings were built pursuant to 50/50 joint ventures between us and local real estate investors and were occupied in the first quarter of fiscal 2000. We have also occupied a new building in Downers Grove, Illinois. During fiscal 2000, we expect to begin construction on a new customer service facility in Conway, Arkansas as well as another customer service facility in Little Rock, Arkansas. The Conway facility is expected to be completed in February 2000 and to cost approximately $12.0 million. The Little Rock facility is expected to cost approximately $28.0 million and construction is expected to last from August 1999 to July 2001. Financing plans for these two buildings are not yet complete, although the City of Little Rock has committed to issue revenue bonds for the Little Rock facility.

While we do 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 our 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, we also sell software, hardware, and data to customers under extended payment terms or notes receivable collectible over one to eight years. These arrangements also require up-front expenditures of cash, which are repaid over the life of the agreement. We have also been, and will likely continue to be, actively pursuing acquisitions. As a result, we expect that it will be necessary to raise additional capital during the next fiscal year. We believe that capital could be raised by negotiating an increase in our current revolving credit agreement, by incurring other debt on either a secured or unsecured basis, or by the issuance of additional equity securities in either public or private offerings. We believe we have significant unused capacity to raise capital which could be used to support future growth.

Item 7. Financial Statements and Exhibits

(c) Exhibits

23.1 Consent of KPMG LLP

23.2 Consent of PricewaterhouseCoopers LLP

99 Consolidated Financial Statements of Acxiom Corporation (as restated to reflect the acquisition of Computer Graphics of Arizona, Inc., and all of its affiliated companies on May 28, 1999)

SIGNATURE

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

ACXIOM CORPORATION

By: /s/ Catherine L. Hughes

Catherine L. Hughes
Secretary and Corporate Counsel

Date: December 30, 1999

Exhibit Index

Number in Exhibit Table	Exhibit
23.1	Consent of KPMG LLP
23.2	Consent of PricewaterhouseCoopers LLP
99	Consolidated Financial Statements of Acxiom Corporation (as restated to reflect the acquisition of Computer Graphics of Arizona, Inc., and all of its affiliated companies on May 28, 1999)

EXHIBIT 23.1

Independent Auditors' Consent

The Board of Directors
Acxiom Corporation:

We consent to incorporation by reference in the registration statements (No. 333-72009 on Form S-3 and No. 33-17115, No. 33-37609, No. 33-37610, No. 33-42351, No. 33-72310, No. 33-72312, No. 33-63423, No. 333-03391, No. 333-63633 and No. 333-91395 on Form S-8) of Acxiom Corporation of our report dated May 28, 1999, except as to note 1(b), which is as of August 16, 1999, relating to the consolidated financial statements and related consolidated financial statement schedule of Acxiom Corporation and subsidiaries as of March 31, 1999 and 1998, and for each of the years in the three-year period ended March 31, 1999 which report appears in this current report on Form 8-K of Acxiom Corporation.

/s/ KPMG LLP

Little Rock, Arkansas
November 29, 1999

EXHIBIT 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-72009) and Form S-8 (No. 33-17115, No. 33-37609, No. 33-37610, No. 33-42351, No. 33-72310, No. 33-72312, No. 33-63423, No. 333-03391, No. 333-63633 and No. 333-91395) of Acxiom Corporation of our report dated November 1, 1996, which appears in this Current Report on Form 8-K of Acxiom Corporation, relating to the consolidated statements of operations, of stockholders' equity and of cash flows of May & Speh, Inc. for the year ended September 30, 1996 (not presented separately herein).

PricewaterhouseCoopers LLP
Chicago, Illinois
November 29, 1999

EXHIBIT 99

ACXIOM CORPORATION
AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Acxiom Corporation:

We have audited the accompanying consolidated financial statements of Acxiom Corporation and subsidiaries as listed in the accompanying index. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule as listed in the accompanying index. 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 did not audit the consolidated financial statements of May & Speh, Inc., a wholly-owned subsidiary, which statements reflect total revenues constituting 15 percent of the related consolidated total during the year ended March 31, 1997. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for May & Speh, Inc., is based solely on the report of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards. 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, based on our audits and the report of the other auditors, 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, 1999 and 1998, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 1999, in conformity with generally accepted accounting principles. Also in our opinion, based on our audits and the report of other auditors, the related 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

Little Rock, Arkansas
May 28, 1999, except as to note 1(b),
which is as of August 16, 1999

Report of Independent Accountants

To the Board of Directors and Stockholders of May & Speh, Inc.

In our opinion, the consolidated statements of operations, of cash flows and of changes in stockholders' equity of May & Speh, Inc. (not presented separately herein) present fairly, in all material respects, its results of operations and its cash flows for the year ended September 30, 1996, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP
Chicago, Illinois
November 1, 1996

ACXIOM CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
March 31, 1999 and 1998
(Dollars in thousands)

ASSETS	1999	1998
Current assets:		
Cash and cash equivalents...	$ 12,604	$117,652
Marketable securities.......	--	11,794
Trade accounts receivable, net (note 12)................	184,799	122,413
Refundable income taxes (note 9)...................	12,651	7,670
Deferred income taxes (note 9).........................	30,643	2,868
Other current assets (note 5).........................	61,302	32,307
Total current assets....	301,999	294,704
Property and equipment, net of accumulated depreciation and amortization (notes 4 and 6)......................	226,381	187,258
Software, net of accumulated amortization of $17,941 in 1999 and $11,642 in 1998 (note 3)	37,400	38,673
Excess of cost over fair value of net assets acquired, net of accumulated amortization of $13,517 in 1999 and $8,585 in 1998 (note 2)	122,483	73,851
Other assets (note 5).........	201,537	87,148
	$889,800	$681,634
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current installments of long-term debt (note 6)....	$ 23,355	$ 10,466
Trade accounts payable......	60,216	22,876
Accrued expenses:		
Merger and integration costs (note 2)..........	33,181	--
Payroll..................	18,224	18,466
Other....................	25,744	20,846
Deferred revenue...........	7,195	11,547
Total current liabilities...........	167,915	84,201
Long-term debt, excluding current installments (note 6).........................	325,223	254,240
Deferred income taxes (note 9).........................	38,889	34,968
Stockholders' equity (notes 2, 6, 8 and 9):		
Common stock................	8,106	7,592
Additional paid-in capital..	186,011	122,038
Retained earnings..........	167,013	182,155
Accumulated other comprehensive income (loss)....................	(324)	676
Unearned ESOP compensation..	--	(2,055)
Treasury stock, at cost.....	(3,033)	(2,181)
Total stockholders' equity................	357,773	308,225
Commitments and contingencies (notes 2, 6, 7, 10, 11 and		

14)..........................	$889,800	$681,634

See accompanying notes to consolidated financial statements.

ACXIOM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
Years ended March 31, 1999, 1998 and 1997
(Dollars in thousands, except per share amounts)

	1999	1998	1997
Revenue (notes 2 and 12)	$754,057	$592,329	$499,232
Operating costs and expenses (notes 2, 3, 7, 10 and 11):			
Salaries and benefits	283,659	219,339	178,684
Computer, communications and other equipment	111,876	87,529	77,631
Data costs	111,395	93,382	80,758
Other operating costs and expenses	129,764	106,470	93,953
Special charges (note 2)	118,747	4,700	--
Total operating costs and expenses	755,441	511,420	431,026
Income (loss) from operations	(1,384)	80,909	68,206
Other income (expense):			
Interest expense	(17,393)	(10,091)	(5,840)
Other, net	6,478	4,402	183
Total other income	(10,915)	(5,689)	(5,657)
Earnings (loss) before income taxes	(12,299)	75,220	62,549
Income taxes (note 9)	2,843	28,065	23,605
Net earnings (loss)	$(15,142)	$ 47,155	$ 38,944
Earnings (loss) per share:			
Basic	$ (.19)	$ .64	$ .55
Diluted	$ (.19)	$ .58	$ .49

See accompanying notes to consolidated financial statements.

ACXIOM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years ended March 31, 1999, 1998 and 1997
(Dollars in thousands)

	Common stock Number of shares	Common stock Amount	Additional paid-in capital
Balances at March 31, 1996	66,859,872	$6,686	$ 53,088
Pro CD merger (note 2)	3,313,324	331	2,647
Sale of common stock	4,381,362	438	46,828
Tax benefit of stock options exercised (note 9)	--	--	2,232
Issuance of common stock warrants	--	--	1,300
Employee stock awards and shares issued to employee benefit plans, net of treasury shares repurchased	--	--	1,359
ESOP compensation earned	--	--	--
Comprehensive income:			
Foreign currency translation	--	--	--
Net earnings	--	--	--
Total comprehensive income			
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

See accompanying notes to consolidated financial statements.

Comprehensive income (loss)	Retained earnings	Accumulated other comprehensive income (loss)	Unearned ESOP compensation	Treasury stock Number of shares	Treasury stock Amount	Total stockholders' equity (note 7)
	$ 96,514	$ (863)	$(8,906)	(1,242,242)	$(2,323)	$144,196
	(4,752)	--	--	--	--	(1,774)
	--	--	--	--	--	47,266
	--	--	--	--	--	2,232
	--	--	--	--	--	1,300
	--	--	--	145,912	(192)	1,167
	--	--	3,134	--	--	3,134
1,141	--	1,141	--	--	--	1,141
38,944	38,944	--	--	--	--	38,944
$ 40,085						
	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

ACXIOM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 1999, 1998 and 1997
(Dollars in thousands)

	1999	1998	1997
Cash flows from operating activities:			
Net earnings (loss)	$ (15,142)	$ 47,155	$ 38,944
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization	64,097	49,808	35,640
Loss (gain) on disposal or impairment of assets	26	(960)	2,412
Provision for returns and doubtful accounts	2,223	3,094	4,462
Deferred income taxes	(23,854)	12,143	8,163
Tax benefit of stock options and warrants exercised	36,393	2,763	2,232
ESOP compensation	2,055	2,529	3,134
Special charges	118,747	4,700	--
Changes in operating assets and liabilities:			
Accounts receivable	(61,286)	(29,670)	(24,683)
Other assets	(62,446)	(41,998)	(16,930)
Accounts payable and other liabilities	27,983	20,624	(9,218)
Merger and integration costs	(28,385)	(4,700)	--
Net cash provided by operating activities	60,411	65,488	44,156
Cash flows from investing activities:			
Proceeds from the disposition of assets	733	15,340	2,385
Proceeds from sale of marketable securities	11,794	19,021	12,919
Purchases of marketable securities	--	(5,778)	(31,366)
Cash received in merger	--	--	21
Development of software	(18,544)	(21,411)	(10,715)
Capital expenditures	(127,880)	(68,093)	(65,286)
Investments in joint ventures	(10,400)	(6,072)	--
Net cash paid in acquisitions (note 2)	(45,983)	(19,841)	(16,223)
Net cash used in investing activities	(190,280)	(86,834)	(108,265)
Cash flows from financing activities:			
Proceeds from debt	18,939	125,820	39,509
Payments of debt	(18,607)	(10,542)	(20,994)
Sale of common stock	24,566	12,171	48,433
Net cash provided by financing activities	24,898	127,449	66,948
Effect of exchange rate changes on cash	(77)	2	--
Net increase (decrease) in cash and cash equivalents	(105,048)	106,105	2,839
Cash and cash equivalents at beginning of year	117,652	11,547	12,132
Cash and cash equivalents at end of year	$ 12,604	$117,652	$ 14,971
Supplemental cash flow information:			
Cash paid (received) during the year for:			
Interest	$ 15,608	$ 9,350	$ 5,147
Income taxes	(4,715)	13,360	15,936
Noncash financing and investing activities:			
Issuance of warrants	2,676	--	1,300
Enterprise software licenses acquired under software obligation	74,638	10,949	--
Acquisition of property and equipment under capital lease	--	14,939	11,373
Convertible debt issued in acquisition (note 2)	--	--	25,000

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Description of Business

Acxiom Corporation ("Acxiom" or the "Company") provides information management solutions using customer, consumer and business data, primarily for marketing 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 give retroactive effect to the merger of Acxiom Corporation and Computer Graphics of Arizona, Inc. on May 28, 1999, which has been accounted for as a pooling of interests as described in Note 2 to the consolidated financial statements. On August 16, 1999, the Company filed its financial statements for the three months ended June 30, 1999 incorporating the results of operations of Computer Graphics of Arizona, Inc. on a retroactive basis.

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

Marketable securities are stated at cost which approximates fair market value; gains and losses are recognized in the period realized. The Company has classified its securities as available for sale.

(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.

Trade accounts receivable are presented net of allowances for doubtful accounts and credits of $5.6 million and $3.8 million in 1999 and 1998, respectively.

(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

Capitalized and purchased software costs 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

The excess of acquisition costs over the fair values of net assets acquired in business combinations treated as purchase transactions ("goodwill") is being amortized on a straight-line basis over 15 to 40 years from acquisition dates. The Company periodically evaluates the existence of goodwill impairment on the basis of whether the goodwill 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 incurred in connection with the contract are capitalized and amortized over the term of the contract whereby profit is recognized under the contracts 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 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):

	1999	1998	1997
Basic earnings per share:			
Numerator-net earnings (loss)................	$(15,142)	$47,155	$38,944
Denominator-weighted average shares outstanding................................	77,840	74,070	71,150
Earnings (loss) per share....................	$ (.19)	$ .64	$ .55
Diluted earnings per share:			
Numerator:			
Net earnings (loss)........................	$(15,142)	$47,155	$38,944
Interest expense on convertible debt (net of tax effect)...........................	--	465	445
	$(15,142)	$47,620	$39,389
Denominator:			
Weighted average shares outstanding..........	77,840	74,070	71,150
Effect of common stock options...............	--	3,593	3,782
Effect of common stock warrant...............	--	3,015	3,004
Convertible debt.............................	--	2,102	2,000
	77,840	82,780	79,936
Earnings (loss) per share.....................	$ (.19)	$ .58	$ .49

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 which were excluded were 5,632. Potentially dilutive shares related to the convertible debt which were excluded were 7,783. Also, 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 1999, 1998 and 1997 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):

	1999	1998	1997
Number of shares under option.	1,491	2,176	1,432
Range of exercise prices......	$24.24-$54.00	$15.94-$35.92	$18.61-$35.00

(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 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)Reclassifications

To conform to the 1999 presentation, certain accounts for 1998 and 1997 have been reclassified. The reclassifications had no effect on net earnings for 1998 and 1997.

(2) Acquisitions

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 1,871,343 shares of its common stock in exchange for all outstanding common stock of Computer Graphics. Computer Graphics, a privately held enterprise headquartered in Phoenix, Arizona, is a computer service business principally serving financial services direct marketers. 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 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 reported.

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.

	1999	1998	1997
Revenue:			
Acxiom	$729,984	$465,065	$402,016
May & Speh	--	103,955	77,223
Computer Graphics	24,073	23,309	19,993
Combined	$754,057	$592,329	$499,232
Net earnings (loss):			
Acxiom	$(16,430)	$ 35,597	$ 27,512
May & Speh	--	10,458	10,223
Computer Graphics	1,288	1,100	1,209
Combined	$(15,142)	$ 47,155	$ 38,944

Included in the statement of operations for the year ended March 31, 1999 are revenue 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.

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 and May & Speh's consolidated financial statements as of and for the year ended September 30, 1996 were combined with Acxiom's consolidated financial statements as of and for the year ended March 31, 1997. May & Speh's unaudited consolidated results of operations for the six months ended March 31, 1997 included revenue of $42.9 million and net earnings of $4.3 million. An adjustment has been made to retained earnings as of March 31, 1997 to record the net earnings of May & Speh for the six months ended March 31, 1997.

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. As of March 31, 1999, one of the seven associates has been terminated.

The contract termination costs are costs which have been 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 remainder of the year ended March 31, 1999 (dollars in thousands):

	September 30, 1998	Additions	Payments	March 31, 1999
Transaction costs	$ 9,163	--	$ 9,163	--
Associate-related reserves	6,783	$1,375	3,804	$ 4,354
Contract termination costs	40,500	--	13,500	27,000
Other accruals	3,745	--	1,918	1,827
	$60,191	$1,375	$28,385	$33,181

The associate-related reserves and contract termination costs will be substantially paid out during fiscal 2000. The other accruals will be paid out over periods ranging up to five 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 are not material to the Company's consolidated results of operations for the periods reported.

On April 9, 1996, the Company issued 3,313,324 shares of its common stock for all of the outstanding common stock and common stock options of Pro CD, Inc., ("Pro CD"). Headquartered in Danvers, Massachusetts, Pro CD is a publisher of reference software on CD-ROM. The business combination was accounted for as a pooling-of-interests. The stockholders' equity and operations of Pro CD were not material in relation to those of the Company. As such, the Company recorded the combination by restating stockholders' equity as of April 1, 1996, without restating prior years' financial statements to reflect the pooling-of-interests. At April 1, 1996 Pro CD's liabilities exceeded its assets by $1.8 million.

Also in April, 1996, the Company acquired the assets of Direct Media/DMI, Inc. ("DMI") for $25 million and the assumption of certain liabilities of DMI. The $25 million purchase price was payable in three years, and could, at DMI's option, be paid in two million shares of Acxiom common stock in lieu of cash plus accrued interest. Subsequent to March 31, 1999, the holder of the convertible note elected to receive the two million shares of the Company's common stock in lieu of cash. Headquartered in Greenwich, Connecticut, DMI provides list brokerage, management and consulting services to business-to-business and consumer list owners and mailers. At April 1, 1996 the liabilities assumed by the Company exceeded the fair value of the net assets acquired from DMI by approximately $1.0 million. The resulting excess of purchase price over fair value of net assets acquired of $26.0 million is being amortized over 20 years. The acquisition has been accounted for as a purchase, and accordingly, the results of operations of DMI are included in the consolidated results of operations from the date of its acquisition.

Also subsequent to March 31, 1999, the Company acquired the assets of Horizon Systems, Inc. ("Horizon") for $16.0 million in cash and common stock of the Company and the assumption of certain liabilities of Horizon, and other cash and stock considerations based on the future performance of Horizon.

(3) Software and Research and Development Costs

The Company recorded amortization expense related to internally developed computer software of $8.3 million, $5.9 million and $5.4 million in 1999, 1998 and 1997, respectively. Additionally, research and development costs of $17.8 million, $13.7 million and $13.0 million were charged to operations during 1999, 1998 and 1997, respectively.

(4) Property and Equipment

Property and equipment is summarized as follows (dollars in thousands):

	1999	1998
Land	$ 8,224	$ 8,427
Buildings and improvements	92,417	75,969
Office furniture and equipment	36,765	24,777
Data processing equipment	204,435	194,392
	341,841	303,565
Less accumulated depreciation and amortization	115,460	116,307
	$226,381	$187,258

(5) Other Assets

Included in other assets are unamortized outsourcing capital expenditure costs in the amount of $28.4 million and $25.0 million as of March 31, 1999 and 1998, respectively. Noncurrent receivables from software license, data, and equipment sales are also included in other assets in the amount of $24.9 million and $20.3 million as of March 31, 1999 and 1998, respectively. The current portion of such receivables is included in other current assets in the amount of $24.6 million and $9.5 million as of March 31, 1999 and 1998, respectively. Certain of the noncurrent receivables have no stated interest rate. In such cases, such receivables have been discounted using an appropriate imputed interest rate based upon the customer, type of agreement, collateral and payment terms. This discount is being recognized into income using the interest method. Also included in other assets are capitalized software license agreements of $103.5 million and $19.8 million as of March 31, 1999 and 1998, respectively.

(6) Long-Term Debt

Long-term debt consists of the following (dollars in thousands):

	1999	1998
5.25% Convertible subordinated notes due 2003	$115,000	$115,000
Unsecured revolving credit agreement	55,384	36,445
6.92% Senior notes due March 30, 2007, payable in annual installments of $4,286 commencing March 30, 2001; interest is payable semi-annually	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 (note 2)	25,000	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%	20,587	22,818
Software license liabilities payable over terms of from five to seven years; effective interest rates at approximately 6%	76,748	10,949
8.5% unsecured term loan; quarterly principal payments of $200 plus interest with the balance due in 2003	9,000	9,800
9.75% Senior notes, due May 1, 2000, payable in annual installments of $2,143 each May 1; interest is payable semi-annually	4,286	6,429
ESOP loan (note 11)	--	1,782
Other capital leases, debt and long-term liabilities	12,573	6,483
Total long-term debt	348,578	264,706
Less current installments	23,355	10,466
Long-term debt, excluding current installments	$325,223	$254,240

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 estimated offering expenses.

The unsecured revolving credit agreement, which expires January 31, 2003 provides for revolving loans and letters of credit in amounts of up to $125 million. The terms of the credit agreement provide for interest at the prime rate (or, at other alternative market rates at the Company's option). At March 31, 1999, the effective rate was 6.275%. The agreement requires a commitment fee equal to 3/16 of 1% on the average unused portion of the loan. The Company also has another unsecured line of credit amounting to $1.5 million of which none was outstanding at March 31, 1999 or 1998. The other unsecured line expires August 31, 1999 and bears interest at approximately the same rate as the revolving credit agreement.

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 construction loans for the buildings. The aggregate amount of the guarantees at March 31, 1999 was $8.2 million. The total cost of the two building projects is expected to be approximately $19.5 million.

Under the terms of certain of the above borrowings, the Company is required to maintain certain tangible net worth levels and working capital, debt-to-equity and debt service coverage ratios. At March 31, 1999, due to the merger with May & Speh and the special charges booked during the year, the Company was in violation of certain restrictive covenants under the unsecured revolving credit agreement and the 9.75% senior notes. The violations of each of these agreements has been waived by the respective lenders. The violations occurred as a result of the net loss reported by the Company for the quarter ended September 30, 1998. Since these calculations are performed using the latest four quarters' income statements and cash flows, the violation has been waived through the June 30, 1999 quarter. After this date the violations will have been cured since the bulk of the special charges will no longer be included in the 12-month period of the applicable calculations. The aggregate maturities of long-term debt for the five years ending March 31, 2004 are as follows: 2000, $23.4 million; 2001, $27.8 million; 2002, $23.6 million; 2003, $112.2 million; and 2004, $132.3 million.

(7) Leases

The Company leases data processing equipment, 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, 2004 are as follows: 2000, $22.9 million; 2001, $18.0 million; 2002, $12.0 million; 2003, $8.9 million; and 2004, $7.2 million.

Total rental expense on operating leases was $24.7 million, $15.2 million and $18.4 million for the years ended March 31, 1999, 1998 and 1997, respectively.

(8) Stockholders' Equity

The Company has authorized 200 million shares of $.10 par value common stock and 1 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 March 29, 1996, May & Speh completed an initial public offering of 3,350,000 shares of its common stock (2,680,000 shares as adjusted for merger with Acxiom) and on April 24, 1996 completed the offering of an additional 1,005,000 shares of common stock (804,000 shares as adjusted) that were subject to an over-allotment granted to the underwriters of the offering. Total net proceeds from the offering were approximately $43.5 million.

On March 30, 1998, May & Speh also completed an offering of 325,000 shares of its common stock (260,000 shares as adjusted). 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 expired on August 31, 2000 and entitled Trans Union to acquire up to 4 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 million shares on August 31, 1998. The Company intends to record $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 for its U.S. employees a Key Employee Stock Option Plan ("Plan") for which 15.2 million shares of the Company's common stock have been reserved. 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, 1999, 3,427,678 shares and 822,763 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 become 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, 1996	9,509,746	$ 7.18	3,467,728
Granted	1,300,811	17.29	
Pro CD acquisition (note 2)	294,132	1.76	
Exercised	(835,369)	2.41	
Terminated	(93,255)	7.29	
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	
Terminated	(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	
Terminated	(115,462)	12.96	
Outstanding at March 31, 1999	11,415,998	12.19	7,913,294

The per share weighted-average fair value of stock options granted during fiscal 1999, 1998 and 1997 was $13.43, $9.91 and $8.61, respectively, on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: Dividend yield of 0% for 1999, 1998 and 1997; risk-free interest rate of 5.44% in 1999, 6.79% in 1998, 6.71% in 1997; expected option life of 10 years for 1999, 1998 and 1997; and expected volatility of 40.48% in 1999, 38.69% in 1998 and 34.85% in 1997.

Following is a summary of stock options outstanding as of March 31, 1999:

	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 - 2.54	1,239,220	6.33 years	$ 2.19	1,148,996	$ 2.23
2.56 - 3.13	1,367,719	4.81 years	2.83	1,190,833	2.79
3.37 - 6.25	2,261,009	5.06 years	5.42	1,616,736	5.29
7.43 - 11.75	1,372,414	6.76 years	10.37	1,146,462	10.44
11.82 - 15.63	1,265,951	7.32 years	13.88	949,646	13.98
15.69 - 18.13	1,350,611	10.67 years	16.55	1,168,925	16.47
18.38 - 24.81	1,849,793	8.21 years	22.54	550,589	22.33
24.84 - 51.97	677,947	13.11 years	33.61	141,107	27.64
52.05 - 54.00	31,334	14.61 years	52.08	--	--
	11,415,998	7.30 years	$12.19	7,913,294	$ 9.49

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/increased to the following pro forma amounts for the years ended March 31 (dollars in thousands, except per share amounts):

		1999	1998	1997
Net earnings (loss)......................	As reported	$(15,142)	$47,155	$38,944
	Pro forma	(32,302)	40,725	37,881
Basic earnings (loss) per share...........	As reported	(.19)	.64	.55
	Pro forma	(.41)	.55	.53
Diluted earnings (loss) per share.........	As reported	(.19)	.58	.49
	Pro forma	(.41)	.50	.48

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 8-9 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 129,741, 125,151 and 110,332 shares purchased under the plan during the years ended March 31, 1999, 1998 and 1997, respectively.

(9) Income Taxes

Total income tax expense (benefit) was allocated as follows (dollars in thousands):

	1999	1998	1997
Income from operations	$ 2,843	$28,065	$23,605
Stockholders' equity, for expenses for tax purposes in excess of amounts recognized for financial reporting purposes:			
Compensation	(9,178)	(2,763)	(2,232)
Sale discounts (note 8)	(27,215)	--	--
	$(33,550)	$25,302	$21,373

Income tax expense (benefit) attributable to earnings (loss) from operations consists of (dollars in thousands):

	1999	1998	1997
Current expense:			
Federal	$ 18,285	$12,889	$13,714
Foreign	1,165	1,206	83
State	7,247	1,827	1,645
	26,697	15,922	15,442
Deferred expense (benefit):			
Federal	(14,780)	9,792	5,979
Foreign	(248)	23	687
State	(8,826)	2,328	1,497
	(23,854)	12,143	8,163
Total tax expense	$ 2,843	$28,065	$23,605

The actual income tax expense (benefit) attributable to earnings (loss) from operations differs from the expected tax expense (benefit) (computed by applying the U.S. Federal corporate tax rate of 35% to earnings (loss) before income taxes) as follows (dollars in thousands):

	1999	1998	1997
Computed expected tax expense (benefit)	$(4,305)	$26,327	$21,892
Increase (reduction) in income taxes resulting from:			
Nondeductible merger and integration expenses	7,836	--	--
State income taxes, net of Federal income tax benefit	(1,026)	2,701	2,042
Research and experimentation credits	(265)	(715)	(683)
Other	603	(248)	354
	$ 2,843	$28,065	$23,605

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at March 31, 1999 and 1998 are presented below (dollars in thousands).

	1999	1998
Deferred tax assets:		
Accrued expenses not currently deductible for tax purposes	$ 20,633	$ 2,150
Investments, principally due to differences in basis for tax and financial reporting purposes	328	676
Net operating loss carryforwards	7,986	--
Other	1,696	846
Total deferred tax assets	30,643	3,672
Deferred tax liabilities:		
Property and equipment, principally due to differences in depreciation	(12,887)	(11,099)
Intangible assets, principally due to differences in amortization	(3,624)	(2,212)
Capitalized software and other costs expensed as incurred for tax purposes	(20,501)	(20,618)
Installment sale gains for tax purposes	(1,877)	(1,843)
Total deferred tax liabilities	(38,889)	(35,772)
Net deferred tax liability	$ (8,246)	$(32,100)

At March 31, 1999, the Company had available tax benefits associated with state tax operating loss carryforwards of $45.7 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 substantial profitability and taxable income and its utilization of tax planning strategies, management believes it is more likely than not that the Company will realize the benefits of these deductible differences, net of any valuation allowances.

(10) Related Party Transactions

The Company leases certain equipment from a business partially owned by an officer. Rent expense under these leases was approximately $797,000 during the years ended March 31, 1999, 1998 and 1997, respectively. Under the terms of the lease in effect at March 31, 1999 the Company will make monthly lease payments of $66,000 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 $5.0 million at March 31, 1999) 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 non-qualified 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 ("ESOP Loan") 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 $4.8 million, $4.3 million and $3.9 million in 1999, 1998 and 1997, respectively.

(12) Major Customers

In 1999 and 1998, the Company had one major customer who accounted for more than 10% of revenue, and in 1997, the Company had two major customers who accounted for more than 10% of revenue. Allstate Insurance Company ("Allstate") accounted for revenue of $82.2 million (10.9%), $74.7 million (12.6%) and $67.7 million (13.6%) in 1999, 1998 and 1997, respectively, and Trans Union accounted for revenue of $56.6 million (11.3%) in 1997. At March 31, 1999, accounts receivable from Allstate was $12.0 million.

(13) Foreign Operations

Foreign operations are conducted primarily in the United Kingdom. The following table shows financial information by geographic area for the years 1999, 1998 and 1997 (dollars in thousands).

	United States	Foreign	Consolidated
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
1997:			
Revenue	470,812	28,420	499,232
Long-lived assets	207,717	6,106	213,823

(14) Contingencies

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

(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. The Company also entered into a data license agreement with ABI under which the Company will pay ABI $8.0 million over a two-year period, and a technology and data license agreement under which ABI will pay the Company $8.0 million over a two-year period. 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.

(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, marketable securities, trade receivables, short-term borrowings, and trade payables--The carrying amount approximates fair value because of the short maturity of these instruments.

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, 1999 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 revenue of 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):

	1999	1998	1997
Services	$444,020	$331,713	$274,751
Data Products	186,706	155,206	135,449
Information Technology Management	164,453	128,366	109,497
Intercompany eliminations	(41,122)	(22,956)	(20,465)
Total revenue	$754,057	$592,329	$499,232
Services	$ 90,776	$ 55,302	$ 46,453
Data Products	15,370	15,664	8,878
Information Technology Management	34,820	25,808	27,443
Intercompany eliminations	(20,771)	(11,942)	(11,639)
Corporate and other	(121,579)	(3,923)	(2,929)
Income (loss) from operations	$ (1,384)	$ 80,909	$ 68,206
Services	$ 24,360	$ 17,901	$ 7,900
Data Products	19,214	12,660	8,861
Information Technology Management	20,039	16,547	14,046
Corporate and other	484	2,700	4,833
Depreciation and amortization	$ 64,097	$ 49,808	$ 35,640

	March 31,	
	1999	1998
Services	$427,210	$228,115
Data Products	167,111	130,704
Information Technology Management	238,164	172,834
Corporate and other	57,315	149,981
Total assets	$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
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
1998:				
Revenue	$129,390	$141,739	$152,892	$168,308
Income from operations	15,006	21,000	20,825	24,078
Net earnings	8,265	12,575	12,074	14,241
Basic earnings per share	.11	.17	.16	.19
Diluted earnings per share	.10	.15	.15	.17

ACXIOM CORPORATION AND SUBSIDIARIES

SCHEDULE OF VALUATION AND QUALIFYING ACCOUNTS
Years ended March 31, 1999, 1998 and 1997
(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
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
1997:						
Allowance for doubtful accounts, returns and credits..............	$2,402	4,496	4,800	7,044	238	$4,898

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