

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

FORM 10-K

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

For the fiscal year ended March 31, 2003

OR

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

For the transition period from _____ to _____

Commission file number 0-13163

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

DELAWARE
(State or other jurisdiction of incorporation
or organization)

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

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 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.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).
Yes No

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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 September 30, 2002 as reported on the Nasdaq National Market, was approximately \$1,122,870,000. (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 4, 2003 was 85,807,064.

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Portions of Acxiom's Proxy Statement for the 2003 Annual Meeting of Shareholders ("2003 Proxy Statement") are incorporated by reference into Part III of this Form 10-K.

PART I

AVAILABILITY OF SEC FILINGS

Our website address is www.acxiom.com, where copies may be obtained, free of charge, of our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file these reports with, or furnish them to, the SEC. Copies may also be obtained through the SEC's EDGAR site. Copies of these SEC filings were available on our website during the past fiscal year covered by this Form 10-K.

Item 1. Business

SUMMARY

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

Our products and services enable our clients to use information to improve their business decision-making processes and to effectively manage existing and prospective customer relationships, thereby positioning them to maximize the value of their customer relationships and increase their profits.

We help our clients with:

- o Customer acquisition through our prospect marketing solutions
- o Customer growth and retention through our customer marketing solutions
- o Multi-Channel integration through our real-time marketing solutions
- o Creating a single-customer view through our customer recognition solutions
- o Database design, data content and data quality through our Customer Data Integration solutions, which include our AbiliTec®, Solvitur® and InfoBase® offerings
- o Large-scale data and systems management through strategic IT infrastructure outsourcing

Our solutions are customized to meet the specific needs of our clients and the industries in which they operate. We believe that we offer our clients the most technologically advanced, accurate and timely solutions available. We enable businesses to develop and deepen customer relationships by creating a single, comprehensive customer view that is accessible, in real-time, throughout the organization. We target organizations that view data as a strategic competitive advantage and an integral component of their business decision-making process.

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Our client base consists primarily of Fortune 1000 companies in the financial services, insurance, information services, direct marketing, publishing, retail and telecommunications industries. Some of our major clients include Allstate, AT&T Wireless, Bank of America, BankOne, Capital One, CitiGroup, eFunds, Federated, General Electric, General Motors, Guideposts, Household Card Services, IBM, MBNA America, Procter & Gamble, Providian Bancorp, R.L. Polk, Sears, Sprint and TransUnion.

Information Services Industry

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

- o Growth in the Customer Relationship Management ("CRM") services market
- o Increasing importance of customer and information management solutions, and particularly Customer Data Integration as an integral component of successful CRM programs
- o Continuing recognition of data as a competitive resource
- o Increasing amount of raw data to manage
- o Growth in technology partnering
- o Evolution of one-to-one marketing

Competitive Strengths

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

- o Our industry-leading Customer Data Integration products and services
- o Real-time customer recognition software and infrastructure
- o Ability to design, build and manage large-scale databases, leveraging our Solvitur marketing database framework
- o Accurate and comprehensive data content
- o Comprehensive IT outsourcing services
- o Ability to attract and retain talent

Growth Strategy

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

- o Encourage the sales and marketing of all of our products and services under the "One Acxiom" concept, thereby capturing cross-selling opportunities
- o Reinforce our leadership in building Customer Data Integration infrastructure, and leverage our consulting and analytics heritage

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- o Further penetrate existing and new client industries and continue development of applications for fraud detection, risk management, privacy and security
- o Expand data content
- o Pursue international opportunities
- o Seek alliances and acquisitions

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 related technology, 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 innovative products such as AbiliTec and its related technology. We are also potentially affected by:

- o longer sales cycles for AbiliTec due to the nature of that technology as an enterprise-wide solution;
- o the introduction of competent, competitive products or technologies by other companies;
- o changes in the consumer and/or business information industries and markets;
- o the ability to protect our proprietary information and technology or to obtain necessary licenses on commercially reasonable terms; and
- o the impact of changing legislative, judicial, accounting, regulatory, cultural and consumer environments in the geographies where our products and services 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.

General economic conditions and world events could continue to result in a reduced demand for our products and services.

As a result of the current economic climate, we have experienced a reduction in the demand for our products and services as our clients have looked for ways to reduce their expenses. How our clients procure our products and services is changing, in that many of them are negotiating their contracts through a contracts procurement representative rather than through their business leaders. In the face of increasing demands by clients for price reductions and discounts, we are challenged with pricing our products and services so as to be able to make reasonable profits. We are likewise challenged with controlling our expenses, given that a significant portion of our costs are fixed. If we are not successful in meeting these challenges, we could suffer lower net income and earnings per share. In addition, recent world events such as the wars in Afghanistan and Iraq and the continuing threats of terrorism have had and may continue to have a negative impact upon the economy in general and upon our business as well, due to the hesitancy of our clients to embark on any new discretionary spending programs.

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Changes in legislative, judicial, regulatory, cultural 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, the issuance of judicial interpretations, 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 legally available, which could result in a material increase in the cost of collecting some kinds of data. 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, or if judicial interpretations are issued restricting use of 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.

Competition for qualified technical, sales and other personnel is often 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.

The nature and volume of our customer contracts may affect the predictability of our revenues.

While approximately 80% of our total revenue is currently derived from client contracts with initial terms of two years or longer, these contracts have been entered into at various times over the past several years and therefore some of them are in the latter part of their terms and are approaching their originally scheduled expiration dates. Further, if renewed by the customer, the terms of the renewal contract may not have a term as long as, or may otherwise be on terms less favorable than, the original contract. Revenue from customers with long-term contracts is not necessarily "fixed" or guaranteed, however, as portions of the revenue from these customers is volume-driven or project-related. With respect to the portion of our business that is not under long-term contract, revenues are less predictable and are almost completely volume-driven or project-related. Therefore, we must engage in continual sales efforts to maintain revenue stability and future growth with these customers. In addition, if a significant customer fails to renew a contract, our business could be negatively impacted if additional business were not obtained to replace the business which was lost.

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 legislative, judicial, accounting, 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

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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 and difficulties of managing international operations, potentially adverse tax consequences, and greater difficulty enforcing intellectual property rights. The various risks which are inherent in doing business in the United States are also generally applicable to doing business outside of the United States, and may be exaggerated by the difficulty of doing business in numerous sovereign jurisdictions due to differences in culture, laws and regulations.

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 or alliances could adversely affect our business.

From time to time, our growth strategy has included growth through acquisitions and strategic alliances. While we believe we have been relatively successful in implementing this strategy during previous years, there is no certainty that future acquisitions or alliances 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 candidates, to negotiate favorable terms, or to successfully integrate future acquisitions and alliances into our existing operations could result in decreased revenues, net income and earnings per share.

Decline in value of investments

Due to the general decline in the market, several of our investments in other ventures have declined and could continue to decline in value. While some of the investments have been written down accordingly, others could also be subject to future write-down in the event their values become impaired.

Postal rate increases and disruptions in postal services 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. In June 2002, first class rates, enhanced carrier route rates, and third class rates were increased. While no further increases are expected until 2006, it is possible that increases could occur sooner. Postal rate increases could force direct mailers to mail fewer pieces and to target their prospects more carefully. Additionally, the amount of direct mailings could be reduced in response to disruptions in and concerns over the security of the U.S. mail system. Such responses 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.

Industry consolidations could result in increased competition for our products and services.

The possibility of the consolidation or merger of companies who might combine forces to create a single-source provider of multiple services to the marketplace in which we compete could result in increased competition for us. We currently compete against numerous providers of a single service or product in several separate market spaces. (See the discussion below under "Competition.") Since we offer a larger variety of services than many of our current competitors, we have been able to successfully compete against them in most instances. However, the dynamics of the marketplace could be significantly altered if some of the single-service providers were to combine with each other to provide a wider variety of services.

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ACXIOM'S BUSINESS

Overview

We integrate data, services and technology to create and deliver customer and information management solutions for many of the largest, most respected companies in the world. The core components of Acxiom's innovative solutions are Customer Data Integration technology, data, database services, IT outsourcing, consulting and analytics, and privacy leadership. Founded in 1969, Acxiom is headquartered in Little Rock, Arkansas, with locations throughout the United States, and in the United Kingdom, France, Australia and Japan.

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

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. The information services industry provides a broad range of products and services designed to help companies manage customer relationships. These products and services include Customer Relationship Management applications software, decision analytics and business intelligence software, and data integration. Our Customer Data Integration products and services and premier data content allow us to provide the data infrastructure, technology services and information that allow our clients to efficiently access and manage information throughout the enterprise. These capabilities help our clients answer important business questions such as:

- o Who are our existing customers?
- o Who are our prospective customers?
- o Who are our most profitable customers?
- o What are the common traits of our existing customers?
- o What do our customers want and when do they want it?
- o How do we service our customers
- o How should we price our products and services
- o What distribution channels should we use?
- o What new products should we develop or what old products should we retire?

We believe the current trends and dynamics of the information services industry will provide us with growth opportunities as discussed below.

Customer Relationship Management

As defined by Gartner Research, a leading international industry analytical, research and advisory firm, CRM is a "business strategy aimed at anticipating, understanding and responding to the needs of an enterprise's current and potential customers." CRM involves capturing customer data from across the enterprise, consolidating all internally and externally acquired customer-related data in an integrated data repository, analyzing the consolidated data, distributing the resulting knowledge to various constituents of the extended enterprise, and using that knowledge in improving the customer's relationship with the enterprise.

The CRM services market grew 10.6 percent in 2002 over 2001 to \$22 billion despite a sluggish U.S. economy and increased uncertainty in the overall business environment, according to a report published last year by Gartner Research. Compared to the flat to negative growth during this same time period of the associated application software market, CRM services remained fairly robust. Gartner predicts that over the next five years, the CRM market will grow at a compound annual growth rate of 16.42%. Gartner's predictions for 2003 are for a total of \$25.3 billion in CRM services, with growth increasing to \$47.1 billion by 2006.

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According to Gartner, financial services (27%), manufacturing (20%) and communications (18%) are the leading vertical industries in CRM services. While development and integration continued to be the dominant service line, IT management services and business management services grew significantly between 2001 and 2002. Gartner predicts that business process management, including contact center outsourcing in support of CRM solutions, will show healthy growth in future years as well.

For 2003, Gartner predicts that the focus of CRM initiatives is expected to turn from the operational customer service initiatives to CRM analytics/business intelligence, with the market for Web-based customer support stabilizing, although remaining important. Gartner believes that the CRM services market will become increasingly challenging for most service providers, and that continued success in this market will depend on the vendors' ability to look beyond implementation services and focus on developing architecture that is compatible with specific process expectations. Developing a total solution, including support in process integration to enhance the utilization of the CRM system, will continue to be a key requirement.

Increasing importance of customer and information management solutions, in particular the Customer Data Integration component, as an integral part of successful Customer Relationship Management programs.

CRM is one of the most important issues facing global companies. Whole new markets are being created around the technologies and services that underlie CRM. Within the CRM field, there is a growing recognition of the necessity of being able to quickly and efficiently integrate customer data in order for CRM to work effectively.

In an April 2003 analysis, a Gartner Research report stated that at its core, CRM is a data-based strategy. According to Gartner, the three key components of a successful CRM strategy are:

- o Velocity - Speed is critical, especially in development, deployment and adjustment of CRM programs. Successful enterprises stay nimble and react quickly to the ebb and flow of market conditions and customer requirements.
- o Variability - Companies must realize that the sales and service cycle has various steps, and that individual customers move through these steps differently, using different channels and expecting different information along the way. Successful CRM practitioners should look for flexible solutions that allow the enterprise to support a myriad of customer demands as economically and efficiently as possible.
- o Visibility - Enterprises must have insight into what the customer is saying. CRM solutions should have access to detailed customer data, and this information must be accurate, actionable, relevant, at the right touch point at the right time, usable in a relevant time frame, and used appropriately with (implied) permission.

Continuing 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.

Companies using data as a competitive resource have traditionally consisted of Fortune 1000 companies in the financial services, insurance, publishing, information services and retail industries. This group has expanded 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

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. As these data resources expand and become more complex, it also becomes increasingly difficult to integrate all the fragmented, disparate and often outdated information. The challenge to obtaining accurate and complete customer data lies in obtaining, enhancing and integrating data from across an organization to form a single, comprehensive view of individual customers.

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:

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

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 media.

Competitive Strengths

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

Our industry-leading Customer Data Integration products and services

We believe our Customer Data Integration capabilities, powered by AbiliTec, combined with the related real-time customer recognition software and infrastructure, is the leading solution for companies seeking to better integrate their customer data and manage their customer relationships. CRM involves analyzing, 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 CRM process. Acxiom's Customer Data Integration products and services are designed to fully meet these challenges for its clients.

As the basic infrastructure for integrated CRM solutions, AbiliTec allows the linking of disparate databases across a client's business and makes possible personalized, real-time CRM at every customer touch-point. We believe that AbiliTec's unprecedented scope, accuracy and speed contributes to Acxiom being established as the Customer Data Integration leader, both as an internal processing tool and as the enabler of the single customer view that drives true, one-to-one marketing.

AbiliTec 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 external data with our clients' internal data.

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

- o Greatly improving the speed in which campaigns are brought to market in order to seize on opportunities more quickly.
- o 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 utilize the technology in an on-line transaction processing ("OLTP") mode to update their data continuously, as new information becomes available.
- o 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 enables 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 makes 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.

Real-time customer recognition software and infrastructure

Acxiom continues to expand its real-time multi-channel Customer Data Integration and customer recognition capabilities with products and services such as Solvitur. This suite of software and infrastructure capabilities allows our clients, in real time, to integrate their existing databases together in ways that have previously been difficult or impossible. Our Customer Data Integration and customer recognition technologies allow our clients and us to integrate data directly into CRM applications, including:

- | | |
|-------------------------|-------------------------------|
| o Customer analysis | o Campaign management |
| o Interactive web pages | o Point-of-sale |
| o Call centers | o Customer service automation |
| o Direct mail | o 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 or tapes, significantly reduces the turnaround time from days to minutes or sub-seconds and reduces the operating costs associated with extended processing and turnaround.

Ability to design, build and manage large-scale databases, leveraging our Solvitur marketing database framework

We have extensive experience in designing, developing, managing and operating massively large-scale databases for some of the world's largest companies, including AT&T Wireless, Allstate, Citigroup, General Electric Capital Corporation, Federated Department Stores, IBM and Sears. 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 currently house more than 1,000 terabytes of disk storage for database solutions. 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 CRM 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.

With this expertise, Acxiom provides both traditional batch marketing solutions as well as real-time solutions, both via our Solvitur marketing database framework. We believe that through this framework -- which leverages large-scale databases, InfoBase and AbiliTec -- Acxiom is leading the industry in a fundamental shift from traditional linear campaigns to continuous campaign management. We offer our clients weekly, daily and even real-time updates, thereby dramatically increasing the frequency with which they can execute marketing campaigns. The competitive advantage that may be gained by our clients is improved marketing offers that

drive a greater response, in addition to increasing the timeliness of campaigns and the revenues generated. Through our real-time marketing solutions, clients are able to get a consistent and immediately available customer view and decision engine that helps them make effective, instantaneous marketing offers, based on comprehensive business rules, across all of their front-office applications.

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. We believe we process more mailing lists than any other single company in the United States. Our InfoBase consumer database contains approximately 17 billion data elements, which we believe covers over 95% of all households in the United States. Our real estate database, which includes most major United States metropolitan areas, covers approximately 70 million properties in a majority of the 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. Our clients use this data to manage existing customer relationships and to target prospective customers.

During the 2002 fiscal year, we launched additional Consumer InfoBase products in the United Kingdom. We believe that InfoBase has the most comprehensive and accurate collection of United Kingdom consumer marketing data available from a single supplier. The information is multi-sourced and includes the ability to append telephone numbers to records for telemarketing purposes. Our InfoBase consumer database contains over 350 different data variables, and we believe the total file covers over 95% of all households in the United Kingdom. In addition, we also have a substantial file of business-to-business data in the United Kingdom. As in the U.S., our U.K. clients use the data held in Consumer InfoBase and our file of business data to manage existing customer relationships and to target prospective customers.

In Australia, Acxiom is a leading supplier of consumer, business, telephone and property information for marketing purposes. Under a range of brand names, Acxiom's data products are used by major financial institutions, telecommunications companies and retailers to help them strengthen their customer relationships and grow their market share. Our clients use data from our databases to target prospective customers and strengthen relationships with their existing customers.

Comprehensive IT outsourcing 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 information technology 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:

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o Mainframe platform operations	o Redundant infrastructure availability services
o Client server platform outsourcing	o High-speed electronic printing and mail services
o Network management	o Web hosting management

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 locations in the United States, Europe, Australia and Japan, including Atlanta, Chicago, London, Los Angeles, Memphis, New York, Paris, Phoenix, Sydney and Tokyo has enhanced our ability to attract talented associates.

For the fifth time, Fortune magazine named us this year as one of the "100 Best Companies to Work For" in America. Fortune also named us in its inaugural Fortune 40, a list of companies the magazine calls "a powerful group-one we think has a strong chance of beating the market." In 2000 and 2001, 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. Bank Technology News in 2002 selected us as one of 10 tech companies "whose innovations are raising the bar in banking." We have also been named by Intelligent Enterprise magazine as one of the leading companies to watch in 2003 and beyond.

Growth Strategy

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

Encourage the sales and marketing of all of our products and services under the "One Acxiom" concept, thereby capturing cross-selling opportunities

The "One Acxiom" concept reflects our commitment to more fully leverage and blend our core components - Customer Data Integration technology, data, database services, IT outsourcing, consulting and analytics, and privacy leadership - to provide our clients the most innovative and effective customer and information management solutions in the marketplace today. 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.

Reinforce our leadership in building Customer Data Integration infrastructure, and leverage our consulting and analytics heritage

Our primary initiatives are AbiliTec-driven Customer Data Integration solutions, including our real-time Solvitur solution, combined with our traditional consulting and analytical services. We provide strategic consulting to our clients regarding creation and measurement of CRM programs and the related infrastructure, particularly in the financial, banking and retail communities, and in the privacy arena. Our proprietary technologies enable us to provide our clients with what we believe to be the industry's most accurate and cost-effective means to integrate their customer and prospect data across the entire organization. We then provide the capability to further enhance and add decision-making intelligence to that data with external data, including our InfoBase data products. All of these Customer Data Integration processes can take place in a traditional batch mode or in real time over the Internet or via private network.

These technologies are available to a broad range of businesses that desire to better manage their existing and prospective customer relationships. In addition, we anticipate that AbiliTec may be useful to various governmental agencies who need to better integrate

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disparate databases. We are continually developing AbiliTec-enabled solutions to improve data quality, streamline production, reduce costs and increase the efficiency of direct mail and telemarketing.

We are marketing AbiliTec, Solvitur and InfoBase through our internal sales organization and through our strategic alliances, including leading CRM software solution providers such as IBM and SAS Institute, and systems integrators such as Accenture and IBM. Each of these Acxiom products can be integrated directly into the decision systems offered by our strategic alliance partners to enhance their unique value proposition to their customers. This alliance partner strategy provides the potential for us to extend the scope of our services in our existing markets and expand our client base.

We have developed the Opticx® process which allows customers to rapidly determine their data quality and the potential return on their investment in our Customer Data Integration solutions.

Further penetrate existing and new client industries, and continue development of applications for fraud detection, risk management, privacy and security

Our clients expect information management solutions tailored to the needs of their particular industry. We have developed specific knowledge for the industries we serve, including the financial services, insurance, information services, direct marketing, media, retail, technology, telecommunications, automotive, and pharmaceuticals/healthcare industries. We expect to continue to expand our presence in these industries as well as to penetrate other industries as their information management needs increase. Other industries which we believe are undergoing changes that will increase the need for data and information management services include the e-commerce, packaged goods and entertainment sectors. We also believe our products and services would complement and are adaptable to the identity verification systems of prospective clients in industries or businesses concerned about security management, including travel, special events management and building security.

We also believe that in the post-September 11 environment, certain governmental agencies have a need for the type of data integration solutions enabled by AbiliTec in the areas of fraud detection and identity verification. Since September 11, 2001, we have been actively pursuing government contract work in this regard, and view this sector as a potential source of new business in the future.

Expand data content

We believe that the depth, breadth and quality of our data differentiates us in the marketplace. We continually 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, at a minimal incremental cost.

Pursue international opportunities

Since 1986, we have had a presence in Europe. Having successfully launched InfoBase and licensed AbiliTec in the U.K. during fiscal 2002, we are committed to expanding our data access and delivery solutions in the U.K., France and elsewhere in Europe through the continued emphasis on these products and services. In 1999, we formed a joint venture in Sydney, Australia with PBL, a large publisher and broadcasting company, through which we are offering our products and services in Australia and New Zealand. In 2002 we purchased PBL's interest in the joint venture. The primary services we offer in Australia and New Zealand are data warehousing, Customer Relationship Management services, merge purge, analytics, InfoBase data (enhancement and list), TeleAppend, Best Address, and verification.

In 2000 we entered the Japanese market by purchasing a minority interest in a Japanese consumer data firm. Our activities in Japan currently consist of data hygiene, marketing campaign data and consulting services. We hope to be able to localize our product and service offerings for the Japanese market and expand our offerings through the Japanese offices of U.S. and European corporations and to large Japanese firms which are active or which expect to be active in direct marketing and CRM strategies.

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Acxiom entered the Latin American marketplace in 1999 with the objectives of providing services across the region for its global customers who were either already active in or entering this diverse marketplace containing more than 472 million people. Our primary focus has been to develop infrastructure and build partner relationships in the major markets - Mexico, Brazil, Argentina, Chile, and Columbia - while also attempting to service multi-country requirements. We established a dedicated processing hub at our Phoenix data center where Spanish-speaking staff members process the complex Latin American name and address structure and support localized solutions for Acxiom's major customers and several large local and regional companies. These solutions may be limited to basic data hygiene and matching, or may be as broad as fully-hosted data management solutions. Similar services are being marketed in Canada using our Phoenix data center as the primary processing hub.

Seek alliances and acquisitions

Acxiom partners with many of the world's leading systems integrators and hardware and software companies, to create and distribute the best customer and information management solutions for the market. Our partners include such companies as Accenture, D&B, Equitec, Hewlett Packard, IBM Corporation, SAS Institute, TransUnion and USADATA.

During the past fiscal year, we acquired a data compiling business for online marketers, which we believe will enable us to significantly increase the number of database records used for online marketing efforts and will provide additional sources of data collection. We also acquired an employment screening business from TransUnion which offers a range of services including criminal and civil records search, education and reference verification, and other verification services for its customers. This business should provide us with additional products and services and will help support the Company's initiatives in the screening, identification and security areas. In addition, as noted above, we acquired 100% of our Australian joint venture by buying our partner's interest in the joint venture.

We will continue to seek 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. We will also consider acquisitions as opportunities may arise. We continually review our mix of businesses to determine that we have the correct combination of people, products, services and other resources to allow us to best serve our clients.

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Business Segments

We have three business segments: Services, Data and Software Products, and Information Technology Management.

Services

Our Services segment provides solutions that integrate and manage customer, consumer, and business data using our information management skills and technology, as well as our InfoBase data products. We believe that AbiliTec, which provides Customer Data Integration capabilities, together with our Solvitur marketing database solutions, positions us for a greater share of the growing CRM market. Customer Data Integration lies at the core of effective CRM, providing a single view of the customer, in real time, across multiple data sources. This unified view, enabled through AbiliTec's linking technology and our Solvitur solutions, gives our clients the ability to reach their customers more rapidly, efficiently and accurately and to target their sales efforts accordingly.

Acxiom builds Customer and Information Management solutions for its clients in the following service areas:

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

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Data and Software Products

Our data and software products segment includes AbiliTec-Enabled Solutions, which provides our services segment the ability to more effectively integrate and manage data, and our InfoBase data products, which include both business and consumer data.

AbiliTec-enabled solutions

As discussed above, we believe that AbiliTec is the leading software solution for companies seeking to integrate and manage their customer data and customer relationships. It allows the linking of separate, disparate databases across a client's business, provides unprecedented speed and accuracy and permits real-time updating of consumer and business information. AbiliTec is a software product that is licensed to our clients and that is sold through the following channels: enterprise, database, channel partner, service bureaus and direct marketing.

The following AbiliTec-Enabled Solutions demonstrate the power of AbiliTec by delivering accurate, accelerated data solutions that help businesses reduce costs, gain a better understanding of their customer base and build loyal, trust-based customer relationships.

Product	Description
BestAddress	BestAddress is an address-processing product that improves a mailing list's overall effectiveness by optimizing address accuracy and deliverability. BestAddress utilizes AbiliTec to deliver the most complete address associated with each delivery point and the most complete address associated with each consumer, and does so much faster than traditional address verification processes.
Consumer Preference Solution®	Consumer Preference Solution improves CRM efforts by helping companies with legislative compliance and with the management of consumer contact and data-sharing preferences.
Customer Data Quality ("CDQ")	Designed for companies with large mail volumes, CDQ identifies duplicates within a mail file at a significantly better hit rate than first generation merge/purge programs. As a result, mail costs can be substantially reduced.
Consumer Merge/Purge ("CM/P")	CM/P helps manage the overall data integration process when records are brought together from multiple sources. By rapidly standardizing the data and files, CM/P recognizes and groups individuals and households, appending incremental data and creating output files based on client business rules. CM/P enables data analysis and other processes that support account acquisition programs.
Customer File Management ("CFM")	CFM helps manage customer records to provide a foundation for customer analysis and/or management solutions.
Customer Decisioning System ("CDS")	Built on a foundation of CFM or CM/P, CDS provides rapid, structured execution of direct marketing decisions that provides information back to an operating system.
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Customer Recognition and Segmentation	Customer Recognition and Segmentation helps companies which have undergone a merger or acquisition. The three service modules are: pre-merger due-diligence; customer recognition across the merged entity (which enables the client to join disparate data files and reveal a truer picture of customers, accounts and households); and customer retention across the merged entity.

InfoBase, SentricxSM and PersonixSM data products.

Based upon our knowledge of the industry and our competitors' products, we believe InfoBase, Sentricx and Personix represent the industry's most comprehensive and accurate relationship management, risk management, and operational efficiency data product offerings. They are available either on a stand-alone basis or integrated into our customized service offerings.

The data that we use is obtained from publicly available information, public record information, summarized customer information, customer contact information, and self-reported information. We utilize multiple data sources from each category of data including, but not limited to, published telephone directories, directory service information, voter registrations, county assessor and recorder information, questionnaires, warranty cards, inferred preference information, catalog buyer behavior information, and product registration. Accuracy is one of Acxiom's primary concerns, and we have processes in place to maintain a high level of quality in our products.

Our primary InfoBase products include the following:

Product	Description
InfoBase Enhancement	InfoBase Enhancement is the leading consumer data enhancement product containing demographic and lifestyle information on a majority of U.S. households, and providing instant access to the premiere multi-sourced database in the U.S.
	InfoBase Enhancement processes customer data through multiple delivery options including traditional or "batch" processing for large volumes of data, or online processing for smaller volumes or for instant processing of individual records.
InfoBase List	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 demographics, home ownership characteristics, purchase behavior and lifestyle data.
InfoBase Consumer List	Online access provides on-demand, instant access to our InfoBase Consumer Lists. Through this access method, clients may obtain InfoBase-enhanced snapshots of their existing records or host prospects for customer acquisition and retention efforts quickly and inexpensively.
InfoBase TeleSource	InfoBase TeleSource is the most comprehensive, multi-sourced telephone data product in the United States. It allows clients to reach a greater number of qualified customers and prospects. InfoBase TeleSource's national database contains more than 160 million consumer names, telephone numbers and addresses. This includes approximately 35 million records not available from any other source and approximately 12 million business listings.

- o InfoBase E-Mail Enhancement and E-Mail List
 - o E-Mail Enhancement allows businesses to communicate with their customers via e-mail. This product also offers e-mail append, reverse append, flag append, reactivation and eCOA (electronic change of address).
 - o E-Mail List offers businesses an e-mail option for prospecting by enhancing consumer-provided e-mail information with demographics and lifestyle selectors from Consumer Enhancement.
- o InfoBase Analytics (Data Analysis Report, Modeling Services and Scoring Services)
 - o Data Analysis Report ("DAR") provides clients with a comprehensive descriptive snapshot of their customers using InfoBase demographic and lifestyle interest data. The DAR is currently provided as a printed document, but is also available in online, PC-compatible formats.
 - o Modeling Services - Modeling Services involves the development of an algorithm used to predict or model behaviors such as a consumer's likelihood to respond to a particular offer or to continue buying from a particular vendor. The models are created utilizing demographic data and/or internal customer data.
 - o Scoring Services - Scoring Services is the application or implementation of a model into useful information. Once a model has been developed it is then applied to an outside file or an Acxiom-specific file (e.g., InfoBase List). The file to which the model is being applied is then scored, and all records/households are ranked by score as to their likelihood to behave in a certain manner (likelihood of response, purchase propensity, attrition). Scoring Services can be applied to both Acxiom files or client-provided files.
- o InfoBase Suppression
 - o InfoBase Suppression facilitates our clients' compliance with legal and industry privacy guidelines, improves marketing results by eliminating unresponsive prospects and those unlikely to respond. InfoBase Suppression is built from Acxiom's master suppression file, providing a single access to a variety of suppression sources. Unlike traditional methods of suppression which require multiple passes of a marketer's list against different suppression files, InfoBase Suppression delivers numerous suppression options through a single product.
- o InfoBase Telephone Directories
 - o InfoBase Telephone Directories provides several content options for clients. InfoBase Business Directories is the most complete source of business listings for the U.S. and Canada consisting of over 20 million combined records. It is made up of the most current business listings, with disconnected numbers frequently removed. Along with address information, records consist of business classification, latitude/longitude, and yellow page data elements. The InfoBase Premium White Page ("PWP") product is the premier product in the market with public, but not yet published, listings incorporated. It consists of multiple sources including white page data, Regional Bell Operation Companies data and monthly feeds of disconnected data. The PWP file contains over 90 million records with name and address information as well as latitude and longitude.

- o Personix
 - o Personix represents the next evolutionary step in consumer segmentation. Personix is a household-level segmentation system that places each U.S. household into one of 70 segments based on its specific consumer and demographic characteristics. This provides a common framework for a business to view its customers across its product mix and across its organization. Personix is driven by Acxiom's InfoBase household data allowing for the Personix assignments to accurately reflect the dynamic nature of today's households.
- o InfoBase Address Append
 - o InfoBase Address Append is the most recent addition to the InfoBase TeleSource product line. InfoBase Address Append aids companies in their customer recognition efforts by appending mailing address information to consumer names and zip codes captured at the point of contact. InfoBase Address Append leverages two of the premier InfoBase products, InfoBase TeleSource and InfoBase Consumer List, to provide over 220 million unique name and address listings to provide optimal coverage.
- o Sentricx
 - o Sentricx helps our clients combat fraud by enabling data-driven identity verification of customers and prospects. Sentricx accesses multiple reference databases in real time or batch mode to verify information provided at point-of-sale, in call center or web environments, or on applications for credit accounts, demand deposit accounts, or insurance.

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IT Management

Data center outsourcing enables our customers to focus on their core business while Acxiom manages their technical infrastructure needs. We provide the IT services for large systems, mid-range and client/server platforms and networks. This is part of Acxiom's total offering of customer information infrastructure - the "One Acxiom" concept - namely, the combination of data, technology, marketing services and IT management that enables companies to maximize the value of customer relationships.

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

- o Maximization of value from IT assets and information system staff

- o Computing and network capacity driven by customer demand
- o Highly scalable computing and network environments
- o "24 x 7" System availability

Our IT solutions cover the computing needs of our clients, ranging from full mainframe information processing centers to the desktop. Acxiom currently operates several large, high availability data centers, manages high-speed networks, and hosts Internet e-commerce applications. Acxiom's IT services have the added specialty of supporting the very large databases needed by companies who sell to consumers. Acxiom has developed a storage-centric IT infrastructure to manage the massive amounts of data these companies require. This data is then processed using a huge capacity of IBM mainframe power and more than 4,000 servers. The resulting information is then delivered to our clients across an Acxiom-managed network. Acxiom's IT Management also provides the infrastructure and managed services that power our customer and information management solutions.

We offer technology services in the following areas:

- o Mainframe platform outsourcing
- o Client/server platform outsourcing
- o Network management
- o Web hosting management
- o High-speed electronic printing and mail services
- o Redundant infrastructure availability services

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Clients

Our clients are primarily in the financial services, insurance, information services, direct marketing, publishing, retail and telecommunications industries. Our 10 largest clients represented approximately 43% of our revenues in fiscal 2003. No single client accounted for more than 10% of our revenue during the last fiscal year. We seek to maintain long-term relationships with our clients. Many of our clients typically operate under long-term contracts with initial terms of at least two years in length.

Representative clients by most of the industries we serve include:

Financial Services	Pharmaceuticals/Healthcare	Retail/Distribution
Bank One Financial Services Corporation	Blue Cross Blue Shield Association	Blockbuster
Bank of America	Bristol-Meyers Squibb	Canadian Tire Acceptance Limited
Capital One	Pfizer, Inc.	Danone Water
Charter One Bank	Sankyo Pharma	Federated Dept. Stores
CitiGroup		Lands End, Inc.
Charles Schwab	Insurance	Lenscrafters
Conseco, Inc.	Allstate	Office Depot, Inc.
Deluxe Financial Services, Inc.	Bankers Life & Casualty	Sears Roebuck & Company
Fairfield Community Bank	Physicians Mutual Insurance Company	Virgin Energy
GE Capital Corp.	Prudential	Information Services/Education
Household International, Inc.		Career Education
HSBC Bank	Telecommunications	CCC Information Services
MBNA America Bank N.A.	AT&T Wireless Services, Inc.	Direct Marketing Association
National Westminster Bank	MCI WorldCom Communications, Inc.	De Vry, Inc.
Providian	Sprint/United Management Company	R.L. Polk and Company
Triad Financial Services	Vodafone Airtouch	R.R. Donnelly
Wells Fargo		TransUnion LLC
Western Union		Technology
Media/Entertainment	Internet / E-Commerce	DoubleClick
Advance Publications, Inc.	eFunds Corporation	IBM Corporation
Guideposts	E*Trade Group, Inc.	Microsoft Corporation
MGM Mirage		Novell, Inc.
Primedia	Automotive	
Reiman Publications	ADP	Packaged Goods/Packaging
Rodale, Inc.	General Motors	Britvic
	Toyota	Conopco, Inc. (Unilever)
Government	Industrial/Utilities	Home Services
City of Chicago	AGL Resources, Inc.	The Procter & Gamble Distributing Company
	Central Steele & Wire	Rexam Beverage Can Company
	Safety-Kleen	

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Sales and Marketing

Acxiom continues to benefit from the creation in 2002 of a single sales and marketing organization, one that allows clients -- regardless of their industry and needs -- to have a relationship with "One Acxiom." This concept better enables Acxiom to create and deliver customer and information management solutions for our clients that enhance profitability, reduce risk, and lower costs through a true understanding of their customers.

Acxiom's sales and marketing organization takes a solution-selling approach that combines the full scope of Acxiom's strengths. Core offerings that are available in Acxiom's solutions include data (under the primary InfoBase brand), technology and Customer Data Integration (under the primary AbiliTec brand), database services (under the primary Solvitur brand), IT outsourcing, consulting and analytics, and privacy leadership (all under the umbrella Acxiom brand).

The Acxiom sales and marketing organization has always maintained a strong focus on industry expertise to ensure we understand our clients' unique business opportunities and challenges. This was enforced to a greater degree than ever in the past fiscal year as Acxiom introduced a required and intensive training and "accreditation" process for associates in the sales organization.

Acxiom continues to promote a sales and marketing driven culture that encourages each associate to understand how he or she can better promote the sale of Acxiom solutions and the satisfaction of our clients. It complements the strong product/service delivery culture that has helped Acxiom succeed in the past. The sales and marketing-driven attitude extends across the enterprise, and sales activities with major clients involve a high level of collaboration and cooperation across all levels of leadership in sales, marketing and operations.

Also, as noted above, Acxiom partners with many of the world's leading systems integrators and hardware and software companies to create and distribute the best customer and information management solutions for the market. Our partners include such companies as Accenture, Dun & Bradstreet, Equitec, Hewlett Packard, IBM Corporation, SAS Institute, TransUnion and USADATA. We will continue to seek 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.

Pricing for Products and Services

We have standard pricing guidelines for many services such as list processing, national change-of-address processing, data cleansing, merge/purge processing and other standard processing. Data warehousing/database management services tend to be more custom-designed and are negotiated individually with each client utilizing standard pricing guidelines.

Pricing for data warehouses and database builds may include separate fees for design, initial build, ongoing updates, queries and outputs. We also may price separately for consulting and statistical analysis services.

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

AbiliTec is priced as software, and the right to use it is licensed to our clients, typically under one to three-year license agreements. The pricing includes separate fees for the annual license and for individual transactions, if applicable. Both components allow for volume price discounts. AbiliTec may also be utilized as part of an AbiliTec-enabled service and priced in a bundled service solution.

IT Management services are priced based on the costs of migration, management services, operation of the data center, and network and system infrastructure.

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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 are national or international companies 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), and Relizon.

In the Data and Software 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, Equifax, Experian, and infoUSA. We also compete with hundreds of smaller firms that provide list brokerage and list management services. An emerging market is the Internet-driven data market. This consists of two primary areas of emphasis: the use of the Internet to collect and deliver data and the use of e-mail addresses for reaching consumers for marketing. The addition of the Internet into the traditional compilation and distribution channels has made the market more diverse with potentially lower barriers to entry.

In the IT Management services market, competition is based on technical expertise and innovation, financial stability, past experience with the provider, marketplace reputation, cultural fit, quality and reliability of services, project management capabilities, processing environments, and price. Our primary competitors include Affiliated Computer Services, Electronic Data Systems, IBM Global Services, (i)Structure and the in-house IT departments of current and prospective clients. In addition, but on a less frequent basis, we compete with Computer Sciences Corporation, Lockheed Martin Information Technology and Perot Systems.

Privacy

We have always taken an active approach with respect to consumer privacy. The growth of e-commerce and companies' needs for consumer information mean that we must work even harder to guarantee that our policies offer individuals the protection to which they are entitled. Consequently, we actively promote a set of effective privacy guidelines for the direct marketing, e-commerce, and information industries as a whole. Industry-wide compliance helps address U.S. privacy concerns. Furthermore, we are certified under the European Union Safe Harbor and contractually comply with other international data protection requirements to ensure the continued free flow of information across borders.

Our own Fair Information Practices Policy outlines the variety of measures we currently take to protect consumers' privacy. A copy of this policy is posted on our website at www.acxiom.com. We educate our clients and associates regarding consumer privacy issues, guidelines and laws. Our policy also explains the steps that consumers may take to have their names removed from our marketing products and to obtain a copy of the information we maintain about them in our reference products.

Companies are assessing their privacy policies and beginning to recognize that newly developed customer data integration technology can help them honor an individual's preferences 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

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businesses to create a single view of their customers in real time for marketing purposes, it makes it much easier for businesses to allow their customers to access, correct and selectively opt out of certain practices, provide better safeguards around their customers' information, and facilitate compliance with preferences in time and manner of contact.

Privacy legislation is currently pending in Congress and in most of the 50 states, and we anticipate that additional legislation will continue to be introduced in the future. While there has been a significant amount of potential legislative activity, we believe that as legislators come to better understand the importance of information as a fundamental building block of a robust economy, reasonable legislative approaches to information use will prevail. We are supportive of legislation that codifies the current industry guidelines of notice and opt-out regarding whether or not a consumer's personal information is shared with independent third parties for marketing purposes. We recognize that different types of personal information should be afforded varying safeguards, so with regard to certain types of sensitive personal information, we support choice on an opt-in basis for third-party use.

Employees

Acxiom currently employs approximately 5,020 employees (associates) worldwide. None of Acxiom's associates are currently 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.

CAUTIONARY STATEMENTS RELEVANT TO FORWARD LOOKING INFORMATION

This document, the documents that we incorporate by reference, and other written reports and oral statements made from time to time by us and our representatives contain forward-looking statements. These statements, which are not statements of historical fact, may contain estimates, assumptions, projections and/or expectations regarding our financial position, results of operations, market position, product development, growth opportunities, economic conditions, and other similar forecasts and statements of expectation. We generally indicate these statements by words or phrases such as "anticipate," "estimate," "plan," "expect," "believe," "intend," "foresee," and similar words or phrases. These forward-looking statements are not guarantees of future performance and are subject to a number of factors and uncertainties that could cause our actual results and experiences to differ materially from the anticipated results and expectations expressed in such forward-looking statements.

The forward-looking statements contained in this report include the items set forth on pages F-28 - F-29 in Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") attached hereto. In light of the risks, uncertainties and assumptions set forth in the MD&A, we caution readers not to place undue reliance on any forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information or otherwise.

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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	Eleven facilities held in fee	Customer service facilities; data center;

(c)	Little Rock, Arkansas	Two leased buildings; one building held in fee	office space Principal executive offices; customer service facilities; office space
(d)	Fayetteville, Arkansas	Lease	Office space
(e)	Stamford, Connecticut	Lease	Office space
(f)	Southfield, Michigan	Lease	Office space; data center
(g)	Carmel, New York	Lease	Office space; data center
(h)	Memphis, Tennessee	Lease	Customer service facilities; office space
(i)	Tokyo, Japan	Lease	Office space
Acxiom / May & Speh, Inc.:			
(a)	Downer's Grove, Illinois	Lease	Office space; data center; customer service facilities
(b)	Melville, New York	Lease	Office space; print facilities
(c)	Bolingbrook, IL	Lease	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 and fulfillment service center
(c)	Paris, France	Lease	Office space
Acxiom Australia Pty Ltd.:			
(a)	Sydney, Australia	Lease	Office space

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Acxiom is headquartered in Little Rock, Arkansas with additional locations throughout the United States. It also has operations in the United Kingdom, France, Australia and Japan. In general, our offices, customer service and data processing facilities are in good condition. Construction was completed during the prior fiscal year on a new customer service facility in Little Rock. Construction on a new office building and data center in Phoenix was recently begun and is expected to be completed in 2004. Additional property was recently acquired in Little Rock for the future construction of a new data center adjacent to one of our existing customer services facilities. Management believes that our current facilities, together with those currently underway, are suitable and adequate to meet our current needs and, except for the planned expansions noted above, no substantial additional properties will be required during fiscal year 2004.

Item 3. Legal Proceedings

We are involved in various claims and litigation matters that arise in the ordinary course of business. None of these, however, are believed to be material in their nature or scope.

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

Not applicable.

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EXECUTIVE OFFICERS

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 Company Leader	60	1972
Rodger S. Kline	Director and Company Operations Leader	60	1975
James T. Womble	Director and Client Services Leader	60	1975
David J. Allen	Client Services Leader	50	2000
Robert S. Bloom	Company Financial Relations Leader and Treasurer	47	1992
R. Bruce Carroll	Strategic Development Leader	58	2001
Cindy K. Childers	Company Organizational Development Leader	43	2001
C. Alex Dietz	Products Leader	60	1979
Keith J. Henkel	Solutions Leader	42	2002
L. Lee Hodges	Outsourcing and IT Services Leader	56	1998
J. Edward Horton	Company Marketing Leader	39	2001
Jerry C. Jones	Company Business Development/Legal Leader	47	1999
Jefferson D. Stalnaker	Company Financial Operations Leader	37	2002
Paul M. Williams	Company Sales Leader	55	2000

Mr. Morgan joined Acxiom in 1972. He has been Chairman of the Board of Directors since 1975, and serves as Acxiom's Company Leader. He is also a Director and past Chairman of the Board of the Direct Marketing Association. In addition, he serves as a member and is the past Chairman of the Board of Trustees 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 serves as Acxiom's Operations Leader. He joined Acxiom in 1973 and has served as a Director of the Company since 1975. Mr. Kline holds a degree in electrical engineering from the University of Arkansas at Fayetteville, where for the past eleven years he has served as Chairman of the College of Engineering Advisory Council. Prior to joining Acxiom, Mr. Kline spent seven years with IBM Corporation and two years as an officer in the U.S. Army.

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Mr. Womble joined Acxiom in 1974 and serves as a Director of the Company as well as one of Acxiom's Client Services 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. Allen joined Acxiom in 1997. He currently serves as one of Acxiom's Client Services Leaders and is responsible for leading Acxiom's global development initiatives. Previously, he served as group leader in Acxiom's London office. Prior to joining Acxiom, he was employed by IBM and EDS. Mr. Allen holds a bachelor's degree in biological sciences from the University of East Anglia (UK), where he graduated with honors.

Mr. Bloom joined Acxiom in 1992. He currently serves as Company Financial Relations Leader and Treasurer. 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.

Mr. Carroll joined Acxiom in 2000. He currently serves as Strategic Development Leader. Prior to joining Acxiom, he was Senior Vice President of R.L. Polk, where he managed Polk's data engineering and market analysis group of companies. Before its acquisition by Polk in 1996, he was President of Blackburn Marketing Services in Toronto, an information technology conglomerate which included Canadian-based Compuserch and US-based Carfax. Prior to his nine years with Blackburn and Polk, Mr. Carroll was President/CEO of Claritas Inc. for ten years, based in Washington, D.C., then was Managing Director of Computerized Marketing Technologies in London. He holds undergraduate and graduate degrees in history and economics at the University of Toronto.

Ms. Childers joined Acxiom in 1985. She currently serves as Company Organizational Development Leader. Prior to joining Acxiom, she was a Certified Public Accountant in audit and tax for KPMG Peat Marwick. Ms. Childers holds a degree in business administration from the University of Central Arkansas.

Mr. Dietz joined Acxiom in 1970 and served as a Vice President until 1975. From 1975 to 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 Solutions and Products Leaders. Mr. Dietz holds a degree in electrical engineering from Tulane University.

Mr. Henkel joined Acxiom in 1999 to help develop customer relationship management strategies for the Financial Services Organization. He was responsible for the development of Solvitur, Acxiom's real-time marketing solution. Mr. Henkel presently serves as one of Acxiom's Solutions and Products Leaders. Prior to joining Acxiom, Mr. Henkel spent 17 years with Alltel Information Systems. Most recently, he was responsible for Alltel's retail delivery and information warehousing products. Prior to that, Mr. Henkel developed Alltel's enterprise architecture and built its client/server development capability. Mr. Henkel graduated from Rhodes College in 1983 with a bachelor's degree in economics and business administration.

Mr. Hodges joined Acxiom in 1998 and currently serves as Outsourcing and IT Leader for the Company. Prior to joining Acxiom, he was employed for six 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 bachelor's degree in industrial engineering from The Pennsylvania State University.

Mr. Horton joined Acxiom in 1987. He currently oversees Acxiom's marketing positioning and strategic alliance initiatives. He has a diverse background in direct marketing and solution sales and most recently provided leadership in developing and executing Acxiom's first corporate-wide alliance strategy. Prior to joining Acxiom, he was employed by Diversified Human Resources Group. Mr. Horton holds a bachelor's degree in data processing and quantitative analysis from the University of Arkansas and has completed New York University's graduate-level program in direct marketing.

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Mr. Jones joined Acxiom in 1999 and currently serves as Business Development/Legal Leader for the Company. Prior to joining Acxiom, he was employed for 19 years as an attorney in private practice with the Rose Law Firm in Little Rock, Arkansas, representing a broad range of business interests. Mr. Jones holds a degree in public administration and a law degree from the University of Arkansas.

Mr. Stalnaker currently serves as Acxiom's Financial Operations Leader. He joined the Company in 1995 and during his tenure has served in a number of roles in the financial organization. Mr. Stalnaker served from 1998-2002 as the financial leader of Acxiom's largest operating organization while also serving in a business development role for several key clients. Prior to joining Acxiom, he was employed by the Arkansas Public Service Commission as a senior financial analyst. Prior to that, Mr. Stalnaker worked for a regional public accounting firm located in Little Rock, Arkansas. He is a Certified Public Accountant and holds a degree in business administration in accounting from the University of Central Arkansas.

Mr. Williams joined Acxiom in 1989. He currently serves as Company Sales Leader. Prior to joining Acxiom, he held a number of positions within the information services and financial services industries, including Computer Associates International. Prior to that, he was a systems engineer for IBM. Mr. Williams holds a degree in management from the University of Arkansas at Little Rock and is a graduate of the SMU Intermediate Banking School and the Stonier Graduate School of Bank Management. He also served four years in the United States Air Force.

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 outstanding shares of Acxiom's Common Stock are listed and traded on the NASDAQ National Market and trade under the symbol ACXM. The following table reflects the range of high and low closing prices of Acxiom's Common Stock as reported by Dow Jones & Company, Inc. for each quarter in fiscal 2003 and 2002.

Fiscal 2003	High	Low
Fourth quarter	16.97	14.06
Third quarter	15.50	12.25
Second quarter	19.38	12.67
First quarter	17.78	14.90

Fiscal 2002	High	Low
Fourth quarter	19.15	12.85
Third quarter	18.05	9.32
Second quarter	13.50	7.85
First quarter	19.87	10.89

As of June 4, 2003, the approximate number of stockholders of record was 2,330.

While Acxiom has never paid cash dividends on its Common Stock, the Board of Directors may consider doing so in the future if our cash flow remains strong and if tax laws are favorable. If dividends are not paid, we will continue to retain earnings for use within our business.

The equity plan compensation information required by this Item appears under the heading "Equity Compensation Plan Information" in Acxiom's 2003 Proxy Statement, which information is incorporated herein by reference.

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Item 6. Selected Financial Data

For information pertaining to Selected Financial Data of Acxiom, refer to page F-2 of the Financial Supplement, which is attached hereto.

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

The information required by this Item appears in the Financial Supplement at pp. F-3 - F-29, which is attached hereto.

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 during the next four quarters than during the previous four quarters, 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 instruments have fixed rates. At March 31, 2003, 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 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 instruments to hedge the effects of adverse fluctuations in foreign currency exchange rates.

Item 8. Financial Statements and Supplementary Data

The Financial Statements required by this Item appear in the Financial Supplement at pp. F-32 - F-69 , which is attached hereto.

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

On May 15, 2002, the Audit Committee of the Board of Directors approved the engagement of KPMG LLP as the independent auditors for Acxiom. On May 16, 2002, KPMG LLP replaced Acxiom's former independent auditors, Arthur Andersen LLP.

During the two fiscal years ended March 31, 2002 and 2001 and the subsequent interim period through May 16, 2002, there were no disagreements with Arthur Andersen LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements if not resolved to its satisfaction would have caused it to make reference in connection with its report to the subject matter of the disagreement. The independent auditors' report of Arthur Andersen LLP on the consolidated financial statements of Acxiom Corporation and subsidiaries as of and for the years ended March 31, 2002 and 2001 did not contain any adverse opinion or disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope, or accounting principles.

During the two fiscal years ended March 31, 2002 and 2001, and the subsequent interim period through May 16, 2002, KPMG LLP was not consulted by Acxiom, or by anyone on Acxiom's behalf, regarding either the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on Acxiom's financial statements.

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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" 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 2003 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 2003 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 2003 Proxy Statement, which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

The information required by this Item appears under the heading "Certain Transactions" in Acxiom's 2003 Proxy Statement, which information is incorporated herein by reference.

Item 14. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As required under the Sarbanes-Oxley Act of 2002, within the 90 days prior to the date of this report, Acxiom carried out an evaluation, under the supervision and with the participation of its management, including the Registrant's Company Leader (Chief Executive Officer) and its Company Financial Operations Leader (Chief Financial Officer), of the effectiveness of the design and operation of its "disclosure controls and procedures," which are defined under SEC rules as controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within required time periods. Based upon that evaluation, Acxiom's Company Leader and its Company Financial Operations Leader concluded that the Company's disclosure controls and procedures were effective.

(b) Changes in Internal Controls

There were no significant changes in Acxiom's internal controls or other factors that could significantly affect the controls subsequent to the date of their evaluation.

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PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

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

Financial Statements.

The following consolidated financial statements of the registrant and its subsidiaries included in the Financial Supplement and the Independent Auditors' Reports thereof are attached hereto. Page references are to page numbers in the Financial Supplement.

	Page
Reports of Independent Auditors	F-30 - F-31
Consolidated Balance Sheets as of March 31, 2003 and 2002	F-32
Consolidated Statements of Operations for the years ended March 31, 2003, 2002 and 2001	F-33
Consolidated Statements of Stockholders' Equity and Comprehensive Income for the years ended March 31, 2003, 2002 and 2001	F-34
Consolidated Statements of Cash Flows for the years ended March 31, 2003, 2002 and 2001	F-35 - F-36
Notes to the Consolidated Financial Statements	F-37 - F-69

Financial Statement Schedules.

All 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.

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)

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- 4(b) Indenture dated as of February 6, 2002 between Acxiom Corporation and U.S. Bank National Association, as trustee, with Form of Security attached as Exhibit "A" for the 3.75% Convertible Subordinated Notes due 2009 of Acxiom Corporation (previously filed as Exhibit 4 to Acxiom's Quarterly Report on Form 10-Q for the quarter ended December 31, 2001, Commission File No. 0-13163, and incorporated herein by reference)
- 10(a) Data Center Management Agreement dated July 27, 1992 between Acxiom and TransUnion Corporation (previously filed as Exhibit A to Schedule 13-D of TransUnion 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) 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(d) Amended and Restated Key Associate Stock Option Plan of Acxiom Corporation (previously filed as Exhibit 10(e) to Acxiom's Annual Report on Form 10-K for the fiscal year ended March 31, 2000, Commission File No. 0-13163, and incorporated herein by reference)
- 10(e) Amended and Restated 2000 Associate Stock Option Plan of Acxiom Corporation
- 10(f) 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(g) Acxiom Corporation Leadership Compensation Plan
- 10(h) 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(i) General Electric Capital Corporation Master Lease Agreement, dated as of September 30, 1999 (previously filed as Exhibit 10(m) to Acxiom's Annual Report on Form 10-K for the fiscal year ended March 31, 2001, Commission File No. 0-13163, and incorporated herein by reference)
- 10(j) Amendment to General Electric Capital Corporation Master Lease Agreement dated as of December 6, 2002
- 10(k) Second Amended and Restated Credit Agreement dated as of February 5, 2003 (previously filed as Exhibit 10(a) to Acxiom's Quarterly Report on Form 10-Q for the quarter ended December 31, 2002, Commission File No. 0-13163, and incorporated herein by reference)
- 10(l) Assignment of Head Lease dated as of February 10, 2003, by and between Wells Fargo Bank Northwest, National Association, as Owner Trustee under the AC Trust 2001-1 ("Assignor") and the Company, assigning all of Assignor's rights, title and interest in that certain Head Lease Agreement dated as of May 1, 2000, between the City of Little Rock, AR and Assignor, each relating to the lease of an office building in downtown Little Rock which was previously financed pursuant to a terminated synthetic real estate facility (Assignment and Head Lease attached)

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- 10(m) Form of Executive Security Agreement dated as of August 23, 2001, between Acxiom and the executive officers listed pursuant to Part III, Item 10 above (previously filed as Exhibit 10(g) to Acxiom's Annual Report on Form 10-K for the fiscal year ended March 31, 2002, Commission File No. 0-13163, and incorporated herein by reference)
- 21 Subsidiaries of Acxiom
- 23 Consent of KPMG LLP
- 24 Powers of Attorney
- 99.1 Certification of Company Leader (principal executive officer) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 99.2 Certification of Company Financial Operations Leader (principal financial officer) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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

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

(b) Reports on Form 8-K.

None

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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 9, 2003

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

General Wesley K. Clark* General Wesley K. Clark	Director	June 9, 2003
Dr. Ann Hayes Die* Dr. Ann Hayes Die	Director	June 9, 2003
William T. Dillard II* William T. Dillard II	Director	June 9, 2003
Harry C. Gambill* Harry C. Gambill	Director	June 9, 2003
William J. Henderson* William J. Henderson	Director	June 9, 2003
Rodger S. Kline* Rodger S. Kline	Company Operations Leader and Director	June 9, 2003
Thomas F. McLarty, III* Thomas F. McLarty, III	Director	June 9, 2003
Charles D. Morgan* Charles D. Morgan	Chairman of the Board and Company Leader (Principal executive officer)	June 9, 2003
Stephen M. Patterson* Stephen M. Patterson	Director	June 9, 2003
Jefferson D. Stalnaker* Jefferson D. Stalnaker	Company Financial Operations Leader (Principal financial and accounting officer)	June 9, 2003
James T. Womble* James T. Womble	Client Services Leader and Director	June 9, 2003

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

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ACXIOM CORPORATION AND SUBSIDIARIES

CERTIFICATION

I, Charles D. Morgan, certify that:

- I have reviewed this annual report on Form 10-K of Acxiom Corporation;
- Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
- Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of and for the periods presented in this annual report;
- The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
 - presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
- The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
- The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: June 9, 2003

By: /s/ Charles D. Morgan
(Signature)
Charles D. Morgan
Company Leader
(principal executive officer)

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ACXIOM CORPORATION AND SUBSIDIARIES

CERTIFICATION

I, Jefferson D. Stalnaker, certify that:

- I have reviewed this annual report on Form 10-K of Acxiom Corporation;
- Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
- Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of and for the periods presented in this annual report;
- The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

- b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
- c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors:
- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: June 9, 2003

By: /s/ Jefferson D. Stalnaker
(Signature)
Jefferson D. Stalnaker
Company Financial Operations Leader
(principal financial and accounting officer)

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ACXIOM CORPORATION

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FOR THE YEAR ENDED MARCH 31, 2003

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F-1

SELECTED FINANCIAL DATA
(In thousands, except per share data)

Years ended March 31,	2003	2002	2001	2000	1999
Earnings Statement Data:					
Revenue	\$ 958,222	866,110	1,009,887	964,460	754,057
Net earnings (loss) before extraordinary item and cumulative effect of change in accounting principle	\$ 21,767	(30,693)	43,867	90,363	(15,142)
Extraordinary item	\$ -	(1,271)	-	-	-
Cumulative effect of change in accounting Principle	\$ -	-	(37,488)	-	-
Net earnings (loss)	\$ 21,767	(31,964)	6,379	90,363	(15,142)
Basic earnings (loss) per share:					
Earnings (loss) before extraordinary item and cumulative effect of change in accounting principle	\$ 0.25	(0.35)	0.50	1.06	(0.19)
Extraordinary item	\$ -	(0.01)	-	-	-
Cumulative effect of change in accounting principle	\$ -	-	(0.43)	-	-
Net earnings (loss)	\$ 0.25	(0.36)	0.07	1.06	(0.19)
Diluted earnings (loss) per share:					
Earnings (loss) before extraordinary item and cumulative effect of change in accounting principle	\$ 0.24	(0.35)	0.47	1.00	(0.19)
Extraordinary item	\$ -	(0.01)	-	-	-
Cumulative effect of change in accounting principle	\$ -	-	(0.40)	-	-
Net earnings (loss)	\$ 0.24	(0.36)	0.07	1.00	(0.19)
Pro Forma Earnings Statement Data, assuming accounting change is applied retroactively:					
Revenue	\$ 958,222	866,110	1,009,887	901,925	741,124
Net earnings (loss) before extraordinary item	\$ 21,767	(30,693)	43,867	60,038	(22,305)

Basic earnings (loss) per share before extraordinary item	\$ 0.25	(0.35)	0.50	0.71	(0.29)
Diluted earnings (loss) per share before extraordinary item	\$ 0.24	(0.35)	0.47	0.67	(0.29)

March 31,	2003	2002	2001	2000	1999
Balance Sheet Data:					
Current assets	\$ 289,115	360,225	352,447	340,046	301,999
Current liabilities	\$ 171,665	177,670	214,320	180,008	167,915
Total assets	\$ 1,093,246	1,156,834	1,232,725	1,105,296	889,800
Long-term debt, excluding current installments	\$ 289,677	396,850	369,172	289,234	325,223
Stockholders' equity	\$ 562,556	510,931	616,448	587,730	357,773

F-2

Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction and Executive Summary

Acxiom Corporation ("Acxiom" or "the Company") integrates data, services and technology to create and deliver customer and information management solutions for many of the largest, most respected companies in the world. The core components of Acxiom's innovative solutions are customer data integration technology, data, database services, information technology ("IT") outsourcing, consulting and analytics, and privacy leadership. Founded in 1969, Acxiom is headquartered in Little Rock, Arkansas, with locations throughout the United States ("U.S.") and in the United Kingdom ("U.K."), France, Australia and Japan.

The Company manages its operations through three operating segments: Services, Data and Software Products, and IT Management. 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. The Data and Software Products segment provides data content and software primarily in support of the Services segment clients' direct marketing activities. The IT Management segment reflects outsourcing services primarily in the areas of data center, client/server and network management.

Highlights of the most recently completed fiscal year are identified below.

- o Revenue increased 11% to \$958 million in fiscal 2003;
- o New contracts signed in fiscal 2003 are expected to contribute annual revenue of \$96 million and contract renewals are expected to generate \$137 million in annual revenue;
- o The Company reported record operating cash flow of \$254 million and free cash flow (as defined under "Capital Resources and Liquidity" below) of \$199 million for fiscal 2003;
- o Effective February 10, 2003, the Company amended and restated its revolving credit agreement and, using available cash and borrowings under this agreement, repaid \$64.2 million of term notes and paid \$45.8 million to terminate its off-balance sheet real estate synthetic lease arrangement (see notes 8 and 10 to the consolidated financial statements);
- o Effective November 14, 2002, the Company announced a common stock repurchase program. As of March 31, 2003, the Company had repurchased 1.8 million shares of its common stock for an aggregate purchase price of \$26.7 million; and
- o As a result of continued declines in the value of certain investments, as well as the impairment of certain software and non-strategic operations, the Company recorded a pretax charge to earnings of \$43.1 million during fiscal 2003 (see notes 1 and 2 to the consolidated financial statements).

The highlights above are intended to identify to the reader some of the more significant events and transactions of the Company during the fiscal year ended March 31, 2003. However, these highlights are not intended to be a full discussion of the Company's 2003 fiscal year. These highlights should be read in conjunction with the following discussion of Results of Operations and Capital Resources and Liquidity and with the Company's consolidated financial statements and footnotes included in Item 8 of this report.

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Results of Operations

A summary of select financial information for each of the years in the three-year period ended March 31, 2003 is presented below (dollars in millions, except per share amounts):

	2003	2002	2001	2003 to 2002	2002 to 2001
Revenue	\$ 958.2	\$ 866.1	\$ 1,009.9	+ 11 %	- 14 %
Income (loss) from operations	55.1	(18.7)	101.6	+ 394 %	- 118 %
Diluted earnings (loss) per share:					
Earnings (loss) before extraordinary items and cumulative effect of change in accounting principle	0.24	(0.35)	0.47	+ 169 %	- 174 %
Net earnings (loss)	0.24	\$ (0.36)	0.07	+ 167 %	- 614 %

Revenues

At March 31, 2003, approximately 80% of the Company's consolidated revenue is from clients who have long-term contracts (defined as contracts with initial terms of two years or more) with the Company. These revenues include all revenue from clients for which there is a long-term contract that covers some portion of that client's revenue. However, this does not mean that revenue from such contracts is necessarily "fixed" or guaranteed, as portions of revenue from clients who have long-term contracts, as well as substantially all of the revenue from clients which are not under long-term contract, is variable or project-related. In addition to tracking revenue under long-term contracts, the Company has also identified and tracks its revenue by major industries that include financial services, insurance, retail, automotive, governmental, travel and hospitality, telecommunications, technology, healthcare and other miscellaneous industries.

For the fiscal year ended March 31, 2003, the Company's revenue was \$958.2 million, compared to revenue of \$866.1 million in fiscal 2002, reflecting an increase of \$92.1 million. This increase is primarily attributable to an increase in revenue from clients in the financial services industry of approximately \$76 million (or approximately 28%). Additionally, acquisitions made during the current year increased fiscal 2003 revenue by \$15.1 million. New contracts signed in fiscal 2003 are expected to contribute annual revenue of \$96 million and contract renewals during 2003 are expected to generate \$137 million in annual revenue. Revenue for fiscal 2002 decreased \$143.8 million over fiscal 2001 revenue of \$1,009.9 million. This decline in revenue is attributable to an economic slowdown during fiscal 2002, along with the following factors:

- o a decline in revenue from operations divested in fiscal 2002 of \$19.6 million;
- o the loss of \$20.1 million of revenue from the Montgomery Ward ("Wards") bankruptcy filing discussed below; and
- o \$83.9 million as a result of the change in AbiliTec software revenue recognition as discussed in

The following table shows the Company's revenue by business segment for each of the years in the three-year period ended March 31, 2003 (dollars in millions):

	2003	2002	2001	2003 to 2002	2002 to 2001
Services	\$ 718.9	\$ 645.7	\$ 786.5	+ 11 %	- 18 %
Data and Software Products	173.0	162.6	228.7	+ 6	- 29
IT Management	241.1	220.7	223.4	+ 9	- 1
Intercompany eliminations	(174.8)	(162.9)	(228.7)	+ 7	- 29
	\$ 958.2	\$ 866.1	\$ 1,009.9	+ 11 %	- 14 %

Services segment revenue for fiscal 2003 increased \$73.1 million over the prior year. This increase in revenue reflects an increase in revenue from clients in the financial services industry of approximately \$76 million. The Company had seen moderate recovery of variable or project-related revenue during the first three quarters of fiscal 2003. However, during the fourth quarter of fiscal 2003, the Company experienced significant drops in its variable or project revenue due to the sluggish economy and the war in Iraq. Segment revenue for fiscal 2002 decreased by \$140.8 million from fiscal 2001. This decrease is primarily attributable to a decline in revenue from operations divested in fiscal 2002 of \$19.6 million and a decline of \$75.2 million related to the change in AbiliTec software revenue recognition.

Data and Software Products segment revenue during fiscal 2003 increased \$10.4 million over fiscal 2002 revenue. The increase in segment revenue as compared to fiscal 2002 is primarily attributable to growth of \$24.9 million in software products, which includes AbiliTec-enabled products and new reference and analytics products, partially offset by declines of \$14.5 million in list, telephony and enhancement data products. Data and Software Products segment revenue decreased \$66.2 million in fiscal 2002 from fiscal 2001. This decrease in segment revenue is primarily attributable to a decrease of \$83.9 million related to the change in AbiliTec software revenue recognition. These declines are offset by increases in revenue of \$17.7 million primarily attributable to increased revenue from analytics, list, reference and e-mail products.

IT Management segment revenue in fiscal 2003 increased \$20.4 million over fiscal 2002. The increase in segment revenue is primarily attributable to approximately \$30 million of revenue during fiscal 2003 from outsourcing contracts signed by new clients during the year and from growth of existing outsourcing contracts. This segment's revenue decreased \$2.7 million in fiscal 2002 as compared to fiscal 2001. This decrease in fiscal 2002 is attributable to a decline in revenue from Wards of \$19.1 million and a decline of approximately \$5.6 million in AbiliTec software revenue, offset by an increase of approximately \$39 million of revenue from both new outsourcing clients added in fiscal 2002 and growth of existing outsourcing contracts. Terminations and reductions of service levels of outsourcing client contracts account for the remaining revenue fluctuations during both fiscal 2003 and 2002.

Certain revenue, including all data and software product revenue and certain IT management revenue, is reported both as revenue in the segment which owns the client relationship (primarily the Services segment) as well as the segment which owns the product development, maintenance, sales support, etc. These duplicate revenues, which are eliminated in consolidation, increased \$11.9 million in 2003 after decreasing \$65.8 million in 2002. The increase in the intercompany elimination in 2003 primarily reflects increases in data and software product revenue, as discussed above, recorded through the Services segment. The decrease in this intercompany revenue in 2002 as compared to 2001 reflects a decrease in data and software segment revenue from the change in AbiliTec software revenue recognition of \$80.7 million, offset by increases in data and software product revenue recorded through the Services segment.

Operating Expenses

The following table presents the Company's operating expenses for each of the years in the three-year period ended March 31, 2003 (dollars in millions):

	2003	2002	2001	2003 to 2002	2002 to 2001
Salaries and benefits	\$ 316.3	\$ 325.1	\$ 363.5	- 3 %	- 11 %
Computer, communications and other equipment	296.6	245.2	186.0	+ 21	+ 32
Data costs	116.1	115.4	112.0	+ 1	+ 3
Other operating costs and expenses	179.2	153.6	211.5	+ 17	- 27
Gains, losses and nonrecurring items, net	(5.0)	45.5	35.3	- 111	+ 29
Total operating expenses	\$ 903.2	\$ 884.8	\$ 908.3	+ 2 %	- 3 %

Salaries and benefits for the Company decreased \$8.8 million from fiscal 2002 to fiscal 2003. Salaries and benefits for fiscal 2003 include \$6.5 million of costs related to current year acquisitions while fiscal 2002 includes costs of \$12 million incurred for operations prior to their divestiture. In connection with the restructuring plan ("Restructuring Plan") entered into in June 2002, as discussed below, certain mandatory and voluntary salary reductions were put into place effective April 2001. The Company's associates received stock options to offset these mandatory and voluntary salary reductions. The voluntary portion of the salary reduction was reinstated on April 1, 2002, one-half of the mandatory portion of the salary reduction was reinstated August 1, 2002, and the remaining portion of the mandatory salary reduction was reinstated on November 1, 2002. The net impact of reinstatement of the voluntary and mandatory salary reductions was approximately \$17 million during fiscal 2003. This increase in costs for the pay reinstatements was offset by a reduction in average full-time equivalents ("FTEs") in fiscal 2003 (5,064 average FTEs) as compared to fiscal 2002 (5,406 average FTEs) and by a decline in the Company's accrual for associate "at-risk" compensation of \$4.1 million. Salaries and benefits decreased \$38.3 million from fiscal 2001 to fiscal 2002. Fiscal 2001 includes \$26.6 million related to costs incurred for operations divested during fiscal 2002, costs incurred related to Wards of \$6.5 million and other costs that did not recur of \$1.8 million. The remaining decrease of \$15.4 million is primarily attributable to the work force reductions that were a component of the Restructuring Plan previously discussed and the mandatory and voluntary salary reductions effective April 2001. Average FTEs for fiscal 2001 was 5,838.

Computer, communications and other equipment costs increased \$51.5 million in fiscal 2003 over the prior year. Computer, communications and other equipment costs for fiscal 2003 include \$4.4 million of costs associated with current year acquisitions and \$29.8 million of impairment charges on certain software and long-lived assets, as discussed below. Included in these costs for fiscal 2002 are \$21.4 million of impairment charges on certain software and long-lived assets and \$2.2 million of depreciation and amortization associated with operations that were disposed of during fiscal 2002. The remaining increase of \$40.9 million in fiscal 2003 primarily reflects increases in leased computer equipment year-over-year of \$7.1 million as a result of the Company's decision to generally lease equipment that is required to support clients and increases in software amortization expense year-over-year of \$13.0 million for internally developed and purchased software. Computer, communications and other equipment increased \$59.2 million from fiscal 2001 to fiscal 2002. Included in fiscal 2001 were \$9.1 million of costs related to Wards and \$1.9 million of costs related to operations divested during fiscal 2002. The remainder of the increase of \$46.6 million in fiscal 2002 primarily reflects increases in leased computer equipment year-over-year of \$31.9 million.

During the fourth quarter of fiscal 2003, management determined that certain of its software and long-lived assets were impaired. Included in the impairment of software was \$10.2 million related to campaign management software that was primarily purchased from Exchange Applications, a software vendor that ceased operations during the Company's fourth quarter. This software was evaluated for impairment under the provisions of Statement of Financial Accounting Standards ("SFAS") No. 86, "Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed." Additionally, the Company determined that certain other products and long-lived

assets related to operations that have been de-emphasized and are no longer strategic were impaired. These included certain data center and print operations, long-lived assets associated with unprofitable business operations and certain databases that have been abandoned or have been replaced with new products. The total write-down of these products and operations was \$20.4 million, which was determined in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Management estimates that depreciation and amortization that will not be incurred for fiscal 2004 on these assets as a result of these impairment charges is approximately \$10 million.

Data costs for fiscal 2003 increased \$0.6 million from fiscal 2002 after increasing \$3.4 million from fiscal 2001. Data costs are primarily comprised of the cost of data to support the revenue from Allstate Insurance Company ("Allstate"), as well as fixed and royalty-based data that are used in the Company's InfoBase products. The cost of Allstate data was approximately \$62.2 million in fiscal 2003, as compared to approximately \$68.6 million in fiscal 2002 and approximately \$71.3 million in fiscal 2001. This decline in Allstate data costs has been the result of changes in Allstate's data requirements. With respect to the fixed and royalty-based data, the increase from fiscal 2002 to fiscal 2003 of \$7.0 million is primarily comprised of increases in the price of data, whereas the increase from fiscal 2001 to fiscal 2002 of \$6.1 million is attributed to increases in both the price of the data and the quantity of data purchased.

Other operating costs and expenses increased \$25.6 million in fiscal 2003 as compared to fiscal 2002. Included in other operating expenses in 2003 are costs associated with current year acquisitions of \$6.7 million, impairment charges of \$0.8 million on certain long-lived assets (primarily facilities and leasehold improvements) and \$3.7 million of additional bad debt expense as a result of restructuring a long-term note receivable from the sale of an operation in previous years. Included in these costs in fiscal 2002 was \$3.5 million related primarily to impairment charges incurred as a result of the Restructuring Plan and approximately \$6.4 million of costs incurred by operations disposed of during fiscal 2002. The remaining increase in these costs of \$24.4 million is primarily the result of increases in postage and other mailing expenses of \$10.9 million incurred on client projects and costs of equipment sales of \$9.0 million. Other operating costs and expenses for fiscal 2002 decreased \$57.9 million from fiscal 2001. Included in these costs for fiscal 2001 were \$12.1 million of costs associated with operations divested in fiscal 2002, \$8.9 million of goodwill amortization and \$1.2 million of costs associated with Wards. The remaining decrease in these costs from fiscal 2001 to fiscal 2002 of \$45.5 million is due to the focused efforts by management to reduce the Company's cost structure, including travel and entertainment expenses (down \$12.0 million), office supplies (down \$8.2 million) and advertising expenses (down \$9.3 million).

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Gains, losses and nonrecurring items for each of the years presented are as follows (in millions):

	2003	2002	2001
Gain (loss) on divestitures	\$ 0.4	\$ (0.9)	\$ 16.1
Over-attainment accrual and adjustments	4.1	-	(6.3)
Restructuring Plan charges and adjustments	(0.8)	(44.6)	-
Wards charges and adjustments	1.3	-	(34.6)
Software write-down	-	-	(7.6)
Other	-	-	(2.9)
Gains, losses and nonrecurring items, net	\$ 5.0	\$ (45.5)	\$ (35.3)

Included in fiscal 2003 was the reversal in the second quarter of \$4.1 million for an "over-attainment" accrual discussed below (see note 2 to the consolidated financial statements), a recovery of \$0.5 million received from the Wards bankruptcy trustee during the third quarter as discussed below (see note 2 to the consolidated financial statements), \$0.4 million of net gains from operations divested in 2003 as discussed below (see note 4 to the consolidated financial statements), and an adjustment that resulted in an increase in the Restructuring Plan accrual and a decrease in the Wards accrual of \$0.8 million.

During the first quarter of fiscal 2001, the compensation committee ("the Committee") of the Company committed to pay in cash \$6.3 million of over-attainment incentive ("Incentive") that was attributable to results of operations in prior years. This Incentive was to be paid in excess of the Company's normal at-risk incentive pay due to over-achievement of targets. In accordance with the Company's Incentive plan, the amount accrued was to be paid over a three-year period, assuming continued performance of the Company. During the second quarter of fiscal 2002, the Company paid, and recorded as a reduction of the accrual, \$2.2 million of the Incentive. During the second quarter of fiscal 2003, the Committee discontinued the Incentive and determined that the remaining accrual would not be paid under the Incentive plan based on recent operating results. Accordingly, the remaining accrual of \$4.1 million was reversed through gains, losses and nonrecurring items.

Fiscal 2002 included a \$45.3 million charge related to the Restructuring Plan discussed below, a net loss on the disposal of certain operations of \$0.9 million discussed below, and an adjustment of \$0.7 million during the fourth quarter to the Restructuring Plan accrual.

On June 25, 2001, the Company announced the Restructuring Plan in reaction to the continued economic slowdown and the related revenue impact. The Restructuring Plan included a seven percent workforce reduction; the sale-leaseback of certain computer equipment; and certain other asset impairments, adjustments and accruals (see note 2 to the consolidated financial statements). The aggregate amount of these Restructuring Plan charges recorded by the Company totaled \$45.3 million and consisted of a \$31.2 million loss on the sale-leaseback of computer equipment; \$8.3 million in associate-related reserves, principally employment contract termination and severance costs; \$3.6 million for lease and contract termination costs and \$2.2 million for abandoned or otherwise impaired assets and transaction costs to be paid to accountants and attorneys. The Company also recorded charges of \$25.8 million on certain other assets that are no longer in service or were otherwise deemed impaired and incurred \$18.4 million of costs and expenses during the first quarter of fiscal 2002 that did not recur as a result of the Restructuring Plan.

The associate-related charges include payments to be made under existing employment agreements with four terminated associates and involuntary termination benefits to 450 associates whose positions were eliminated. The contract termination costs consist primarily of lease terminations that occurred during the first quarter of fiscal 2002 in an effort to consolidate portions of the Company's operations and the termination of certain other contracts on or prior to June 30, 2001 for services no longer utilized by the Company. The transaction costs are fees that were incurred as a direct result of the workforce reductions, the sale-leaseback transaction, and

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certain other restructuring and cost-cutting measures put in place during the quarter ended June 30, 2001. Total amounts accrued in connection with this Restructuring Plan were \$10.7 million, of which \$1.7 million was paid out during fiscal 2003 and \$8.8 million was paid out during fiscal 2002. During the fourth quarters of fiscal 2003 and 2002, the Company revised its estimates of the remaining accrual associated with the Restructuring Plan. As a result, the Company increased the impairment accrual by \$0.8 million in the fourth quarter of 2003 and reduced the impairment accrual by \$0.7 million in the fourth quarter of 2002.

During 2002, the Company sold three of its business operations. During fiscal 2003, the Company completed the sale of the remaining portion of one of these operations sold during fiscal 2002 and sold an additional operation (see note 4 to the consolidated financial statements for more detail). The Company recorded a net loss of \$0.9 million in fiscal 2002 and a net gain of \$0.4 million in fiscal 2003 related to these dispositions.

During fiscal 2001, the Company recorded charges of \$34.6 million related to the bankruptcy of Wards, consisting of approximately \$8.1 million for the write-down of property and equipment; \$13.7 million of deferred contract costs; \$5.3 million of pre-petition receivables; \$3.5 million for the write-down of software; \$2.3 million in ongoing contract costs and \$1.7 million of other accruals. Also included in fiscal 2001 was a \$39.7 million gain on the sale of the DataQuick operation in April 2000, a \$3.2 million loss on the sale of the CIMS business unit, a \$20.4 million write-down of the Company's remaining interest in the DMI operation, a \$7.6 million write-down of campaign management software, a \$6.3 million accrual to fund "over-attainment" incentives and \$2.9 million in additional write-offs. See note 4 to the consolidated financial statements for additional information regarding these items.

Other Income (Expense), Income Taxes and Other Items

Interest expense for fiscal 2003 decreased \$6.8 million from fiscal 2002, reflecting significantly lower average debt levels this year coupled with lower interest rates on outstanding debt. During fiscal 2002, the Company had significantly higher average balances in the revolving credit facility, particularly during the first and second quarters of fiscal 2002. Additionally, the interest rates on all of the Company's variable rate debt declined during fiscal 2003. Interest expense increased \$2.0 million from fiscal 2001 to 2002. This increase was the result of higher average debt levels during fiscal 2002, including larger balances on the Company's revolving

credit facility, the conversion of the equity forward contracts to a term note, and the issuance of \$175 million of new convertible notes during the fourth quarter of 2002. The increase in interest expense from fiscal 2001 to fiscal 2002 was partially offset by declines in the interest rates on the Company's variable rate debt. The Company's weighted-average interest rate on long-term debt was 4.8% at March 31, 2003 and 5.1% at March 31, 2002.

Other, net for fiscal 2003 includes the write-down on marketable and non-marketable investments of \$8.8 million, as compared to write-downs of \$1.1 million in fiscal 2002 and \$6.5 million, net of realized gains, in fiscal 2001. These write-downs are the result of the determination by management that certain of the Company's investments are other than temporarily impaired. In making the assessment as to whether a decline in value of an investment is "other than temporary", the Company looks for a decline in value below its cost basis for a sustained period of time, generally six to nine months. In addition, management looks at all other available information, including the business plan and current financial condition of each investee. Other, net also includes equity in losses on joint ventures of \$0.4 million in 2003, \$6.7 million in fiscal 2002 and \$4.0 million in 2001 and interest income on notes receivable of \$4.3 million in fiscal 2003, \$6.9 million in fiscal 2002 and \$5.0 million in fiscal 2001.

The Company's effective tax rate was 22.5% in fiscal 2003, compared to 39.3% in fiscal 2002 and 38.5% in 2001. Included in income taxes for fiscal 2003 was a one-time adjustment to decrease tax expense by \$1.8 million for the benefit of state income tax loss carryforwards in excess of amounts previously considered in the Company's estimate of its income tax assets and liabilities. This was primarily the result of changes in state income

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apportionment factors. Additionally, the Company recorded a favorable adjustment for research and experimentation credits of \$1.0 million in excess of amounts estimated at March 31, 2002. In fiscal 2002 and 2001, the effective rate exceeded the U.S. statutory rate because of state income taxes, partially offset by research and experimentation and other tax credits.

The Company is regularly audited by federal and state tax authorities, which, from time to time, results in proposed assessments and/or adjustments to certain of the Company's tax positions. As a result of certain tax deductions and exclusions taken by the Company in recent years for which no specific or clear guidance is included in the Internal Revenue Code and the possibility that the Company's position with respect to these deductions and/or exclusions could be challenged and disallowed by tax authorities, the Company has established a deferred tax liability to cover its potential exposure.

In connection with the retirement of certain debt facilities from the proceeds of the convertible note offering in fiscal 2002, the Company recorded a charge for previously deferred debt issuance costs and for certain premiums paid in connection with this retirement of \$1.3 million, net of related income tax benefit. This charge is reflected as an extraordinary item in the accompanying consolidated statement of operations in accordance with SFAS No. 4, "Reporting Gains and Losses from the Extinguishment of Debt." Additionally, the Company implemented SEC Staff Accounting Bulletin ("SAB") 101 during fiscal 2001, retroactive to April 1, 2000. The cumulative effect of this change in accounting principle, net of related income tax benefit, was \$37.5 million in that year.

Capital Resources and Liquidity

Working Capital and Cash Flow

Working capital at March 31, 2003 totaled \$117.5 million, compared to \$182.6 million at March 31, 2002. This decline of \$65.1 million is primarily the result of a decline in refundable income taxes of \$39.1 million and declines in various prepaids and other current assets. Cash provided by operating activities was \$253.8 million in fiscal 2003, as compared to \$150.6 million for fiscal 2002 and \$48.1 million for fiscal 2001. Net changes in operating assets and liabilities increased fiscal 2003 operating cash flow by \$54.4 million, primarily as a result of approximately \$40 million of refunds of federal income taxes received in June 2002 and net collections of notes receivable of approximately \$35 million. Net changes in operating assets and liabilities reduced fiscal 2002 and fiscal 2001 operating cash flow by \$19.1 million and \$146.2 million, respectively. The decrease in fiscal 2002 is due to a significant decrease in accounts payable, \$12.3 million of payments for restructuring and impairment accruals and an accrual for the refundable income taxes. The decrease in fiscal 2001 is primarily the result of increases in unbilled and notes receivable, net of payments, of \$83.5 million. Depreciation and amortization of \$154.9 million in fiscal 2003 includes \$30.6 million of charges related to the impairment of software and long-lived assets discussed above. Depreciation and amortization of \$123.4 million in fiscal 2002 included \$17.1 million of impairment charges related to the Restructuring Plan, as discussed above.

Accounts receivable days sales outstanding ("DSO") was 71 days at March 31, 2003, 74 days at March 31, 2002 and 72 days at March 31, 2001, and is calculated as follows (dollars in thousands):

	2003	2002	2001
Numerator - trade accounts receivable, net	\$ 189,694	\$ 185,579	\$ 196,107
Denominator:			
Fourth quarter revenue	239,459	225,325	243,704
Number of days in fourth quarter	90	90	90
Average daily revenue	\$ 2,661	\$ 2,504	\$ 2,708
Days sales outstanding	71	74	72

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DSO previously reported at March 31, 2002 and 2001 was subject to certain revenue and accounts receivable adjustments. The DSO reported above for those prior years has been restated to reflect the change in the DSO calculation to the above methodology.

Investing activities used \$69.0 million in fiscal 2003, compared to \$85.0 million in 2002 and \$115.6 million in 2001. Investing activities in 2003 included capitalized software development costs of \$34.6 million, compared to \$24.1 million in 2002 and \$36.6 million in 2001. Capital expenditures were \$13.2 million in 2003, compared to \$14.9 million in 2002 and \$61.9 in 2001. Cost deferrals were \$15.0 million in 2003, compared to \$48.1 million in fiscal 2002 and \$49.6 million in 2001. Capitalized software costs increased in 2003 due to increased development of a standardized component architecture for delivery of the Company's products and services, while these costs decreased in 2002 compared to the previous year due to leveraging investments made in both equipment and software during recent years to develop the AbiliTec infrastructure. Capitalized software costs included \$10.5 million in fiscal 2003 related to development of this standardized component architecture and include approximately \$11 million in fiscal 2003, approximately \$9 million in fiscal 2002 and approximately \$25 million in fiscal 2001 related to AbiliTec products. The remainder of the capitalized software includes software tools and databases developed for clients in all three segments of the business. Capital expenditures, which are principally purchases of data center equipment to support the Company's outsourcing agreements, together with additional data center equipment in the Company's core data centers, are significantly less in fiscal 2003 and 2002 due to the Company's decision to generally lease equipment which is needed to support clients to better match cash inflows from client contracts and cash outflows. Additionally, the Company has invested heavily in fiscal 2001 and prior years to create the AbiliTec infrastructure now in place. Deferral of costs, which are primarily salaries and benefits and other direct and incremental third party costs incurred in connection with servicing client contracts, decreased significantly in 2003 due to deferral of approximately \$17 million of equipment costs in connection with two large services contracts entered into in fiscal 2002 that did not recur in fiscal 2003. The remaining decrease of approximately \$16 million is primarily due to declines in new outsourcing client contracts signed in fiscal 2003 that require significant amounts of up-front expenditures. The Company also defers revenue related to these transactions and amortizes both the deferred cost and the deferred revenue over the life of the related client service agreement. Cost deferrals decreased slightly from 2001 to 2002. The additional cost deferrals in fiscal 2002 of \$17 million discussed above were offset by declines in cost deferrals associated with new outsourcing clients.

Total spending on capitalized software and research and development expense was \$54.3 million in fiscal 2003 compared to \$41.9 million in fiscal 2002 and \$58.9 million in fiscal 2001. Research and development expense was \$19.7 million in fiscal 2003, \$17.8 million in fiscal 2002 and \$22.3 million in fiscal 2001. The Company's operations for fiscal 2001 were heavily impacted by investment in the AbiliTec software. The investment totaled approximately \$79 million for fiscal 2001, including \$25 million of capitalized software development, with the remaining \$54 million being expensed as advertising, training, sales and marketing, research and development and the AbiliTec infrastructure.

Investing activities also reflect net cash paid for acquisitions of \$14.1 million in fiscal 2003 as compared to \$5.3 million in fiscal 2002 and \$16.0 million in 2001. Proceeds from the dispositions of operations in fiscal 2003 were \$1.1 million. Proceeds from the disposition of operations in fiscal 2002 of \$9.2 million were

primarily from the sale of three of the Company's business operations, while fiscal 2001 includes cash proceeds of \$55.3 million attributed to the sale of DataQuick. Notes 3 and 4 to the consolidated financial statements discuss the acquisitions and dispositions in more detail.

Investing activities also reflect cash payments by the Company of \$1.2 million in fiscal 2003, \$7.9 million in fiscal 2002 and \$20.5 million in fiscal 2001 to fund investments in joint ventures and other companies. Investments made in the current year primarily include advances to the Company's Australian joint venture operations before the acquisition of the remaining 50% in June 2002. During fiscal 2002, the Company advanced

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\$4.4 million to the Company's joint venture in Australia and made a \$1.7 million investment in USADATA, Inc. In fiscal 2001, these advances include \$6.0 million to USADATA, Inc., \$5.0 million to the Company's joint venture investment with the American Medical Association, and various other investments in and advances to joint ventures and other investments. Investing activities in fiscal 2001 also include proceeds from the sale of certain marketable securities of \$8.9 million that had been received in exchange for one of the Company's previous investments.

With respect to certain of its investments in joint ventures and other companies, Acxiom has provided cash advances to fund losses and cash flow deficits. Although the Company has no commitment to continue to do so, it expects to continue funding such losses and deficits until such time as these investments become profitable. Acxiom may, at its discretion, discontinue providing financing to these investments during future periods. In the event that Acxiom ceases to provide funding and these investments have not achieved profitable operations, the Company may be required to record an impairment charge up to the amount of the carrying value of these investments (\$13.5 million at March 31, 2003). The Company recorded an impairment charge on certain of its investments of \$8.8 million during fiscal 2003. In the event that declines in the value of its investments continue, the Company may be required to record temporary and/or "other than temporary" impairment charges of its investments.

The Company also received proceeds of \$7.7 million in fiscal 2003 and \$6.0 million in fiscal 2002 from the sale and leaseback transaction discussed below. Additionally, proceeds from the sale of assets were \$0.3 million in fiscal 2003, \$0.2 million in fiscal 2002 and \$4.7 million in fiscal 2001.

On June 29, 2001, in connection with the Restructuring Plan, the Company entered into an agreement whereby it sold equipment with a net book value of \$50.7 million to Technology Investment Partners, LLC ("TIP") and recorded a loss on this sale of \$31.2 million. Simultaneous with the sale of this equipment, the Company agreed to lease the equipment under a capital lease from TIP for a period of thirty-six months. The Company received \$2.0 million of the sale proceeds from TIP during July 2001 and received an additional \$4.0 million of the sales proceeds during December 2001. On August 30, 2002, the Company amended its agreement with TIP whereby it reacquired from TIP certain equipment under the original sale and leaseback arrangement that had not previously been funded by TIP. Simultaneously with this transaction, the Company entered into an agreement with Merrill Lynch Capital ("MLC") whereby a portion of the repurchased equipment under the amended TIP agreement was sold to MLC for net sales proceeds of \$7.7 million. The agreement with MLC also provides a leaseback provision, accounted for as a capital lease by the Company, whereby the Company is obligated to lease the equipment from MLC for a period of thirty-six months. The Company did not record any gain or loss on the sale and leaseback transaction with MLC.

The Company has generated free cash flows of \$199.0 million in fiscal 2003, \$69.7 million in fiscal 2002 and \$(86.3) million in fiscal 2001, as shown below (in thousands):

	2003	2002	2001
Operating cash flow	\$ 253,793	\$ 150,605	\$ 48,101
Proceeds from the disposition of assets	293	173	4,715
Proceeds from the sale of marketable securities	-	-	8,918
Capitalized software development costs	(34,573)	(24,121)	(36,558)
Capital expenditures	(13,212)	(14,875)	(61,901)
Deferral of costs	(15,027)	(48,131)	(49,585)
Proceeds from sale and leaseback transactions	7,729	5,999	-
Free cash flow	\$ 199,003	\$ 69,650	\$ (86,310)

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Free cash flow is a non-generally accepted accounting principle ("GAAP") financial measure. A non-GAAP financial measure is defined as a numerical measure of the Company's financial performance, financial position or cash flow that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the Company's consolidated financial statements. Free cash flow is defined as operating cash flow less cash used by investing activities excluding the impact of investments in joint ventures and other business alliances and cash paid and/or received in acquisitions and dispositions. Management of the Company has included free cash flow in this filing because it believes that it provides investors with a useful alternative measure of operating performance by allowing an assessment of the amount of cash available for general corporate and strategic purposes after funding operating activities and capital expenditures, capitalized software expenses and deferred costs. The above table reconciles free cash flow to operating cash flow, the nearest comparable GAAP measure.

As a result of the federal tax losses incurred during fiscal 2002, the Company recovered refunds of approximately \$40 million of income tax payments previously made after the filing of its March 31, 2002 federal income tax returns, along with amended tax returns for certain years prior to 2002, significantly impacting the Company's fiscal 2003 free cash flow. Additionally, as a result of income tax operating loss carryforwards and credits, the Company did not pay any significant federal or state income taxes in fiscal 2003. The Company also does not expect to make substantial cash payments for income taxes in fiscal 2004.

Financing activities in the current fiscal year used \$185.1 million, primarily as a result of net repayments of debt and the purchase of 1.8 million shares of common stock for an aggregate purchase price of \$26.7 million. Subsequent to year end, through May 30, 2003, the Company has purchased an additional 2.4 million shares of its common stock for an additional \$32.5 million. The Company repaid \$64.2 million of term notes in February 2003 and repaid the remaining \$62.6 million of convertible debt as discussed below. Proceeds from the sale of common stock through stock options and the employee stock purchase plan were \$18.1 million in fiscal 2003.

For fiscal 2002, financing activities used \$74.1 million, a large portion of which relates to net repayments of the Company's revolving credit facility, along with the retirement of \$52.4 million of 5.25% convertible subordinated notes due in 2003 ("5.25% Notes") and \$25.7 million of 6.92% senior notes ("6.92% Notes"). These repayments and retirements were made from the proceeds of the new convertible note offering during February 2002 discussed below. The Company also paid \$23.5 million in aggregate payments on certain equity forward contracts during fiscal 2002 prior to the settlement of those contracts in September 2001 through a term note (see note 8 to the consolidated financial statements). The equity forward contracts are discussed in further detail below. Proceeds from the sale of common stock through stock options and the employee stock purchase plan were \$11.4 million during fiscal 2002.

Financing activities in 2001 provided \$58.0 million, the majority of which related to proceeds received from advances on the Company's revolving credit facility. The Company also paid \$6.7 million on equity forward contracts and repurchased \$7.5 million of its common stock in the open market. Proceeds from the sale of common stock through stock options and the employee stock purchase plan were \$26.1 million during fiscal 2001.

During fiscal 2000 and fiscal 2001, the Company entered into three equity forward purchase agreements with a commercial bank under which the Company would purchase 3.7 million shares of its common stock for a total notional amount of \$83.8 million. The Company accounted for these forward contracts as permanent equity under the consensus of Emerging Issues Task Force ("EITF") Abstract 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock." During April 2001, prior to the

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settlement of the equity forward contracts, the Company paid \$22.5 million to reduce the notional amounts under the contracts to \$64.2 million. On September 21, 2001, the Company executed an agreement for the settlement of the equity forward contracts through borrowings of \$64.2 million from a bank under a term loan facility. On February 5, 2003, in conjunction with amending and restating its revolving credit agreement, the Company, using available cash and borrowings under the revolving credit agreement, repaid this term note.

The Company intends to use its future free cash flow to repay debt, to buy back shares of its common stock (when accretive to earnings per share), for possible future acquisitions and for potential payments of dividends. The Company has never paid cash dividends on its common stock, but the board of directors may consider doing so in the future if cash flow remains strong and if tax laws are favorable.

Credit and Debt Facilities

The Company had available credit lines of \$150 million of which \$28.8 million was outstanding at March 31, 2003 (none at March 31, 2002). The Company's debt-to-capital ratio, as calculated below, was 34% at March 31, 2003 compared to 44% at March 31, 2002 (dollars in thousands).

	March 31, 2003	March 31, 2002
Numerator - long-term debt	\$ 289,677	\$ 396,850
Denominator:		
Long-term debt	289,677	396,850
Stockholders' equity	562,556	510,931
	\$ 852,233	\$ 907,781
Debt-to-capital ratio	34 %	44 %

The decrease largely relates to the use of cash flow during the current year to pay down debt. Included in long-term debt at March 31, 2003 and 2002 are the Company's 3.75% convertible notes ("3.75% Notes") in the amount of \$175 million, as discussed below. The conversion price for the 3.75% Notes is \$18.25 per share. If the Company's common stock price increases above the conversion price, the 3.75% Notes may be converted to equity. Total stockholders' equity has increased \$51.6 million to \$562.6 million at March 31, 2003. The components of this increase are detailed in the consolidated statement of stockholders' equity and comprehensive income.

Effective February 10, 2003, the Company amended and restated its revolving credit facility to allow for revolving borrowings and letters of credit of up to \$150 million through July 2006. Borrowings under the revolving credit facility bear interest at LIBOR plus 1.5%, or at an alternative base rate or at the federal funds rate plus 2.0%, depending upon the type of borrowing, and are secured by substantially all of the Company's assets. In conjunction with amending and restating its credit facility, the Company, using available cash and borrowings under the revolving credit facility, repaid the \$64.2 million term note entered into for the settlement of equity forward contracts (see note 8 to the consolidated financial statements) and paid \$45.8 million to terminate its real estate synthetic lease arrangement (see note 10 to the consolidated financial statements).

On February 6, 2002, the Company completed an offering of the 3.75% Notes due in 2009. The 3.75% Notes are also redeemable, in whole or in part, at the option of the Company at any time on or after February 17, 2005 at a redemption premium. The holders also have the option to require the Company to repurchase the 3.75% Notes, at 100% of the principal amount, on February 15, 2007. The net proceeds to the Company of \$169.2 million (after deducting underwriting discounts and commissions and offering expenses) were used to repay \$25.7 million of the 6.92% Notes and to redeem \$115 million of the 5.25% Notes. During February and March 2002, the Company repurchased \$52.4 million of the 5.25% Notes in the open market. The remaining \$62.6 million of the 5.25% Notes

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were retired on April 1, 2002. The Company also recorded an extraordinary item, net of tax, of \$1.3 million associated with the redemption of the 5.25% Notes and the 6.92% Notes (see note 8 to the consolidated financial statements).

Off-Balance Sheet Items

The Company has entered into synthetic operating lease facilities for computer equipment, furniture and an aircraft ("Leased Assets"). These synthetic operating lease facilities are accounted for as operating leases under GAAP and are treated as capital leases for income tax reporting purposes. These synthetic lease arrangements provide the Company with a more cost-effective way to acquire equipment than alternative financing arrangements and better match inflows of cash from client contracts to outflows related to lease payments. Lease terms under the computer equipment and furniture facility range from two to six years, with the Company having the option at expiration of the initial term to return, or purchase at a fixed price, or extend or renew the term of the leased equipment. In the event the Company elects to return the Leased Assets, the Company has guaranteed a portion of the residual value to the lessors. Assuming the Company elects to return the Leased Assets to the lessors at its earliest opportunity under the synthetic lease arrangements and assuming the Leased Assets have no significant residual value to the lessors, the maximum potential amount of future payments the Company could be required to make under these residual value guarantees was \$31.1 million at March 31, 2003.

As of March 31, 2003, the total amount drawn under these synthetic operating lease facilities was \$185.4 million and the remaining capacity for additional funding (for computer equipment and furniture only) was \$68.1 million. The Company has made aggregate payments of \$119.4 million related to these operating lease facilities through March 31, 2003.

Prior to its termination as discussed below, the Company had entered into a real estate synthetic lease arrangement with respect to an office facility in Little Rock, Arkansas and land in Phoenix, Arizona. This synthetic lease arrangement provided the Company with more desirable terms than other alternative construction financing options. Under the arrangement, the Company had agreed to lease each property for an initial term of five years with an option to renew for an additional two years, subject to certain conditions. The lessors funded \$45.8 million for the construction of the Little Rock facility and acquisition of the Phoenix land. The cost of the Little Rock facility was approximately \$34.4 million, including interest during construction, and was completed in December 2002. Effective February 10, 2003, the Company terminated the synthetic lease arrangement by purchasing the Phoenix land and the Little Rock facility from the lessors for approximately \$45.8 million. As a result, the underlying real estate assets and the related depreciation expense have been recorded in the Company's consolidated financial statements beginning February 2003. Annual depreciation expense of approximately \$1.1 million is expected to be more than offset by interest and rent savings resulting from the repayment of the \$64.2 million term note due in 2005, as discussed above, and the termination of the real estate synthetic lease arrangement. The Company has recently begun construction of a new office building and data center on the Phoenix land. Total construction costs of this facility are expected to be approximately \$15 to \$20 million and construction is expected to be completed in fiscal 2005.

In connection with certain of the Company's other buildings and facilities, 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. In addition, in connection with the disposal of certain assets, the Company has guaranteed loans for the buyers of the assets. Substantially all of the third party indebtedness for which the Company has provided guarantees is collateralized by various pieces of real property. The aggregate amount of the guarantees at March 31, 2003 was \$5.6 million.

The Company is also contingently obligated under certain leases that have been assumed by other parties. The total future lease payments for which the Company is contingently liable is \$6.8 million at March 31, 2003. At both March 31, 2003 and 2002, the Company had accrued \$0.3 million related to the potential obligations under all of its various guarantees.

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Outstanding letters of credit, which reduce the borrowing capacity under the Company's revolving credit facility, were \$10.8 million at March 31, 2003 and \$10.7 million at March 31, 2002.

Contractual Commitments

The following table presents Acxiom's contractual cash obligations and purchase commitments at March 31, 2003 (dollars in thousands):

	For the years ending March 31,						Total
	2004	2005	2006	2007	2008	Thereafter	
Capital lease obligations	\$ 11,447	\$ 5,559	\$ 2,792	\$ 511	\$ 558	\$ 12,530	\$ 33,397
Software license liabilities	16,142	9,511	10,504	12,642	22,790	-	71,589
Other long-term debt	1,902	8,481	-	28,799	-	175,000	214,182

Total long-term debt	29,491	23,551	13,296	41,952	23,348	187,530	319,168
Synthetic aircraft lease	921	921	921	921	921	2,533	7,138
Synthetic equipment and furniture leases	27,012	9,290	2,725	607	304	-	39,938
Total synthetic operating leases	27,933	10,211	3,646	1,528	1,225	2,533	47,076
Equipment operating leases	22,879	16,840	7,871	1,743	-	-	49,333
Building operating leases	8,347	7,329	6,077	5,898	5,400	39,080	72,131
Partnerships building leases	2,198	2,094	2,094	2,094	2,094	2,598	13,172
Related party aircraft lease	902	902	902	376	-	-	3,082
Total operating lease payments	62,259	37,376	20,590	11,639	8,719	44,211	184,794
Operating software license obligations	8,608	8,608	4,305	-	-	-	21,521
Total operating lease and software license obligations	70,867	45,984	24,895	11,639	8,719	44,211	206,315
Total contractual cash obligations	\$100,358	\$ 69,535	\$ 38,191	\$ 53,591	\$ 32,067	\$ 231,741	\$ 525,483
Purchase commitment on synthetic aircraft lease	-	-	-	-	-	4,398	4,398
Purchase commitments on synthetic equipment and furniture leases	23,552	4,473	3,627	464	1,626	-	33,742
Other purchase commitments	48,798	21,872	19,277	18,381	12,665	-	120,993
Total purchase commitments	\$ 72,350	\$ 26,345	\$ 22,904	\$ 18,845	\$ 14,291	\$ 4,398	\$ 159,133

The synthetic lease term for the aircraft expires in January 2011, with the Company having the option at expiration to either purchase the aircraft at a fixed price, renew the lease for an additional twelve-month period (with a nominal purchase price paid at the expiration of the renewal period), or return the aircraft in the condition and manner required by the lease. The purchase commitment on the synthetic aircraft lease assumes the lease terminates and is not renewed, and the Company elects to purchase the aircraft.

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The related party aircraft lease relates to an aircraft leased from a business partially owned by an officer. See note 13 to the consolidated financial statements. The Company has also agreed to pay the difference, if any, between the sales price of the aircraft and 70% of the related loan balance (approximately \$4.2 million at March 31, 2003) should the Company elect to exercise its early termination rights or not extend the lease beyond its initial term and the lessor sells the equipment as a result.

The purchase commitments on the synthetic equipment and furniture leases assume the leases terminate and are not renewed, and the Company elects to purchase the assets. The other purchase commitments include contractual commitments for the purchase of data and open purchase orders for equipment, paper, office supplies and other items.

The following table shows contingencies or guarantees under which the Company could be required, in certain circumstances, to make cash payments as of March 31, 2003 (dollars in thousands):

Residual value guarantee on the synthetic computer equipment and furniture lease	\$ 29,375
Residual value guarantee on synthetic aircraft lease	1,759
Residual value guarantee on related party aircraft lease	4,194
Contingent cash payment on AISS acquisition	5,000
Contingent escrow cash payment on Toplander acquisition	2,400
Contingent liabilities on assumed leases	6,779
Guarantees on certain partnership and other loans	5,635
Outstanding letters of credit	10,754

The total loans of the partnerships and other loans, of which the Company guarantees the portion noted above, are \$14.0 million.

While the Company does not have any other material contractual commitments for capital expenditures, minimum levels of investments in facilities and computer equipment continue to be necessary to support the growth of the business. It should also be noted that the Company has spent considerable capital over previous years building the AbiliTec infrastructure. It is the Company's current intention generally to lease any new required equipment to better match cash outflows with customer inflows. In some cases, the Company also sells software and hardware to clients. In fiscal 2002, the Company changed its policy of billing for these sales under extended payment terms or notes receivable, which were collectible generally over three years, to up-front payment by the client. Therefore, the up-front expenditures of cash, which were previously repaid over the life of the agreement, are now being matched by up-front cash received from the client. In addition, new outsourcing or facilities management contracts frequently require substantial up-front capital expenditures to acquire or replace existing assets. Management believes that the Company's existing available debt and cash flow from operations will be sufficient to meet the Company's working capital and capital expenditure requirements for the foreseeable future. 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 as a result of any material variance of our operating results from our projections or from potential future acquisitions, the Company would first use available borrowing capacity under its revolving credit agreement, followed by the issuance of debt or equity securities. However, no assurance can be given that the Company would be able to obtain funding through the issuance of debt or equity securities at terms favorable to the Company, or that such funding would be available.

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For a description of certain risks that could have an impact on results of operations or financial condition, including liquidity and capital resources, see the "Risk Factors" contained in Part I, Item 1. Business, of the Company's annual report on Form 10-K for the fiscal year ended March 31, 2003.

Acquisitions and Divestitures

Effective November 26, 2002, the Company acquired certain assets and assumed certain liabilities of Toplander Corporation ("Toplander"), a data compiler for online marketing efforts. Management believes this acquisition will enable Acxion to significantly increase the number of database records used for online marketing efforts and will provide additional sources of data collection. The acquisition price consisted of cash paid to the sellers of \$5.6 million and contingent consideration that includes up to \$2.4 million of additional cash currently in escrow, shares of the Company's common stock with a fair value of up to \$2.0 million, and warrants to purchase shares of the Company's common stock with a fair value of up to \$2.0 million for a total aggregate purchase

price, including contingent consideration, of up to \$12.0 million. The amount of contingent consideration, if any, payable by the Company to the sellers will be determined by the end of the first quarter of the Company's 2004 fiscal year.

Effective August 12, 2002, the Company acquired certain assets and assumed certain liabilities of an employment screening business owned by Trans Union, LLC ("Trans Union"), a related party. This employment screening business was incorporated as Acxiom Information Security Systems, Inc. ("AISS") and offers a range of services including criminal and civil records search, education and reference verification, and other verification services for its clients. Management believes AISS will provide the Company with additional products and services and will support the Company's initiatives in the screening, identification and security areas. The aggregate purchase price of \$34.8 million consisted of cash of \$7.5 million paid at closing, a note of \$2.5 million paid in October 2002, additional cash of \$0.2 million paid in October 2002 as a result of purchase price adjustments, 664,562 shares of common stock valued at \$10.5 million and warrants to purchase 1,272,024 shares of common stock, at an exercise price of \$16.32, valued at \$14.1 million. If the value of the 664,562 shares of common stock on August 12, 2003 (twelve months after the closing date) is less than \$10.0 million, the Company will be required to pay additional cash consideration in the amount of the deficit, but not more than \$5.0 million, which would be charged to additional paid-in capital. If the value of those shares on August 12, 2003 is greater than \$13.0 million, Trans Union will be required to return shares of common stock in the amount of the excess, but not more than \$5.0 million worth of common stock. Accordingly, had this adjustment to the purchase price been determined as of June 5, 2003, the Company would not be required to pay Trans Union any additional cash consideration nor would Trans Union be required to return any shares.

Effective June 1, 2002, the Company entered into an agreement with Publishing & Broadcasting Limited ("PBL") whereby Acxiom purchased PBL's 50% ownership interest in an Australian joint venture ("Australian JV") for cash of \$0.8 million (net of cash acquired) and a note payable of \$1.4 million, such that Acxiom now owns 100% of the Australian operation. Additionally, the purchase agreement provides that Acxiom may pay PBL additional consideration, based on a percentage of the Australian operation's results through March 31, 2007, and also provides PBL the option to repurchase between 25% and 49% of the Australian JV subsequent to March 31, 2007, at an option price specified in the purchase agreement. Management believes sole ownership of the Australian operation will enable the Company to capitalize on global opportunities.

During the year ended March 31, 2002, the Company acquired certain customer relationship management operations of Trans Union for \$5.3 million. During the year ended March 31, 2001, the Company acquired certain assets and assumed certain liabilities of Data Dimension Information Services, Inc. ("DDIS") and MCRB Service Bureau, Inc. ("MCRB") for cash of \$7.7 million and a note of \$3.6 million.

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During 2002, the Company sold three of its business operations, including a minor portion of its United Kingdom operations located in Spain and Portugal. During the quarter ended June 30, 2002, the Company sold the remaining portion of its assets located in Spain, which primarily consisted of tax loss carryforwards. Effective July 31, 2002, the Company sold its print shop business located in Chatsworth, California. Gross proceeds from the sales of these operations were \$16.6 million, consisting of cash of \$6.8 million and notes receivable of \$9.8 million. The Company recorded a gain associated with these dispositions of \$0.4 million during the year ended March 31, 2003, and a loss of \$0.9 million during the year ended March 31, 2002 (see note 4 to the consolidated financial statements).

Also, 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"). During fiscal 2001, the Company completed the sale of its remaining interest in DMI. As consideration, the Company received a 6% note of approximately \$22.5 million payable over seven years for the initial portion of its ownership interest and received an additional note in the amount of \$1.0 million for its remaining ownership interest. As a result of this transaction, the Company recorded a loss of \$20.4 million during the year ended March 31, 2001.

Effective April 25, 2000, the Company sold a part of its DataQuick business group, which is based in San Diego, California, for \$55.3 million. The Company retained the real property data sourcing and compiling portion of DataQuick. The gain on the sale of these assets was \$39.7 million.

Effective April 10, 2000, the Company sold its investment in Ceres, Inc. to NCR Corporation. The Company received cash, a note and NCR stock totaling \$14.8 million and recorded investment income of \$6.2 million on the disposal. During 2001, the Company sold the shares of the NCR stock and realized an additional gain of \$2.1 million.

Effective April 1, 2000, the Company sold its CIMS business unit for preferred stock and options in a publicly traded company. The preferred stock and options received had an aggregate fair value of \$3.1 million. The Company recorded a loss on the disposal of \$3.2 million. Subsequent to this transaction, the Company has recorded other than temporary impairment charges of \$3.0 million on the preferred stock and the options.

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, certain cost cutting measures put in place during the current year, 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. Revenue from clients who have long-term contracts with the Company (defined as two years or longer) as a percentage of consolidated revenue was 80% in fiscal 2003 and fiscal 2002, and 70% in fiscal 2001.

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Other Information

During the year ended March 31, 2002, the Company had one client, Allstate, which accounted for \$87.8 million (10.1%) of revenue. No single client accounted for more than 10% of revenue during the years ended March 31, 2003 or 2001.

In accordance with a data center management agreement dated July 27, 1992 between Acxiom and Trans Union, Acxiom (through its subsidiary, Acxiom CDC, Inc.) acquired all of Trans Union's interest in its Chicago data center and agreed to provide Trans Union with various data center management services. In a 1992 letter agreement, Acxiom agreed to use its best efforts to cause one person designated by Trans Union to be elected to Acxiom's board of directors. Trans Union designated its CEO and President, Harry C. Gambill, who was appointed to fill a vacancy on the board in November 1992 and was elected at the 1993 annual meeting of stockholders to serve a three-year term. He was elected to serve additional three-year terms at the 1996, 1999 and 2002 annual stockholders meetings. Under a second letter agreement, executed in 1994 in connection with an amendment to the 1992 agreement, which continued the then-current term through 2002, Acxiom agreed to use its best efforts to cause two people designated by Trans Union to be elected to Acxiom's board of directors. While these undertakings by Acxiom are in effect until the end of the current term of the agreement, which expires in August 2005, Acxiom has been notified that Trans Union does not presently intend to designate another individual to serve as director. Acxiom and Trans Union amended the data center management agreement on October 1, 2002, expanding its scope to encompass Trans Union's client/server, network and communications infrastructure. This amendment runs concurrent with the current term of the data center management agreement. In addition to this agreement, the Company has other contracts with Trans Union related to data, software and other services. Acxiom recorded revenue from Trans Union of \$71.1 million in fiscal 2003, \$50.6 million in fiscal 2002 and \$58.2 million in fiscal 2001.

Effective April 1, 2002, Acxiom and Trans Union entered into a marketing joint venture that serves as a sales agent for both parties for certain existing mutual clients. The purpose of the joint venture is to provide these joint clients with leading-edge solutions that leverage the strengths of both parties. Expected to serve a small number of financial service clients, the joint venture will market substantially all of the products and services currently offered by Acxiom and Trans Union, as well as any new products and services that may be agreed upon. The parties have agreed to share equally the aggregate incremental increase (or decrease) in revenue and direct expenses generated from any client supported by the joint venture. If either party determines that its participation in the joint venture is economically disadvantageous, it may terminate the arrangement after certain negotiation procedures specified in the agreement have occurred. The net results of operations from this joint venture have not been material.

Effective August 12, 2002, as previously discussed, the Company acquired certain assets and assumed certain

liabilities of an employment screening business owned by Trans Union for an aggregate purchase price of \$34.8 million (see note 3 to the consolidated financial statements) and, during fiscal 2002, purchased certain customer relationship operations of Trans Union for \$5.3 million.

See Item 13 of the Company's annual report on Form 10-K for additional information on certain relationships and related transactions.

Acxiom, Ltd., the Company's U.K. business, provides services primarily to the U.K. market, which are similar to the traditional direct marketing industry services the Company provides in the U.S. In addition, Acxiom, Ltd. also provides promotional materials handling and response services to its U.K. clients. Most of the Company's exposure to exchange rate fluctuation is due to translation gains and losses as there are no material transactions that 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

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gains or losses resulting from translating the U.K. financial statements into U.S. dollars are included in accumulated other comprehensive income (loss). There are no restrictions on transfers of funds from the U.K.

Efforts are continuing to expand the services of Acxiom to clients in Europe, South America 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 U.S. and the U.K., although the Company has offices in France, Australia and Japan. The Company's U.K. operations had net earnings of \$3.0 million in fiscal 2003, compared to losses of \$2.1 million in fiscal 2002 and \$0.5 million in fiscal 2001. The losses primarily reflect investments made in the U.K. to build their AbiliTec and InfoBase infrastructure. For the period from June 2002 (date of acquisition) through March 2003, the Australian operation had net losses of \$4.3 million.

Critical Accounting Policies

We prepare our consolidated financial statements in conformity with accounting principles generally accepted in the United States. These accounting principles require management to make certain judgments and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Note 1 to the accompanying consolidated financial statements includes a summary of significant accounting policies used in the preparation of Acxiom's consolidated financial statements. Of those policies, we have identified the following as the most critical because they require management's use of complex and/or significant judgments:

Revenue Recognition - The Company's revenue recognition policies are discussed in note 1 to the Company's consolidated financial statements. In certain multiple element arrangements, revenue is recognized on each element based on the objective evidence of the fair values of each element. For sales and licensing transactions where the Company is able to determine the fair value of all elements or the fair value of the undelivered elements, revenue has been recognized for all delivered elements once those elements meet the remaining requirements of revenue recognition. If evidence of fair value does not exist for the undelivered elements of the arrangement, then all revenue for the multiple element arrangement is recognized ratably over the term of the agreement. For certain of the Company's multiple element arrangements, management of the Company is unable to determine fair value of the undelivered item(s). Accordingly, substantially all of the revenue associated with its multiple element arrangements has been recognized ratably over the service term of the contract. Included in the Company's consolidated balance sheets are deferred revenues resulting from billings and/or client payments in advance of revenue recognition. Deferred revenue at March 31, 2003 was \$59.9 million, as compared to \$61.1 million at March 31, 2002.

In certain cases, such as hardware or software upgrades sold and/or licensed to existing clients where the Company has no further obligations with respect to such upgrades or project work, management has determined that revenue recognition upon delivery of the hardware or software to the client or upon completion of the project work is appropriate. The Company recognized revenue of \$7.4 million in fiscal 2003, \$9.5 million in fiscal 2002 and \$41.0 million in fiscal 2001 for hardware and software (excluding licensing of AbiliTec software) where the Company has determined that up-front revenue recognition is appropriate.

Accounts receivable include amounts billed to clients as well as unbilled amounts recognized in accordance with the Company's revenue recognition policies. Unbilled amounts included in accounts receivable were \$56.9 million and \$47.7 million, respectively, at March 31, 2003 and 2002.

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Software, Purchased Software Licenses, and Research and Development Costs - The Company capitalizes software development costs incurred in connection with software development projects upon reaching technological feasibility in accordance with the provisions of SFAS No. 86. Once technological feasibility is established, costs are capitalized until the software is available for general release. Research and development costs incurred prior to establishing technological feasibility of software products are charged to operations as incurred. Costs of internally developed software, upon its general release, are amortized on a straight-line basis over the estimated economic life of the product, generally two to five years, 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. The Company recorded amortization expense and impairment charges related to internally developed computer software of \$34.4 million in fiscal 2003, \$23.6 million in fiscal 2002 and \$19.9 million in 2001. Additionally, research and development costs associated with internally developed software of \$19.7 million in fiscal 2003, \$17.8 million in fiscal 2002 and \$22.3 million in fiscal 2001 were charged to operations during those years.

Purchased software licenses include both capitalized future software obligations for which the liability is included in long-term debt and prepaid software. Costs of purchased software licenses are amortized using a units-of-production basis over the estimated economic life of the license, generally not to exceed ten years. The Company recorded amortization of purchased software licenses of \$25.9 million in fiscal 2003, \$19.5 million in fiscal 2002 and \$17.4 million in fiscal 2001.

Capitalized software, including both purchased and internally developed, are reviewed each period and, if necessary, the Company reduces the carrying value of each product to its net realizable value. In performing the net realizable value evaluation of capitalized software, the Company's projection of potential future cash flows from future gross revenues by product, reduced by the costs of completing and disposing of that product are compared to the carrying value of each product. A write-down of the carrying amount of a product is made to the extent that the carrying value of a product exceeds its net realizable value. Due to changes in the marketplace and the Company's decision to de-emphasize certain software products, the Company carried out evaluations of these products. As a result of the Company's net realizable value calculation, the Company recorded charges of \$14.1 million in fiscal 2003 and \$10.3 million in fiscal 2002 for the write-down of certain of its purchased and internally developed software to net realizable value. (See further discussion in note 2 to the consolidated financial statements.) At March 31, 2003, the Company's most recent impairment analysis of its purchased and internally developed software indicates that no further impairment exists. However, no assurance can be given that future analysis of the Company's capitalized software will not result in an impairment charge. Additionally, should future project revenues not materialize and/or the cost of completing and disposing of software products significantly exceed the Company's estimates, further write-downs of purchased or internally developed software might be required up to and including the total carrying value of such software (\$224.5 million at March 31, 2003).

Valuation of Long-Lived Assets and Goodwill - 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 the undiscounted cash flows expected to result from the use and eventual disposition of the asset. In cases where cash flows cannot be associated with individual assets, assets are grouped together in order to associate cash flows with the asset group. If such assets or asset groups 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

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at the lower of the carrying amount or fair value less costs to sell. During March 2003, as discussed in note 2 to the consolidated financial statements, the Company recorded an impairment charge to its long-lived assets (excluding purchased and internally-developed software) of \$6.3 million. Also, during the year ended March 31, 2002, in connection with the Restructuring Plan discussed in note 2 to the

consolidated financial statements, the Company recorded a charge to earnings of \$33.6 million for the loss associated with the sale and leaseback of certain computer equipment and the impairment of certain other equipment. At March 31, 2003, the Company believes that no further impairment exists with respect to its long-lived assets. However, no assurance can be given by management of the Company that future impairment charges to its long-lived assets will not be required as a result of changes in events and/or circumstances.

Goodwill represents the excess of acquisition costs over the fair values of net assets acquired in business combinations treated as purchase transactions (see notes 3 and 5 to the consolidated financial statements). Under the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill is no longer amortized, but is reviewed annually for impairment under a two-part test. In the event that part one of the impairment test indicates potential impairment of goodwill, performance of part two of the impairment test is required. Any impairment that results from the completion of the two-part test is recorded as a charge to operations during the period in which the impairment test is completed. The Company performs its annual goodwill impairment evaluation as of the beginning of its fiscal year. The Company has completed part one of an annual, two-part impairment analysis of its goodwill and has determined that no impairment of its goodwill existed as of April 1, 2002. Accordingly, step two of the goodwill impairment test was not required for fiscal 2003. Changes in circumstances may require the Company to perform impairment testing on a more frequent basis. No assurance can be given by the Company that additional impairment tests will not require an impairment charge during future periods should circumstances indicate that the Company's goodwill balances are impaired.

In completing step one of the test and making the assessment that no potential impairment of the Company's goodwill existed, management has made a number of estimates and assumptions. In particular, the growth and discount rates used by management in determining the fair value of each of the Company's reporting units through a discounted cash flow analysis significantly affect the outcome of the impairment test, as well as numerous other factors. In performing step one of the impairment analysis, management has used growth rates ranging from less than five percent up to thirty percent and used a discount rate of twelve percent, representing an approximation of the Company's weighted-average cost of capital, which resulted in a sizable excess of fair value over the net assets of each of the Company's reporting units. Assuming no or only minimal growth of the Company over the next several years, a discount rate of approximately twenty-five percent would be required to indicate potential impairment of the Company's goodwill balances, resulting in the need to proceed to step two of the impairment test. Additionally, the Company has determined that its reporting units should be aggregated up to reportable segments for use in analyzing its goodwill and assessing any potential impairment thereof, on the basis of similar economic characteristics in accordance with the guidance in SFAS No. 131 and SFAS No. 142. However, should a determination be made that such aggregation of some or all of the Company's reporting units is not appropriate, the results of step one of the goodwill impairment test might indicate that potential impairment does exist, requiring the Company to proceed to step two of the test and possibly recording an impairment of its goodwill.

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Stock-Based Compensation Accounting - The Company has elected to continue using the intrinsic-value method of accounting for stock-based compensation to associates. Accordingly, the Company has not recognized compensation expense for the fair value of its stock-based awards to associates in its consolidated financial statements. The Company has included the pro forma disclosures in note 1 to its consolidated financial statements as if the fair-value based method of accounting had been applied.

Fully diluted shares outstanding and diluted earnings per share ("EPS") include the effect of "in-the-money" stock options (calculated based on the average share price for the period) and the convertible debt. The convertible debt, as computed under the if-converted method, is dilutive to the extent that EPS for the fiscal year exceeds approximately \$0.44 per share.

The dilution from employee options, as computed under the treasury stock method, fluctuates based on changes in the price of the Company's common stock, as shown below:

Per share price	Total in-the-money options	Incremental diluted shares	Percentage of average shares outstanding	Hypothetical FY 03 EPS impact(2)
\$ 10.00	2.3 million	(1.2) million	(0.9) %	\$ 0.00
\$ 15.63	9.2 million	-(1)	- %	\$ 0.00
\$ 20.00	12.9 million	1.2 million	1.3 %	\$ (0.00)
\$ 30.00	18.3 million	3.5 million	3.9 %	\$ (0.01)
\$ 40.00	19.4 million	5.1 million	5.7 %	\$ (0.01)

(1) Fully diluted shares outstanding for the year ended March 31, 2003 totaled 90.5 million and include the dilutive impact of in-the-money options of 2.1 million shares for the year at the average share price for the period of \$15.63.

(2) Based upon fiscal 2003 earnings of \$21.8 million or \$0.24 per share.

The Company continues to monitor the authoritative literature regarding the accounting for stock-based compensation, including SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an Amendment of FASB Statement No. 123," which specifies the appropriate methods of implementing a voluntary adoption of fair value accounting. Management of the Company expects to continue to use the intrinsic method of accounting for its stock-based compensation awarded to associates until such time as the Financial Accounting Standards Board ("FASB") mandates the use of fair value accounting.

Deferred Costs - The Company defers certain costs, primarily salaries and benefits and other direct and incremental third party costs, in connection with client contracts, as allowed by the provisions of SAB 101, and various other contracts and arrangements. Direct and incremental costs incurred during the initial months under client contracts for the building of a database or for IT outsourcing arrangements are deferred until such time as the database or the outsourcing services are operational and revenue recognition begins. All costs deferred for the project are then amortized in the same manner as the contract revenue recognition occurs, generally ratably over the remaining term of the arrangement.

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In addition to client contract costs, the Company defers direct and incremental costs incurred in connection with obtaining other contracts, including debt facilities, lease facilities, and various other arrangements. Costs deferred in connection with obtaining these facilities are amortized over the term of the arrangement using the interest method or on a straight-line basis where the result is not materially different from the interest method.

Total cost deferrals were \$15.0 million in fiscal 2003, \$48.1 million in fiscal 2002 and \$49.6 million in fiscal 2001. At March 31, 2003, the Company had deferred costs, net of accumulated amortization, of \$108.4 million recorded on its consolidated balance sheet. These deferred costs consisted of \$93.4 million associated with client contract cost deferrals, \$7.3 million associated with debt and lease facility cost deferrals and \$7.7 million for other cost deferrals.

Investment Valuations - The Company accounts for its investments in marketable and nonmarketable securities as available for sale. Unrealized holding gains and losses, net of the related income tax effect, are excluded from earnings and are reported as a separate component of other comprehensive income (loss). In the event that unrealized declines in the value of its investments are deemed to be "other than temporary", the Company records the unrealized losses as a charge to earnings. In making the assessment as to whether a decline in value of an investment is "other than temporary", the Company looks for a decline in value below its cost basis for a sustained period of time, generally six to nine months. In addition, management looks at all other available information, including the business plan and current financial condition of each investee. During each of the years reported in the Company's consolidated financial statements, management has determined declines in the value of certain of its investments to be "other than temporary." Accordingly, the Company recorded charges to earnings of \$8.8 million in fiscal 2003, \$1.1 million in fiscal 2002 and \$6.5 million, net of realized gains, in fiscal 2001 to write down investments to their approximate fair values.

In determining the fair value of its investments, the Company attempts to obtain quoted market prices. In situations where quoted market prices are not available, management considers the available facts and circumstances regarding each investment in estimating its fair value. In many cases where quoted market prices are not available, management estimates the value of the investment using a discounted cash flow ("DCF") analysis. This DCF analysis is based on information received regarding each of the Company's investments, as well as a variety of inputs determined by management including discount rates, liquidity discounts, earnings before interest, taxes, depreciation and amortization ("EBITDA") multiples, and various other factors. In using the DCF analysis to estimate the approximate fair value of certain of the Company's investments, management has used discount rates ranging from eleven to forty-five percent, EBITDA multiples ranging from five to eight, and a liquidity discount of approximately twenty-five percent. The resulting values for each of the Company's investments is then probability-weighted to derive management's best estimate of the approximate fair value of each investment. In the event that the underlying projections of an investment obtained by the Company for use in its DCF analysis do not materialize; future events indicate that revisions to discount rates, EBITDA multiples, liquidity factors or other variables are necessary; or quoted market prices of investments, where available, continue to decline, the Company may be required to make further write-downs up to and including the total carrying amount of its investments (\$13.5 million at March 31, 2003).

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New Accounting Pronouncements

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 established standards for how entities classify and measure in their statement of financial position certain financial instruments with characteristics of both liabilities and equity. The provisions of SFAS No. 150 are effective for financial instruments entered into or modified after May 31, 2003, and otherwise shall be effective at the beginning of the first fiscal interim period beginning after June 15, 2003 and reported as a cumulative effect adjustment. The Company does not expect adoption of this statement, effective July 1, 2003, to have a material impact on its financial position, results of operations or cash flows.

In January 2003, the FASB issued Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities." Under the provisions of FIN 46, the underlying assets, liabilities and results of activities of a large number of variable interest entities ("VIE's") would be required to be consolidated into the financial statements of a primary beneficiary. All enterprises with variable interests in VIE's created after January 31, 2003 shall apply the provisions of FIN 46 immediately. Entities with a variable interest in VIE's created before February 1, 2003 shall apply the provisions of FIN 46 no later than the beginning of the first interim or annual reporting period beginning after June 15, 2003. The Company will be required to apply the provisions of FIN 46 to its consolidated financial statements no later than July 1, 2003. Since the Company has terminated its real estate synthetic lease arrangement, as discussed in note 10 to the consolidated financial statements, management expects no material impact from applying the provisions of FIN 46.

In December 2002, the FASB issued SFAS No. 148 "Accounting for Stock-Based Compensation - Transition and Disclosure - an Amendment of FASB Statement No. 123." SFAS No. 148 provides for alternative methods of transition for a voluntary change to the fair value method of accounting for stock-based employee compensation. In addition, it requires more prominent disclosures about the method of accounting for stock-based employee compensation and the effect of the method used on reported results in both annual and interim financial statements. The provisions of SFAS No. 148 are effective for fiscal years ending after December 15, 2002. The Company has not elected to change to the fair value method of accounting for stock-based employee compensation, but has implemented the enhanced disclosure provisions of SFAS No. 148.

In November 2002, the FASB issued Interpretation No. 45 ("FIN 45") "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others - an Interpretation of FASB Statements No. 5, 57, and 107 and Rescission of FASB Interpretation No. 34." Under the provisions of FIN 45, a guarantor is required to recognize, at the inception of the guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. A guarantor is also required to make additional disclosures in its financial statements about obligations under certain guarantees issued. FIN 45 will require the Company to recognize a liability in its consolidated financial statements equal to the fair value of its guarantees, including any guarantees issued in connection with its synthetic equipment arrangements. However, the provisions of FIN 45 shall be applied only on a prospective basis to guarantees issued or modified after December 31, 2002, with the disclosure requirements effective for financial statements of interim and annual periods ended after December 15, 2002. The impact to the Company's consolidated financial statements of recording liabilities for the fair value of recurring synthetic equipment and furniture lease guarantee transactions is not expected to be material. The Company will evaluate the impact of any other future guarantee transactions on a case-by-case basis.

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On November 21, 2002, the EITF reached a final consensus on Issue No. 00-21, "Revenue Arrangements with Multiple Elements." EITF 00-21 provides guidance on (a) how arrangement consideration should be measured, (b) whether the arrangement should be divided into separate units of accounting, and (c) how the arrangement consideration should be allocated among the separate units of accounting. EITF 00-21 also requires disclosure of the accounting policy for recognition of revenue from multiple-deliverable arrangements and the description and nature of such arrangements. The guidance of EITF 00-21 is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. Alternatively, EITF 00-21's guidance may be accounted for and reported as a cumulative-effect adjustment. The Company does not expect that applying the guidance of EITF 00-21 to its multiple element arrangements will have a material impact on its financial position, results of operations or cash flows.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses accounting and reporting for costs associated with exit or disposal activities by requiring that a liability for a cost associated with an exit or disposal activity be recognized and measured at fair value only when the liability is incurred. SFAS No. 146 also nullifies EITF Issue 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The provisions of SFAS No. 146 are effective for exit or disposal activities that are initiated after December 31, 2002.

In May 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." Under the provisions of SFAS No. 145, gains and losses from the early extinguishment of debt are no longer classified as an extraordinary item, net of income taxes, but are included in the determination of pretax earnings. The effective date for SFAS No. 145 is for fiscal years beginning after May 15, 2002 (the Company's 2004 fiscal year), with early application encouraged. Upon adoption, all gains and losses from the extinguishment of debt previously reported as an extraordinary item shall be reclassified to pretax earnings. The Company will implement SFAS No. 145 in fiscal 2004, and will therefore reclassify the extraordinary item recorded in fiscal 2002.

During August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets by superceding SFAS No. 121 and APB Opinion No. 30. SFAS No. 144 established a single accounting model for measuring the impairment of long-lived assets to be held and used or to be disposed of by sale. SFAS No. 144 also expands the scope of asset disposals that are reported as discontinued operations by requiring that components of an entity that have either been disposed of or that are classified as held for sale be reported separately as discontinued operations. This statement also resolves significant implementation issues related to SFAS No. 121 regarding the measurement and the reporting of impairment losses associated with long-lived assets. The Company adopted the provisions of this statement effective April 1, 2002.

During June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This statement established the accounting and reporting requirements for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. Specifically, it requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. Additionally, it requires certain disclosures including descriptions of asset retirement obligations and reconciliations of changes in the components of those obligations. SFAS No. 143 is effective for the Company's 2004 fiscal year. The Company does not expect the adoption of this statement to have a material impact on its financial position, results of operations or cash flows.

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In November 2001, the FASB issued a staff announcement regarding expense reimbursements that was codified as Topic D-103, "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred." The provisions of Topic D-103 require that reimbursements received for out-of-pocket expenses incurred should be characterized as revenue in the income statement and should be applied in financial reporting periods

beginning after December 15, 2001, with reclassification of prior periods. Acxiom adopted the accounting guidance of Topic D-103 during the fourth quarter of its fiscal year ended March 31, 2002. The impact of adoption of Topic D-103 was not material to the Company's statement of operations. Accordingly, prior periods have not been restated, as the impact on such prior periods was not material.

Forward-looking Statements

This document and other written reports and oral statements made from time to time by Acxiom and its representatives contain forward-looking statements. 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, growth opportunities, economic conditions, and other similar forecasts and statements of expectation. The Company generally indicates these statements by words or phrases such as "anticipate," "estimate," "plan," "expect," "believe," "intend," "foresee," and similar words or phrases. These forward-looking statements are not guarantees of future performance and are subject to a number of factors and uncertainties that could cause the Company's actual results and experiences to differ materially from the anticipated results and expectations expressed in such forward-looking statements.

The factors and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements include but are not limited to the following:

- o the complexity and uncertainty regarding the development of new high technologies;
- o the possible loss of market share through competition or the acceptance of the Company's technological offerings on a less rapid basis than expected;
- o the possibility that certain contracts may not be closed or close within the anticipated time frames;
- o the possibility that certain contracts may not generate the anticipated revenue or profitability;
- o the possibility that economic or other conditions, including recent world events such as the wars in Afghanistan and Iraq and the continuing threats of terrorism, might continue to have a negative impact upon the economy in general and upon the Company's business as well, leading to a reduction in demand for Acxiom's products and services;
- o the possibility that the current economic slowdown may worsen and/or persist for an unpredictable period of time;
- o the possibility that economic conditions will not improve as expected;
- o the possibility that significant clients may experience extreme, severe economic difficulty;
- o the possibility that the fair value of certain assets of the Company may not be equal to the carrying value of those assets now or in future time periods;
- o the possibility that sales cycles may lengthen;

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- o the continued ability to attract and retain qualified technical and leadership associates and the possible loss of associates to other organizations;
- o the ability to properly motivate Acxiom's sales force and other associates;
- o the ability to achieve cost reductions and avoid unanticipated costs;
- o the continued availability of credit upon satisfactory terms and conditions;
- o the introduction of competent, competitive products, technologies or services by other companies;
- o changes in consumer or business information industries and markets;
- o the Company's ability to protect proprietary information and technology or to obtain necessary licenses on commercially reasonable terms;
- o the difficulties encountered when entering new markets or industries;
- o changes in the legislative, accounting, regulatory and consumer environments affecting the Company's business, including but not limited to litigation, legislation, regulations and customs relating to Acxiom's ability to collect, manage, aggregate and use data;
- o the possibility that data suppliers might withdraw data from the Company, leading to the Company's inability to provide certain products and services;
- o the effect of short-term contracts on the predictability of the Company's revenues or the possibility that clients may cancel or modify their agreements with the Company;
- o the possibility that the amount of ad hoc project work will not be as expected;
- o the potential loss of data center capacity or interruption of telecommunication links or power sources;
- o postal rate increases that could lead to reduced volumes of business;
- o the potential disruption of the services of the United States Postal Service, their global counterparts and other delivery systems;
- o the successful integration of any acquired businesses;
- o with respect 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; and
- o other competitive factors.

In light of these risks, uncertainties and assumptions, the Company cautions readers not to place undue reliance on any forward-looking statements. Acxiom undertakes no obligation to publicly update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information or otherwise.

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Independent Auditors' Report

The Board of Directors
Acxiom Corporation:

We have audited the accompanying consolidated balance sheet of Acxiom Corporation and subsidiaries (the Company) as of March 31, 2003 and the related consolidated statements of operations, stockholders' equity and comprehensive income, and cash flows for the year ended March 31, 2003. 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 audit. The 2002 and 2001 consolidated financial statements of Acxiom Corporation and subsidiaries were audited by other auditors who have ceased operations. Those auditors' report, dated May 6, 2002, on those consolidated financial statements was unqualified and included explanatory paragraphs that described the change in goodwill amortization resulting from the adoption of Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets," effective April 1, 2001, and the change in certain of the Company's accounting principles for revenue recognition as a result of the adoption of Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," effective April 1, 2000, discussed in Note 1 to the financial statements.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the 2003 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Acxiom Corporation and subsidiaries as of March 31, 2003, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed above, other auditors who have ceased operations audited the 2002 and 2001 financial statements of Acxiom Corporation. As described in Note 19, the Company changed the composition of its reportable segments in 2003, and the amounts in the 2002 and 2001 financial statements relating to reportable segments have been restated to conform to the 2003 composition of reportable segments. We audited the adjustments that were applied to restate the disclosures for reportable segments reflected in the 2002 and 2001 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2002 and 2001 financial statements of Acxiom Corporation other than with respect to such adjustments, and, accordingly, we do not express an opinion or any other form of assurance on the 2002 and 2001 financial statements taken as a whole.

/s/ KPMG LLP

Dallas, Texas
May 9, 2003

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THIS REPORT IS A COPY OF A PREVIOUSLY ISSUED ARTHUR ANDERSEN LLP REPORT AND HAS NOT BEEN REISSUED BY ARTHUR ANDERSEN LLP

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors and Stockholders
Acxiom Corporation:

We have audited the accompanying consolidated balance sheet of Acxiom Corporation and subsidiaries as of March 31, 2002 and 2001, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the two-year period ended March 31, 2002. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 financial statements referred to above present fairly, in all material respects, the financial position of Acxiom Corporation and subsidiaries as of March 31, 2002 and 2001, and the results of their operations and their cash flows for each of the years in the two-year period ended March 31, 2002, in conformity with accounting principles generally accepted in the United States.

As stated in note 1 to the consolidated financial statements, effective April 1, 2001, the Company adopted Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets" and ceased amortization of its goodwill.

As stated in note 1 to the consolidated financial statements, effective April 1, 2000, the Company changed certain of its accounting principles for revenue recognition as a result of the adoption of Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements."

/s/ ARTHUR ANDERSEN LLP

Little Rock, Arkansas,
May 6, 2002

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ACXIOM CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2003 AND 2002

(Dollars in thousands)

ASSETS	2003	2002
	-----	-----
Current assets:		
Cash and cash equivalents (note 3)	\$ 5,491	\$ 5,676
Trade accounts receivable, net (note 9)	189,704	185,579
Deferred income taxes (note 12)	46,056	48,716
Refundable income taxes	2,576	41,652
Other current assets (note 15)	45,288	78,602
	-----	-----
Total current assets	289,115	360,225
Property and equipment, net of accumulated depreciation and amortization (notes 7 and 10)	208,306	181,775
Software, net of accumulated amortization of \$63,711 in 2003 and \$37,674 in 2002 (note 6)	63,095	61,437
Goodwill (notes 3 and 5)	221,184	174,655
Purchased software licenses, net of accumulated amortization of \$120,313 in 2003 and \$85,152 in 2002 (note 6)	161,432	169,854
Unbilled and notes receivable, excluding current portions (note 4)	20,249	40,358
Deferred costs, net	108,444	125,843
Other assets, net	21,421	42,687
	-----	-----
	\$ 1,093,246	\$ 1,156,834
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current installments of long-term debt (note 8)	\$ 29,491	\$ 23,274
Trade accounts payable	28,760	29,472
Accrued expenses:		
Restructuring and impairment costs (note 2)	584	3,022
Payroll	14,234	17,612

Other (notes 10 and 15)	38,689	43,176
Deferred revenue	59,907	61,114
Total current liabilities	171,665	177,670
Long-term debt, excluding current installments (notes 8 and 11)	289,677	396,850
Deferred income taxes (note 12)	69,348	71,383
Commitments and contingencies (notes 2, 3, 8, 10 and 13)		
Stockholders' equity (notes 3 and 11):		
Common stock	9,015	8,734
Additional paid-in capital	333,715	281,355
Retained earnings	253,558	231,791
Accumulated other comprehensive loss (note 18)	(2,911)	(8,609)
Treasury stock, at cost	(30,821)	(2,340)
Total stockholders' equity	562,556	510,931
	\$ 1,093,246	\$ 1,156,834

See accompanying notes to consolidated financial statements.

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ACXION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED MARCH 31, 2003, 2002 AND 2001
(Dollars in thousands, except per share amounts)

	2003	2002	2001
Revenue (notes 13, 14 and 16)	\$ 958,222	\$ 866,110	\$ 1,009,887
Operating costs and expenses (notes 2, 4, 5, 6, 10, 13 and 15):			
Salaries and benefits	316,304	325,135	363,463
Computer, communications and other equipment	296,607	245,114	185,950
Data costs	116,063	115,426	112,019
Other operating costs and expenses	179,191	153,620	211,500
Gains, losses and nonrecurring items, net	(5,018)	45,534	35,330
Total operating costs and expenses	903,147	884,829	908,262
Income (loss) from operations	55,075	(18,719)	101,625
Other expenses:			
Interest expense	(21,763)	(28,532)	(26,513)
Other, net (note 4)	(5,224)	(3,275)	(3,780)
	(26,987)	(31,807)	(30,293)
Earnings (loss) before income taxes, extraordinary item and cumulative effect of change in accounting principle	28,088	(50,526)	71,332
Income taxes (note 12)	6,321	(19,833)	27,465
Earnings (loss) before extraordinary item and cumulative effect of change in accounting principle	21,767	(30,693)	43,867
Extraordinary item, net of income tax benefit of \$821 (note 8)	-	(1,271)	-
Cumulative effect of change in accounting principle, net of income tax benefit of \$21,548	-	-	(37,488)
Net earnings (loss)	\$ 21,767	\$ (31,964)	\$ 6,379
Basic earnings (loss) per share:			
Earnings (loss) before extraordinary item and cumulative effect of change in accounting principle	\$ 0.25	\$ (0.35)	\$ 0.50
Extraordinary item	-	(0.01)	-
Cumulative effect of change in accounting principle	-	-	(0.43)
Net earnings (loss)	\$ 0.25	\$ (0.36)	\$ 0.07
Diluted earnings (loss) per share:			
Earnings (loss) before extraordinary item and cumulative effect of change in accounting principle	\$ 0.24	\$ (0.35)	\$ 0.47
Extraordinary item	-	(0.01)	-
Cumulative effect of change in accounting principle	-	-	(0.40)
Net earnings (loss)	\$ 0.24	\$ (0.36)	\$ 0.07

See accompanying notes to consolidated financial statements.

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ACXION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
YEARS ENDED MARCH 31, 2003, 2002 AND 2001
(Dollars in thousands)

	Common stock	
	Number of shares	Amount
Balances at March 31, 2000	88,312,088	\$ 8,831
Tax benefit of stock options and warrants exercised (note 12)	-	-
Issuance of warrants	-	-
Employee stock awards and shares issued to employee benefit plans	2,245,126	225

Purchase of subsidiaries for stock (note 3)	275,862	28
Payments on equity forward contracts	-	-
Acquisition of treasury stock	-	-
Retirement of treasury stock	(287,500)	(29)
Comprehensive income:		
Foreign currency translation	-	-
Unrealized gain on marketable securities, net of reclassification adjustment	-	-
Net earnings	-	-
Total comprehensive income		
Balances at March 31, 2001	90,545,576	\$ 9,055
Tax benefit of stock options and warrants exercised and equity forward transactions (note 12)	-	-
Issuance of warrants	-	-
Employee stock awards and shares issued to employee benefit plans	531,846	53
Payments on equity forward contracts	-	-
Settlement of equity forward contracts	(3,739,900)	(374)
Conversion of debt to stock	100	-
Comprehensive loss:		
Foreign currency translation	-	-
Unrealized loss on marketable securities	-	-
Net loss	-	-
Total comprehensive loss		
Balances at March 31, 2002	87,337,622	\$ 8,734
Tax benefit of stock options and warrants exercised (note 12)	-	-
Issuance of warrants	-	-
Employee stock awards and shares issued to employee benefit plans	2,146,924	215
Acquisition of treasury stock	-	-
Purchase of subsidiaries for stock and warrants (note 3)	664,562	66
Comprehensive income:		
Foreign currency translation	-	-
Unrealized gain on marketable securities, net of reclassification adjustment	-	-
Net earnings	-	-
Total comprehensive income		
Balances at March 31, 2003	90,149,108	\$ 9,015

See accompanying notes to consolidated financial statements.

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ACXIOM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
YEARS ENDED MARCH 31, 2003, 2002 AND 2001

(Dollars in thousands)

Additional paid-in capital	Comprehensive income (loss) (note 18)	Retained earnings	Accumulated other comprehensive income (loss) (note 18)	Treasury stock (note 11)		Total stockholders' equity (note 11)
				Number of shares	Amount	
\$ 325,729		\$ 257,376	\$ (1,448)	(474,388)	\$ (2,758)	587,730
8,001	-	-	-	-	-	8,001
220	-	-	-	-	-	220
25,229	-	-	-	305,890	471	25,925
6,869	-	-	-	-	-	6,897
(6,678)	-	-	-	-	-	(6,678)
-	-	-	-	(287,500)	(7,478)	(7,478)
(7,449)	-	-	-	287,500	7,478	-
-	(4,701)	-	(4,701)	-	-	(4,701)
-	153	-	153	-	-	153
-	6,379	6,379	-	-	-	6,379
	\$ 1,831					
\$ 351,921		\$ 263,755	\$ (5,996)	(168,498)	\$ (2,287)	616,448
4,516	-	-	-	-	-	4,516
817	-	-	-	-	-	817
11,441	-	-	-	50,243	(53)	11,441
(23,547)	-	-	-	-	-	(23,547)
(63,795)	-	-	-	-	-	(64,169)
2	-	-	-	-	-	2
-	(1,478)	-	(1,478)	-	-	(1,478)
-	(1,135)	-	(1,135)	-	-	(1,135)
-	(31,964)	(31,964)	-	-	-	(31,964)
	\$ (34,577)					
\$ 281,355		\$ 231,791	\$ (8,609)	(118,255)	\$ (2,340)	510,931
6,894	-	-	-	-	-	6,894
1,317	-	-	-	-	-	1,317
19,593	-	-	-	(80,623)	(1,747)	18,061
-	-	-	-	(1,786,500)	(26,734)	(26,734)
24,556	-	-	-	-	-	24,622
-	4,563	-	4,563	-	-	4,563
-	1,135	-	1,135	-	-	1,135
-	21,767	21,767	-	-	-	21,767
	\$ 27,465					
\$ 333,715		\$ 253,558	\$ (2,911)	(1,985,378)	\$ (30,821)	\$ 562,556

ACXIOM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2003, 2002 AND 2001

(Dollars in thousands)

	2003	2002	2001
	-----	-----	-----
Cash flows from operating activities:			
Net earnings (loss)	\$ 21,767	\$ (31,964)	\$ 6,379
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation, amortization and impairment of long-lived assets (notes 2, 5, 6 and 10)	154,902	123,394	120,793
Loss on disposal or impairment of other assets, net	8,799	46,934	33,437
Deferred income taxes	7,020	26,832	(11,770)
Tax benefit of stock options and warrants exercised and equity forward transactions	6,894	4,516	8,001
Cumulative effect of change in accounting principle	-	-	37,488
Changes in operating assets and liabilities:			
Accounts receivable	3,999	9,120	(11,141)
Other assets	63,271	(62)	(126,745)
Accounts payable and other liabilities	(10,422)	(15,836)	7,521
Restructuring and impairment costs	(2,437)	(12,329)	(15,862)
	-----	-----	-----
Net cash provided by operating activities	253,793	150,605	48,101
	-----	-----	-----
Cash flows from investing activities:			
Proceeds from the disposition of operations	1,089	9,211	55,310
Proceeds from the disposition of assets	293	173	4,715
Proceeds from sale of marketable securities	-	-	8,918
Capitalized software development costs	(34,573)	(24,121)	(36,558)
Capital expenditures	(13,212)	(14,875)	(61,901)
Deferral of costs	(15,027)	(48,131)	(49,585)
Proceeds from sale and leaseback transaction (note 2)	7,729	5,999	-
Investment in joint ventures and other companies	(1,177)	(7,912)	(20,456)
Net cash paid in acquisitions (note 3)	(14,105)	(5,331)	(16,030)
	-----	-----	-----
Net cash used in investing activities	(68,983)	(84,987)	(115,587)
	-----	-----	-----
Cash flows from financing activities:			
Proceeds from debt	161,005	319,931	153,359
Payments of debt	(337,399)	(381,876)	(107,388)
Payments on equity forward contracts	-	(23,547)	(6,678)
Sale of common stock	18,061	11,441	26,145
Acquisition of treasury stock	(26,734)	-	(7,478)
	-----	-----	-----
Net cash (used in) provided by financing activities	(185,067)	(74,051)	57,960
	-----	-----	-----
Effect of exchange rate changes on cash	72	(67)	(222)
	-----	-----	-----
Net decrease in cash and cash equivalents	(185)	(8,500)	(9,748)
	-----	-----	-----
Cash and cash equivalents at beginning of year	5,676	14,176	23,924
	-----	-----	-----
Cash and cash equivalents at end of year	\$ 5,491	\$ 5,676	\$ 14,176
	=====	=====	=====

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ACXIOM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
YEARS ENDED MARCH 31, 2003, 2002 AND 2001

(Dollars in thousands)

	2003	2002	2001
	-----	-----	-----
Supplemental cash flow information:			
Cash paid (received) during the year for:			
Interest	\$ 26,347	\$ 25,746	\$ 25,754
Income taxes	(40,045)	9,364	29,022
Noncash investing and financing activities:			
Equity forward contracts settled through term note (note 11)	-	64,169	-
Notes payable, common stock and warrants issued for acquisitions (note 3)	28,486	-	10,497
Acquisition of property and equipment under capital lease	14,139	-	-
Notes receivable received in exchange for sale of assets and operations (note 4)	1,326	8,151	3,752
Issuance of warrants	1,317	817	220
Enterprise software licenses acquired under software obligations	2,828	3,491	35,185
	=====	=====	=====

See accompanying notes to consolidated financial statements.

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ACXIOM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2003, 2002 AND 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Business-

Acxiom Corporation ("Acxiom" or "the Company") integrates data, services and technology to create and deliver customer and information management solutions for many of the largest, most respected companies in the world. The core components of Acxiom's innovative solutions are customer data integration technology, data, database services, information technology ("IT") outsourcing, consulting and analytics, and privacy leadership. Founded in 1969, Acxiom is headquartered in Little Rock, Arkansas, with locations throughout the United States and in the United Kingdom ("U.K."), France, Australia and Japan.

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 with equity in earnings recorded in "other, net" in the accompanying consolidated statements of operations. Investments in less than 20% owned entities are accounted for at cost. Investment income and charges related to investments accounted for at cost are recorded in "other, net."

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 accounting principles generally accepted in the United States. Actual results could differ from those estimates.

Cash and Cash Equivalents-

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable-

Accounts receivable include amounts billed to customers as well as unbilled amounts recognized in accordance with the Company's revenue recognition policies, as stated below. Unbilled amounts included in accounts receivable were \$56.9 million and \$47.7 million, respectively, at March 31, 2003 and 2002.

Other Current Assets-

Other current assets include the current portion of unbilled and notes receivable of \$21.9 million and \$38.4 million as of March 31, 2003 and 2002, respectively. The remainder of other current assets consists of prepaid expenses, non-trade receivables and other miscellaneous assets.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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, 2 - 30 years; data processing equipment, 2 - 5 years, and office furniture and other equipment, 3 - 7 years.

Property held under capitalized lease arrangements is included in property and equipment, and the associated liabilities are included in long-term debt. Property and equipment taken out of service and held for sale is recorded at net realizable value and depreciation is ceased.

Software and Research and Development Costs-

Costs of internally developed software are amortized on a straight-line basis over the remaining estimated economic life of the product, generally two to five years, 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 such costs are incurred. Once technological feasibility is established, costs are capitalized until the software is available for general release.

Purchased Software Licenses-

Purchased software licenses include both prepaid software and capitalized future software obligations for which the liability is included in long-term debt (see note 8). Costs of purchased software licenses are amortized using a units-of-production basis over the estimated economic life of the license, generally not to exceed ten years.

Goodwill-

Goodwill represents the excess of acquisition costs over the fair values of net assets acquired in business combinations (see notes 3 and 5). Goodwill is reviewed at least annually for impairment under a two-part test. Part one of the goodwill impairment test involves a determination of whether the total book value of each reporting unit of the Company (generally defined as the carrying value of assets minus the carrying value of liabilities) exceeds the reporting unit's estimated fair value. In the event that part one of the impairment test indicates an excess of book value over the estimated fair value of net assets, performance of part two of the impairment test is required, whereby estimated fair values are assigned to identifiable assets with any residual fair value assigned to goodwill. Impairment exists to the extent that the reporting unit's recorded goodwill exceeds the residual fair value assigned to such goodwill. Any impairment that results from the completion of the two-part test is recorded as a charge to operations during the period in which the impairment test is completed. Completion of the Company's most recent annual impairment test during the quarter ended June 30, 2002 indicated that no potential impairment of its goodwill balances exists. The Company expects to complete its next annual impairment test during the quarter ending June 30, 2003.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 (see note 2). Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the undiscounted cash flows expected to result from the use and eventual disposition of 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 shall be classified as held for sale and are reported at the lower of the carrying amount or fair value less costs to sell.

Unbilled and Notes Receivable-

Unbilled and notes receivable are from the sales of software, data licenses, equipment sales and from the sale of divested operations (see note 4), net of the current portions of such receivables. Certain of the unbilled and notes receivable from software and data licenses and equipment sales have no stated interest rate and have been discounted using an imputed interest rate, generally 8%, 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 the interest income is included as a component of "other, net" in the accompanying consolidated statements of operations.

Deferred Costs-

Deferred costs consist of up-front set-up costs and generally include salary and benefits and other direct and incremental third party costs incurred in connection with the underlying contract. These deferred costs are amortized over the term or service period of the contract.

Other Assets-

Other assets include the Company's investment in marketable and nonmarketable securities of \$13.5 million and \$28.4 million as of March 31, 2003 and 2002, respectively. 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 (loss) until realized (see note 18). Realized gains and losses from the sale of available-for-sale securities are determined on a specific identification basis.

During the years ended March 31, 2003, 2002 and 2001, the Company determined that certain of its investments in marketable securities and certain other nonmarketable securities were other than temporarily impaired. In making the assessment as to whether a decline in value of an investment is "other than temporary", the Company looks for a decline in value below its cost basis for a sustained period of time, generally six to nine months. As a result, the Company recorded charges to earnings of \$8.8 million, \$1.1 million, and \$6.5 million, net of realized gains, during the years ended March 31, 2003, 2002 and 2001, respectively, to write down these impaired

investments to their approximate fair market values, resulting in a new carrying value for these investments. These revised carrying values will be used as the basis for recognizing realized and unrealized gains and losses during future reporting periods.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The remainder of other assets consists of noncurrent prepaid expenses, deposits and other miscellaneous noncurrent assets.

Deferred Revenue-

Deferred revenue consists of amounts billed in excess of revenue recognized on sales of software, data licenses, services and equipment. Deferred revenues are subsequently recorded as revenue in accordance with the Company's revenue recognition policies.

Revenue Recognition-

Revenues from services under contracts, including consulting, list processing and data warehousing, and from information technology outsourcing services, including facilities management contracts and hardware and certain other equipment, are recognized ratably over the term of the contract. In cases where the Company performs services that are considered "project" or ad hoc in nature, the Company recognizes revenue from such services as the services are performed. In certain multiple element arrangements, revenue is recognized on each element based on the objective evidence of the fair values of each element. If evidence of fair value does not exist for all elements of the arrangement, then all revenue for the multiple element arrangement is recognized ratably over the term of the agreement. In the case of certain long-term contracts, up-front fees earned are deferred and capital expenditures and set-up costs that are direct and incremental to obtaining the contract are capitalized and amortized on a straight-line basis over the service term of the contract, in accordance with SEC Staff Accounting Bulletin ("SAB") 101, "Revenue Recognition in Financial Statements." 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 such benchmarks have been met. Additionally, if third party software, hardware and certain other equipment are sold along with services, the Company records such sales over the service period unless fair value of the undelivered service element can be determined. The Company evaluates revenue from the sale of software, hardware and equipment in accordance with the provisions of Emerging Issues Task Force ("EITF") Issue 99-19, "Reporting Revenue Gross as a Principal versus net as an Agent," to determine whether such revenues should be recognized on a gross or a net basis over the term of the related service agreement. "Out-of-pocket" expenses incurred by, and reimbursed to, the Company in connection with customer contracts are recorded gross as revenue in accordance with EITF Issue 01-14, "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred."

Revenues from the licensing of data are recognized upon delivery of the data to the customer in circumstances where no update or other obligations exist. Revenue from the licensing of data in which the Company is obligated to provide future updates on a monthly, quarterly or annual basis is recognized on a straight-line basis over the license term. Revenue from the licensing of data to the customer in circumstances where the license agreement contains a "volume cap" is recognized in proportion to the total records to be delivered under the arrangement.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Revenues from the licensing of software are recognized in accordance with the American Institute of Certified Public Accountants Statement of Position ("SOP") 97-2, "Software Revenue Recognition," as amended by SOP 98-9, "Modification of SOP 97-2, Software Revenue Recognition, with Respect to Certain Transactions." SOP 97-2, as amended, generally requires revenue earned on software arrangements involving multiple elements to be allocated to each element based on the relative fair values of the elements. The fair value of an element must be based on evidence that is specific to the vendor ("VSOE"). If VSOE does not exist for all elements of a license arrangement, then all revenue for the license arrangement is recognized ratably over the term of the agreement. If VSOE exists for all undelivered elements but does not exist for one or more delivered elements, then revenue is recognized using the residual method. Generally, prior to April 1, 2001, revenue from the sale of software was recognized up front, with maintenance revenue deferred, in accordance with SOP 97-2, as amended. Effective April 1, 2001, the Company made certain modifications to its standard software license agreements such that VSOE is no longer attainable on its standard software license transactions entered into subsequent to that date. Accordingly, the Company now recognizes revenue from the licensing of its software ratably over the term of the agreement.

Additionally, the Company earns revenue for the maintenance of its software, which provides for the Company to provide technical support and software updates to customers. Revenue on technical support and software update rights is recognized ratably over the term of the support agreement.

Effective January 1, 2001, the Company changed its method of accounting for certain transactions, retroactive to April 1, 2000, in accordance with SAB 101. The cumulative effect of the change on prior years resulted in a charge to earnings of \$37.5 million, net of income tax benefit, which is included in the Company's consolidated earnings for the year ended March 31, 2001. For the years ended March 31, 2003, 2002 and 2001, the Company recognized approximately \$13 million, \$19 million and \$29 million, respectively, in revenue that was included in the cumulative effect adjustment. The remaining amount of such revenue, which will be recognized through 2008, is approximately \$10 million.

Concentration of Credit Risk-

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of trade accounts, unbilled and notes receivable. The Company's receivables are from a large number of customers. Accordingly, the Company's credit risk is affected by general economic conditions.

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.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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.

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 consolidated statements of stockholders' equity and comprehensive income (note 18).

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):

	2003	2002	2001
Basic earnings per share:			
Numerator - net earnings (loss)	\$ 21,767	\$ (31,964)	\$ 6,379
Denominator - weighted-average shares outstanding	88,429	88,478	88,579

Earnings (loss) per share	\$ 0.25	\$ (0.36)	\$ 0.07
=====			
Diluted earnings per share:			
Numerator - net earnings (loss)	\$ 21,767	\$ (31,964)	\$ 6,379

Denominator:			
Weighted-average shares outstanding	88,429	88,478	88,579
Dilutive effect of common stock options and warrants, as computed under the treasury stock method	2,113	-	3,825
Dilutive effect of equity forward contracts	-	-	90

	90,542	88,478	92,494

Earnings (loss) per share	\$ 0.24	\$ (0.36)	\$ 0.07
=====			

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The Company's convertible debt (see note 8) was excluded from the above calculations for all periods, and all stock options, stock warrants, and equity forward contracts were excluded from the above calculations for the year ended March 31, 2002, because such items were antidilutive. The equivalent share effects of convertible debt excluded for the years ended March 31, 2003, 2002 and 2001 were 9.6 million, 7.0 million and 5.8 million shares, respectively. The equivalent share effect of the common stock options, warrants and equity forward contracts excluded for the year ended March 31, 2002 was 1.9 million shares. Interest expense on the convertible debt (net of income tax effect) excluded in computing diluted earnings (loss) per share for the years ended March 31, 2003, 2002 and 2001, was \$4.2 million, \$4.2 million and \$3.7 million, respectively.

Options and warrants to purchase shares of common stock that were outstanding during 2003, 2002 and 2001, but were not included in the computation of diluted earnings (loss) per share because the exercise price was greater than the average market price of the common shares are shown below (in thousands, except per share amounts):

	2003	2002	2001

Number of shares outstanding under options and warrants	12,786	11,248	1,650
Range of exercise prices	\$15.63 - \$62.06	\$11.50 - \$62.06	\$17.93 - \$62.06
=====			

Stock-Based Compensation-

The Company applies the provisions of Accounting Principles Board ("APB") Opinion No. 25 and related interpretations in accounting for its 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 Statement of Financial Accounting Standards ("SFAS") No. 123, as amended, the Company's net earnings (loss) would have been reduced to the following unaudited pro forma amounts for the years ended March 31 (in thousands, except per share amounts):

	2003	2002	2001

Net earnings (loss), as reported	\$ 21,767	\$ (31,964)	\$ 6,379
Less: stock-based employee compensation expense under fair value based method, net of income tax benefit	(10,810)	(29,136)	(6,369)

Pro forma net earnings (loss)	\$ 10,957	\$ (61,100)	\$ 10
=====			
Earnings (loss) per share:			
Basic - as reported	\$ 0.25	\$ (0.36)	\$ 0.07
=====			
Basic - pro forma	\$ 0.12	\$ (0.69)	\$ 0.00
=====			
Diluted - as reported	\$ 0.24	\$ (0.36)	\$ 0.07
=====			
Diluted - pro forma	\$ 0.12	\$ (0.69)	\$ 0.00
=====			

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 nine years and compensation cost for options granted prior to April 1, 1995 is not considered.

The per share weighted-average fair value of stock options granted during fiscal 2003, 2002 and 2001 was \$11.85, \$8.98 and \$11.95, respectively, on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: dividend yield of 0% for 2003, 2002 and 2001; risk-free interest rate of 4.36% in 2003, 4.92% in 2002 and 6.19% in 2001; expected option life of 10 years for 2003, 10 years for 2002 and 5 years for 2001 and expected volatility of 64% in 2003, 66% in 2002 and 57% in 2001.

Advertising Expense-

The Company expenses advertising costs as incurred. Advertising expense was approximately \$7.0 million, \$10.2 million and \$19.5 million for the years ended March 31, 2003, 2002 and 2001, respectively.

Recent Accounting Pronouncements-

In May 2003, the Financial Accounting Standards Board ("FASB") issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 established standards for how entities classify and measure in their statement of financial position certain financial instruments with characteristics of both liabilities and equity. The provisions of SFAS No. 150 are effective for financial instruments entered into or modified after May 31, 2003, and otherwise shall be effective at the beginning of the first fiscal interim period beginning after June 15, 2003 and reported as a cumulative effect adjustment. The Company does not expect adoption of this statement, effective July 1, 2003, to have a material impact on its financial position, results of operations or cash flows.

In January 2003, the FASB issued Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities." Under the provisions of FIN 46, the underlying assets, liabilities and results of activities of a large number of variable interest entities ("VIE's") would be required to be consolidated into the financial statements of a primary beneficiary. All enterprises with variable interests in VIE's created after January 31, 2003, shall apply the provisions of FIN 46 immediately. Entities with a variable interest in VIE's created before February 1, 2003, shall apply the provisions of FIN 46 no later than the beginning of the first interim or annual reporting period beginning after June 15, 2003. The Company will be required to apply the provisions of FIN 46 to its consolidated financial statements no later than July 1, 2003. Since the Company has terminated its real estate synthetic lease arrangement, as discussed in note 10, management expects no material impact from

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

In December 2002, the FASB issued SFAS No. 148 "Accounting for Stock-Based Compensation - Transition and Disclosure - an Amendment of FASB Statement No. 123." SFAS No. 148 provides for alternative methods of transition for a voluntary change to the fair value method of accounting for stock-based employee compensation. In addition, it requires more prominent disclosures about the method of accounting for stock-based employee compensation and the effect of the method used on reported results in both annual and interim financial statements. The provisions of SFAS No. 148 are effective for fiscal years ending after December 15, 2002. The Company has not elected to change to the fair value method of accounting for stock-based employee compensation, but has implemented the enhanced disclosure provisions of SFAS No. 148.

In November 2002, the FASB issued Interpretation No. 45 ("FIN 45") "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others - an Interpretation of FASB Statements No. 5, 57, and 107 and Rescission of FASB Interpretation No. 34." Under the provisions of FIN 45, a guarantor is required to recognize, at the inception of the guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. A guarantor is also required to make additional disclosures in its financial statements about obligations under certain guarantees issued. FIN 45 will require the Company to recognize a liability in its consolidated financial statements equal to the fair value of its guarantees, including any guarantees issued in connection with its synthetic equipment arrangements. However, the provisions of FIN 45 shall be applied only on a prospective basis to guarantees issued or modified after December 31, 2002, with the disclosure requirements effective for financial statements of interim and annual periods ended after December 15, 2002. The impact to the Company's consolidated financial statements of recording liabilities for the fair value of recurring synthetic equipment and furniture lease guarantee transactions is not expected to be material. The Company will evaluate the impact of any other future guarantee transactions on a case-by-case basis.

On November 21, 2002, the EITF reached a final consensus on Issue No. 00-21, "Revenue Arrangements with Multiple Elements." EITF 00-21 provides guidance on (a) how arrangement consideration should be measured, (b) whether the arrangement should be divided into separate units of accounting, and (c) how the arrangement consideration should be allocated among the separate units of accounting. EITF 00-21 also requires disclosure of the accounting policy for recognition of revenue from multiple-deliverable arrangements and the description and nature of such arrangements. The guidance of EITF 00-21 is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. Alternatively, EITF 00-21's guidance may be accounted for and reported as a cumulative-effect adjustment. Management does not expect that applying the guidance of EITF 00-21 to its multiple element arrangements will have a material impact on its financial position, results of operations or cash flows.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses accounting and reporting for costs associated with exit or disposal activities by requiring that a liability for a cost associated with an exit or disposal activity be recognized and measured at fair value only when the liability is incurred. SFAS No. 146 also nullifies EITF Issue 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The provisions of SFAS No. 146 are effective for exit or disposal activities that are initiated after December 31, 2002.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

In May 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." Under the provisions of SFAS No. 145, gains and losses from the early extinguishment of debt are no longer classified as an extraordinary item, net of income taxes, but are included in the determination of pretax earnings. The effective date for SFAS No. 145 is for fiscal years beginning after May 15, 2002 (the Company's 2004 fiscal year), with early application encouraged. Upon adoption, all gains and losses from the extinguishment of debt previously reported as an extraordinary item shall be reclassified to pretax earnings. The Company will implement SFAS No. 145 in fiscal 2004, and will therefore reclassify the extraordinary item recorded in fiscal 2002 (note 8).

During August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets by superseding SFAS No. 121 and APB Opinion No. 30. SFAS No. 144 established a single accounting model for measuring the impairment of long-lived assets to be held and used or to be disposed of by sale. SFAS No. 144 also expands the scope of asset disposals that are reported as discontinued operations by requiring that components of an entity that have either been disposed of or that are classified as held for sale be reported separately as discontinued operations. This statement also resolves significant implementation issues related to SFAS No. 121 regarding the measurement and the reporting of impairment losses associated with long-lived assets. The Company adopted the provisions of this statement effective April 1, 2002.

During June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This statement established the accounting and reporting requirements for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. Specifically, it requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. Additionally, it requires certain disclosures including descriptions of asset retirement obligations and reconciliations of changes in the components of those obligations. SFAS No. 143 is effective for the Company's 2004 fiscal year. The Company does not expect the adoption of this statement to have a material impact on its financial position, results of operations or cash flows.

Prior Year Reclassifications-

Certain prior year amounts have been reclassified to conform to the current year presentation. Such reclassifications had no effect on the prior years' net earnings (loss) as previously reported.

2. RESTRUCTURING, IMPAIRMENT AND OTHER CHARGES:

Restructuring and Impairment Charges

During the fourth quarter of fiscal 2003, management determined that certain of its software and long-lived assets were impaired and recorded impairment charges of \$30.6 million. Included in these charges was the impairment of software of \$10.2 million related to campaign management software applications that were primarily associated with software acquired from Exchange Applications, a software vendor, which ceased operations during the quarter. This software was evaluated for impairment under the provisions of SFAS No. 86, "Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed." Additionally, during the fourth quarter of fiscal 2003, the Company determined that certain other software and data products and certain operations that have been de-emphasized and are no longer strategic were impaired. These included some data center and print operations, long-lived assets associated with unprofitable business operations and certain databases that have been abandoned or have been replaced with new products. The total write-down of these products and operations was \$20.4 million and was determined in accordance with SFAS No. 86 or SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Of the \$30.6 million in impairment charges, \$29.8 million is included as "computer, communications and other equipment" with the remainder included in "other operating costs and expenses" in the accompanying consolidated statement of operations. Additionally, the entire \$30.6 million is included in "depreciation, amortization and impairment of long-lived assets" in the accompanying consolidated statement of cash flows.

On June 25, 2001, the Company announced a restructuring plan ("Restructuring Plan") for significant cost-reduction efforts, including a seven percent workforce reduction (412 individual associates). Additionally, certain other associates who are part of the IT Management segment were terminated earlier in the quarter ended June 30, 2001. In addition to these workforce reductions, the Company entered into an agreement whereby a significant amount of its computer equipment was sold and leased back, resulting in a loss of \$31.2 million. Accordingly, the Company recorded charges related to these workforce reductions, the loss on the sale and leaseback of computer equipment and certain other restructuring activities, asset impairments and other adjustments and accruals as part of the Restructuring Plan. The aggregate amount of these charges recorded by the Company, including the loss on the sale-leaseback transaction, totaled \$45.3 million and were recorded as gains, losses and nonrecurring items in the March 31, 2002 consolidated financial statements. The charges recorded by the Company, in addition to the loss on the sale-leaseback transaction, consisted of \$8.3 million in associate-related reserves, principally employment contract termination and severance costs; \$3.6 million for lease and contract termination costs and \$2.2 million for abandoned or otherwise impaired assets and transaction

costs to be paid to accountants and attorneys.

The associate-related charges include payments to be made under existing employment agreements with four terminated associates and involuntary termination benefits to 450 associates whose positions have been eliminated. The contract termination costs consisted primarily of lease terminations that occurred during the quarter ended June 30, 2001, in an effort to consolidate portions of the Company's operations and the termination of certain other contracts on or prior to June 30, 2001, for services no longer utilized by the Company. The transaction costs are fees that were incurred as a direct result of the workforce reductions, the sale-leaseback transaction, and certain other restructuring and cost-cutting measures put in place during the quarter ended June 30, 2001.

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2. RESTRUCTURING, IMPAIRMENT AND OTHER CHARGES (Continued):

In addition to the Restructuring Plan charges discussed above, the Company recorded other impairment charges of approximately \$25.8 million during the first quarter of fiscal 2002 on certain software and long-lived assets that are no longer in service or have otherwise been deemed impaired under the appropriate accounting literature, primarily SFAS No. 86 or SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of."

Sale Leaseback Transaction

On June 29, 2001, in connection with the Restructuring Plan, the Company entered into an agreement whereby it sold equipment with a net book value of \$50.7 million to Technology Investment Partners, LLC ("TIP") and recorded a loss on this sale of \$31.2 million. Simultaneous with the sale of this equipment, the Company agreed to lease the equipment under a capital lease from TIP for a period of thirty-six months. The Company received \$2.0 million of the sale proceeds from TIP during July 2001 and received an additional \$4.0 million of the sales proceeds during December 2001. On August 30, 2002, the Company amended its agreement with TIP whereby it reacquired from TIP certain equipment under the original sale and leaseback arrangement that had not previously been funded by TIP. Simultaneous with this transaction, the Company entered into an agreement with Merrill Lynch Capital ("MLC") whereby a portion of the repurchased equipment under the amended TIP agreement was sold to MLC for net sales proceeds of \$7.7 million. The agreement with MLC also provides a leaseback provision, accounted for as a capital lease by the Company, whereby the Company is obligated to lease the equipment from MLC for a period of thirty-six months. The Company did not record any gain or loss on the sale and leaseback transaction with MLC.

Included in property and equipment at March 31, 2003 and 2002, is equipment of \$6.1 million and \$14.7 million, respectively, net of accumulated depreciation and amortization, related to the assets under these leaseback arrangements. Included in long-term debt at March 31, 2003 and 2002, are capital lease obligations under these leaseback arrangements in the amount of \$9.8 million and \$5.6 million, respectively.

Montgomery Ward Bankruptcy

On December 28, 2000, Montgomery Ward ("Wards"), a significant customer of the IT Management segment, filed a petition for bankruptcy under Chapter 11 of the United States Bankruptcy Code. The Bankruptcy Court has approved the petition, and Wards is proceeding with a liquidation of its assets. As a result of Wards filing for bankruptcy, the Company identified certain assets that were impaired and certain ongoing obligations that have no future benefit to the Company. Accordingly, during the year ended March 31, 2001, the Company recorded in gains, losses and nonrecurring items charges totaling \$34.6 million related to these obligations and impaired assets. The charges consisted of approximately \$8.1 million for the write-down of property and equipment; \$13.7 million of deferred contract costs; \$5.3 million of pre-petition receivables; \$3.5 million for the write-down of software; \$2.3 million in ongoing contract costs and \$1.7 million of other accruals.

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2. RESTRUCTURING, IMPAIRMENT AND OTHER CHARGES (Continued):

The deferred contract costs represent migration and other costs that had been deferred and were being amortized over the term of the Wards contract. The pre-petition receivables represent amounts billed by Acxiom for work performed prior to Wards' bankruptcy filing. The software write-down represents software licenses that specifically supported the information technology needs of Wards and have no alternative use. The write-down of the property and equipment of \$8.1 million represents assets that were used specifically to support the needs of Wards and that have no alternative use.

As of June 30, 2001, the Company was no longer obligated to provide services to Wards. During the quarter ended December 31, 2002, the Company received a payment from the Wards bankruptcy trustee in the amount of \$0.5 million. This payment was recorded through gains, losses and nonrecurring items where the expense was originally recorded. Any future recovery from the bankruptcy will also be recorded in gains, losses and nonrecurring items.

The following table shows the balances that were initially accrued for Wards and the Restructuring Plan and the changes in those balances during the years ended March 31, 2001, 2002 and 2003 (dollars in thousands):

	Wards amount accrued	Payments	March 31, 2001	Restructuring Plan amount accrued	Payments	Adjustments	March 31, 2002	Payments	Adjustments	March 31, 2003
Associate-relate reserves	\$ -	\$ -	\$ -	\$ 6,809	\$ (4,987)	\$ (1,222)	\$ 600	\$ (950)	\$ 366	\$ 16
Ongoing contract costs	2,299	(315)	1,984	3,449	(3,935)	527	2,025	(1,345)	(366)	314
Other accruals	1,672	(626)	1,046	400	(1,163)	(4)	279	(142)	117	254
	<u>\$ 3,971</u>	<u>\$ (941)</u>	<u>\$ 3,030</u>	<u>\$ 10,658</u>	<u>\$ (10,085)</u>	<u>\$ (699)</u>	<u>\$ 2,904</u>	<u>\$ (2,437)</u>	<u>\$ 117</u>	<u>\$ 584</u>

The Company has revised its estimate of remaining amounts to be paid out during future periods associated with these restructuring accruals. Accordingly, the Company reduced the remaining Restructuring Plan accrual by \$0.7 million during the fourth quarter of fiscal 2002 and reallocated \$0.8 million of the remaining Wards accrual to the Restructuring Plan accrual during the fourth quarter of fiscal 2003 based on estimates of remaining costs to be incurred. The remaining accruals, as adjusted, will be paid out over periods ranging up to two years.

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2. RESTRUCTURING, IMPAIRMENT AND OTHER CHARGES (Continued):

Other

During the quarter ended June 30, 2000, the compensation committee ("the Committee") of the Company committed to pay in cash \$6.3 million of over-attainment incentive ("Incentive") that was attributable to results of operations in prior years due to over-achievement of targets. This Incentive was to be paid in excess of the Company's normal at-risk incentive pay. In accordance with the Company's Incentive plan, the amount accrued was to be paid over a three-year period, assuming continued performance of the Company. During the quarter ended September 30, 2001, the Company paid, and recorded as a reduction of the accrual, \$2.2 million of the Incentive. During the quarter ended September 30, 2002, the Committee discontinued the Incentive and determined that the remaining accrual would not be paid under the Incentive plan based on recent operating results. Accordingly, the remaining accrual of \$4.1 million was reversed through gains, losses and nonrecurring items during the quarter ended September 30, 2002, which is where the expense was originally recorded.

3. ACQUISITIONS:

Effective November 26, 2002, the Company acquired certain assets and assumed certain liabilities of Toplander Corporation ("Toplander"), a data compiler for online marketing efforts. Management believes this acquisition will enable Acxiom to significantly increase the number of database records used for online marketing efforts and will provide additional sources of data collection. The acquisition price consisted of cash paid to the sellers of \$5.6 million and contingent consideration that includes up to \$2.4 million of additional cash currently in escrow, shares of the Company's common stock with a fair value of up to \$2.0 million, and warrants to purchase shares of the Company's common stock with a fair value of up to \$2.0 million for a total aggregate purchase price, including contingent consideration, of up to \$12.0 million. At March 31, 2003, the \$2.4 million escrowed cash is included in cash and cash equivalents on the condensed consolidated balance sheet. The amount of

contingent consideration, if any, payable by the Company to the sellers should be determined during the first quarter of the Company's 2004 fiscal year. The results of operations of Toplander are included in the Company's consolidated results from the date of acquisition. The pro forma effect of this acquisition is not material to the Company's consolidated results for any of the periods presented.

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3. ACQUISITIONS (Continued):

Effective August 12, 2002, the Company acquired certain assets and assumed certain liabilities of an employment screening business owned by Trans Union, LLC ("Trans Union"), a related party. This employment screening business was incorporated as Acxiom Information Security Systems, Inc. ("AISS") and offers a range of services including criminal and civil records search, education and reference verification, and other verification services for its customers. Management believes AISS will provide the Company with additional products and services and will support the Company's initiatives in the screening, identification and security areas. The aggregate purchase price of \$34.8 million consisted of cash of \$7.5 million paid at closing, a note of \$2.5 million paid in October 2002, additional cash of \$0.2 million paid in October 2002 as a result of purchase price adjustments, 664,562 shares of common stock valued at \$10.5 million and warrants to purchase 1,272,024 shares of common stock, at an exercise price of \$16.32, valued at \$14.1 million. If the value of the 664,562 shares of common stock on August 12, 2003 (twelve months after the closing date) is less than \$10.0 million, the Company will be required to pay additional cash consideration in the amount of the deficit, but not more than \$5.0 million. If the value of those shares on August 12, 2003 is greater than \$13.0 million, Trans Union will be required to return shares of common stock in the amount of the excess, but not more than \$5.0 million worth of common stock. The results of operations of AISS are included in the Company's consolidated results from the date of acquisition. The pro forma effect of this acquisition is not material to the Company's consolidated results for any of the periods presented.

Effective June 1, 2002, the Company entered into an agreement with Publishing & Broadcasting Limited ("PBL") whereby Acxiom purchased PBL's 50% ownership interest in an Australian joint venture ("Australian JV") for cash of \$0.8 million (net of cash acquired) and a note payable of \$1.4 million, such that Acxiom now owns 100% of the Australian operation. Additionally, the purchase agreement provides that Acxiom may pay PBL additional consideration, based on a percentage of the Australian operation's results through March 31, 2007, and also provides PBL the option to repurchase between 25% and 49% of the Australian JV subsequent to March 31, 2007, at an option price specified in the purchase agreement. The results of operations of the Australian business are included in the Company's consolidated financial statements beginning June 1, 2002. Prior to that time, the Company accounted for the Australian JV as an equity method investment. The pro forma effect of this acquisition is not material to the Company's consolidated results for any of the periods presented. Management believes sole ownership of the Australian operation will enable the Company to capitalize on global opportunities.

During the year ended March 31, 2002, the Company acquired certain customer relationship management operations of Trans Union ("TUCRM") for \$5.3 million, which resulted in an excess of purchase price over the fair value of net assets acquired of \$5.3 million as determined in accordance with the provisions of SFAS No. 142. The results of operations of this acquisition are included in the Company's consolidated results from the date of acquisition. The pro forma effect of the acquisition is not material to the Company's consolidated results for the periods reported.

During the year ended March 31, 2001, the Company acquired certain assets and assumed certain liabilities of Data Dimension Information Services, Inc. ("DDIS") and MCRB Service Bureau, Inc. ("MCRB") for cash of \$7.7 million and a note of \$3.6 million, resulting in an excess of purchase price over the fair value of net assets acquired of \$21.5 million. The results of operations of DDIS and MCRB are included in the Company's consolidated results from the dates of acquisition. The pro forma effect of these acquisitions is not material to the Company's consolidated results for the periods reported. Additionally, during the year ended March 31, 2001, the Company paid \$8.8 million in cash for contingent consideration for acquisitions completed in previous years.

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3. ACQUISITIONS (Continued):

The following table shows the allocation of the Australian JV, AISS, Toplander, TUCRM, DDIS and MCRB purchase prices to assets acquired and liabilities assumed (dollars in thousands):

	Australian JV	AISS	Toplander	TUCRM	DDIS	MCRB
Assets acquired:						
Cash	\$ 592	\$ -	\$ -	\$ -	\$ -	\$ -
Goodwill	6,995	32,438	4,512	5,265	9,676	11,796
Other current and noncurrent assets	2,575	3,513	1,334	66	3,122	1,118
	10,162	35,951	5,846	5,331	12,798	12,914
Accounts payable, accrued expenses and capital leases assumed	1,077	1,096	246	-	7,301	7,118
Net assets acquired	9,085	34,855	5,600	5,331	5,497	5,796
Less:						
Cash acquired	592	-	-	-	-	-
Common stock issued	-	10,525	-	-	-	-
Warrants issued for the purchase of common stock	-	14,097	-	-	-	-
Previous investment in Australian JV	6,357	-	-	-	-	-
Note payable	1,364	2,500	-	-	3,600	-
Net cash paid	\$ 772	\$ 7,733	\$ 5,600	\$ 5,331	\$ 1,897	\$ 5,796

The purchase price allocation for Toplander does not include the \$2.4 million of cash placed in escrow pursuant to the purchase agreement, nor does it include the other contingent consideration of warrants or common stock. The purchase price allocation for Toplander is subject to adjustment based on the ultimate payment of the contingent consideration, if any.

During the fourth quarter of fiscal 2002, the Company made certain adjustments to the amount of goodwill recorded in connection with its acquisitions of Litton Enterprise Solutions ("LES") (acquired in fiscal 2000), MCRB and DDIS. These adjustments were the result of revising estimates made at the dates of acquisition and resulted in a \$1.3 million reduction of goodwill (note 5).

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4. DIVESTITURES:

During the year ended March 31, 2002, the Company sold three of its business operations, including a minor portion of its U.K. operations located in Spain and Portugal. During the quarter ended June 30, 2002, the Company sold the remaining portion of its assets located in Spain, which primarily consisted of tax loss carryforwards. Effective July 31, 2002, the Company sold its print shop business located in Chatsworth, California. Gross proceeds from the sales of these operations were \$16.6 million, consisting of cash of \$6.8 million and notes receivable of \$9.8 million. At March 31, 2003 and 2002, notes receivable relating to these transactions of \$5.3 million and \$5.2 million, respectively, are included in the accompanying consolidated financial statements. The Company recorded a gain associated with these dispositions of \$0.4 million during the year ended March 31, 2003, and a loss of \$0.9 million during the year ended March 31, 2002.

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"). During fiscal 2001, the Company completed the sale of its remaining interest in DMI. As consideration, the Company received a 6% note of approximately \$22.5 million payable over 7 years for the initial portion of its ownership interest and received an additional note in the amount of \$1.0 million for its remaining ownership interest. As a result of this transaction, the Company recorded a loss of \$20.4 million, which is included in gains, losses

and nonrecurring items in the accompanying consolidated statement of operations for the year ended March 31, 2001. During the year ended March 31, 2003, the Company amended its agreement with DMI whereby it agreed to provide DMI with \$3.7 million of future credits against the note balance. The value of the future credits of \$3.7 million was charged to "other operating costs and expenses" in the accompanying consolidated statement of operations. The outstanding balance of the note at March 31, 2003 of \$13.7 million, less these future credits, and \$14.7 million at March 31, 2002 is included in unbilled and notes receivable in the accompanying consolidated financial statements.

Effective April 25, 2000, the Company sold a part of its DataQuick business group, which is based in San Diego, California, for \$55.3 million. The Company retained the real property data sourcing and compiling portion of DataQuick. The gain on the sale of these assets was \$39.7 million and is included in gains, losses and nonrecurring items in the accompanying consolidated statements of operations.

Effective April 10, 2000, the Company sold its investment in Ceres, Inc. to NCR Corporation ("NCR"). The Company received cash, a note and NCR stock totaling \$14.8 million and recorded investment income of \$6.2 million on the disposal, which is included in other, net in the accompanying consolidated statements of operations. During 2001, the Company sold the shares of the NCR stock and realized an additional gain of \$2.1 million, which is included in other, net in the accompanying consolidated statements of operations.

Effective April 1, 2000, the Company sold its CIMS business unit for preferred stock and options in Sedona Corp., a publicly traded company. The preferred stock and options received had an aggregate fair value of \$3.1 million. The Company recorded a loss on the disposal of \$3.2 million, which is included in gains, losses and nonrecurring items in the accompanying consolidated statements of operations.

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4. DIVESTITURES (Continued):

In addition to the DataQuick, DMI and CIMS losses noted above, gains, losses and nonrecurring items for the year ended March 31, 2001 also includes the write-off of \$7.6 million of certain campaign management software which management decided to discontinue support of as a result of the Company's strategy to utilize external application software tools rather than building such tools internally. The Company performed an analysis to determine whether and to what extent these assets had been impaired. As a result, these assets were completely written off as their fair value was estimated to be zero.

5. GOODWILL:

The carrying amount of goodwill, by business segment, for the years ended March 31, 2003 and 2002, and the changes in those balances are as follows (dollars in thousands):

	Services	Data and Software Products	IT Management	Total
Balance at April 1, 2001	\$ 94,592	\$ 1,533	\$ 76,616	\$ 172,741
Acquisition (note 3)	5,269	-	-	5,269
Divestitures (note 4)	(1,913)	-	-	(1,913)
Adjustment of previously recorded goodwill (note 3)	-	-	(1,327)	(1,327)
Change in foreign currency translation adjustment	(115)	-	-	(115)
Balance at March 31, 2002	\$ 97,833	\$ 1,533	\$ 75,289	\$ 174,655
Acquisitions (note 3)	39,433	4,512	-	43,945
Divestitures (note 4)	(84)	-	(131)	(215)
Change in foreign currency translation adjustment	2,799	-	-	2,799
Balance at March 31, 2003	\$ 139,981	\$ 6,045	\$ 75,158	\$ 221,184

The amount of goodwill reported by segment at April 1, 2001, has been adjusted for the allocation of goodwill across reporting units as required by SFAS No. 142.

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5. GOODWILL (Continued):

The Company elected to early adopt the provisions of SFAS No. 142. Accordingly, effective April 1, 2001, the Company discontinued amortization of all previously recorded goodwill. The following table shows what net earnings and basic and diluted earnings per share would have been for the year ended March 31, 2001, exclusive of amortization expense recognized during the period related to goodwill (dollars in thousands, except per share amounts):

	2001
Reported net earnings	\$ 6,379
Goodwill amortization, net of tax	6,369
Adjusted net earnings	\$ 12,748
Basic earnings per share:	
Reported net earnings	\$ 0.07
Goodwill amortization, net of tax	0.07
Adjusted net earnings	\$ 0.14
Diluted earnings per share:	
Reported net earnings	\$ 0.07
Goodwill amortization, net of tax	0.07
Adjusted net earnings	\$ 0.14

6. SOFTWARE AND RESEARCH AND DEVELOPMENT COSTS:

The Company recorded amortization expense and impairment charges related to internally developed computer software of \$34.4 million (including \$10.2 million of impairment charges referred to in note 2) for fiscal 2003, \$23.6 million in fiscal 2002 and \$19.9 million in fiscal 2001 and amortization of purchased software licenses of \$25.9 million, \$19.5 million and \$17.4 million in 2003, 2002 and 2001, respectively. Additionally, research and development costs of \$19.7 million, \$17.8 million and \$22.3 million were charged to operations during 2003, 2002 and 2001, respectively.

7. PROPERTY AND EQUIPMENT:

Property and equipment, substantially all of which has been pledged as collateral for long-term debt (see note 8), is summarized as follows (dollars in thousands):

2003	2002
-----	-----

Land	\$ 19,959	\$ 8,724
Buildings and improvements	163,336	127,299
Data processing equipment	159,551	150,513
Office furniture and other equipment	46,322	44,641
	-----	-----
	389,168	331,177
Less accumulated depreciation and amortization	-----	-----
	180,862	149,402
	-----	-----
	\$ 208,306	\$ 181,775
	=====	=====

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8. LONG-TERM DEBT:

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

	2003	2002
	-----	-----
Convertible subordinated notes due 2009; interest at 3.75%	\$ 175,000	\$ 175,000
Revolving credit agreement	28,799	-
Software license liabilities payable over terms up to seven years; effective interest rates at approximately 6%	71,589	88,444
Term note, repaid in February 2003	-	64,169
Convertible subordinated notes, repaid April 2002	-	62,589
Capital leases on land, buildings and equipment payable in monthly payments of principal plus interest at approximately 8%; remaining terms up to fifteen years	33,397	18,878
Other debt and long-term liabilities	10,383	11,044
	-----	-----
Total long-term debt	319,168	420,124
Less current installments	-----	-----
	29,491	23,274
	-----	-----
Long-term debt, excluding current installments	\$ 289,677	\$ 396,850
	=====	=====

Effective February 10, 2003, the Company amended and restated its revolving credit facility to allow for revolving borrowings and letters of credit of up to \$150 million through July 2006. Borrowings under the revolving credit facility of \$28.8 million at March 31, 2003 (none at March 31, 2002) bear interest at LIBOR plus 1.5%, or at an alternative base rate or at the federal funds rate plus 2.0%, depending upon the type of borrowing and are secured by substantially all of the Company's assets. Outstanding letters of credit at March 31, 2003 and 2002 were \$10.8 million and \$10.7 million, respectively. In conjunction with amending and restating its credit facility, the Company, using available cash and borrowings under the revolving credit facility, repaid the \$64.2 million term note entered into for the settlement of certain equity forward contracts (see note 11) and paid \$45.8 million to terminate its real estate synthetic lease arrangement (see note 10).

On February 6, 2002, the Company completed an offering of \$160 million of 3.75% convertible subordinated notes due 2009. The initial purchasers had an option to purchase a maximum of \$15 million additional principal amount of notes to cover over-allotments. This over-allotment was subsequently exercised such that the Company has \$175 million of notes outstanding in connection with this debt issuance. The notes are convertible at the option of the holder into shares of the Company's common stock at a conversion price of \$18.25 per share. The notes are also redeemable, in whole or in part, at the option of the Company at any time on or after February 17, 2005 at a redemption premium. The holders of the notes also have the option to require the Company to repurchase the notes, at 100% of the principal amount, on February 15, 2007. The net proceeds to the Company of approximately \$169.2 million (after deducting underwriting discounts and commissions and offering expenses) were used to repay \$25.7 million of 6.92% senior notes payable ("6.92% Notes") and to redeem the 5.25% convertible subordinated notes ("5.25% Notes").

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8. LONG-TERM DEBT (Continued):

During February and March 2002, the Company repurchased \$52.4 million of the 5.25% Notes in the open market. The remaining \$62.6 million were retired on April 1, 2002. Previously deferred debt issuance costs of \$1.1 million associated with the 5.25% Notes and the 6.92% Notes and certain prepayment premiums of \$1.0 million incurred in connection with the redemption of the 5.25% Notes were charged to the 2002 consolidated statement of operations as an extraordinary item, net of the income tax benefit of \$0.8 million. As noted in note 1, upon adoption of SFAS No. 145 in fiscal 2004, the extraordinary item will be reclassified to pretax earnings.

Software license liabilities payable represent the present value of software license obligations payable over terms of up to seven years with several vendors. Under these agreements, the Company has negotiated substantial price discounts, annual increases in capacity, right of use by its current and future subsidiaries, and the rights to provide the licensed software to certain of the Company's customers. These liabilities will be satisfied with scheduled payments that generally increase each year. The related software assets are included in purchased software licenses on the accompanying consolidated balance sheets.

Under the terms of certain of the above borrowings, the Company is required to maintain certain tangible net worth levels, debt-to-cash flow and debt service coverage ratios, among other restrictions. At March 31, 2003, the Company was in compliance with these covenants and restrictions.

The Company's future obligations, excluding interest, under its long-term debt, capital lease obligations and software license liabilities at March 31, 2003, are as follows (in thousands):

Year ending March 31,	
2004	\$ 29,491
2005	23,551
2006	13,296
2007	41,952
2008	23,348
Thereafter	187,530

	\$ 319,168
	=====

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9. ALLOWANCE FOR DOUBTFUL ACCOUNTS:

A summary of the activity of the allowance for doubtful accounts, returns and credits is as follows (dollars in thousands):

Balance at beginning of period	Additions charged to costs and expenses	Other additions	Bad debts written off, net of amounts recovered	Balance at end of period
-----	-----	-----	-----	-----

2003:	Allowance for doubtful accounts, returns and credits	\$ 6,269	\$ 8,435	\$ 240	\$ (8,265)	\$ 6,679
2002:	Allowance for doubtful accounts, returns and credits	\$ 5,366	\$ 8,270	\$ -	\$ (7,367)	\$ 6,269
2001:	Allowance for doubtful accounts, returns and credits	\$ 5,352	\$ 3,563	\$ 500	\$ (4,049)	\$ 5,366

Included in other additions are valuation accounts acquired in connection with business combinations.

10. COMMITMENTS AND CONTINGENCIES:

The Company leases data processing equipment, software, office furniture and equipment, land and office space under noncancellable operating leases. Additionally, the Company has entered into synthetic operating leases for computer equipment, furniture and an aircraft ("Leased Assets"), which provide the Company with a more cost-effective way to acquire equipment than alternative financing arrangements. These synthetic operating lease facilities are accounted for as operating leases under generally accepted accounting principles and are treated as capital leases for income tax reporting purposes. Initial lease terms under the computer equipment and furniture facility range from two to six years, with the Company having the option at expiration of the initial lease to return the equipment, purchase the equipment at a fixed price, or extend the term of the lease. The lease term of the aircraft expires in January 2011, with the Company having the option to purchase the aircraft, renew the lease for an additional twelve months, or return the aircraft to the lessor. Monthly payments under these synthetic lease facilities are approximately \$3.2 million. At March 31, 2003, the total amount drawn under these synthetic operating lease facilities was \$185.4 million and the remaining capacity for additional funding (for computer equipment and furniture only) was \$68.1 million. The Company has made aggregate payments of \$119.4 million through March 31, 2003, and has a remaining commitment under these synthetic operating lease facilities of \$47.1 million payable over the next eight years. In the event the Company elects to return the Leased Assets, the Company has guaranteed a portion of the residual value to the lessors. Assuming the Company elects to return the Leased Assets to the lessors at its earliest opportunity under the synthetic lease arrangements and assuming the Leased Assets have no significant residual value to the lessors, the maximum potential amount of future payments the Company could be required to make under these residual value guarantees was \$31.1 million at March 31, 2003.

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10. COMMITMENTS AND CONTINGENCIES (Continued):

As discussed in note 13, the Company has leased an aircraft from a business partially owned by an officer of the Company. Should the Company elect early termination rights under the lease or not extend the lease beyond the initial term and the lessor sells the aircraft, the Company has guaranteed a residual value of 70% of the then outstanding indebtedness of the lessor, or \$4.2 million at March 31, 2003.

Total rental expense on operating leases and software licenses, including the synthetic lease facilities, was \$96.4 million, \$88.6 million and \$55.3 million for the years ended March 31, 2003, 2002 and 2001, respectively. Future minimum lease payments under all noncancellable operating leases and software licenses, including these synthetic lease facilities, for the five years ending March 31, 2008, are as follows: 2004, \$70.9 million; 2005, \$46.0 million; 2006, \$24.9 million; 2007, \$11.6 million and 2008, \$8.7 million.

In connection with certain of the Company's facilities, 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. In addition, in connection with the disposal of certain assets, the Company has guaranteed loans for the buyers of the assets. These guarantees were made by the Company primarily to facilitate favorable financing terms for those third parties. Should the third parties default on this indebtedness, the Company would be required to perform under its guarantee. Substantially all of the third party indebtedness for which the Company has provided guarantees is collateralized by various pieces of real property. At March 31, 2003, the Company's maximum potential of future payments under these guarantees was \$5.6 million.

The Company is also contingently liable under certain leases that have been assumed by other parties. The total future lease payments for which the Company is contingently liable are \$6.8 million at March 31, 2003.

At both March 31, 2003 and 2002, the Company had accrued \$0.3 million related to the potential obligations under all of its various guarantees.

Prior to its termination, the Company had entered into a synthetic real estate lease arrangement with respect to a newly constructed facility in Little Rock, Arkansas and land in Phoenix, Arizona. Under this arrangement, the Company had agreed to lease each property for an initial term of five years with an option to renew. The lessors funded \$45.8 million for the acquisition of the Little Rock facility and acquisition of the Phoenix land. Effective February 10, 2003, the Company terminated this synthetic real estate lease arrangement by purchasing the Phoenix land and the Little Rock facility from the lessors for \$45.8 million. As a result of terminating this arrangement, the underlying real estate assets consisting of the Little Rock building of \$34.4 million, a building under construction in Phoenix of \$1.4 million and the Phoenix land of \$10.0 million are recorded in the Company's March 31, 2003 consolidated balance sheet. Expense in the amount of \$0.2 million is included in the accompanying consolidated statement of operations for the year ended March 31, 2003, reflecting depreciation of the Little Rock building beginning in February 2003.

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 all of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

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11. 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.

The Company has issued warrants over the last four years to Allstate Insurance Company ("Allstate"), a significant customer of the Company, for the purchase of 368,290 shares of the Company's common stock at exercise prices ranging from \$16.28 to \$32.13 per share. These warrants represent discounts to Allstate in return for meeting certain revenue targets under Allstate's contract with the Company. The Company is not required to issue any additional warrants to Allstate under the contract. The value of the warrants issued in 2003, 2002 and 2001 was \$1.3 million, \$0.8 million and \$0.2 million, respectively. All of these warrants expire on September 30, 2005.

In connection with the acquisition of AISS (see note 3), the Company issued warrants to purchase 1,272,024 shares of its common stock at an exercise price of \$16.32 per share. These warrants expire on August 12, 2017. The Company also has warrants outstanding to purchase 206,773 shares of its common stock at an exercise price of \$17.50 per share. These warrants were issued in conjunction with a purchase acquisition in a prior year and expire on September 30, 2003.

On November 14, 2002, the Company announced a common stock repurchase program. As of March 31, 2003, the Company had repurchased 1.8 million shares of its common stock for an aggregate purchase price of \$26.7 million under this repurchase program.

The Company has stock option plans ("Plans") for which 26.6 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. At March 31, 2003, there were a total of 0.7 million shares available for future grants under the Plans and the Scheme.

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11. STOCKHOLDERS' EQUITY (Continued):

Activity in stock options was as follows:

	Number of shares	Weighted-average exercise price per share	Number of shares exercisable
Outstanding at March 31, 2000	12,412,629	\$ 16.36	6,726,860
Granted	3,046,828	\$ 16.58	
Exercised	(1,306,378)	\$ 11.94	
Forfeited or cancelled	(198,748)	\$ 27.20	
Outstanding at March 31, 2001	13,954,331	\$ 18.82	7,722,488
Granted	7,413,429	\$ 12.45	
Exercised	(735,108)	\$ 4.91	
Forfeited or cancelled	(724,955)	\$ 19.22	
Outstanding at March 31, 2002	19,907,697	\$ 16.83	8,679,502
Granted	2,405,850	\$ 19.25	
Exercised	(1,972,324)	\$ 7.21	
Forfeited or cancelled	(601,938)	\$ 21.30	
Outstanding at March 31, 2003	19,739,285	\$ 18.09	10,947,804

Following is a summary of stock options outstanding as of March 31, 2003:

Range of exercise price per share	Options outstanding			Options exercisable	
	Options outstanding	Weighted- average remaining contractual life	Weighted- average exercise price per share	Options exercisable	Weighted- average exercise price per share
\$1.49-\$ 5.88	1,429,209	2.73 years	\$ 3.17	1,427,638	\$ 3.17
\$7.43-\$11.15	2,767,417	12.26 years	\$10.99	976,506	\$10.74
\$11.50-\$14.00	3,667,076	11.58 years	\$12.72	2,908,175	\$12.46
\$14.21-\$17.96	3,857,649	11.03 years	\$16.68	1,974,794	\$16.95
\$18.38-\$23.14	1,473,906	8.32 years	\$20.09	772,568	\$19.94
\$23.44-\$29.59	5,117,835	10.54 years	\$24.94	2,319,767	\$25.28
\$30.93-\$39.12	1,066,934	10.87 years	\$35.66	456,382	\$35.67
\$40.50-\$62.06	357,259	11.50 years	\$44.28	111,974	\$45.06
	19,739,285	10.37 years	\$18.09	10,947,804	\$16.45

The Company maintains a qualified employee stock purchase plan that provides for the purchase of shares of common stock at 85% of the market price. There were 0.2 million shares purchased under the plan during each of the years ended March 31, 2003, 2002 and 2001.

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11. STOCKHOLDERS' EQUITY (Continued):

Prior to their settlement as discussed below, the Company had entered into three equity forward contracts with a commercial bank to purchase 3.7 million shares of its common stock. The Company was obligated to purchase the shares of its common stock at a total notional amount of \$83.8 million. The cost of the equity forwards of \$1.0 million and \$6.7 million during 2002 and 2001, respectively, has been accounted for as a component of stockholders' equity. If the market value of the stock exceeded the price under the equity forward, the Company had the option of settling the contract by receiving cash or stock in an amount equal to the excess of the market value over the price under the equity forward. If the market value of the stock was less than the price under the equity forward, the Company had the option of settling the contract by paying cash or delivering shares in the amount of the excess of the contract amount over the fair market value of the stock. The Company could also settle the contracts by paying the full notional amount and taking delivery of the stock.

During April 2001, the Company paid, and recorded as a component of stockholders' equity, \$22.5 million to amend the agreements whereby the strike price of the equity forward agreement for purchase of the 3.1 million shares was reduced from \$21.81 to \$15.48 per share. As a result, the total notional amount under the equity forward agreements was reduced to \$64.2 million. In September 2001, the Company obtained an agreement for the settlement of the equity forward contracts through borrowings of \$64.2 million from a bank under a term loan facility. The funds from the term loan were used to pay the notional amount under the equity forward contracts and have been recorded as a reduction of stockholders' equity in the accompanying consolidated financial statements. Effective February 10, 2003, in connection with the termination of its synthetic real estate lease arrangement as discussed in note 10, the Company repaid this term loan. The Company has taken delivery of and retired the shares of common stock subject to the contracts and is no longer obligated under any equity forward contracts. Prior to the settlement of the contracts, all shares of the Company's common stock under these agreements were considered issued and outstanding and have been included in the Company's basic and diluted earnings (loss) per share calculations.

12. INCOME TAXES:

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

	2003	2002	2001
Income (loss) from operations	\$ 6,321	\$ (19,833)	\$ 27,465
Extraordinary item (note 8)	-	(821)	-
Cumulative effect of change in accounting principle	-	-	(21,548)
Stockholders' equity:			
Interest on equity forward contracts	-	(3,352)	-
Unrealized loss on available-for-sale investments (note 18)	706	(706)	-
Compensation	(6,894)	(1,164)	(8,001)
	\$ 133	\$ (25,876)	\$ (2,084)

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12. INCOME TAXES (Continued):

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

	2003	2002	2001
Current:			
Federal	\$ (1,425)	\$ (44,083)	\$ 34,277
Foreign	1,286	-	928
State	(560)	(2,582)	4,030
	(699)	(46,665)	39,235
Deferred:			
Federal	8,089	27,979	(9,955)
Foreign	-	(848)	(338)
State	(1,069)	(299)	(1,477)

Total

	7,020	26,832	(11,770)
	\$ 6,321	\$ (19,833)	\$ 27,465

A reconciliation of income tax expense (benefit) computed using the U.S. federal statutory income tax rate of 35% of earnings (loss) from operations before income taxes to the actual provision for income taxes follows (dollars in thousands):

	2003	2002	2001
Computed expected tax expense (benefit)	\$ 9,831	\$ (17,684)	\$ 24,966
Increase (reduction) in income taxes resulting from:			
State income taxes, net of federal	(1,059)	(1,872)	1,659
Research, experimentation and other tax credits	(2,700)	(800)	(1,460)
Other, net	249	523	2,300
	\$ 6,321	\$ (19,833)	\$ 27,465

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at March 31, 2003 and 2002 are presented below (dollars in thousands).

	2003	2002
Deferred tax assets:		
Accrued expenses not currently deductible for tax purposes	\$ 3,542	\$ 638
Revenue deferred for financial reporting purposes	2,514	21,548
Investments, principally due to differences in basis for tax and financial reporting purposes	9,480	4,083
Net operating loss and tax credit carryforwards	88,997	21,545
Other	-	1,608
Total deferred tax assets	104,533	49,422

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12. INCOME TAXES (Continued):

	2003	2002
Deferred tax liabilities:		
Property and equipment, principally due to differences in depreciation	\$ (11,590)	\$ (18,380)
Intangible assets, principally due to differences in amortization	(38,130)	(23,279)
Capitalized software and other costs expensed as incurred for tax purposes	(76,392)	(29,748)
Other	(1,713)	(682)
Total deferred tax liabilities	(127,825)	(72,089)
Net deferred tax liability	\$ (23,292)	\$ (22,667)

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At March 31, 2003, the Company has net operating loss carryforwards of approximately \$182 million for federal income tax purposes and approximately \$347 million for state income tax purposes. The Company also has federal and state income tax credit carryforwards of approximately \$10 million. These net operating loss and income tax credit carryforwards expire in various amounts beginning in 2006 through 2023. 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.

13. RELATED PARTY TRANSACTIONS:

In accordance with a data center management agreement dated July 27, 1992 between Acxiom and Trans Union, Acxiom (through its subsidiary, Acxiom CDC, Inc.) acquired all of Trans Union's interest in its Chicago data center and agreed to provide Trans Union with various data center management services. In a 1992 letter agreement, Acxiom agreed to use its best efforts to cause one person designated by Trans Union to be elected to Acxiom's board of directors. Under a second letter agreement, executed in 1994 in connection with an amendment to the 1992 agreement, which continued the then-current term through 2002, Acxiom agreed to use its best efforts to cause two people designated by Trans Union to be elected to Acxiom's board of directors. While these undertakings by Acxiom are in effect until the end of the current term of the agreement, Acxiom has been notified that Trans Union does not presently intend to designate a second individual to serve as a director of the Company. Acxiom and Trans Union amended the data center management agreement on October 1, 2002, expanding its scope to encompass Trans Union's client/server, network and communication infrastructure. This amendment runs concurrent with the current term of the data center management agreement, which expires in August 2005. In addition to this agreement, the Company has other contracts with Trans Union related to data, software and other services. During the years ended March 31, 2003, 2002 and 2001, Acxiom recognized \$71.1 million, \$50.6 million and \$58.2 million, respectively, in revenue from Trans Union.

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13. RELATED PARTY TRANSACTIONS (Continued):

Effective April 1, 2002, Acxiom and Trans Union entered into a marketing joint venture that serves as a sales agent for both parties for certain existing mutual clients. The purpose of the joint venture is to provide these joint clients with leading-edge solutions that leverage the strengths of both parties. Expected to serve a small number of financial service clients, the joint venture will market substantially all of the products and services currently offered by Acxiom and Trans Union, as well as any new products and services that may be agreed upon. The parties have agreed to share equally the aggregate incremental increase (or decrease) in revenue and direct expenses generated from any client supported by the joint venture. If either party determines that its participation in the joint venture is economically disadvantageous, it may terminate the arrangement after certain negotiation procedures specified in the agreement have occurred. The Company has recorded revenue and expense of \$5.4 million from this joint venture in fiscal 2003.

Effective August 12, 2002, the Company acquired certain assets and assumed certain liabilities of an employment screening business owned by Trans Union for an aggregate purchase price of \$34.8 million. During fiscal 2002, the Company purchased certain customer relationship operations from Trans Union for \$5.3 million (see note 3).

The Company leases an aircraft from a business partially owned by an officer (see note 10). Rent expense under this lease was approximately \$0.7 million, \$1.0 million and \$1.0 million during the years ended March 31, 2003, 2002 and 2001, respectively. Under the terms of the lease in effect at March 31, 2003, the Company will make monthly lease payments of \$75,000 through August 2006.

The Company has paid \$1.0 million in fiscal 2003, \$1.5 million in fiscal 2002 and \$1.5 million in fiscal 2001 to sponsor a NASCAR racing truck for a company partially owned by an officer of the Company. In return for the sponsorship, the Company receives hospitality facilities for customers at selected racing events.

The Company has arrangements with two of its directors for consulting services. Payments under these arrangements were \$0.4 million in both fiscal 2003 and fiscal 2002.

14. MAJOR CUSTOMERS:

During the year ended March 31, 2002, the Company had one customer, Allstate, which accounted for \$87.8 million

(10.1%) of revenue. No single customer accounted for more than 10% of revenue during the years ended March 31, 2003 or 2001.

15. 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 ("SNQDC Plan") for certain management employees. The Company matches 50% of the employee's 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. Company contributions for the above plans amounted to approximately \$3.5 million, \$5.0 million and \$3.4 million in 2003, 2002 and 2001, respectively. Included in both other current assets and other accrued liabilities are the assets and liabilities of the SNQDC Plan in the amount of \$8.8 million and \$7.7 million at March 31, 2003 and 2002, respectively.

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16. FOREIGN OPERATIONS:

Foreign operations are conducted primarily in the U.K. 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 2003, 2002 and 2001 (dollars in thousands):

	United States	Foreign	Consolidated
2003:			
Revenue	\$ 903,254	\$ 54,968	\$ 958,222
Long-lived assets, excluding financial instruments	740,512	43,370	783,882
2002:			
Revenue	\$ 820,023	\$ 46,087	\$ 866,110
Long-lived assets, excluding financial instruments	724,821	31,430	756,251
2001:			
Revenue	\$ 960,806	\$ 49,081	\$ 1,009,887
Long-lived assets, excluding financial instruments	783,264	25,279	808,543

17. 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.

- o Cash and cash equivalents, trade receivables, unbilled and notes receivable, short-term borrowings and trade payables - The carrying amount approximates fair value because of the short maturity of these instruments.
- o Investment securities - The carrying value of investment securities is equal to fair value as determined by reference to quoted market prices, where available. In the absence of quoted market prices, the Company determines approximate fair values through the use of other valuation techniques.
- o 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, 2003, the estimated fair value of long-term debt approximates its carrying value.

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18. COMPREHENSIVE INCOME (LOSS):

The following table summarizes the unrealized holding gains (losses) on marketable securities included in other comprehensive income (loss) (dollars in thousands):

	2003	2002	2001
Unrealized loss arising during the year, net of income tax benefit	\$ (1,215)	\$ (1,135)	\$ (943)
Reclassification adjustment for net losses reported in net earnings for the period	2,350	-	1,096
Net unrealized gain (loss) reported in other comprehensive income (loss)	\$ 1,135	\$ (1,135)	\$ 153

The balance of accumulated other comprehensive loss as reported on the consolidated balance sheets consists of the following components (dollars in thousands):

	2003	2002
Unrealized loss on available-for-sale marketable securities, net of income tax benefit of \$0.7 million in 2002	\$ -	\$ (1,135)
Cumulative loss on foreign currency translation	(2,911)	(7,474)
Accumulated other comprehensive loss	\$ (2,911)	\$ (8,609)

19. SEGMENT INFORMATION:

The Company reports segment information consistent with the way management internally disaggregates its operations to assess performance and to allocate resources. The Company's business segments consist of Services, Data and Software Products, and IT Management. The Services segment substantially consists of consulting, database and data warehousing and list processing services. The Data and Software Products segment includes all of the Company's data content and software products. IT Management includes information technology outsourcing and facilities management for data center management, network management, client/server management and other complementary IT services. The Company evaluates performance of the segments based on segment operating income, which excludes certain gains, losses and nonrecurring items. The Company accounts for sales of its data and software products as revenue in both the Data and Software Products segment and the Services segment, which bills the client. Additionally, certain information technology outsourcing and facilities management revenue is accounted for in both the IT Management segment and the Services segment, where the client is billed. These duplicate revenues are eliminated in consolidation.

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19. SEGMENT INFORMATION (Continued):

Substantially all of the nonrecurring and impairment charges incurred by the Company and discussed in note 2 have been recorded in Corporate and other, since the Company does not hold the individual segments responsible for these charges. During the quarter ended June 30, 2002, the Company revised certain of its internal cost allocations to distribute substantially all recurring costs to the business segments. Accordingly, the prior years' segment information has been restated to conform to the current year presentation. The following tables present information by business segment (dollars in thousands):

	2003	2002	2001
--	------	------	------

Revenue:			
Services	\$ 718,872	\$ 645,735	\$ 786,523
Data and Software Products	172,979	162,585	228,738
IT Management	241,096	220,688	223,364
Intercompany eliminations	(174,725)	(162,898)	(228,738)
	-----	-----	-----
Total revenue	\$ 958,222	\$ 866,110	\$ 1,009,887
	=====	=====	=====
	2003	2002	2001
	-----	-----	-----
Income (loss) from operations:			
Services	\$ 84,806	\$ 42,931	\$ 120,919
Data and Software Products	30,555	26,896	71,743
IT Management	4,425	12,756	12,253
Intercompany eliminations	(30,936)	(27,210)	(71,743)
Corporate and other	(33,775)	(74,092)	(31,547)
	-----	-----	-----
Income (loss) from operations	\$ 55,075	\$ (18,719)	\$ 101,625
	=====	=====	=====
	2003	2002	2001
	-----	-----	-----
Depreciation and amortization:			
Services	\$ 57,713	\$ 33,845	\$ 51,295
Data and Software Products	34,992	17,538	25,459
IT Management	58,685	69,442	43,140
Corporate and other	3,512	2,569	899
	-----	-----	-----
Depreciation and amortization	\$ 154,902	\$ 123,394	\$ 120,793
	=====	=====	=====
	2003	2002	
	-----	-----	
Total assets:			
Services	\$ 514,510	\$ 534,952	
Data and Software Products	132,198	110,750	
IT Management	438,472	463,805	
Corporate and other	8,066	47,327	
	-----	-----	
Total assets	\$ 1,093,246	\$ 1,156,834	
	=====	=====	

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20. UNAUDITED SELECTED QUARTERLY FINANCIAL DATA:

The tables below sets forth selected financial information for each quarter of the last two years (dollars in thousands, except per share amounts):

	First quarter ended June 30, 2002	Second quarter ended September 30, 2002	Third quarter ended December 31, 2002	Fourth quarter ended March 31, 2003
	-----	-----	-----	-----
Revenue	\$ 225,406	\$235,396	\$257,961	\$239,459
Income (loss) from operations	21,688	27,635	31,737	(25,985)
Net (loss) earnings	10,455	15,526	19,537	(23,751)
Basic earnings (loss) per share	0.12	0.18	0.22	(0.27)
Diluted earnings (loss) per share	0.12	0.17	0.20	(0.27)
	=====	=====	=====	=====
	First quarter ended June 30, 2001	Second quarter ended September 30, 2001	Third quarter ended December 31, 2001	Fourth quarter ended March 31, 2002
	-----	-----	-----	-----
Revenue	\$ 205,038	\$ 215,204	\$ 220,543	\$ 225,325
Income (loss) from operations	(92,776)	19,961	26,698	27,398
Extraordinary item	-	-	-	(1,271)
Net earnings (loss)	(63,639)	7,029	11,278	13,368
Basic earnings (loss) per share:				
Earning (loss) before extraordinary item	(0.71)	0.08	0.13	0.17
Extraordinary item	-	-	-	(0.02)
Net earnings (loss)	(0.71)	0.08	0.13	0.15
Diluted earnings (loss) per share:				
Earning (loss) before extraordinary item	(0.71)	0.08	0.13	0.16
Extraordinary item	-	-	-	(0.01)
Net earnings (loss)	(0.71)	0.08	0.13	0.15
	=====	=====	=====	=====

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AMENDED AND RESTATED
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), 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.

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- (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 rescission, forfeiture, cancellation or other restriction of any Stock Option or Stock Appreciation Right granted under the Plan, or for the forfeiture, rescission 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.

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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 12,375,000 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.

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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.

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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:

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- (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.

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- (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.

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- (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.

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(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.

(g) If an amendment would (i) materially increase the benefits accruing to participants under the Plan, (ii) materially increase the aggregate number of securities that may be issued under the Plan, or (iii) materially modify the requirements as to eligibility for participation in the Plan, then, such amendment shall be subject to shareholder approval.

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

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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.

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Acxiom Corporation
Leadership Team Compensation Plan
Fiscal Year 2004

Compensation for Acxiom's leadership is based upon principles designed to align leadership compensation with business strategy, Acxiom values and management initiatives. The Plan is designed to:

- o align the leaders' interests with the stockholders' and investors' interests,
- o motivate the leaders to achieve the highest level of performance,
- o retain key leaders by linking executive compensation to Acxiom performance, and
- o attract the best candidates through competitive, growth-oriented plans.

The resulting compensation strategy is targeted to provide an overall level of compensation opportunity that is competitive within the markets in which Acxiom competes, as well as within a broader group of companies of comparable size and complexity. Actual compensation levels may eventually be greater than or less than the average competitive market levels, based upon the achievement of Acxiom, as well as upon individual performance.

Components of Compensation

Compensation paid to Acxiom's leaders consists of the following: base pay, cash incentive pay, and long-term incentive compensation ("LTI") granted under Acxiom's stock option plans. The compensation system contains varying compensation levels for determining cash incentive pay and LTI, which provides flexibility in establishing appropriate compensation packages for Acxiom's leadership. The Plan provides for increasingly large percentages of total compensation being weighted towards cash incentive pay and, to an even greater degree, toward LTI. The higher the compensation level, the greater the overall percentage of cash incentive pay and LTI.

Base Pay - Base pay levels are largely determined through market comparisons. Actual salaries are based on individual performance contributions and the use of market surveys for comparable companies and positions. Base salaries for Acxiom's senior leadership are targeted to represent 35-40% of total compensation, which includes the annual cash incentive pay and LTI compensation. For other corporate, group and business unit level leaders, base salaries are targeted at 40-70% of total compensation.

Cash Incentive Pay - Cash incentive pay is targeted to represent 25% of total compensation for the senior leadership team and 15-25% for other corporate, group and business unit leaders. Attainment of targeted cash incentive pay is largely determined by meeting the Company's earnings per share target. There are no provisions for over-attainment payments under the Plan, however, the Company's Internal Compensation Committee may approve payments above target amounts in the event of overachievement.

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Long-Term Incentive Compensation - The Committee's LTI plan is composed of awards of stock options designed to align the long-range interests of Acxiom's leadership team and its stockholders and to assist in the retention of key associates. LTI awards are targeted to represent 35-40% of total compensation for senior leadership and 15-35% for other corporate, group and business unit leaders.

The terms of LTI non-statutory options granted in FY04 are 12 years, and the exercise price is 100% of fair market value on the date of grant. Vesting begins two years after the date of grant, with 20% of the options becoming vested on each of the second through sixth anniversaries of the date of grant.

Supplemental Executive Retirement Plan - All members of Acxiom's leadership team are eligible to participate in the Supplemental Executive Retirement Plan ("SERP"), by contributing up to 100% of their pretax income into the plan. Acxiom matches at a rate of \$.50 on the dollar up to the first 6% of the leadership team members' combined contributions under both the SERP and Acxiom's 401K Retirement Plan. The Acxiom match is paid in Acxiom common stock.

Other Compensation Plans - Acxiom maintains certain broad-based employee benefit plans in which leadership team members are permitted to participate on the same terms as non-leadership team associates who meet applicable eligibility criteria, subject to any legal limitations on the amounts that may be contributed or the benefits that may be payable under the plans.

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AMENDMENT TO MASTER LEASE AGREEMENT

THIS AMENDMENT TO MASTER LEASE AGREEMENT (this "Amendment") is made as of the 6th day of December, 2002, by and between GENERAL ELECTRIC CAPITAL CORPORATION ("Lessor") and ACXION CORPORATION ("Lessee").

The parties have heretofore entered into that certain Master Lease Agreement dated as of September 30, 1999 (the "Lease"). Solely to the extent relating to Schedules incorporating the terms and conditions of the Lease that are executed and delivered from and after the date hereof, the parties desire to amend the Lease pursuant to the terms and conditions hereinafter set forth. Capitalized terms used herein without definition shall have the meaning given them in the Lease.

NOW, THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) in hand paid, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to amend the Lease solely to the extent relating to Schedules executed and delivered from and after the date hereof as follows:

1. Each reference to "GENERAL ELECTRIC CAPITAL CORPORATION, FOR ITSELF AND AS AGENT FOR CERTAIN PARTICIPANTS" in the Lease shall be replaced by "GENERAL ELECTRIC CAPITAL CORPORATION".
2. Section 4(c) of the Lease is hereby amended by inserting "in a manner that would have an adverse affect on the value of the Equipment" at the end thereof.
3. Section 9 of the Lease is hereby amended and restated in its entirety as follows:

"9. END OF LEASE OPTIONS:

(a) **Renewal.** So long as Lessee shall not have exercised its option to return the Equipment or its purchase option pursuant to this Section 9, Lessee shall have the option, upon the expiration of the Basic Term and/or the first Renewal Term (or the second Renewal Term with respect to any Schedule that has three (3) Renewal Terms) of each Schedule to be executed under this Agreement, to renew the Agreement with respect to all, but not less than all, of the Equipment leased under such Schedule for an additional term of twelve (12) months (each, a "Renewal Term") at the Renewal Term Rent. Including all Renewal Terms, the maximum term of each Schedule to be executed under this Agreement shall be as specified in the applicable Schedule (the Basic Term plus the number of Renewal Terms specified in the applicable Schedule) (the "Maximum Lease Term").

(b) **Purchase.** So long as Lessee shall not have exercised its extension option or its option to renew this Agreement or its option to return the Equipment pursuant to this Section 9, Lessee shall have the option, upon the expiration of the Term of each Schedule, and subject to Paragraph (e) below, to purchase all (but not less than all) of the Equipment described on such Schedule upon the following terms and conditions. If Lessee desires to exercise this option with respect to the Equipment, Lessee shall pay to Lessor on the last day of the Term with respect to each individual Schedule (a "Section 9 Termination Date"), in addition to the scheduled Rent (if any) then due on such date and all other sums then due hereunder, in cash the purchase price for the Equipment so purchased, determined as hereinafter provided. The purchase price of the Equipment shall be an amount equal to the Fixed Purchase Price of such Equipment (as specified on the Schedule), plus the Make Whole Amount or the Break Amount, whichever is applicable, if any, plus all taxes and charges upon sale and all other reasonable and documented expenses incurred by Lessor in connection with such sale, including, without limitation, any such expenses incurred based on a notice from Lessee to Lessor that Lessee intended to return and not purchase any such items of Equipment. Upon satisfaction of the conditions specified in this Paragraph, Lessor will transfer, on an AS IS, WHERE IS BASIS, without recourse or warranty, express or implied, of any

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kind whatsoever ("AS IS BASIS"), all of Lessor's interest in and to the Equipment. Lessor shall not be required to make and may specifically disclaim any representation or warranty as to the condition of such Equipment and other matters (except that Lessor shall warrant that it has conveyed whatever interest it received in the Equipment free and clear of any lien or encumbrance created by Lessor). Lessor shall execute and deliver to Lessee such Uniform Commercial Code Statements of Termination as reasonably may be required in order to terminate any interest of Lessor in and to the Equipment.

(c) **Return.** Unless Lessee shall have exercised its extension option or its purchase option pursuant to this Section 9, upon the expiration of the Term of each Schedule, Lessee shall return all (but not less than all) of the Equipment described on such Schedule, to Lessor upon the following terms and conditions: Lessee shall (i) pay to Lessor on the last day of the Term with respect to each individual Schedule, in addition to the scheduled Rent then due on such date and all other sums then due hereunder, a terminal rental adjustment amount equal to the Fixed Purchase Price of such Equipment, plus the Make Whole Amount or the Break Amount, whichever is applicable, if any, and (ii) return the Equipment to Lessor in accordance with the provisions of Annex F attached to the applicable Schedule. Thereafter, upon return of all of the Equipment described on such Schedule, Lessor and Lessee shall arrange for the commercially reasonable sale, scrap or other disposition of the Equipment. Upon satisfaction of the conditions specified in this Paragraph, Lessor will transfer, on an AS IS BASIS, all of Lessor's interest in and to the Equipment. Lessor shall not be required to make and may specifically disclaim any representation or warranty as to the condition of such Equipment and other matters (except that Lessor shall warrant that it has conveyed whatever interest it received in the Equipment free and clear of any liens or encumbrances created by Lessor). Lessor shall execute and deliver to Lessee such Uniform Commercial Code Statements of Termination as reasonably may be required in order to terminate any interest of Lessor in and to the Equipment. Upon the sale, scrap or other disposition of the Equipment the net sales proceeds with respect to the Equipment sold will be paid to, and held and applied by, Lessor as follows: Lessor shall promptly thereafter pay to Lessee an amount equal to the Residual Risk Amount (as specified in the Schedule) of the Equipment (less all reasonable costs, expenses and fees, including storage, reasonable and necessary maintenance and other remarketing fees incurred in connection with the sale, scrap, or disposition of such Equipment) plus all net proceeds, if any, of such sale in excess of the Residual Risk Amount of the Equipment and applicable taxes, if any.

(d) **Extension.** So long as Lessee shall not have exercised its option to return the Equipment or its purchase option pursuant to this Section 9, and provided that Lessee shall have exercised its option to renew this Agreement pursuant to this Section 9 with respect to all available Renewal Terms, Lessee shall have the option, upon the expiration of all available Renewal Terms of each Schedule, and subject to Paragraph (e) below, to extend the Agreement with respect to all, but not less than all, of the Equipment described on such Schedule for an additional term of twelve (12) months (the "Extension Term") at a monthly rental to be paid in arrears on the same day of each month on which the prior Renewal Term Rent installment was paid, and calculated as the product of (i) the Capitalized Lessor's Cost, times (ii) a lease rate factor calculated by Lessor, which when so multiplied times the Capitalized Lessor's Cost, will result in a product that is equal to the amount necessary to fully repay to Lessor any unpaid balance of the Capitalized Lessor's Cost (determined as of the date on which the last available Renewal Term expired) in twelve (12) equal monthly installments, together with interest thereon at the Extension Term Interest Rate specified in the Schedule. At the end of the Extension Term, provided that Lessee is not then in Default under this Agreement, Lessee shall purchase all, and not less than all, of such Equipment described on such Schedule for \$1.00 cash, together with all Rent and other sums then due on such date, plus all taxes and charges upon transfer and all other reasonable and documented expenses incurred by Lessor in connection with such transfer. Upon satisfaction of the conditions specified in this Paragraph, Lessor will transfer, on an AS IS BASIS, all of Lessor's interest in and to the Equipment. Lessor shall not be required to make and may specifically disclaim any

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representation or warranty as to the condition of the Equipment and any other matters (except that Lessor shall warrant that it has conveyed whatever interest it received in the Equipment free and clear of any lien or encumbrance created by Lessor).

(e) **Notice of Election.** Lessee shall give Lessor written notice of its election of the options specified in this Section 9 not less than one hundred eighty (180) days nor more than three hundred sixty-five (365) days before the expiration of the Basic Term or any Renewal Term of the

applicable Schedule. Such election shall be effective with respect to all Equipment described on such Schedule; provided, however, Lessee may, at the end of all available Renewal Terms, elect to purchase less than all of the Equipment specified on a Schedule as long as (i) Lessee extends such Schedule pursuant to Section 9(d) with respect to the rest of the Equipment specified in such Schedule at such time and (ii) Lessee lists which items of Equipment it shall purchase and which items it shall extend the Term of in the written notice given pursuant to this Paragraph (e). Lessee shall not have the right to return any of the Equipment described on a Schedule at the end of any Term or Renewal Term unless Lessee returns all (but not less than all) of the Equipment described in such Schedule pursuant to Section 9(c) and 9(e) hereof. If Lessee fails timely to provide such notice, without further action Lessee automatically shall be deemed to have elected (1) to renew the Term of this Agreement pursuant to Paragraph (a) of this Section 9 if a Renewal Term is then available hereunder, or (2) to purchase the Equipment pursuant to Paragraph (b) of this Section 9 if a Renewal Term is not then available hereunder."

4. Section 10(b) of the Lease is hereby amended by inserting the words "to the applicable Schedule" after the words "Annex D" in the first sentence thereof and after the words "Annex F" in the second sentence thereof.
5. Section 11(c) of the Lease is hereby amended by deleting the words "is acting" from the first sentence thereof and inserting "may act" in lieu thereof.
6. The parenthetical at the end of the first sentence of Section 11(c) of the Lease is hereby amended and restated as "(together with any assignment referred to in Paragraph (b), a "Syndication")"
7. Section 11(c) of the Lease is hereby further amended by deleting the words "such Participant" in the second sentence thereof and inserting "any such assignee or Participant" in lieu thereof.
8. Section 14(a) of the Lease is hereby amended by inserting ", the applicable Schedule" after the word "Agreement".
9. Section 14(h) of the Lease is hereby amended by inserting "Lessee's exact legal name is set forth in the first sentence of this Agreement and" at the beginning thereof.
10. The title of Section 18 of the Lease is hereby amended and restated as "18. Early Termination/Early Purchase Options and Break Amount and Make-Whole Amount".
11. The first paragraph of Section 18 is hereby amended by (a) inserting "(specified in the applicable Schedule)" after "First Termination Date" and (b) deleting the words "all Schedules executed hereunder" and inserting "such Schedule" in lieu thereof.
12. Section 18(a) of the Lease is hereby amended by (a) inserting "and taxes upon sale" after the word "expenses" in the third sentence thereof, (b) deleting the words "Section X" in the last sentence thereof and inserting "Annex F to the applicable Schedule" in lieu thereof and (c) inserting the words "below" after the reference to "Paragraph (b)" in the last sentence thereof:

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13. The second paragraph of Section 18(b) of the Lease is hereby amended and restated as follows:

"For purposes of this Agreement, "Break Amount" shall mean the amount of any swap breakage loss incurred by any assignee or Participant (the "Affected Party") as a result of or in connection with Lessee's exercise of any of the end of term options pursuant to Section 9 or this Section. Upon request, the Affected Party shall provide to Lessee a good faith estimate of the Break Amount payable to it as soon as is reasonably practical in connection with any transaction or proposed transaction that might give rise to an obligation to pay the Break Amount. Upon determination of the Break Amount, the Affected Party will provide to Lessee a certificate, executed by an officer of the Affected Party, containing the calculation (in reasonable detail) of the Break Amount. For purposes of this Agreement, "Make Whole Amount" shall mean that amount equal to the excess, if any, of (i) the aggregate present value as of the Termination Date or a Section 9 Termination Date, whichever is applicable, of the sum of (A) the remaining scheduled Rent payments, plus (B) the full amount of the Fixed Purchase Price that but for exercise of the option contained in this Section or Section 9, whichever is applicable, would be payable on the last Rent Payment Date of the Maximum Lease Term discounted to the date of payment at the Reinvestment Rate, over (ii) the aggregate present value as of the Termination Date or a Section 9 Termination Date, whichever is applicable, of the sum of (A) the remaining scheduled Rent payments, plus (B) the full amount of the Fixed Purchase Price that but for exercise of the option contained in this Section or Section 9, whichever is applicable, would be payable on the last Rent Payment Date of the Maximum Lease Term, discounted to the date of payment at the Assumed Interest Rate (specified in the applicable Schedule); provided, however, that if the Reinvestment Rate is equal to or higher than the Assumed Interest Rate, the Make Whole Amount shall be zero. For purposes hereof, "Reinvestment Rate" shall mean the sum of (i) the Applicable Treasury Yield plus (ii) fifty (50) basis points. The term "Applicable Treasury Yield" at any time shall mean the yield to maturity of United States Treasury Notes with a maturity equal to the remaining average life of the indebtedness evidenced by the applicable Schedule through the Maximum Lease Term as published in The Wall Street Journal three (3) Business Days prior to the Termination Date or a Section 9 Termination Date, whichever is applicable. If no maturity exactly corresponds to such remaining average life, the Applicable Treasury Yield shall be interpolated on a straight-line basis, utilizing the yields for the two maturities which most closely correspond to the requisite maturity."

14. Section 19 of the Lease is hereby amended and restated in its entirety as follows:

"19. FINANCIAL COVENANTS:

The Lessee covenants and agrees with the Lessor that so long as any of the Lessee's obligations hereunder shall be outstanding, the Lessee shall comply with the covenants set forth in Sections 7.01, 7.02, 7.03, and 7.04 (collectively, the "Financial Covenants") of that certain Amended and Restated Credit Agreement dated as of January 28, 2002 currently in effect between the Lessee, JP Morgan Chase Bank (as successor in interest by merger to The Chase Manhattan Bank) as the Agent and the lenders and agents from time to time party thereto, as the same may be amended, restated, supplemented or otherwise modified from time to time (the "Revolving Credit Agreement"). For purposes of this Section 19, the Financial Covenants set forth in the Revolving Credit Agreement, and the other sections thereof to which reference is made therein, together with related definitions and ancillary provisions, are hereby incorporated herein by reference, mutatis mutandis, and will be deemed to continue in effect for the benefit of the Lessor and its successors and assigns (as if Lessor or any successor or assignee were the sole "Lender" thereunder) whether or not the "Loans", the "LC Disbursements" or any other indebtedness evidenced thereby remain outstanding or the Revolving Credit Agreement is terminated unless the Lessor expressly agrees that such termination of the Revolving Credit Agreement shall apply to this Agreement. Accordingly, with respect to such

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incorporation, references in the Revolving Credit Agreement to (a) the "Borrower" shall be deemed a reference to the Lessee; and (b) "Required Lenders", "Lender", "Lenders" or "Agent" shall be deemed a reference to the Lessor or such successor and assignee (with such corresponding definitions equally applicable to the singular term, as appropriate)."

15. The form of Schedule attached to the Lease as Exhibit No. 1-A is replaced by the form of Schedule attached hereto as Exhibit No. 1 and the form of Series B Schedule attached to the Lease as Exhibit No. 1-B is hereby deleted and shall not be applicable with respect to Schedules executed and delivered from and after the date hereof.

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IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the date first above set forth.

By:
Name:
Title:

ACXIOM CORPORATION

By:
Name:
Title:

EXHIBIT NO. 1
TO AMENDMENT TO MASTER LEASE AGREEMENT

SCHEDULE

SCHEDULE NO. ____
DATED THIS ____ DAY OF _____, 200__
TO MASTER LEASE AGREEMENT DATED AS OF SEPTEMBER 30, 1999

Lessor & Mailing Address:

Lessee & Mailing Address:

ACXIOM CORPORATION
1 Information Way
Little Rock, Arkansas 72203

This Schedule is executed pursuant to, and incorporates by reference the terms and conditions of, and capitalized terms not defined herein shall have the meanings assigned to them in, the Master Lease Agreement identified above (the "Agreement"; this Schedule incorporating the terms and conditions of the Agreement is referred to as "Lease"). This Schedule, incorporating by reference the Agreement, constitutes a separate instrument of lease.

A. Equipment.

Pursuant to the terms of the Lease, Lessor agrees to acquire and lease to Lessee the Equipment listed on Annex A attached hereto and made a part hereof.

B. Financial Terms.

1. Capitalized Lessor's Cost: \$ _____.
2. Daily Lease Rate Factor: _____%.
3. Lease Rate Factor: _____%.
4. Basic Term: _____.
5. Basic Term Commencement Date: _____, 200__.
6. Renewal Term: _____ months [_____ (____) _____ month Renewal Terms].
7. Maximum Lease Term: _____.
8. Last Delivery Date: _____, 200__.
9. First Termination Date: _____.
10. Stipulated Loss Values: See Annex D.
11. Termination Values: See Annex D.
12. Assumed Interest Rate: _____ % (which will be determined three (3) Business Days before the date of execution of the Certificate of Acceptance).
13. Equipment Location: _____.
14. Lessee Federal Tax ID No.: _____.
15. Supplier: _____.
16. Lessee agrees and acknowledges that the Capitalized Lessor's Cost of the Equipment as stated above is equal to the fair market value of the Equipment on the date hereof.
17. Extension Term Interest Rate: [Use for Fixed Rate Schedule: _____% per annum.] [Use for Floating Rate Schedule: A floating rate per annum equal to (____) basis points plus a variable per annum interest rate, which shall be equal to the rate listed for one month London Interbank Offered Rate (LIBOR) which is published in the Money Rates Column of the Wall Street Journal, Eastern Edition (or, in event such rate is not so published, in such other nationally recognized publication as Lessor may specify) on the first Business Date of the calendar month preceding the month in which the rent is due and payable.

C. Term and Rent.

1. Interim Rent. For the period from and including the Lease Commencement Date to the Basic Term Commencement Date ("Interim Period"), Lessee shall pay as rent ("Interim Rent") for each unit of Equipment, the product of the Daily Lease Rate Factor times the Capitalized Lessor's Cost of such unit times the number of days in the Interim Period. Interim Rent shall be due on _____, ____ (the "Interim Rent Payment Date").

[Use for Fixed Rate Schedule: 2. Basic Term and Renewal Term Rent. Commencing on _____, _____, and on the same day of each month thereafter (each, a "Rent Payment Date") during the Basic Term ("Basic Term Rent") and any Renewal Term ("Renewal Term Rent"), Lessee shall pay as Rent the product of the Lease Rate Factor times the Capitalized Lessor's Cost of all Equipment on this Schedule. Said Rent consists of principal and interest components as provided in the Amortization Schedule attached hereto.]

[Use for Floating Rate Schedule: 2. Basic Term and Renewal Term Rent. Commencing on _____, 200__, and on the same day of each month thereafter (each, a "Rent Payment Date") during the Basic Term ("Basic Term Rent") and any Renewal Term ("Renewal Term Rent"), Lessee shall pay as Rent monthly installments of principal and interest, in arrears, with each installment in the principal amount equal to the Lease Rate Factor times the Capitalized Lessor's Cost of all Equipment on this Schedule, together with interest on the Ending Balance as of the immediately preceding Rent Payment Date (after application of the Rent paid on such date) at the Interest Rate for the Interest Period following such immediately preceding Rent Payment Date. The "Interest Rate" for a given Interest Period shall be the sum of (i) _____ (____%) per annum plus (ii) a variable per annum interest rate which shall be equal to the rate listed for one month London Interbank Offered Rate ("LIBOR"), which is published in the Money Rates Column of The Wall Street Journal, Eastern Edition (or, in the event such rate is not so published, in such other nationally recognized publication as Lessor may specify) on the first Business Day of the calendar month in which the Interest Period begins for the number of days during such Interest Period. Interest shall be calculated on the basis of a 365 day year for the actual number of days elapsed. The first Interest Period shall begin on the Basic Term Commencement Date and shall continue through the earlier of (w) the date the second Basic Term Rent Payment is received by Lessor or (x) the date on which the second Basic Term Rent is due. Each subsequent Interest Period shall begin on the day after the last day of the previous Interest Period and shall continue through the earlier of (y) the date the earliest due and unpaid Rent payment is received by Lessor and (z) the date on which the next Rent payment is due after the beginning of the current Interest Period. Said Rent consists of principal and interest components, such principal components being as provided in the Amortization Schedule attached hereto.

All Rent payments shall be applied first to interest and then to the remaining unpaid principal balance. The acceptance by Lessor of any payment which is less than payment in full of all amounts due and owing at such time shall not constitute a waiver of Lessor's right to receive payment in full at such time or at any prior or subsequent time.

3. If the Interim Rent Payment Date or any Rent Payment Date is not a Business Day, the Rent otherwise due on such date shall be payable on the immediately preceding Business Day. As used herein, "Business Day" shall mean any day other than Saturday, Sunday, and any day on which banking institutions located in the States of Connecticut, Maryland or Arkansas are authorized by law or other governmental action to close.

4. Lessee shall pay to Lessor, for the account of Lessor, from time to time the amounts as Lessor may determine to be necessary to compensate it for any costs which Lessor determines are attributable to its making or maintaining its interest in the Lease and the Equipment (the "Interest") or any reduction in any amount receivable by Lessor in respect of any such Interest (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), resulting from any Regulatory Change (as defined below) which:

(i) changes the basis of taxation of any amounts payable to Lessor for the account of Lessor in respect of such interest (other than taxes imposed on or measured by the overall net income of Lessor in respect of the interest by the jurisdiction in which Lessor has its principal office or its lending office); or

(ii) imposes or modifies any reserve, special deposit or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, Lessor; or

(iii) imposes any other condition affecting this Lease or any Interest.

For purposes hereof, "Regulatory Change" shall mean any change after the date of this Lease in United States Federal, state or foreign law or regulations (including, without limitation, Regulation D of the Board of Governors of the Federal Reserve System (or any successor), as amended or supplemented from time to time) or the adoption or making after such date of any interpretation, directive or request applying to a class of banks including Lessor or under any United States Federal, state or foreign law and whether or not failure to comply therewith would be unlawful) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

Without limiting the effect of the foregoing paragraph (but without duplication), Lessee shall pay to Lessor, from time to time on request such amounts as Lessor may determine to be necessary to compensate Lessor (or, without duplication, the bank holding company of which Lessor is a subsidiary) for any costs which it determines are attributable to the maintenance by Lessor (or any lending office or such bank holding company), pursuant to any law or regulation or any interpretation, directive or request (whether or not having the force of law) of any court or governmental or monetary authority (i) following any Regulatory Change or (ii) implementing any risk-based capital guideline or requirement (whether or not having the force of law and whether or not the failure to comply therewith would be unlawful) heretofore or hereafter issued by any government or governmental or supervisory authority implementing at the national level the Basle Accord (including, without limitation, the Final Risk-Based Capital Guidelines of the Board of Governors of the Federal Reserve System (12 C.F.R. Part 208, Appendix A; 12 C.F.R. Part 225, Appendix A) and the Final Risk-Based Capital Guidelines of the Office of the Comptroller of the Currency (12 C.F.R. Part 3, Appendix A)), of capital in respect of Lessor's Interest (such compensation to include, without limitation, an amount equal to any reduction of the rate of return on assets or equity of Lessor (or any lending office or bank holding company) to a level below that which Lessor (or any lending office or bank holding company) could have achieved but for such law, regulation, interpretation, directive or request). For purposes of this paragraph, "Basle Accord" shall mean the proposals for risk-based capital framework described by the Basle Committee on Banking Regulations and Supervisory Practices in its paper entitled "International Convergence of Capital Measurement and Capital Standards" dated July 1988, as amended, modified and supplemented and in effect from time to time or any replacement thereof.

Lessor shall notify Lessee of any event occurring after the date of this Lease that will entitle Lessor to compensation under the preceding two paragraphs as promptly as practicable, but in any event within forty-five (45) days, after Lessor obtains actual knowledge thereof; provided, that (i) if Lessor fails to give such notice within forty-five (45) days after it obtains actual knowledge of such an event, Lessor shall, with respect to compensation payable pursuant to the preceding two paragraphs in respect of any costs resulting from such event, only be entitled to payment under the referenced paragraphs for costs incurred from and after the date forty-five (45) days prior to the date that Lessor does give such notice, and (ii) Lessor will designate a different lending office for the Interest if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole opinion of Lessor, be disadvantageous to Lessor. Lessor will furnish to Lessee a certificate setting forth the basis and amount of each request by Lessor for compensation under the preceding two paragraphs. Determinations and allocations by Lessor for purposes of the preceding two paragraphs shall be conclusive, absent manifest error.

D. Insurance.

- 1. Public Liability: \$1,000,000.00, total liability per occurrence.
2. Casualty and Property Damage: An amount equal to the higher of the Stipulated Loss Value or the full replacement cost of the Equipment.

E. Fixed Purchase Price and Residual Risk Amount

Table with 3 columns: End of Month, Fixed Purchase Price, Residual Risk Amount. Rows for months 36, 48, and 60.

expressed as a percent of the Capitalized Lessor's Cost of the Equipment.

This Schedule is not binding or effective with respect to the Agreement or Equipment until executed on behalf of Lessor and Lessee by authorized representatives of Lessor and Lessee, respectively.

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IN WITNESS WHEREOF, Lessee and Lessor have caused this Schedule to be executed by their duly authorized representatives as of the date first above written.

LESSOR: LESSEE:
ACXION CORPORATION

By: Name: Title:
By: Name: Title:

Attest:

By: Name: Title:

ANNEX A TO SCHEDULE NO. ... DATED THIS ... DAY OF ..., 200... TO MASTER LEASE AGREEMENT DATED AS OF SEPTEMBER 30, 1999

DESCRIPTION OF EQUIPMENT

Table with 5 columns: Manufacturer, Serial Numbers, Type and Model of Equipment, Number of Units, Cost per Unit.

Initials: Lessor Lessee

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ANNEX B-1 TO SCHEDULE NO. ... DATED THIS ... DAY OF ..., 200_ TO MASTER LEASE AGREEMENT DATED AS OF SEPTEMBER 30, 1999

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS: ACXIOM CORPORATION ("Seller"), for and in consideration of the sum of One Dollar (\$1) and other good and valuable consideration, provided by ... ("Buyer"), with offices at ... the receipt of which is hereby acknowledged, does hereby sell, assign, transfer, set over and convey to Buyer the equipment (the "Equipment") leased under Schedule No. ... dated as of ..., 200_, between Seller and Buyer, executed pursuant to the Master Lease Agreement dated September 30, 1999, between Seller and General Electric Capital Corporation.

Buyer and Seller agree and acknowledge that the sale and conveyance contemplated hereby is solely for the purpose of granting to Buyer a security interest in the Equipment. All Equipment in which an interest is conveyed hereby shall remain in the possession of Seller pursuant to the Lease.

Lessee represents and warrants to Lessor that (i) Lessee will keep the interest conveyed to Lessor in the Equipment hereunder free from all liens and encumbrances whatsoever; (ii) Lessee has the right to execute and deliver this Bill of Sale; (iii) the Equipment has been delivered to Lessee in good order and condition, and conforms to the specifications, requirements and standards applicable thereto; and (iv) the Equipment has been accurately labeled, consistent with the requirements of 40 CFR part 82 Subpart E, with respect to products manufactured with a controlled (ozone-depleting) substance.

Lessee agrees to save and hold harmless Lessor from and against any and all federal, state, municipal and local license fees and taxes of any kind or nature, including, without limiting the generality of the foregoing, any and all excise, personal property, use and sales taxes, and from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions and suits resulting therefrom and imposed upon, incurred by or asserted against Lessor as a consequence of the sale of the Equipment to Lessor.

IN WITNESS WHEREOF, Buyer and Seller have executed this Bill of Sale this ___ day of _____, 200_.

Title: BUYER: Title: SELLER: ACXIOM CORPORATION By: Name: Title: (Signature lines for both parties)

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ANNEX B-2 TO SCHEDULE NO. ... DATED THIS ... DAY OF ..., 200_ TO MASTER LEASE AGREEMENT DATED AS OF SEPTEMBER 30, 1999

PURCHASE ORDER ASSIGNMENT AND CONSENT

THIS ASSIGNMENT AGREEMENT, dated as of _____, 200_ ("Agreement"), between Corporation ("Lessee").

WITNESSETH:

Lessee desires to lease certain equipment ("Equipment") from Lessor pursuant to the above schedule and lease (collectively, "Lease"). All terms used herein which are not otherwise defined shall have the meaning ascribed to them in the Lease.

Lessee desires to assign, and Lessor is willing to acquire, certain of Lessee's rights and interests under the purchase order(s), agreement(s), and/or document(s) (the "Purchase Orders") Lessee has heretofore issued to the Supplier(s) of such Equipment.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, Lessor and Lessee hereby agree as follows:

SECTION 1. ASSIGNMENT.

(a) Lessee does hereby assign and set over to Lessor all of Lessee's rights and interests in and to such Equipment and the Purchase Orders as the same relate thereto including, without limitation, (i) the rights to purchase, to take title, and to be named the purchaser in the bill of sale for, such Equipment, (ii) all claims for damages in respect of such Equipment arising as a result of any default by the Supplier (including, without limitation, all warranty and indemnity claims) and (iii) any and all rights of Lessee to compel performance by the Supplier.

(b) If, and so long as, no default exists under the Lease, Lessee shall be, and is hereby, authorized during the term of the Lease to assert and enforce, at Lessee's sole cost and expense, from time to time, in the name of and for the account of Lessor and/or Lessee, as their interests may appear, whatever claims and rights Lessor may have against any Supplier of the Equipment.

SECTION 2. CONTINUING LIABILITY OF LESSEE.

It is expressly agreed that, anything herein contained to the contrary notwithstanding: (a) Lessee shall at all times remain liable to the Supplier to perform all of the duties and obligations of the purchaser under the Purchase Orders to the same extent as if this Agreement had not been executed, (b) the execution of this Agreement shall not modify any contractual rights of the Supplier under the Purchase Orders and the liabilities of the Supplier under the Purchase Orders shall be to the same extent and continue as if this Agreement had not been executed, (c) the exercise by the Lessor of any of the rights hereunder shall not release Lessee from any of its duties or obligations to the Supplier under the Purchase Orders, and (d) Lessor shall not have any obligation or liability under the Purchase Orders by reason of, or arising out of, this Agreement or be obligated to perform any of the obligations or duties of Lessee under the Purchase Orders or to make any payment (other than under the terms and conditions set forth in the Lease) or to make any inquiry of the sufficiency of or authorization for any payment received by any Supplier or to present or file any claim or to take any other action to collect or enforce any claim for any payment assigned hereunder.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

LESSOR: _____ LESSEE: ACXIOM CORPORATION

By: Name: Title: By: Name: Title:

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CONSENT AND AGREEMENT

Supplier hereby consents to the above assignment agreement ("Agreement") and agrees not to assert any claims against Lessor or Lessee inconsistent with such Agreement. Supplier agrees that the Purchase Orders are hereby amended as necessary to provide as follows:

- (a) As between Supplier and Lessor, title to and risk of loss of the Equipment shall pass to Lessor upon Lessee's execution of the Certificate of Acceptance for such Equipment.
(b) Supplier hereby waives and discharges any security interest, lien or other encumbrance in or upon the Equipment and agrees to execute such documents as Lessor may request evidencing the release of any such encumbrance and the conveyance of title thereto to Lessor.
(c) Supplier agrees that on and after the date this Consent is executed it will not make any addition to or delete any items from the Equipment referred to in the Agreement without the prior written consent of both Lessor and Lessee.
(d) Seller represents that the Equipment has been accurately labeled, consistent with the requirements of 40 CFR Part 82 Subpart E, with respect to products manufactured with a controlled (ozone-depleting) substance.

IN WITNESS WHEREOF, the undersigned has caused this Consent to be executed this _____ day of _____, 200_.

SUPPLIER:

By: Name: Title:

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ANNEX B-3 TO SCHEDULE NO. _____ DATED THIS _____ DAY OF _____, 200_ TO MASTER LEASE AGREEMENT DATED AS OF SEPTEMBER 30, 1999

AGENCY AGREEMENT

THIS AGENCY AGREEMENT ("Agreement"), dated as of the _____ day of _____, 200_, between _____, its successors and assigns ("Lessor"), and ACXIOM CORPORATION, its successors and assigns (the "Company"). Capitalized terms not defined herein shall have the meanings assigned to them in the Lease (as that term is defined below).

RECITALS:

WHEREAS, General Electric Capital Corporation and Lessee have entered into a Master Lease Agreement dated as of September 30, 1999, which contemplates the execution of one or more Schedules incorporating by reference the terms and conditions of the Master Lease Agreement. Each Schedule, incorporating by reference the Master Lease Agreement, is hereinafter referred to as the "Lease". Pursuant to the Lease, Lessor, as the lessor, has agreed to lease certain items of equipment to Lessee, as lessee (all such equipment leased thereunder is hereinafter collectively referred to as the "Equipment").

WHEREAS, Lessor and Lessee desire to set forth the basis on which Lessee shall issue its purchase orders with respect to equipment which Lessee wishes to be brought under the Lease.

WHEREAS, Lessor desires to appoint Lessee its agent to order, receive and pay for, in the name and on behalf of Lessor, the Equipment.

NOW, THEREFORE, in consideration of the above premises and the mutual promises contained herein, as well as other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

Section 1.01 Ordering of Equipment. From time to time, Lessee shall issue its purchase orders to, or shall enter into purchase agreements with, suppliers of equipment (each a "Supplier" and collectively, the "Suppliers").

Section 1.02 Appointment. Lessor hereby appoints Lessee, and Lessee hereby accepts such appointment, as the agent of Lessor, without any fee for acting as such agent, pursuant to the terms and conditions of this Agreement, for the purpose of (a) subject to the conditions set forth in Section 2.01 hereof, accepting Equipment on Lessor's behalf for leasing to Lessee under the Lease; and (b) paying, on behalf of Lessor, any and all amounts required to purchase such Equipment from the respective Suppliers thereof ("Purchase Price"). It is specifically agreed that all of the power and authority vested to Lessee herein shall be subject to any modifications as may from time to time be made by Lessor.

Section 1.03 Powers. Except as otherwise may be expressly provided in this Agreement, Lessee is hereby granted the authority to act, and hereby agrees to act, on behalf of Lessor and in the name of Lessor, solely to the extent necessary to carry out its duties under this Agreement.

Section 1.04 Lease. This Agreement is entered into in connection with and subject to the terms of the Lease and in the event of a conflict between the terms of this Agreement and the Lease, the Lease shall control. Lessee and Lessor may from time to time hereafter enter into Schedules to the Lease, and it is the intent of the parties that this Agreement facilitate the leasing of Equipment under the Lease. NOTHING IN THIS AGREEMENT SHALL BE OR SHALL BE DEEMED TO BE, A COMMITMENT ON THE PART OF LESSOR TO EXECUTE OR OTHERWISE ENTER INTO ANY SCHEDULES AFTER THE DATE OF THIS AGREEMENT.

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ARTICLE II DUTIES OF AGENT

Section 2.01 Equipment Orders.

(a) Lessee, pursuant to the agency granted to it by Lessor in Article I hereof, may receive, accept and pay for the Equipment to be leased by Lessor to Lessee pursuant to the Lease. Upon and as of the date of issuance hereunder by Lessee of a Purchase Order with respect to Equipment, Lessee shall be unconditionally obligated to lease such Equipment from Lessor pursuant to the terms and conditions of the Lease and the applicable Schedule. Upon and as of the date of acceptance of the Equipment by Lessee and satisfaction of the conditions precedent provided for herein and in the Lease, Lessor shall be unconditionally obligated to purchase such Equipment pursuant to the terms of the applicable Purchase Order and to lease such Equipment to Lessee pursuant to the terms and conditions of the Lease and the applicable Schedule.

(b) Notwithstanding any provision to the contrary herein, Lessee's ability to act as Lessor's agent hereunder, and unconditionally to obligate Lessor to purchase Equipment pursuant to such agency, shall be limited by the following: (1) Lessee must disclose in writing to all Suppliers that it is ordering the Equipment as agent for "General Electric Capital Corporation, for itself and as agent for certain participants, or its nominee"; (2) all of the Equipment ordered and/or accepted hereunder must meet at least one of the general description categories, and must be within the quantity, specific description, manufacturers, hard/soft cost allocation, and total cost parameters, contained on Schedule A attached hereto; (3) the aggregate Purchase Price for all Equipment purchased in connection with the Lease must be less than, or equal to, the Capitalized Lessor's Cost specified on Schedule A attached hereto; (4) the Equipment must be delivered to, and accepted by, Lessee on or before the Last Delivery Date specified in Schedule A attached hereto; (5) the Purchase Price of each unit of Equipment must not be more than the then current Fair Market Value of such Equipment; and (6) with respect to any documentation, technical or confidential business information and/or software relating to the Equipment, if applicable (collectively, "Software"), the Purchase Order will grant Lessor a license to use the Software and will allow Lessor to grant a sublicense to Lessee to use such Software pursuant to the Lease and will allow Lessor to grant a sublicense to a third party after termination or the expiration of the Lease in the event Lessee does not elect to exercise any purchase option that may be provided for in the Lease. Lessor may refuse to purchase Equipment pursuant to such agency if Lessor determines, in its sole discretion, that the foregoing conditions have not been satisfied; and such refusal shall not constitute a breach by Lessor hereunder or under the Lease.

(c) Lessee additionally agrees that all Purchase Orders executed by Lessee shall: (1) not permit passage of title for the Equipment earlier than such acceptance by Lessee; (2) not permit the Supplier or any other person or entity to retain any security interest in, or lien on, any of the Equipment; and (3) otherwise be on terms and conditions acceptable to Lessor in its sole discretion. Prior to passage of risk of loss of the Equipment under the terms of the Purchase Orders, Lessee shall insure the Equipment, and provide to Lessor evidence of insurance, in accordance with the provisions of the Lease.

Section 2.02 Receipt of and Payment for Equipment. With respect to any purchase order issued by Lessee pursuant hereto, Lessee agrees to pay and perform all obligations of the purchaser in the time and manner required thereby. Without limiting the foregoing, upon receipt and acceptance by Lessee of any Equipment, Lessee shall execute and deliver to Lessor a Schedule describing all units of Equipment so received and accepted by Lessee (together with evidence of the insurance required by Section X of the Master Lease Agreement with respect thereto) and, on behalf of Lessor, Lessee shall pay the Purchase Price thereof to the Supplier in the time and manner required by the purchase order. Notwithstanding the foregoing, at the sole discretion of Lessor, Lessor may pay the Purchase Price directly to the Supplier in the time and manner required by the purchase order for any Equipment ordered by Lessee as Lessor's agent under this Agreement. Receipt and acceptance of any Equipment by Lessee from the Supplier shall be deemed to be an unconditional and irrevocable acceptance of such Equipment by Lessee for all purposes of the Lease and the applicable Schedule.

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Section 2.03 Reimbursement of Purchase Price. Lessee shall present to Lessor documentation ("Purchase Documentation"), in form and substance satisfactory to Lessor in its sole discretion, which includes (1) a Schedule which describes all units of Equipment ordered, received and accepted by Lessee as agent for Lessor in connection with such Schedule, (2) an invoice issued by the Supplier in the name of Lessor stating the Purchase Price of such Equipment, (3) includes evidence of the payment of the Purchase Price paid to Supplier for each such unit of Equipment and of passage of title thereto to Lessor, and (4) confirmation reasonably acceptable to Lessor that such Equipment has then been placed in service by Lessee pursuant to the Lease. Upon Lessor's receipt of the Purchase Documentation on or before the Base Lease Commencement Date by Lessor, if no default pursuant to Section XII of the Master Lease Agreement or event which, with the giving of notice or the lapse of time, or both, would constitute such a default (a "Default"), has then occurred, Lessor shall reimburse Lessee for the aggregate Purchase Price paid by Lessee for all Equipment purchased hereunder in connection with such Schedule.

Section 2.04 Books and Records. Lessee shall maintain full and accurate books and records of all Equipment orders, receipts and payments. All such books and records shall be maintained in a form acceptable to Lessor in its sole discretion. Such books and records shall be open for inspection and examination by Lessor and its respective representatives and/or accountants during Lessee's normal business hours.

ARTICLE III TERMINATION

Section 3.01 Termination.

(a) So long as no default exists and is continuing hereunder and no Default exists and is continuing under the Lease, either party may terminate this Agreement at any time upon thirty (30) days' prior written notice to the other party.

(b) In the event Lessee is in default hereunder or a Default has then occurred under the Lease, Lessor may elect to terminate this Agreement immediately, which shall be effective upon the receipt of written notice thereof by Lessee. If Lessee invokes the protection of any bankruptcy or insolvency law, or any such law is invoked against or with respect to Lessee or its property, without further action this Agreement automatically shall terminate. Upon any such termination Lessor shall have no continuing obligation under Section 2.03 hereof.

(c) Any termination under this Section 3.01 automatically shall result in the immediate revocation of all authority vested in Lessee under this Agreement to order, accept or pay for any Equipment on behalf of Lessor.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute and deliver this Agency Agreement as of the date first above written.

ACXIOM CORPORATION

By:
Name:

By:
Name:

Title:

Title:

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SCHEDULE A TO AGENCY AGREEMENT

Description of Equipment: _____

Equipment Parameters: See attachments

Aggregate Capitalized Lessor's Cost: \$ _____

Last Delivery Date: _____, 200_

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ANNEX C TO SCHEDULE NO. ___ DATED THIS ___ DAY OF ___, 200_ TO MASTER LEASE AGREEMENT DATED AS OF SEPTEMBER 30, 1999

CERTIFICATE OF ACCEPTANCE

To: _____

Pursuant to the provisions of the above Schedule and Master Lease Agreement (collectively, the "Lease"), Lessee hereby certifies and warrants that (a) all Equipment listed in the related invoice is in good condition and appearance, installed (if applicable), and in working order; and (b) Lessee accepts the Equipment for all purposes of the Lease and all attendant documents.

Lessee does further certify that as of the date hereof (i) Lessee is not in default under the Lease; and (ii) the representations and warranties made by Lessee pursuant to or under the Lease are true and correct on the date hereof.

Lessee's Authorized Representative

Dated: _____, 200_

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ANNEX D TO SCHEDULE NO. ___ DATED THIS ___ DAY OF ___, 200_ TO MASTER LEASE AGREEMENT DATED AS OF SEPTEMBER 30, 1999

STIPULATED LOSS AND TERMINATION VALUE TABLE*

RENT PAYMENT DATE	STIPULATED LOSS VALUE	[TERMINATION VALUE]
-------------------	-----------------------	---------------------

Initials: Lessor Lessee

*The Stipulated Loss and Termination Value for any unit of Equipment shall be equal to the Capitalized Lessor's Cost of such unit multiplied by the appropriate percentage derived from the above table. In the event that the Lease is for any reason extended, then the last percentage figure shown above shall control throughout any such extended term.

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ANNEX E TO SCHEDULE NO. ___ DATED THIS ___ DAY OF ___, 200_ TO MASTER LEASE AGREEMENT DATED AS OF SEPTEMBER 30, 1999

AMORTIZATION SCHEDULE*

OUTSTANDING PRINCIPAL RENT PAYMENT DATE	PRINCIPAL*	INTEREST*	BALANCE*
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Initials:

Lessor Lessee

* *The Principal, Interest and Outstanding Principal Balance as of any Rent Payment Date shall be equal to the Capitalized Lessor's Cost of such unit multiplied by the appropriate percentage derived from the above table.

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ANNEX F
TO
SCHEDULE NO. ___
DATED THIS ___ DAY OF ___, 200__
TO MASTER LEASE AGREEMENT DATED AS OF SEPTEMBER 30, 1999

RETURN PROVISIONS: Upon the expiration or any termination of the Term of this Schedule provided that Lessee has elected not to exercise its extension option or its purchase option pursuant to Section 9 of the Lease, Lessee shall, at its expense:

- (A) At least one hundred fifty (150) days prior to expiration of the Lease, provide Lessor with written notification of its intent to return all, but not less than all of the Equipment specific to this Schedule.
- (B) At least ninety (90) days prior to expiration of the Lease, provide to Lessor a detailed inventory of all components of the Equipment, as defined by Lessor. The inventory should include, but not be limited to, a listing of model and serial numbers for the Equipment and a listing of all software features listed individually, as defined by Lessor.
- (C) At least ninety (90) days prior to expiration of the Lease, cause manufacturer's representative to perform a comprehensive physical inspection including testing all material and workmanship of the Equipment; and if during such inspection, examination and test, the manufacturer's representative finds any of the material or workmanship to be defective or the Equipment not operating within the manufacturer's specifications, then Lessee shall repair or replace such defective material and, after corrective measures are completed, Lessee will provide for a follow-up inspection of the Equipment by the manufacturer's representative as outlined in this Section (C). Such access will be granted within 5 business days of Lessor's request.
- (D) Have each item of Equipment returned with an in-depth field service report detailing said inspection as outlined in Section (C) of this Annex. The report shall certify that the Equipment has been properly inspected, examined and tested and is operating within the manufacturer's specifications.
- (E) At Lease termination or upon receiving reasonable notice from Lessor, provide or cause the vendor(s) or manufacturer(s) to provide to Lessor the following documents: (1) all service manuals and operating manuals including replacements and/or additions thereto, such that all documentation is completely up-to-date; (2) one set of documents, detailing equipment configuration, operating requirements maintenance records, and other technical data concerning the set-up and operation of the Equipment, including replacements and/or additions thereto, such that all documentation is completely up-to-date.
- (F) Ensure the Equipment shall be mechanically and structurally sound, clean and cosmetically acceptable, capable of performing the function for which the Equipment was originally designed in accordance with the manufacturer's published and recommended specifications.
- (G) Ensure that all manufacturer's hardware, operating system and utility software & existing maintenance licenses for the Equipment covered under each Lease Schedule are valid and current and ensure the transferability of said licenses to GE Capital Corp. and/or a third party.
- (H) Ensure that all operating system and utility software for the identified Equipment covered under the Lease Schedule is of the most current version available at the time of return.
- (I) Properly remove all Lessee installed markings, which are not necessary for the installation, operation, maintenance or repair of the Equipment.
- (J) Provide for the deinstallation, packing, transporting and certifying of the Equipment to include, but not be limited to, the following: (1) the manufacturer's representative shall de-install all Equipment (including all wire, cable and mounting hardware) in accordance with the specifications of the manufacturer; (2) each item of Equipment will be returned with a certificate supplied by the manufacturer's representative certifying the Equipment to be in good condition and (where applicable) to be eligible for the manufacturer's

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maintenance plan; the certificate of eligibility shall be freely transferable to another operator of the Equipment; (3) the Equipment shall be packed properly and in accordance to the manufacturer's recommendations; (4) Lessee shall transport the Equipment in a manner consistent with the manufacturer's recommendations and practices to any location(s) within the continental United States, Canada or Mexico, as Lessor shall direct, and shall have the Equipment unloaded at such location(s); and (5) Lessee shall obtain and pay for a policy of transit insurance for the redelivery period in an amount equal to the replacement value of the Equipment and Lessor shall be named as the loss payee on all such policies of insurance.

(K) At the request of Lessor, provide safe, secure storage for the Equipment, in acceptable environmental conditions (temperature & humidity control,) for a period of up to one hundred twenty (120) days after expiration or earlier termination of the Lease at an accessible location satisfactory to Lessor. With 5 business days notice by Lessor, the equipment will be set up in a testable location and be operational with all necessary electrical power, network connections, lighting, and any other items reasonably necessary to fully demonstrate the equipment to any potential buyer.

Initials:

Lessor Lessee

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STATE OF _____:

COUNTY OF _____: TO WIT:

AFFIDAVIT OF OWNERSHIP

The undersigned, being duly sworn according to law, upon his oath deposes and says:

I am the Chief Financial Officer of Acxiom Corporation ("Lessee") and I am authorized to make this affidavit on behalf of Lessee.

As of the date of this Affidavit, Lessee has good and marketable title to all of the Equipment (as such term is defined in that certain Schedule No. ___ between _____ ("Lessor") and Lessee, incorporating by reference the terms of that certain Master Lease Agreement dated as of September 30, 1999, as amended, between General Electric Capital Corporation, as lessor, and Lessee, as lessee), free and clear of all liens, claims, security interests and encumbrances, except for the liens granted in favor of Lessor under the aforesaid Schedule.

Signed and sealed as of the _____ day of _____, 200__.

Name:
Title: Chief Financial Officer

Notary Public
[SEAL]

My Commission Expires:

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ATTACHMENT TO UNIFORM COMMERCIAL CODE FINANCING STATEMENT

1. SECURED PARTY: _____

DEBTOR: ACXIOM CORPORATION

2. DESCRIPTION OF PROPERTY:

The equipment leased pursuant to that certain Schedule No. ___ between Secured Party, as lessor, and Debtor, as lessee, incorporating by reference the terms of that certain Master Lease Agreement dated as of September 30, 1999, as amended, between General Electric Capital Corporation, as lessor, and Debtor, as lessee, together with all accessions, substitutions and replacements therefor, and proceeds (including insurance proceeds) thereof (but without power of sale); more fully described on the attached Annex(es) A.

[3. THE EQUIPMENT DESCRIBED HEREIN WAS PURCHASED BY SECURED PARTY FROM DEBTOR AS PART OF A SALE-LEASEBACK TRANSACTION.]

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ASSIGNMENT OF HEAD LEASE

THIS ASSIGNMENT OF HEAD LEASE (this "Assignment") is made and entered into as of the 10th day of February, 2003, by and between Wells Fargo Bank Northwest, National Association (formerly First Security Bank, National Association), not in its individual capacity but solely as Owner Trustee under the AC Trust 2000-1 ("Assignor"), and Acxiom Corporation, a Delaware corporation ("Assignee").

Recitals

A. Assignor, as lessee, Assignee, and the City of Little Rock, Arkansas, a municipality and city of the first class organized and existing under the laws of the State of Arkansas, as lessor ("Lessor"), are parties to that certain Head Lease Agreement (the "Lease") dated as of May 1, 2000, pursuant to which Assignor leased certain real property located in Little Rock, Pulaski County, Arkansas, as more particularly described on Exhibit A attached hereto and made a part hereof (the "Property").

B. Pursuant to a Lease Agreement dated as of October 24, 2000 (the "Sublease"), Assignor subleased the Property to Assignee.

C. Assignor and Assignee have agreed to terminate the Sublease, Assignor has agreed to assign to Assignee all of Assignor's right, title and interest in the Lease, and Assignee desires to accept such assignment and assume the obligations of Assignor under the Lease, subject to the conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignment. Assignor hereby assigns and transfers to Assignee as of the date hereof all of its right, title and interest in and to the Lease.
2. Assumption. Assignee hereby accepts such assignment and hereby assumes all of the obligations of Assignor under the Lease, and shall make all payments and keep and perform all conditions and covenants of the Lease in the same manner as if Assignee were the original lessee thereunder.
3. Indemnification. Assignee will indemnify Assignor against and will hold Assignor harmless from any loss, liability, and expense (including reasonable attorneys' fees and court costs) arising out of any breach by Assignee of its agreements contained in this Assignment.
4. Acceptance of Property. Assignee acknowledges that it has examined and inspected the Property and accepts it "as is." Assignee further acknowledges that Assignor has not made and does not make any

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representations or warranties regarding the physical condition of the Property and that there are no warranties, either expressed or implied, regarding the condition of the Property.

5. Consent of Lessor. By its execution below, Lessor hereby consents to the assignment of Assignor's interest in the Lease to Assignee. This consent shall not be deemed to release Assignor from its obligation to obtain Lessor's consent to any future assignment or subletting.

6. Release of Assignor. Assignee and Lessor each agree that upon execution of this Assignment, Assignor shall be fully and completely released from any obligations, liabilities and duties in any manner related to the Lease, including without limitation, the obligation to pay Basic Rent and Additional Rent under the Lease. Lessor will take such steps as are appropriate to terminate any security interest filings of record that have been executed by Assignor in favor of Lessor. The provisions of Section 12.10 of the Head Lease shall continue after the effectiveness of this Assignment for the benefit of the Assignor and its beneficiaries.

7. Further Assurances. The parties shall, upon written request, execute, acknowledge, and deliver such other documents and documents and take such further action as may be reasonably necessary to carry out the intent of this Assignment.

8. Binding Effect and Benefit. This Assignment shall inure to the benefit of, and shall be binding upon, the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be duly executed and delivered by their respective duly authorized officers, as of the date first above written.

[The balance of this page left blank intentionally.]

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ASSIGNOR:

Wells Fargo Bank Northwest, National Association
(formerly First Security Bank, National
Association), not in its individual capacity but
solely as Owner Trustee under the AC Trust 2000-1

By: _____
Val T. Orton, Vice President

ASSIGNEE:

Acxiom Corporation, a Delaware corporation

By: _____
Dathan A. Gaskill,
Corporate Finance Leader

LESSOR:

City of Little Rock, Arkansas

By: _____
Jim Dailey, Mayor

ATTEST:

By: _____
Nancy Wood, City Clerk

ACKNOWLEDGMENT

STATE OF _____)
) ss
COUNTY OF _____)

On this ____ day of February, 2003, before me, a Notary Public duly commissioned, qualified and acting, within and for the County and State aforesaid, appeared in person the within named Val T. Orton, Vice President of Wells Fargo Bank Northwest, National Association, not in its individual capacity but solely as Owner Trustee under the AC Trust 2000-1, a grantor trust created pursuant to the terms and conditions of a Trust Agreement (the "Trust Agreement") between the several holders from time to time as parties thereto, as holders, and Wells Fargo Bank Northwest, National Association (formerly First Security Bank, National Association), to me personally known, who stated that he was duly authorized in his capacity to execute the foregoing instrument for and in the name and behalf of the bank, and further stated and acknowledged that he had so signed, executed, and delivered the foregoing instrument for the consideration, uses, and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal on the date first above written.

Notary Public

My commission expires:

ACKNOWLEDGMENT

STATE OF ARKANSAS)
) ss
COUNTY OF PULASKI)

On this ____ day of February, 2003, before me, a Notary Public duly commissioned, qualified and acting, within and for the County and State aforesaid, appeared in person the within named Dathan A. Gaskill, Corporate Finance Leader of Acxiom Corporation, a Delaware corporation, to me personally known, who stated that he was duly authorized in his capacity to execute the foregoing instrument for and in the name and behalf of the corporation, and further stated and acknowledged that he had so signed, executed, and delivered the foregoing instrument for the consideration, uses, and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal on the date first above written.

Notary Public

My commission expires:

ACKNOWLEDGMENT

STATE OF ARKANSAS)
) ss
COUNTY OF PULASKI)

On this 10th day of February, 2003, before me, a Notary Public duly commissioned, qualified and acting, within and for the County and State aforesaid, appeared in person the within named Jim Dailey and Nancy Wood, Mayor and City Clerk, respectively, of the City of Little Rock, Arkansas, a municipality of the State of Arkansas, to me personally known, who stated that they were duly authorized in their respective capacities to execute the foregoing instrument for and in the name of the City, and further stated and acknowledged that they had signed, executed, and delivered the foregoing instrument for the consideration, uses, and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal on the date first above written.

Notary Public

My commission expires:

EXHIBIT A

Real Property Description

The following described lands situated in the County of Pulaski, State of Arkansas:

PARCEL 1:

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12, Block 14, Pope's Addition to the City of Little Rock, Pulaski County, Arkansas, as shown on the Plat recorded in Plat Book H, Page 30, records of Pulaski County, Arkansas;

LESS AND EXCEPT THE FOLLOWING:

TRACT A:

A part of Lot 6, Block 14, Pope's Addition to the City of Little Rock, Pulaski County, Arkansas being more particularly described as follows:

BEGINNING at the NE Corner of said Lot 6 thence S 09°23'25" W, along the West Right of Way line of Ferry Street, 19.99 feet; thence along a curve to the left having a radius of 20.00 feet, an arc of 31.40 feet and a chord bearing and distance of N 35°35'38" W, 28.28 feet to the South Right of Way line of East 3rd Street; thence S 80°34'41" E, along said South Right of Way line, 19.99 feet to the POINT OF BEGINNING. Containing 0.002 Acres (86 Sq. Ft.) more or less.

AND

TRACT B:

A part of Lot 1, Block 14, Pope's Addition to the City of Little Rock, Pulaski County, Arkansas being more particularly described as follows:

BEGINNING at the SE Corner of said Lot 1 thence N 80°28'37" W, along the North Right of Way line of East 4th Street, 20.05 feet; thence along a curve to the

left having a radius of 20.00 feet, an arc of 31.46 feet and a chord bearing and distance of N 54°27'24" E, 28.32 feet to the West Right of Way line of Ferry Street; thence S 09°23'25" W, along said West Right of Way line, 20.05 feet to the POINT OF BEGINNING. Containing 0.002 Acres (86 Sq. Ft.) more or less.

PARCEL 2:

Lots 1 through 12, Block 15, Pope's Addition to the City of Little Rock, Pulaski County, Arkansas, as shown on the Plat recorded in Plat Book H, Page 30, records of Pulaski County, Arkansas and the alley running North and South through said Block 15, which was closed by City Ordinance No. 13,896, a certified copy of which is filed for record as Instrument No. 80-46764, records of Pulaski County, Arkansas;

LESS AND EXCEPT THE FOLLOWING:

TRACT C:

A part of Lot 12, Block 15, Pope's Addition to the City of Little Rock, Pulaski County, Arkansas being more particularly described as follows:

BEGINNING at the SW Corner of said Lot 12 thence N 09°25'37" E, along the East Right of Way line of Commerce Street, 19.97 feet; thence along a curve to the left having a radius of 20.00 feet, an arc of 31.38 feet and a chord bearing and distance of S 35°31'30" E, 28.26 feet to the North Right of Way line of East 4th Street, thence N 80°28'37" W, along said North Right of Way line, 19.97 feet to the POINT OF BEGINNING. Containing 0.002 Acres (86 Sq. Ft.) more or less.

AND

TRACT D:

A part of Lot 7, Block 15, Pope's Addition to the City of Little Rock, Pulaski County, Arkansas being more particularly described as follows:

BEGINNING at the NW Corner of said Lot 7 thence S 80°26'59" E, along the South Right of Way line of East 3rd Street, 20.04 feet; thence along a curve to the left having a radius of 20.00 feet, an arc of 31.46 feet and a chord bearing and distance of S 54°29'19" W, 28.31 feet to the East Right of Way line of Commerce Street; thence N 09°25'37" E, along said East Right of Way line, 20.04 feet to the POINT OF BEGINNING. Containing 0.002 Acres (86 Sq. Ft.) more or less.

PARCEL 3:

All that part of Sherman Street between 3rd and 4th Streets and the Alley within Block 14 in Pope's Addition to the City of Little Rock, Arkansas, which was closed by City Ordinance No. 18,026, a Certified copy of which was filed for record on September 23, 1999 and recorded as Instrument No. 99-76741, records of Pulaski county, Arkansas;

together with all rights, structures, easements, alleys, rights-of-ways, improvements, fixtures, or privileges located thereon or appertaining thereto.

City of Little Rock, Arkansas
Lessor

First Security Bank, National Association, not in its individual capacity but solely as Owner Trustee under the AC Trust 2000-1
Lessee

Acxiom Corporation

Head Lease Agreement
Dated as of May 1, 2000

The interest of the Lessor in this Head Lease Agreement has been assigned to First Security Bank, National Association, Salt Lake City, Utah, as Bond Trustee, under the Trust Indenture, dated as of May 1, 2000, securing City of Little Rock, Arkansas Taxable Industrial Development Revenue Bonds (Acxiom Corporation Project), \$1,446,192 Series 2000-A and \$36,553,808 Series 2000-B.

Prepared by:
Rose Law Firm, a Professional Association
120 East Fourth Street
Little Rock, Arkansas 72201

Head Lease Agreement

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Head Lease Agreement

This HEAD LEASE AGREEMENT, dated as of May 1, 2000, is among the City of Little Rock, Arkansas (the "Issuer"), a municipality and city of the first class organized and existing under the laws of the State of Arkansas (the "State"), as lessor; First Security Bank, National Association, not in its individual capacity but solely as Owner Trustee under the AC Trust 2000-1 (the "Company"), a grantor trust created pursuant to the terms and conditions of a Trust Agreement dated as of October 24, 2000 (the "Trust Agreement") between the several

holders from time to time as parties thereto, as holders, and First Security Bank, National Association, as lessee; and Acxiom Corporation ("Acxiom").

W I T N E S S E T H:

WHEREAS, the Issuer is authorized by the Municipalities and Counties Industrial Development Revenue Bond Law, Ark. Code Ann. (1998 Repl. & 1999 Supp.) §§ 14-164-201 to -224 (the "Act"), to acquire lands, construct and equip industrial buildings, improvements, and facilities, and incur other costs and expenses and make other expenditures incidental to and for the securing and developing of industry; and

WHEREAS, the Issuer is authorized by the Act to issue industrial development revenue bonds payable from revenues derived from the industrial project so acquired and constructed and secured by a lien thereon and security interest therein; and

WHEREAS, the necessary arrangements have been made with the Company for the acquisition, construction, and equipping of a substantial industrial project consisting of the acquisition of land (the "Land Project") and the improvement of the land and acquisition, construction, and equipping thereon of a 12-story building, including floors for parking (the "Building Project;" the Land Project and the Building Project are referred to collectively as the "Project"), located at 601 East Third Street, Little Rock, Arkansas 72202, and to lease the Project to the Company; and

WHEREAS, the Company will sublease the Project to Acxiom for use in Acxiom's business of comprehensive information management solutions using customer, consumer, and business data and such other operations as Acxiom shall elect; and

WHEREAS, the Company desires that the Issuer issue its \$1,446,192 Taxable Industrial Development Revenue Bonds (Acxiom Corporation Project), Series 2000-A (the "Series 2000-A Bonds"), to provide funds to acquire the Land Project and \$36,500,000 Taxable Industrial Development Revenue Bonds (Acxiom Corporation Project), Series 2000-B (the "Series 2000-B Bonds;" the Series 2000-A Bonds and the Series 2000-B Bonds are referred to collectively as the "Bonds"), to provide funds to acquire, construct, and equip the Building Project, and the Issuer has agreed to do the same; and

WHEREAS, pursuant to a Trust Indenture, dated as of the date hereof, between the Issuer and First Security Bank, National Association, a national banking association, as Bond Trustee, having all requisite power and authority to act as trustee, and having its principal corporate trust office in Salt Lake City, Utah, as Bond Trustee, the Issuer intends to assign to the Bond Trustee as security for the Bonds its interest in this Head Lease (except for the reimbursement of certain expenses and payments for indemnification of the Issuer); and

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NOW, THEREFORE, in consideration of the respective representations and agreements hereinafter contained, the Issuer and the Company agree as follows (provided, that in the performance of the agreements of the Issuer herein contained, any obligation it may thereby incur for the payment of money shall not be a general debt on its part, but shall be payable solely out of the proceeds derived from this Head Lease, the sale of the bonds referred to in Section 2.1, and the insurance and condemnation awards as herein provided):

ARTICLE I
Definitions

Section 1.1 Definitions. All terms defined in the Indenture shall have the same meanings for purposes of this Head Lease and of any amendment hereto. In addition, unless the context requires otherwise, the following terms shall, for all purposes of this Head Lease and any amendment hereof, have the meanings herein specified:

"Acxiom" means Acxiom Corporation, a Delaware corporation, and, to the extent permitted by Section 8.3, its lawful successors and assigns.

"Basic Rent" means the amounts payable as basic rent pursuant to Section 5.3(a).

"Company" means First Security Bank, National Association, not in its individual capacity but solely as Owner Trustee under the AC Trust 2000-1, a grantor trust created pursuant to the terms and conditions of a Trust Agreement dated as of October 24, 2000 between the several holders from time to time as parties thereto, as holders, and First Security Bank, National Association, and its lawful successors and assigns.

"Head Lease" means this Head Lease Agreement, dated as of May 1, 2000, as amended or supplemented from time to time.

"Indenture" means the Trust Indenture, dated as of May 1, 2000, between the Issuer and First Security Bank, National Association, as Bond Trustee, as amended or supplemented from time to time, pursuant to which the Bonds are authorized to be issued.

"Issuer" means the City of Little Rock, Arkansas, a city of the first class under the laws of the State of Arkansas, and its successors and assigns.

"Unassigned Issuer's Rights" means the Issuer's rights to payments pursuant to Section 5.3(b)(i), the Issuer's rights to reimbursement pursuant to Section 6.6, and the Issuer's rights to indemnification pursuant to Section 6.7.

Section 1.2 Rules of Interpretation. For purposes of this Head Lease, except as otherwise expressly provided or unless the context otherwise requires:

(a) The words "herein," "hereof," and "hereunder" and other similar words refer to this Indenture as a whole and not to any particular Article, Section, or other subdivision.

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(b) The definitions in this Article are applicable whether the terms defined are used in the singular or the plural.

(c) All accounting terms which are not defined in this Head Lease have the meanings assigned to them in accordance with then applicable generally accepted accounting principles.

(d) Any pronouns used in this Head Lease include both the singular and the plural and cover both genders.

(e) Any terms not defined in this Head Lease but which are defined in the Indenture have the same meaning in this Head Lease as are given to them in the Indenture.

(f) Any terms defined elsewhere in this Head Lease have the meanings attributed to them where defined.

(g) Words referring to the redemption or calling for redemption of Bonds shall not be deemed to refer to the payment of Bonds at their stated maturity.

(h) The captions or headings herein are for convenience only and in no way define, limit, or describe the scope or intent, or control or affect the meaning or construction, of any provisions or securities hereof.

(i) The Section numbers are those of this Head Lease unless stated otherwise.

ARTICLE II
Representations

Section 2.1. Representations by Issuer. The Issuer makes the following representations as the basis for the undertakings on its part herein contained:

(a) Under the provisions of the Act and the Constitution of the State, the Issuer is authorized to enter into the transactions to be performed by it under this Head Lease and the Indenture and to carry out its obligations hereunder and thereunder. The Issuer has been duly authorized to execute and deliver this Head Lease and the Indenture.

(b) The Issuer will perform all of its obligations with reference to the acquiring, constructing, and equipping of the Project as specified in Article IV.

(c) Notwithstanding anything herein contained to the contrary, it is the intention of the Issuer that

any obligation it may hereby incur for the payment of money shall not be a general debt on its part but shall be payable solely from the proceeds derived from this Head Lease, the sale of the Bonds, and the insurance and condemnation awards as herein provided.

(d) The Issuer has been induced to enter into this undertaking by the promise of the Company to locate industrial facilities within or near the corporate limits of the Issuer.

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(e) In order to furnish necessary moneys for the payment of Project Costs and a portion of the expenses of authorizing and issuing the Bonds, the Issuer has authorized the issuance of the Bonds.

(f) The Bonds are to be issued under and secured by the Indenture, pursuant to which the Real Property, the Project, the Issuer's interest in this Head Lease, and the revenues and receipts derived by the Issuer from the leasing of the Real Property and the Project will be pledged to the Bond Trustee as security for payment of the principal of and premium, if any, and interest on the Bonds, and the Bonds will be secured by a mortgage on and security interest in the Issuer's interest in the Real Property and the Project.

Section 2.2. Representations by Company. The Company makes the following representations as the basis for the undertakings on its part herein contained:

(a) First Security Bank, National Association, is a national banking association duly organized under the laws of the United States of America, is in good standing under the laws of the United States of America, and, assuming due authorization, execution, and delivery of the Trust Agreement by the holders from time to time as parties thereto, has power to enter into the Lease Documents and to perform all obligations contained herein and therein, and by proper corporate action, has been duly authorized to execute and deliver the Lease Documents.

(b) Neither the execution and delivery of the Lease Documents, the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms and conditions hereof and thereof conflicts with or results in a material breach of the terms, conditions, or provisions of the Articles of Association or bylaws of the Company or any agreement or instrument to which the Company is now a party or by which the Company is bound, or constitutes a material default under any of the foregoing, or results in the creation or imposition of any lien, charge, or encumbrance whatsoever upon any of the property or assets of the Company under the terms of any instrument or agreement except as provided herein.

(c) There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court or public board or body, known to be pending or threatened against or affecting the Company, nor to the best of the knowledge of the Company is there any basis therefor, wherein an unfavorable decision, ruling, or finding would materially adversely affect the transactions contemplated by this Head Lease or which, in any way, would materially adversely affect the validity or enforceability of the Bonds, the Lease Documents, or any other agreement or instrument, to which the Company is a party, used or contemplated for use in the consummation of the transactions contemplated hereby.

(d) The Company agrees to cooperate with the Issuer in the performance of the Issuer's obligations under the Indenture.

(e) No actions will be taken by the Company which shall in any way impair the qualification of the Project under the Act.

Section 2.3. Representations by Acxiom. Acxiom makes the following representations as the basis for the undertakings on its part herein contained:

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(a) Acxiom is a corporation duly incorporated under the laws of the State of Delaware, is in good standing under the laws of the State of Delaware and the State, and has power to enter into the Lease Documents and to perform all obligations contained herein and therein, and by proper corporate action, has been duly authorized to execute and deliver the Lease Documents.

(b) The leasing by the Issuer of the Project to the Company and the subleasing by the Company of the Project to Acxiom will induce Acxiom to acquire, construct, and equip an industrial enterprise within the corporate limits of the Issuer.

(c) Acxiom will operate the Project upon its completion as a headquarters for comprehensive information management solutions using customer, consumer, and business data operations until the expiration or earlier termination of the Lease Term as provided herein, all to the extent that such operation is, in Acxiom's judgment, commercially desirable.

(d) Neither the execution and delivery of the Lease Documents, the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms and conditions hereof and thereof conflicts with or results in a material breach of the terms, conditions, or provisions of the Articles of Incorporation or bylaws of Acxiom or any agreement or instrument to which Acxiom is now a party or by which Acxiom is bound, or constitutes a material default under any of the foregoing, or results in the creation or imposition of any lien, charge, or encumbrance whatsoever upon any of the property or assets of Acxiom under the terms of any instrument or agreement except as provided herein.

(e) There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court or public board or body, known to be pending or threatened against or affecting Acxiom, nor to the best of the knowledge of Acxiom is there any basis therefor, wherein an unfavorable decision, ruling, or finding would materially adversely affect the transactions contemplated by this Head Lease or which, in any way, would materially adversely affect the validity or enforceability of the Bonds, the Lease Documents, or any other agreement or instrument, to which Acxiom is a party, used or contemplated for use in the consummation of the transactions contemplated hereby.

(f) The Project consists of land, buildings, or facilities that can be used to secure and develop industry within City of Little Rock, Arkansas, and its estimated Cost of the Project is not less than \$38,000,000.

(g) The proceeds from the sale of the Bonds will be used only for the payment of the Cost of the Project and paying a portion of the costs of issuing the Bonds.

(h) The Project complies, or will comply upon completion of construction, with all presently applicable building and zoning ordinances where failure to comply would have a materially adverse effect on Acxiom's ability to utilize the Project for the purposes intended.

(i) No changes shall be made in the Project and no actions will be taken by Acxiom which shall in any way impair the qualification of the Project under the Act.

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ARTICLE III Demising Clauses and Warranty of Title

Section 3.1. Demise of the Project. The Issuer demises and leases to the Company, and the Company leases from the Issuer, the Real Property and the Project at the rental set forth in Section 5.3 and in accordance with the provisions of this Head Lease.

TO HAVE AND TO HOLD the Real Property and the Project unto the Company for the term of this Head Lease as hereafter set forth.

The parties acknowledge that the Company will sublease the Project to Acxiom and assign and pledge as security its rights hereunder to Bank of America, N.A.

Section 3.2. Warranty of Title. The Issuer warrants that it lawfully owns and is lawfully possessed of the Real Property and the Project and that it has good and merchantable title and estate therein, free from all encumbrances other than Permitted Encumbrances, but it has no liability in regard thereto.

Section 3.3. Quiet Enjoyment. The Issuer covenants and agrees that the Company, upon paying the rent herein and upon performing and observing the covenants, conditions, and agreements hereof, shall and may peaceably hold and enjoy the Real Property and the Project during the Lease Term without any interruption or disturbance, subject however, to the terms of this Head Lease.

ARTICLE IV
Acquisition, Construction, and Equipping of the Project; Issuance of the Bonds

Section 4.1. Agreement to Acquire, Construct, and Equip the Project. After the Bond proceeds are available, the Issuer (or Acxiom, as agent for the Issuer and the Company) will enter into or accept the assignment of contracts or purchase orders having terms, conditions, drawings, specifications, and other provisions designated and prescribed by the Company (or Acxiom, as agent for the Company) for acquiring, constructing, and equipping the Project. All payments necessary to acquire, construct, and equip the Project shall be made out of proceeds of the Bonds, and the Company shall be reimbursed out of proceeds of the Bonds for all expenditures made by it in connection with the Project. Title to all machinery, equipment, and personal property of every nature paid for out of proceeds of the Bonds (either by direct payment or by virtue of reimbursement to the Company) shall be vested in, or be transferred to, the Issuer. The obligations of the Issuer hereunder are subject to the provisions of this Head Lease limiting the obligations of the Issuer to the extent of Bond proceeds.

The Company, with the cooperation of the Issuer when necessary, shall obtain all necessary approvals from any and all governmental agencies requisite to the constructing and equipping of the Project, and the Project shall be constructed and equipped in compliance with all State and local laws, ordinances, and regulations applicable thereto.

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All requests, approvals, and agreements required on the part of the Issuer and the Company shall be evidenced by an Officer's Certificate of the Issuer and/or the Company, as appropriate, granting such approval or entering into such agreement.

Section 4.2. Disbursements of Bond Proceeds.

(a) Except as provided in the Indenture in case of certain Events of Default with respect to the Bonds, the Bond Trustee shall disburse proceeds of the Bonds in accordance with this Section.

(b) The Bond Trustee shall disburse (or, for interest payments during construction, transfer to the Debt Service Fund) proceeds of the Bonds to pay Project Costs or Issuance Costs upon receipt of a certificate in substantially the form provided in Exhibit B to this Head Lease accompanied an Officer's Certificate of the Company or Acxiom stating: (1) the requisition number, amount to be paid, and the name of the Person to whom payment is to be made; (2) that there has been expended, or is being expended concurrently with the delivery of such certificate (or in the case of interest which the Bond Trustee is directed to transfer to the Debt Service Fund after the Completion Date, will be expended within one year following the Completion Date), an amount on account of Project Costs or Issuance Costs at least equal to the amount set forth in such certificate; and (3) that no other certificate in respect of such expenditure is being or previously has been delivered to the Bond Trustee.

Section 4.3. Furnishing Documents to Bond Trustee. The Company agrees to cause such requisitions to be directed to the Bond Trustee as may be necessary to effect installment purchases of the Bonds in accordance with Section 4.2. The Bond Trustee shall retain a record of all such requisitions.

Section 4.4. Establishment of Completion Date. The Completion Date shall be evidenced to the Issuer and the Bond Trustee by an Officer's Certificate of the Company or Acxiom stating that, except for amounts retained by the Bond Trustee at the Company's direction for any Cost of the Project not then due and payable, (i) acquisition and construction of the Project has been completed and all costs of labor, services, materials, and supplies used in such acquisition and construction have been paid, (ii) all equipment for the Project has been installed to the Company's satisfaction, such equipment so installed is suitable and sufficient for the operation of the Project, and all costs and expenses incurred in the acquisition and installation of such equipment have been paid, and (iii) all other facilities necessary in connection with the Project have been acquired, constructed, and equipped and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Forthwith upon completion of the acquisition, construction, and equipping of the Project, the Company agrees to cause such certificate to be furnished to the Issuer and the Bond Trustee.

Section 4.5. Company Required to Pay in Event Bond Proceeds Insufficient. In the event the proceeds of the Bonds available for payment of the Cost of the Project should not be sufficient to pay the Cost of the Project in full, the Company agrees to complete the Project and to pay that portion of the Cost of the Project in excess of the moneys available therefor from Bond proceeds. The Issuer does not make any warranty, either express or

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implied, that the proceeds of the Bonds and available for payment of the Cost of the Project will be sufficient to pay all of the Cost of the Project. The Company agrees that if, after exhaustion of the proceeds of the Bonds, the Company should pay any portion of the Cost of the Project pursuant to the provisions of this Section, the Company shall not be entitled to any reimbursement therefor from the Issuer, the Bond Trustee, or the owners of any of the Bonds, nor shall the Company be entitled to any diminution of the amounts payable under Section 5.3.

Section 4.6. Enforcement of Contracts.

(a) The Issuer covenants that it will take any action and institute any proceedings requested by the Company to cause and require all contractors and material suppliers to complete their contracts diligently in accordance with the terms of said contracts, including, without limitation, the correcting of any defective work. All expenses incurred by the Issuer in connection with the performance of its obligations under this subsection may be considered part of the Cost of the Project, and the Issuer agrees that the Company may, from time to time, in its own name, or in the name of the Issuer, take such action as may be necessary or advisable, as determined by the Company, to insure the construction of the Project in accordance with the terms of the construction contract and the installation of machinery and equipment in accordance with any applicable contract pertaining thereto, to insure the peaceable and quiet enjoyment of the Project for the term of this Head Lease.

(b) If requested by the Company, the Issuer will assign and extend to the Company any vendor's warranties received by the Issuer in connection with machinery and equipment purchased by the Issuer for the Project, together with any warranties given by contractors, manufacturers, or service organizations who perform construction work or install any machinery and equipment on or in the Project. If requested, the Issuer will execute and deliver instruments of assignment to the Company to accomplish the foregoing.

Section 4.7. Ownership of Tax Benefits. It is the intention of the parties that any tax benefits resulting from ownership of the Project and any tax credit or comparable credit which may ever be available shall accrue to the benefit of Acxiom (unless the Company has notified the Issuer that a default has occurred under the sublease of the Project to Acxiom and that the Company or its assignee has foreclosed on Acxiom's rights in and to the Project), and Acxiom shall, and the Issuer upon advice of Counsel may, make any election and take other action in accordance with the Internal Revenue Code and the regulations promulgated thereunder as may be necessary to entitle Acxiom to have such benefit and credit.

Section 4.8. Investment of Moneys. Money held for the credit of any fund or account created in the Indenture shall, to the extent practicable, be invested and reinvested in Eligible Investments which shall mature not later than the date or dates on which the money held for credit of the particular fund shall be required for the purposes intended. The Bond Trustee shall so invest and reinvest pursuant to written instructions from the Company.

The Bond Trustee may make any and all such investments through its own investment department or the investment department of any bank or trust company under common control with the Bond Trustee. The Issuer shall have no responsibility for control of or directing such investments and shall not be held accountable for any losses resulting from any such investments. All such investments and the income thereon shall at all times be a

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part of the fund (the Debt Service Fund or such other fund, as the case may be) from which the moneys used to acquire such investments shall have come, and all losses on such investments shall be charged against such fund. All investments shall be registered in the name of the Bond Trustee, as Bond Trustee under the Indenture.

Section 4.9. Plans and Specifications; Modifications to Project. The Company agrees to maintain plans and specifications for the Project. The Company may make any changes in or modifications of the plans and specifications, and may make any deletions from or substitutions or additions to the Project without the prior consent of the Issuer or the Bond Trustee so long as such changes or modifications in the plans and specifications, or deletions from or substitutions or additions to the Project, do not materially alter the size, scope, or character of the Project or impair the structural integrity and utility of the Project. If any such

changes or modifications in the plans and specifications, or if any such deletions from or substitutions or additions to the Project, materially alter the size, scope, or character of the Project or impair the structural integrity and utility of the Project then, and in such event, no such changes, modifications, substitutions, deletions, or additions shall be made without the express written consent of the Issuer, which consent shall not be unreasonably withheld. The Company covenants and agrees that no changes, modifications, substitutions, deletions, or additions shall be made with respect to the Project if such change disqualifies the Project under the Act.

Section 4.10. Agreement to Issue Bonds; Application of Bond Proceeds. In order to provide funds for payment of the Cost of the Project, the Issuer, concurrently with the execution of this Head Lease, will issue, sell, and deliver the Bonds and utilize the proceeds thereof to pay Issuance Costs and the Costs of the Project.

ARTICLE V

Effective Date of This Head Lease; Definition of Lease Term; Rental Provisions

Section 5.1. Effective Date of this Head Lease; Duration of Lease Term. This Head Lease shall become effective upon its delivery, and the leasehold estate created herein shall then begin, and, subject to the provisions of this Head Lease (including particularly Sections 5.3 and 7.5 and Articles X and XI), shall continue until the later of (a) such date as payment has been made in full of the Bonds or provision for such payment has been made as provided in the Indenture or (b) at midnight, Little Rock, Arkansas time, October 24, 2005.

Section 5.2. Delivery and Acceptance of Possession. The Issuer agrees that the Company shall have possession of the Project (subject to the right of the Bond Trustee to enter thereon for inspection purposes and to the other provisions of Section 8.2) whenever such possession is desired by the Company, provided such possession does not unreasonably interfere with the construction of the Buildings or installation of the Leased Equipment, and the Company or Acxiom may install, maintain, and operate its own equipment during the Construction Period.

Section 5.3. Basic Rent and Additional Rent Payable.

(a) Basic Rent. On or before each Interest Payment Date, and on or before any date on which all the Bonds shall be declared to be and shall become due and payable prior to their stated maturity pursuant to the

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provisions of the Indenture, the Company shall pay directly to the Bond Trustee in immediately available funds the aggregate amount of principal, premium, if any, and interest becoming due and payable on the Bonds Outstanding on such date at maturity or call for redemption or otherwise.

Anything herein to the contrary notwithstanding, any amount at any time held by the Bond Trustee in the Debt Service Fund shall be credited against the next succeeding rental payment and shall reduce the payment to be made by the Company to the extent such amount is in excess of the amount required for payment of Bonds Outstanding theretofore matured or called for redemption and past due interest in all cases where such Bonds have not been presented for payment; and further, if the amount held by the Bond Trustee in the Debt Service Fund should be sufficient to pay at the times required the principal of and premium, if any, and interest on the Bonds then remaining unpaid, the Company shall not be obligated to make any further rental payments under the provisions of this subsection.

It is understood and agreed that all payments payable by the Company under this subsection are assigned by the Issuer to the Bond Trustee for the benefit of the owners of the Bonds. The Company assents to such assignment.

(b) Additional Rent.

(i) The Company will pay the reasonable fees and expenses of the Issuer related to the issuance of the Bonds or in connection with the Project and incurred upon the written request of the Company.

(ii) The Company will pay the reasonable fees and expenses of the Bond Trustee and any Paying Agents under the Indenture, such reasonable fees and expenses to be paid directly to the Bond Trustee or any Paying Agents for the Bond Trustee's or any such Paying Agents' own account, as and when such reasonable fees and expenses become due and payable, and any reasonable expenses in connection with any redemption of the Bonds.

(c) In the event the Company should fail to make any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Company until the amount in default shall have been fully paid, and the Company agrees to pay the same with interest thereon or with respect to payments to the Bond Trustee or the Issuer with interest thereon, to the extent permitted by law, from the date thereof at the prime rate of interest of Bank of America, N.A.

Section 5.4. Place of Rental Payments. The Issuer hereby directs the Company and the Company hereby agrees to pay to the Bond Trustee at the Bond Trustee's principal corporate trust office all payments payable by the Company pursuant to subsections 5.3(a) and 5.3(b)(ii).

Section 5.5. Obligations of Company Hereunder Unconditional. Subject to the provisions of Sections 9.5 and 12.10, the obligations of the Company to make the payments required in Section 5.3 and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, and the payments required in Section 5.3 shall be certainly payable on the dates and at the times specified without notice or demand, and without abatement or set-off, and regardless of any contingencies whatsoever, and notwithstanding any circumstances or occurrences that may now exist or that may hereafter arise or take place, including, but without limiting the generality of the foregoing:

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(a) The unavailability of the Project or any part thereof for use by the Company at any time by reason of the failure to complete the overall industrial project by any particular time or at all or by reason of any other contingency, occurrence, or circumstance whatsoever;

(b) Damage to or destruction of the Project or any part thereof;

(c) Legal curtailment of the Company's use of the Project or any part thereof;

(d) Change in the Issuer's legal organization or status;

(e) The taking of title to or the temporary use of the whole or any part of the Project by condemnation;

(f) Any termination of this Head Lease for any reason whatsoever (other than in connection with the acquisition of the Project by the Company hereunder);

(g) Failure of consideration or commercial frustration of purposes;

(h) Any change in the tax or other laws of the United States of America or of the State of Arkansas; or

(i) Any default of the Issuer under this Head Lease or any other fault or failure of the Issuer whatsoever.

Nothing contained in this Section shall be construed to release the Issuer from the performance of any of the provisions of this Head Lease on its part to be performed.

The Company covenants that it will not enter into any contract, indenture, or agreement of any nature whatsoever which shall in any way limit, restrict, or prevent the Company from performing any of its obligations under this Head Lease.

Section 5.6. Credit for Bonds Surrendered. The Company shall have the right to surrender Bonds acquired by it to the Bond Trustee. Bonds so redeemed, purchased, or surrendered shall be forthwith cancelled and the principal amounts thereof shall be applied as credits upon the Basic Rent payments due and payable with respect to the respective maturity dates or redemption dates of Bonds.

ARTICLE VI

Maintenance, Modifications, Impositions, and Insurance

Section 6.1. Maintenance and Modifications of Project by Company.

(a) The Company agrees that during the Lease Term it will at its own expense (i) keep the Real Property and Project in reasonably safe condition as its operations shall permit and (ii) keep the Buildings and the Leased

Equipment and all other improvements forming a part of the Project in good repair and in good operating condition, making from time to time all necessary repairs thereto and renewals and replacements thereof.

(b) The Company may from time to time, in its sole discretion and at its own expense, make any additions or modifications at the Project location, including installation of additional machinery, equipment, furniture, or fixtures in the Buildings or on the Real Property, which it may deem desirable for its business purposes; provided that all such additions, modifications, and improvements do not adversely affect the structural integrity of the Buildings. All machinery, equipment, furniture, and fixtures so installed by the Company or Acxiom shall remain the sole property of the Company or Acxiom (other than interest of a secured party) in which neither the Issuer nor the Bond Trustee shall have any interest, and may be sold, encumbered, modified, or removed at any time while the Company is not in default under this Head Lease; provided that any damage to the Project occasioned by such modification or removal shall be repaired by the Company at its own expense.

(c) The Company will not permit any mechanics', materialmen's, or other liens to be established or remain against the Project for labor or materials furnished in connection with any addition, modifications, improvements, repairs, renewals, or replacements so made by it; provided, that if the Company shall first notify the Bond Trustee of its intention so to do, the Company may in good faith contest any mechanics' or other liens filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Issuer or the Bond Trustee shall notify the Company that, in the opinion of independent legal counsel, by nonpayment of any such items, the security of the Bondowners, as to any part of the Project, will be materially endangered or the Project or any substantial part thereof will be subject to loss or forfeiture, in which event the Company shall promptly pay and cause to be satisfied and discharged or bond (if legally permissible) all such unpaid items. The Issuer will cooperate fully with the Company in any such contest.

Section 6.2. Removal of Leased Equipment. The Issuer shall not be under any obligation to renew, repair, or replace any inadequate, obsolete, worn-out, unsuitable, undesirable, or unnecessary Leased Equipment. In any instance where the Company in its sound discretion determines that any items of Leased Equipment have become inadequate, obsolete, worn-out, unsuitable, undesirable, or unnecessary, the Company may remove such items of Leased Equipment from the Buildings and the Real Property and (on behalf of the Issuer) sell, trade-in, exchange, or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Issuer or the Bond Trustee therefor, provided that the Company shall:

(a) Substitute (either by direct payment of the costs thereof or by advancing to the Issuer the funds necessary therefor) and install anywhere in the Buildings or on the Real Property other machinery or equipment having equal or greater utility (but not necessarily having the same function) in the operation of the Buildings as a modern manufacturing facility (provided such removal and substitution shall not impair the operating unity of the remaining property), all of which substituted machinery or equipment shall be free of all liens and encumbrances (other than Permitted Encumbrances) but shall become a part of the Leased Equipment; or

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(b) Not make any such substitution and installation unless, (i) in the case of the sale of any such machinery or equipment to anyone other than itself or in the case of the scrapping thereof, the Company shall pay into the Debt Service Fund the proceeds from such sale or the scrap value thereof, as the case may be, (ii) in the case of the trade-in of any such machinery or equipment for other machinery or equipment not to be installed in the Buildings or on the Real Property, the Company shall pay into the Debt Service Fund the amount of the credit received by it in such trade-in, and (iii) in the case of the sale of any such machinery or equipment to the Company or in the case of any other disposition thereof the Company shall pay into the Debt Service Fund an amount equal to the original cost thereof less depreciation at rates calculated in accordance with generally accepted accounting practice; provided, however, that no such payment into the Debt Service Fund need be made until the amount to be paid into the Debt Service Fund on account of all such dispositions not previously reported aggregates at least \$100,000 in any calendar year; provided further, that the Company may not fail to make any such substitution and installation if such failure would impair the operating unity of the remaining property.

The removal from the Project of any portion of the Leased Equipment pursuant to the provisions of this Section shall not entitle the Company to any abatement or diminution of the rents payable under Section 5.3.

The Company will promptly report to the Bond Trustee such removal, substitution, sale, and other disposition and will pay to the Bond Trustee such amounts, if any, as are required by the provision of the preceding subsection (b) of this Section to be paid into the Debt Service Fund promptly after the sale, trade-in, scrapping, or other disposition requiring such payment.

Section 6.3. Impositions. The Company shall, during the Lease Term, bear, pay, and discharge, before the delinquency thereof, all taxes and assessments, general and special, if any, which may be lawfully taxed, charged, levied, assessed, or imposed upon or against or be payable for or in respect of the Project, or any part thereof, or any improvements at any time thereon or the Company's interest in the Project under this Head Lease, including any new lawful taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied against real and personal property, and further including all water and sewer charges, assessments, and other governmental charges and impositions whatsoever, foreseen or unforeseen, which if not paid when due would encumber the Issuer's title to the Project (all of the foregoing being herein referred to as "Impositions"). In the event any special assessment taxes are lawfully levied and assessed which may be paid in installments, the Company shall be required to pay only such installments thereof as become due and payable during the Lease Term as and when the same become due and payable. Any Impositions which the Company is required to bear, pay, and discharge shall be remitted directly to the authority which is entitled to the payment thereof.

Within 30 days after the last day for payment, without penalty or interest, of an Imposition which the Company is required to bear, pay, and discharge pursuant to the terms hereof, the Company shall deliver to the Issuer upon its written request a reproduced copy of the statement issued therefor duly received to show the payment thereof.

The Company shall have the right, in its or the Issuer's name, to contest in good faith the validity or amount of any Imposition which the Company is required to bear, pay, and discharge pursuant to the terms of this

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Section by appropriate legal proceedings provided the Company, before instituting any such contest in the Issuer's name, gives the Issuer written notice of its intention so to do and the Company diligently prosecutes any such contest, at all times effectively stays or prevents any official or judicial sale therefor, under execution or otherwise, and promptly pays any final judgment enforcing the Imposition so contested and thereafter promptly procures record release or satisfaction thereof. The Company shall hold the Issuer whole and harmless from any costs and expenses the Issuer may incur related to any such contest.

The Issuer covenants that it will not part with title to the Project or any part thereof during the Lease Term or take any other affirmative action which may reasonably be construed as tending to cause or induce the levy or assessment of ad valorem taxes on the Project. The Issuer and the Company acknowledge that under present law no part of the Project will be subject to ad valorem taxation by the State or by any political or taxing subdivision thereof.

Section 6.4. Insurance.

(a) Insurance Required. During the Construction Period and throughout the Lease Term, the Company shall keep the Project continuously insured against such risks as are customarily insured against by business of like size and type, paying as the same become due all premiums in respect thereto, including but not necessarily limited to:

(1) Public Liability and Workers' Compensation Insurance. During the Lease Term, the Company shall procure and carry, at the Company's sole cost and expense, commercial general liability and umbrella liability insurance for claims for injuries or death sustained by persons or damage to property while on or respecting the Project and such other public liability coverages as are then customarily carried by similarly situated companies conducting business similar to that conducted by the Company (including automobile insurance). Such insurance shall be on terms and in amounts that are no less favorable than insurance maintained by the Company with respect to similar properties and equipment that it owns and are then carried by similarly situated companies conducting business similar to that conducted by the Company, and in no event shall have a minimum combined single limit per occurrence coverage (i) for commercial general liability of less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate, (ii) for an additional, project specific commercial general liability of less than \$25,000,000 in the aggregate during the construction period, and (iii) for umbrella liability of less than \$100,000,000.

The policies shall name the Company as the insured and shall be endorsed to include the Issuer and the Bond Trustee as additional insureds. The policies shall also specifically provide that such policies shall be considered primary insurance which shall apply to any loss or claim before any contribution by any insurance which the Issuer or the Bond Trustee may have in force. In the operation of the Project, the Company shall comply with applicable workers' compensation laws and protect the Issuer and the Bond Trustee against any liability under such laws.

(2) Permanent Hazard Insurance. During the Lease Term, the Company shall keep the Project insured against all risk of physical loss or damage by fire and other risks (including boiler and machinery perils, flood with an annual aggregate of \$5,000,000, and earthquake with an annual aggregate of \$10,000,000) and shall maintain builders' risk insurance during construction of the Building Project in

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each case in amounts no less than the then current replacement value of the Building Project (assuming that the Building Project was in the condition required by the terms of this Head Lease immediately prior to such loss) and on terms that (i) are no less favorable than insurance covering other similar properties owned by the Company and (ii) are then carried by similarly situated companies conducting business similar to that conducted by the Company. The policies shall name the Company as the insured and shall be endorsed to name the Issuer and the Bond Trustee (on behalf of the Bondholders) as a named additional insured and loss payee, to the extent of their respective interests; provided, so long as no Event of Default exists, any loss payable under the insurance policies required by this Section for losses up to \$1,000,000 will be paid to the Company.

(3) Flood Insurance. If, during the Lease Term the area in which the Project is located is designated a "flood-prone" area pursuant to the Flood Disaster Protection Act of 1973, or any amendments or supplements thereto or is in a zone designated A or V, then the Company shall comply with the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973. In addition, the Company will fully comply with the requirements of the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973, as each may be amended from time to time, and with any other legal requirement, concerning flood insurance to the extent that it applies to any the Project. During the Lease Term, the Company shall, in the operation and use of the Project, maintain workers' compensation insurance consistent with that carried by similarly situated companies conducting business similar to that conducted by the Company and containing minimum liability limits of no less than \$100,000. In the operation of the each Project, the Company shall comply with workers' compensation laws applicable to the Company, and protect the Issuer and the Bond Trustee against any liability under such laws.

(b) Coverage.

(1) As of the date of this Head Lease and annually thereafter during the Lease Term, the Company shall furnish the Bond Trustee (on behalf of the Issuer and the other beneficiaries of such insurance coverage) with certificates prepared by the insurers or insurance broker of the Company showing the insurance required under by Sections 6.4 (a), (b), and (c) to be in effect, including (to the extent of their respective interests) the Issuer and the Bond Trustee as additional insureds and loss payees and evidencing the other requirements of this Section 6.4. All such insurance shall be at the cost and expense of the Company and provided by nationally recognized, financially sound insurance companies having an A+ or better rating by A.M. Best's Key Rating Guide. The Company shall cause such certificates to include a provision for 30 days' advance written notice by the insurer to the Bond Trustee (on behalf of the Issuer and the other beneficiaries of such insurance coverage) in the event of cancellation or material alteration of such insurance. If an Event of Default has occurred and is continuing and the Bond Trustee (on behalf of the Issuer and the other beneficiaries of such insurance coverage) so requests, the Company shall deliver to the Bond Trustee (on behalf of the Issuer and the other beneficiaries of such insurance coverage) copies of all insurance policies required by Sections 6.4 (a), (b), and (c).

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(2) The Company agrees that the insurance policy or policies required by Sections 6.4 (a), (b), and (c) shall include (i) an appropriate clause pursuant to which any such policy shall provide that it will not be invalidated should the Company or any contractor of any financing party, as the case may be, waive, at any time, any or all rights of recovery against any party for losses covered by such policy or due to any breach of warranty, fraud, action, inaction, or misrepresentation by the Company, any financing party, or any Person acting on behalf of the Company, and (ii) a so called "waiver of Subrogation" clause. The Company hereby waives any and all such rights against the Issuer and the Bond Trustee to the extent of payments made to any such Person under any such policy.

(c) No Separate Insurance. Neither the Issuer nor the Company shall carry separate insurance concurrent in kind or form or contributing in the event of loss with any insurance required under this Section 6.4.

(d) Payment of Insurance Premiums. The Company shall pay as they become due all premiums for the insurance required by Sections 6.4(a), (b), and (c) and shall renew or replace each policy prior to the expiration date thereof or otherwise maintain the coverage required by such Sections without any lapse in coverage.

Section 6.5. Application of Net Proceeds of Insurance. The Net Proceeds of the insurance required in Section 6.4 shall be applied as follows: (i) the Net Proceeds of the insurance required in Sections 6.4 (b) and (c) shall be applied as provided in Section 7.2, and (ii) the Net Proceeds of the insurance required in Section 6.4(a) shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

Section 6.6. Advances by Issuer or Bond Trustee. In the event the Company shall fail to maintain the full insurance coverage required by this Head Lease or shall fail to keep the Project in as reasonably safe condition as its operating conditions will permit, or shall fail to keep the Buildings and the Leased Equipment in good repair and good operating condition, the Issuer or the Bond Trustee may (but unless satisfactorily indemnified shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or make the required repairs, renewals, and replacements; and all amounts so advanced therefor by the Issuer or the Bond Trustee shall become an additional obligation of the Company to the one making the advancement, which amounts the Company agrees to pay with interest at the lower of (i) 2% above the prime rate of interest of Bank of America, N.A. and (ii) the maximum rate of interest authorized under State law.

Section 6.7. Release and Indemnification Covenants.

(a) The Company shall and hereby agrees to indemnify and save the Issuer (including but not limited to past, present, and future officials, officers, directors, agents, and other persons acting on the Issuer's behalf) and the Bond Trustee, and their officers, agents, and employees, harmless against and from all claims by or on behalf of any person, firm, corporation, or other legal entity arising from the conduct or management of, or from any work or thing done on, the Project during the term of this Head Lease, including without limitation, (i) any condition of the Project, (ii) any breach or default on the part of the Company in the performance of any of its obligations under this Head Lease, (iii) any act or negligence of the Company or of any of its agents, contractors, servants, employees, or licensees, or (iv) any act or negligence of any assignee or lessee of the

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Company, or of any agents, contractors, servants, employees, or licensees of any assignee or lessee of the Company. The Company shall indemnify and save the Issuer and the Bond Trustee harmless from any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon, and upon notice from the Issuer or the Bond Trustee, the Company shall defend them or either of them in any such action or proceedings.

(b) It is the intention of the parties hereto that the Issuer shall not incur any pecuniary liability by reason of the terms of this Head Lease or the undertakings required of the Issuer hereunder, by reason of the issuance of the Bonds, by reason of the execution of the Indenture, or by reason of the performance of any act requested of the Issuer by the Company, including all claims, liabilities, or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing; nevertheless, if the Issuer should incur any such pecuniary liability, then in such event the Company shall indemnify and hold the Issuer, its officials, officers, directors, agents, and employees harmless against all claims by or on behalf of any person, firm, or corporation or other legal entity arising out of the same and all costs and expenses reasonably incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Issuer, the Company shall defend the Issuer in any such action or proceeding.

(c) Nothing contained in this Section shall be construed to indemnify or release the Issuer from its liability in connection with the Project arising from the wanton negligence or intentional acts or failure to act on the part of the Issuer, its employees, agents, or representatives acting in their capacities as such.

(d)(1) The Company warrants and represents that, except as described in that certain First Amended Memorandum of Agreement dated September 9, 2000, entered by the Arkansas Department of Environmental Quality in the Matter of Acxiom Property Development, Inc., Respondent, Regarding the Acxiom Property, Little Rock, Pulaski County, Arkansas, LIS No. 00-097 (the "MOA"): (A) no hazardous or toxic materials, including without limitation, any asbestos containing materials, polychlorinated biphenyls, solid, liquid, gaseous, or thermal irritant or contaminant or any substances now or hereinafter defined as or included in the definition of "hazardous substances," "hazardous wastes," or "toxic substances" under any applicable federal, state, or local laws, ordinances, codes, rules, orders, decrees, or regulations and including materials to be recycled, reconditioned, or reclaimed (collectively hereinafter referred to as "Hazardous Material") have been or, during the Company's occupancy of the Real Property will be manufactured, used, located on, installed in, transported to or from, generated, stored, buried, released, allowed to escape, discovered upon, or disposed of on or in the Real Property other than substances properly stored or otherwise present on the Real Property in the ordinary course of the Company's business and with respect to "hazardous wastes" transported and disposed of in accordance with the Hazardous Materials Laws (defined herein); (collectively referred to as "Incident") and (B) to the best of the Company's knowledge no notice, requests, investigation, administrative order, consent order, agreement, litigation, or settlement (collectively referred to herein as "Action") is proposed, threatened, anticipated, or in existence with respect to the presence, suspected presence, or potential presence of any Hazardous Material on or about the Real Property from any source.

(2) The Company shall (A) provide prompt written notice to the Issuer if any Hazardous Material is Incident on the Real Property; (B) provide prompt written notice to the Issuer along with a photocopy thereof of any

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Action, orders, requests, notifications, or other written or verbal communication from any agency relating to the presence, suspected presence, or potential presence of any Hazardous Material on the Real Property from any source; and (C) provide prompt written notice to the Issuer in the event that the Real Property: (w) is not in material compliance with requirements of applicable federal, state, or local laws, ordinances, or regulations relating to any Hazardous Material materially adversely affecting the Real Property (collectively "Hazardous Material Laws"); (x) is subject to a federal or state investigation evaluating whether any remedial action is needed to respond to the Incident; (y) is subject to a federal, state, or local lien in connection with remedial action needed or taken to respond to any Hazardous Material; or (z) is the subject of claims made or threatened by any third party against the Company and the Real Property relating to damage, contribution, cost recovery compensation, loss, or injury resulting from any Hazardous Material or Hazardous Material Laws (collectively "Hazardous Material Claims").

(3) The Issuer shall have the right (but not the obligation) to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Material Claims and to have its reasonable attorneys' fees in connection therewith paid by the Company. The Company shall be solely responsible for, and shall indemnify and hold harmless the Issuer, its directors, officers, employees, agents, successors, and assigns from and against, any loss, damage, reasonable cost and expense, or liability directly or indirectly arising out of or attributable to the Incident of Hazardous Material on or under the Real Property, or resulting from or during the Company's occupancy thereof including, without limitation; (A) all foreseeable consequential damages; (B) the costs of any required or necessary repair, cleanup, or detoxification of the Real Property and the preparation and implementation of any closure, remedial, or other required plans; and (C) all reasonable costs and expenses incurred by the Issuer in connection with clauses (A) and (B), including but not limited to reasonable attorneys' fees.

(4) Except for the MOA, without the Issuer's prior written consent, which shall not be unreasonably withheld, the Company shall not take any remedial action in response to the presence of any Hazardous Material on, under, Incident upon, or about the Real Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent, or compromise will, in the Issuer's reasonable judgement, materially impair the value of the Issuer's security hereunder; provided, however, that the Issuer's prior consent shall not be necessary in the event that the presence of Hazardous Material on, under, Incident upon, or about the Real Property either poses an immediate threat to the health, safety, or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not possible to obtain the Issuer's consent before taking such action, provided that in such event the Company shall notify the Issuer as soon as practicable of any action so taken. The Issuer agrees not to withhold its consent, where such consent is required hereunder, if either (A) a particular remedial action is ordered by a Court of competent jurisdiction or (B) the Company establish to the reasonable satisfaction of the Issuer that there is no reasonable alternative to such remedial action which would result in less impairment of the Issuer's security hereunder.

(5) The Company hereby agrees to indemnify the Issuer and hold the Issuer harmless from and against any and all liability arising in any manner whatsoever out of any Hazardous Material on, about, Incident upon, the Real Property during or resulting from the Company's occupancy thereof, including, without limitation, claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments,

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remedial action requirements, enforcement actions of any kind, and reasonable costs and expenses incurred in connection therewith (including but not limited to reasonable attorneys' fees and expenses), arising directly or indirectly, in whole or in part, out of (A) the presence on or under the Real Property of any Hazardous Material or any Incident of any Hazardous Material on, under, or from the Real Property; (B) any activity carried on or undertaken on or off the Real Property by the Company or the Company's employees, agents, contractors, or subcontractors during the term of this Head Lease in connection with the handling, treatment, removal, storage, decontamination, clean-up, or Incident of any Hazardous Material at any time located or present on or under the Real Property; and (C) any Hazardous Material Claims. The foregoing indemnity shall further apply to any residual contamination on or under the Real Property, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the presence or Incident of any Hazardous Material, and irrespective of whether any of such activities were or will be undertaken in accordance with applicable laws, regulations, codes, and ordinances.

(6) The covenants, agreements, obligations, and liabilities of the Company under this subsection shall survive termination of this Head Lease, conveyance of the Real Property either in lieu of foreclosure or pursuant to power of sale, or the repayment of the Bonds and the discharge and release of the documents evidencing and securing the Bonds.

(7) In the event of a conflict between the terms, covenants, obligations, or any other provisions contained in this Subsection and those contained in any other section or subsection of this Head Lease, the terms, covenants, obligations, and other provisions of this subsection shall control.

ARTICLE VII

Damage, Destruction, and Condemnation; Use of Net Proceeds

Section 7.1. Damage and Destruction. Unless the Company shall have exercised its option to prepay the amounts payable under this Head Lease pursuant to the provisions of Section 11.2(a), if prior to full payment of the Bonds (or provisions for payment thereof having been made in accordance with the provisions of the Indenture) the Project or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty, the Company shall be obligated to continue to pay the amounts specified in Section 5.3. The Company shall give prompt written notice of any such destruction or damage in excess of \$100,000 to the Issuer and the Bond Trustee.

Section 7.2. Application of Net Proceeds. All Net Proceeds of any insurance proceeds resulting from any event described in Section 7.1 shall be applied in one or more of the following ways as shall be elected by the Company in a written notice to the Issuer and the Bond Trustee:

(a) To the prompt repair, restoration, modification, or improvement of the Project by the Company, and the Issuer does hereby authorize and direct the Bond Trustee to make disbursements from such separate fund for such purposes or to reimburse the Company for costs paid by it in connection therewith upon receipt of a requisition acceptable to the Bond Trustee signed in the name of the Company or Acxiom by any Officer thereof or any other person or persons as may be designated and authorized in writing to sign for the Company or Acxiom and forwarded to the Bond Trustee, stating with respect to each disbursement to be made: (1) the requisition number, (2) the name and address of the person, firm, or corporation to whom payment is

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due, (3) the amount to be disbursed, and (4) that each obligation mentioned therein has been properly incurred, is a proper charge against the separate trust fund, and has not been the basis of any previous disbursement. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the Company.

(b) To the redemption of the Bonds on the next succeeding interest payment date as specified in a written notice by the Company to the Bond Trustee; provided, that no part of the Net Proceeds may be applied for such redemption unless (1) all of the Bonds are to be redeemed in accordance with the Indenture upon prepayment of the amounts payable hereunder pursuant to Section 11.2(a) or (2) in the event that less than all of the Bonds are to be redeemed, the Company shall furnish to the Issuer and the Bond Trustee an Officer's Certificate of the Company acceptable to the Issuer and the Bond Trustee stating that (i) the property forming the part of the Project that was damaged or destroyed by such casualty is not essential to the use or possession of the Project by the Company or (ii) the Project has been repaired, restored, modified, or improved to operate as designed.

(c) If the Series 2000-B Bonds have been fully paid or cancelled, as the Company shall otherwise direct.

Section 7.3. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification, or improvement referred to in Section 7.2(a), the Company will nonetheless complete the work and will pay any cost in excess of the amount of the Net Proceeds held by the Bond Trustee. The Company agrees that if by reason of any such insufficiency of the Net Proceeds the Company shall make any payments pursuant to the provisions of this Section, the Company shall not be entitled to any reimbursement therefor from the Issuer, the Bond Trustee, or the owners of any of the Bonds, nor shall the Company be entitled to any diminution of the amounts payable under Section 5.3.

Section 7.4. Cooperation of Issuer. The Issuer shall cooperate fully with the Company at the expense of the Company in filing any proof of loss with respect to any insurance policy covering the casualties described in Section 7.1 and will, to the extent it may lawfully do so, permit the Company to litigate in any proceeding resulting therefrom in the name and behalf of the Issuer. In no event will the Issuer voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim without the written consent of the Company.

Section 7.5. Rights of Parties in Event of Condemnation; Bonds Protected in Any Event.

A. If during the Lease Term title to all or substantially all of the leased premises shall be taken or condemned by a competent authority for any public use or purpose, then this Head Lease shall terminate at midnight on the 15th day after the vesting of title in such authority and rent shall be paid to and adjusted as of that day. In that event, subject to the subsequent provisions of this Section, the condemnation award shall belong to the Issuer and shall be paid to the Bond Trustee and deposited into the Debt Service Fund (subject to the provisions of the Indenture and this Head Lease) and the Company hereby assigns the award to the Issuer. In the event the net condemnation award (being the gross amount awarded less all attorney's fees and other expenses and costs in the condemnation proceeding) together with the amount then in the Debt Service Fund shall be insufficient to pay in full, on the redemption date fixed by the Company pursuant to the provisions of Section

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3.03 of the Indenture, the amount necessary to pay all principal, premium, if any, interest, the Bond Trustee's fees, and all other costs of redemption (all of which, for purposes of this Section, shall be called "total bond redemption expense"), the Company agrees to pay, promptly upon payment of the condemnation award, as additional rent under this Head Lease, the amount by which the total bond redemption expense shall exceed the net condemnation award plus the amount then on deposit in the Debt Service Fund. The Company's agreement to pay additional rent pursuant to this Section shall survive any termination of this Head Lease under this Section. For the purposes of this Article, "all or substantially all of the leased premises" shall be deemed to mean a taking of all of the leased premises or a taking of such substantial portion of the leased premises that the Company, as determined by the Company in its sole discretion, cannot reasonably operate in the remainder in substantially the same manner as before. In the event the net condemnation award, together with the amount in the Debt Service Fund, shall be in excess of the amount necessary to pay the total bond redemption expense, the appropriate excess shall belong to and be paid to the Company. To the extent that the sum of the net condemnation award plus the amount then on deposit in the Debt Service Fund plus any amount previously paid to the owners of the Bonds on account of the total bond redemption expense shall be less than the total bond redemption expense, the Company agrees to pay such deficiency to the Issuer as additional rent hereunder. The Issuer agrees that it will not voluntarily accept, without the prior approval of the Company, any condemnation award, and the Issuer agrees that it will cooperate with the Company with the end in view of obtaining the maximum justifiable condemnation award.

B. If less than substantially all of the leased premises shall be taken or condemned by a competent authority for any public use or purpose, neither the term nor any of the obligations of either party under this Head Lease shall be affected or reduced in any way, and

(i) If any part of the improvements owned by the Issuer on the leased premises (improvements as used herein shall include any item of the Issuer's equipment) is taken, the Company shall proceed to repair or rebuild (repair or rebuild shall include replacement of any item of the Issuer's equipment) the remaining part as nearly as possible to the condition existing prior to such taking, to the extent that the same may be feasible, subject to the right on the part of the Company to make alterations so as to improve the efficiency of the improvements; and

(ii) The entire condemnation award shall be paid to the Company, and the Issuer hereby assigns the same to the Company for the use of the Company in repairing and rebuilding as provided in (i) above. The said award shall be transferred to the Company in the same manner as is provided in Section 7.1 with respect to insurance proceeds, provided that the words "Net Proceeds" there referred to shall for purposes hereof refer to "net condemnation award." If the net condemnation award is in excess of the amount necessary to repair and rebuild as specified in (i) above the excess shall be paid to the Company. If the net condemnation award is less than the amount necessary for the Company to repair and rebuild as set forth in (i) above, the Company shall nevertheless complete the repair and rebuilding work and pay the cost thereof; and

(iii) If no part of the improvements is taken, the net condemnation award shall be paid to the Company.

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C. In the event of taking under either A or B above, the Company shall have the right to participate at its own expense in, and to offer proof in, the condemnation proceedings and to receive any award (by way of negotiation, settlement, or judgment) which may be made for damages sustained by the Company by reason of the condemnation; provided, however, nothing in this subsection C shall be construed to diminish or impair in any way the Company's obligation under subsection A of this Section to pay as additional rent the amount of any insufficiency of the net condemnation award and the funds in the Debt Service Fund to pay the total bond redemption expense.

D. If the temporary use of the whole or any part of the leased premises shall be taken by right of, or acquired pursuant to the threat of, eminent domain, this Head Lease shall not be thereby terminated and the parties shall continue to be obligated under all of its terms and provisions, and the Company shall be entitled to receive the entire amount of the award made for such taking, whether by way of damages, rent, or otherwise.

Section 7.6. Company Obligated to Continue Basic and Additional Rental Payments Until Condemnation Award Available. In the event of a taking of all or substantially all of the leased premises as provided in Section 7.5 A, notwithstanding the provision therein that the rent shall be paid to and adjusted as of the 15th day after vesting of title in the taking authority, the Company agrees to continue to make payment of the Basic Rent and the additional rent until the condemnation award shall be actually received by the Issuer; provided, however, the Company shall be repaid, solely out of the net condemnation award, the amount of rent so paid after the date provided in Section 7.5 A for the adjustment of rent. This agreement to repay shall not be construed in any way to impair or diminish the Company's obligations under Section 7.5 to pay as additional rent the amount of any insufficiency of the net condemnation award and the moneys in the Debt Service Fund to pay the total bond redemption expense.

Section 7.7. Right of Company to Participate in Condemnation Proceedings. The Company shall have the right to participate in its own name in any negotiations or condemnation proceedings, but at its own expense, to resist or defend condemnation, and to make any presentation or conduct any proceeding which in its discretion is necessary or desirable to obtain any proper relief and, if the condemnation is concluded, to obtain the maximum award justified by the taking, subject, however, at all times to the prior rights of the Issuer and the Bond Trustee with respect to the indebtedness represented by the Bonds.

Section 7.8. Issuer's Covenant Not to Condemn. The Issuer covenants that it will not take or condemn any part of the leased premises, or attempt to do so.

ARTICLE VIII Special Covenants

Section 8.1. No Warranty of Condition or Suitability by Issuer. THE ISSUER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION OF THE PROJECT OR THAT IT WILL BE SUITABLE FOR COMPANY'S PURPOSES OR NEEDS.

Section 8.2. Inspection of the Project. The Company agrees that the Bond Trustee and the Issuer and their duly authorized agents shall have the right at all reasonable times during business hours to enter upon the Real

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Property and to examine and inspect the Project without interference or prejudice to the Company's operations. The Company further agrees that the Issuer and its duly authorized agents who are acceptable to the Company shall have such rights of access to the Project as may be reasonably necessary to cause to be completed the construction and installation provided for in Section 4.1.

Section 8.3. Acxiom to Maintain its Corporate Existence; Conditions under which Exceptions Permitted. Acxiom will maintain its corporate existence and will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided, however, Acxiom may, without violating such agreement, consolidate with or merge into another domestic corporation, or permit one or more other domestic corporations to consolidate with or merge into it, or sell or otherwise transfer to another domestic corporation (a domestic corporation means a corporation organized and existing under the laws of one of the states of the United States of America) all or substantially all of its assets as an entirety and thereafter dissolve on the condition that such surviving, resulting, or transferee corporation shall expressly assume in writing all of the obligations of Acxiom contained in this Head Lease and the Bond Guaranty Agreement, shall have a consolidated tangible net worth after the consolidation, merger, or sale of not less than 95 percent of the net worth of Acxiom immediately prior to such consolidation, merger, or sale, and shall qualify or be qualified to do business in the State. As used herein, "net worth" means the difference obtained by subtracting total consolidated liabilities (not including as a liability any capital or surplus item) from total consolidated tangible assets determined in accordance with generally accepted accounting principles applied on a consistent basis. Prior to any such consolidation, merger, or sale, the Bond Trustee shall be furnished a certificate from the chief financial officer of Acxiom or his deputy stating that in the opinion of such officer none of the covenants in this Head Lease will be violated as a result of said consolidation, merger, or sale.

Section 8.4. Furnishing of Certain Information. The Company will permit any of the Bond Trustee's representatives, at the Bond Trustee's expense, to visit and inspect the Project, to examine all of the Company's books of account, records, reports, and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances, and accounts relating to the Project with their respective officers, employees, and independent public accountants (and by this provision the Company authorizes its accountants to discuss the same) all at such reasonable times and as often as may be reasonably requested; provided, however, that the Bond Trustee shall hold such information in confidence and shall not use such information for any purpose other than to determine whether the covenants, terms, and provisions of this Head Lease have been complied with by the Company and to protect its interest under this Head Lease or where disclosure may be required by law. Nothing herein shall be deemed to constitute a waiver of any accountant-client privilege during the pendency of litigation between the Bond Trustee and the Company.

ARTICLE IX

Assignment, Subleasing, Pledging, and Selling; Redemption; Optional and Mandatory Prepayment of Rent; Abatement of Rent

Section 9.1. Assignment and Subleasing. Neither the Company nor Acxiom may assign this Head Lease or sublet the leased premises or part thereof, other than to Acxiom, without the prior written consent of the Issuer, which consent shall not be unreasonably withheld; provided, however, that without the prior written consent of the

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Issuer the Company and/or Acxiom may assign and pledge as security its rights hereunder to Bank of America, N.A., or any affiliate thereof. Notwithstanding the foregoing, no assignment or subletting and no dealings or transactions between the Issuer or the Bond Trustee and any sublessee or assignee shall relieve the Company or Acxiom of any of its obligations under this Head Lease, and the Company and Acxiom shall remain as fully bound as though no assignment or subletting had been made, and performance by any assignee or sublessee shall be considered as performance pro tanto by the Company and Acxiom.

It is understood and agreed that this Head Lease (and the leased premises and rents hereunder) will be assigned and pledged to the Bond Trustee as security for the payment of the principal of and premium, if any, and interest on the Bonds, but otherwise the Issuer shall not, without the prior written consent of the Company and Acxiom, assign, encumber, sell, or dispose of all or any part of its rights, title, and interest in and to the leased premises and this Head Lease, except to the Company in accordance with the provisions of this Head Lease and to the Bond Trustee under the Indenture, but subject to the provisions set forth below, without the prior written consent of the Company.

Section 9.2. Restrictions on Sale, Mortgage, or other Conveyance of Project by Issuer. The Issuer agrees that, except for the assignment of this Head Lease and the rentals hereunder to the Bond Trustee pursuant to the Indenture, it will not sell, assign, mortgage, pledge, transfer, or convey the Project during the Lease Term, except as specifically provided in this Head Lease.

Section 9.3. Redemption of Bonds. The Issuer, at the request at any time of the Company and if the Bonds are then callable, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then outstanding Bonds, as may be specified by the Company, on the earliest redemption date on which such redemption may be made under such applicable provisions or upon the date set for the redemption by the Company pursuant to Section 11.2.

Section 9.4. Prepayment of Rents. To permit the redemption of Bonds pursuant to the exercise of any options of the Company hereunder, and solely for that purpose, there is expressly reserved to the Company the right, and the Company is authorized and permitted, at any time it may choose, to prepay all or any part of the rents payable under Section 5.3, and the Issuer agrees that the Bond Trustee may accept such prepayment of rents when the same are tendered by the Company. All rents so prepaid shall be credited on the rental payments specified in Section 5.3, in the order of their maturities, and shall be used for the redemption of the Bonds in accordance with the Indenture.

Section 9.5. Company Entitled to Certain Rent Abatement if Bonds Paid Prior to Maturity. If at any time the moneys in the Debt Service Fund shall be sufficient to retire, in accordance with the provisions of the Indenture, all of the Bonds Outstanding, and to pay all fees and charges of the Bond Trustee due or to become due through the date on which the last of the Bonds is retired, under circumstances not resulting in termination of the Lease Term, and if the Company is not at the time otherwise in default hereunder, the Company shall be entitled to use and occupy the Project from the date on which such aggregate moneys are in the hands of the Bond Trustee to and including the date on which the last of the Bonds is retired, without the payment of rent during the interval (but otherwise on the terms and conditions hereof, in the absence of exercise of the purchase option provided for in Section 11.4).

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Section 9.6. Reference to Bonds Ineffective After Bonds Paid or Cancelled. Upon payment in full or cancellation of the Bonds or the return thereof marked paid in full (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and all fees and charges of the Bond Trustee, all references in this Head Lease to the Bonds and the Bond Trustee shall be ineffective and neither the Bond Trustee nor the Bondowners shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested.

ARTICLE X

Events of Default and Remedies

Section 10.1 Events of Default. Each of the following shall be an Event of Default:

(a) The Company shall fail to pay any Lease Payment on or prior to the date on which such Lease Payment is due and payable;

(b) The Company shall default in the performance of or breach of any agreement, covenant, warranty, or representation contained in this Head Lease (other than as specified in subsection (a) above), and the continuation of such failure for a period of 30 days after notice thereof shall have been given to the Company by the Issuer or the Bond Trustee, or for such longer period as the Issuer and the Bond Trustee may agree to in writing; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Company institutes curative action within the applicable period and diligently pursues that action to completion;

(c) The Company or Acxiom shall (1) institute a voluntary case under the Bankruptcy Code, as now or hereafter constituted, or any other federal or state bankruptcy, insolvency, or similar law; (2) consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator, or other similar official of the Company or Acxiom or any substantial portion of its property; (3) make any assignment for the benefit of creditors; (4) admit in writing its inability generally to pay its debts generally as they become due; or (5) take corporate action in furtherance of any of the foregoing;

(d) (1) A decree or order for relief by a court having jurisdiction of the Company or Acxiom adjudging the Company or Acxiom as insolvent or approving as properly filed a petition seeking reorganization, arrangement, adjustment, or composition in respect of the Company or Acxiom in an involuntary case under the Bankruptcy Code, as now or hereafter constituted or any other federal or state bankruptcy, insolvency, or similar law shall have been filed with respect to the Company or Acxiom; (2) a receiver, liquidator, assignee, custodian, trustee, sequestrator, or other similar official of the Company or Acxiom or of any substantial portion of the Company's or Acxiom's property shall have been appointed; or (3) a decree for the winding up or liquidation of the Company's or Acxiom's affairs shall have been entered and such decree or order shall have continued unstayed and in effect for a period of 60 consecutive days;

Notwithstanding the foregoing, if, by reason of Force Majeure (as hereinafter defined), the Company is unable to perform or observe any agreement, term, or condition hereof which would give rise to an Event of

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Default under subsection (b) hereof, the Company shall not be deemed in default during the continuance of such inability. However, the Company shall promptly give notice to the Bond Trustee and the Issuer of the existence of an event of Force Majeure and the Company shall use its best efforts to remove the effects thereof; provided that the settlement of strikes or other industrial disturbances shall be entirely within its discretion. The term Force Majeure shall mean, without limitation, the following: acts of God; strikes, lockouts, or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, political subdivisions, or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes, or canals; partial or entire failure of utilities; shortages of labor, materials, supplies, or transportation; or any other cause, circumstance or event not reasonably within the control of the Company.

Section 10.2. Remedies on Default. Whenever an Event of Default shall have happened and be continuing, any one or more of the following remedial steps may be taken:

(a) If acceleration of the principal amount of the Bonds has been declared pursuant to Section 7.02 of the Indenture, the Bond Trustee shall declare all Lease Payments to be immediately due and payable, whereupon the same shall be and become immediately due and payable;

(b) Re-enter and take possession of the Project without terminating this Head Lease and sublease the Project for the account of the Company, holding the Company liable for the difference in the rent and other amounts payable by such sublessee in such subleasing and the basic and additional rent payable by the Company hereunder.

(c) Terminate the Lease Term, exclude the Company from possession of the Project, and use its best efforts to lease the Project to another for the account of the Company.

(d) The Issuer or the Bond Trustee or the holders of a majority in aggregate principal amount of the Outstanding Bonds may have access to, inspect, examine, and make copies of the books, records, accounts, and financial data of the Company pertaining to the Project; or

(e) The Issuer or the Bond Trustee may pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under this Head Lease or the Bond Guaranty Agreement or to enforce the performance and observance of any other obligation or agreement of the Company under those instruments.

Notwithstanding the foregoing, the Issuer shall not be obligated to take any step which in its opinion will or might cause it to expend time or money or otherwise incur liability unless and until a satisfactory indemnity bond has been furnished to the Issuer at no cost or expense to the Issuer. Any amounts collected as Lease Payments or applicable to Lease Payments and any other amounts which would be applicable to the payment of amounts due under this Head Lease and the Indenture collected pursuant to action taken under this Section shall

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be paid into the Debt Service Fund and applied in accordance with the provisions of the Indenture or, if the Outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in the Indenture for transfers of remaining amounts in the Bond Fund.

The provisions of this Section are subject to the further limitation that the rescission by the Bond Trustee of its declaration that all of the Bonds are immediately due and payable may but need not constitute an annulment of any corresponding declaration made pursuant to paragraph (a) of this Section and a waiver and rescission of the consequences of that declaration and of the Event of Default with respect to which that declaration has been made, provided that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

Section 10.3. No Remedy Exclusive. No remedy conferred upon or reserved to the Issuer or the Bond Trustee by this Head Lease is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Head Lease or the Bond Guaranty Agreement, now or hereafter existing at law, in equity, or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair that right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Bond Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than any notice required by law or for which express provision is made herein.

Section 10.4. Agreement to Pay Attorneys' Fees and Expenses. If an Event of Default should occur and the Issuer or the Bond Trustee should incur expenses, including attorneys' fees, in connection with the enforcement of this Head Lease or the Bond Guaranty Agreement or the collection of sums due thereunder, the Company shall reimburse the Issuer and the Bond Trustee, as applicable, for the reasonable expenses so incurred upon demand.

Section 10.5. No Waiver. No failure by the Issuer or the Bond Trustee to insist upon the strict performance by the Company of any provision hereof shall constitute a waiver of the right to strict performance and no express waiver shall be deemed to apply to any other existing or subsequent right to remedy the failure by the Company to observe or comply with any provision hereof.

Section 10.6. Notice of Default. The Company or the Issuer shall notify the Bond Trustee immediately if it becomes aware of the occurrence of any Event of Default hereunder or of any fact, condition or event which, with the giving of notice or passage of time or both, would become an Event of Default.

Section 10.7. Equitable Relief. The Issuer, the Company, and the Bond Trustee shall each be entitled to specific performance, injunctive, or other appropriate equitable relief for any breach or threatened breach of any of the provisions of this Head Lease, notwithstanding the availability of an adequate remedy at law, and each party hereby waives the right to raise such defense in any proceeding in equity.

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ARTICLE XI Options in Favor of Company

Section 11.1. Extraordinary Optional Redemption. The Company shall have, subject to the conditions hereinafter imposed, the option to direct the redemption of the entire unpaid principal balance of the Bonds in accordance with Section 3.03 and other applicable provisions of the Indenture upon the occurrence of any of the following events.

(a) The Project shall have been damaged or destroyed to such an extent that (1) it cannot reasonably be expected to be restored, within a period of six months, to the condition thereof immediately preceding such damage or destruction or (2) its normal use and operation is reasonably expected to be prevented for a period of six consecutive months.

(b) Title to, or the temporary use of, all or a significant part of the Real Property or the Project shall have been taken under the exercise of the power of eminent domain, or sold in lieu thereof, (1) to such extent that the Project cannot reasonably be expected to be restored within a period of six months to a condition of usefulness comparable to that existing prior to the taking or (2) as a result of the taking, normal use and operation of the Project is reasonably expected to be prevented for a period of six consecutive months.

(c) As a result of any changes in the Constitution of the State, the Constitution of the United States of America, or state or federal laws or as a result of legislative or administrative action (whether state or federal) or by final decree, judgment, or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Issuer or the Company in good faith, this Head Lease shall have become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed in this Head Lease, or if unreasonable burdens or excessive liabilities shall have been imposed with respect to the Real Property or the Project or the operation thereof, including, without limitation, federal, state, or other ad valorem, property, income, or other taxes not being imposed on the date of this Head Lease other than ad valorem taxes presently levied upon privately owned property used for the same general purpose as the Project.

To exercise its option provided for in this Section, the Company, within 90 days following the event authorizing the exercise of that option, shall give notice to the Issuer and to the Bond Trustee specifying the date on which the Company will deliver the funds required for redemption, which date shall be not more than 90 days from the date that notice is mailed, and shall make arrangements satisfactory to the Bond Trustee for the giving of the required notice of redemption.

The amount payable by the Company in the event of its exercise of the option granted in this Section shall be the sum of the following:

(i) An amount of money which, when added to the moneys and investments held to the credit of the Debt Service Fund, will be sufficient pursuant to the provisions of the Indenture to pay, at par, and discharge all then Outstanding Bonds on the earliest applicable redemption date, plus

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(ii) An amount of money equal to all other payments, fees, and expenses relating to the Bonds accrued and to accrue until actual final payment and redemption of the Bonds, including amounts to be paid to the Bond Trustee.

The requirement of (ii) above with respect to additional payments to accrue may be met if provisions satisfactory to the Bond Trustee and the Issuer are made for paying those amounts as they accrue.

The Company also shall have the option, in the event that title to or the temporary use of a portion of the Real Property or the Project shall be taken under the exercise of the power of eminent domain, or sold in lieu thereof, even if the taking is not of such nature as to permit the exercise of the redemption option upon an event specified in (b) above, to direct the redemption, at a redemption price of 100 percent of the principal amount thereof prepaid, plus accrued interest to the redemption date, of that part of the outstanding principal balance of the Bonds (rounded downward to the nearest Authorized Denomination) as may be payable from the proceeds received by the Company (after the payment of costs and expenses incurred in the collection thereof) received in the eminent domain proceeding or related sale, provided, that, the Company shall furnish to the Issuer and the Bond Trustee a certificate of an engineer stating that (1) the property comprising the part of the Project taken is not essential to continued operations of the Real Property or the Project in the manner existing prior to that taking, or (2) other improvements have been acquired or made which are suitable for the continued operation of the Project.

The rights and options granted to the Company in this Section may be exercised whether or not the Company is in default hereunder; provided, that such default will not relieve the Company from performing those actions which are necessary to exercise any such right or option granted hereunder.

Section 11.2. Conveyance on Exercise of Option to Acquire Legal Title. At the closing of the purchase pursuant to the exercise of any option to acquire legal title granted herein, or upon payment in full of its obligations pursuant to Section 7.5 A or 11.3, the Issuer will upon receipt of the purchase price deliver to the Company the following:

(a) If the Indenture shall not at the time have been satisfied in full, a release from the Bond Trustee of the property being acquired from the lien of the Indenture.

(b) Documents conveying to the Company good and marketable title to the property being acquired, as such property then exists, subject to the following: (i) those liens and encumbrances, if any, to which title to said property was subject when conveyed to the Issuer; (ii) those liens and encumbrances created by the Company or to the creation or suffering of which the Company consented; (iii) those liens and encumbrances resulting from the failure of the Company to perform or observe any of the agreements on its part contained in this Head Lease; (iv) Permitted Encumbrances other than the Indenture and this Head Lease; and (v) the rights and title of the condemning authority with respect to Section 7.5 A.

Section 11.3. Option to Acquire Legal Title Upon Full Payment, Cancellation, or Return of the Bonds. The Company shall have and is hereby granted an option to purchase and acquire legal title to and the Issuer agrees

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to sell the Project at or at any time during or after the expiration or sooner termination of the Lease Term following full payment or cancellation of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) or the return to the Issuer of the Bonds marked "Paid in Full" for a price of \$10. At the closing of the foregoing purchase, the Issuer will deliver to the Company the documents referred to in Section 11.2.

The rights and options granted to the Company in this Section may be exercised whether or not the Company is in default hereunder; provided, that such default will not relieve the Company from performing those actions which are necessary to exercise any such right or option granted hereunder.

ARTICLE XII Miscellaneous

Section 12.1. Notices. All notices, certificates, or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

Company: First Security Bank, National Association
79 South Main Street
Salt Lake City, UT 84111
Attention: Val T. Orton, Vice President
Telephone: (801) 246-5300
Telecopy: (801) 246-5053
With a copy to:

Bank of America, N.A.
555 California Street, 41st Floor
San Francisco, CA 94104-1503
Attention: Kevin Leader, Managing Director
Telephone: (415) 622-4585
Telecopy: (415) 622-4585

Acxiom Acxiom Corporation
1 Information Way
Little Rock, AR 72202
Attention: Jerry C. Jones,
Business Development/Legal Leader
Telephone: (501) 252-1350
Telecopy: (501) 252-5395

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Issuer: City of Little Rock, Arkansas
City Hall, Room 203

500 West Markham Street
Little Rock, AR 72201
Attention: Cy Carney, City Manager
Telephone: (501) 371-4510
Telecopy: (501) 371-4498

Bond Trustee: First Security Bank, National Association,
79 South Main Street
Salt Lake City, UT 84111
Attention: Val T. Orton, Vice President
Telephone: (801) 246-5300
Telecopy: (801) 246-5053

A duplicate copy of each notice, certificate, or other communication given hereunder by either the Issuer or the Company to the other shall also be given to the Bond Trustee. The Issuer, the Company, and the Bond Trustee may, by notice given hereunder, designate any further or different address to which subsequent notices, certificates, or other communications shall be sent.

Section 12.2. Binding Effect. This Head Lease shall inure to the benefit of and shall be binding upon the Issuer, the Company, Acxiom, and their respective successors and assigns, subject, however, to the limitations contained in Sections 9.1 and 9.2.

Section 12.3. Severability. In the event any provision of this Head Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.4. Amendments, Changes, and Modifications. Except as otherwise provided in this Head Lease or in the Indenture, subsequent to the initial issuance of Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), this Head Lease may not be effectively amended, changed, modified, altered, or terminated without the concurring written consent of the Bond Trustee given in the manner and subject to the approval of owners of the Bonds as provided in Section 10.08 of the Indenture.

Section 12.5. Priority of Head Lease. This Head Lease (as it may be amended or supplemented pursuant to the provisions hereof) and the estate of the Company hereunder are and shall continue to be superior and prior to the Indenture (as it may be amended or supplemented).

Section 12.6. Execution Counterparts. This Head Lease may be executed in counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

Section 12.7. Captions. The captions or headings of this Head Lease are for convenience only and in no way define, limit, or describe the scope or intent of any provisions of this Head Lease.

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Section 12.8. Security Agreement; Recording and Filing.

(a) This Head Lease is also a security agreement under the Uniform Commercial Code of the State, and it is contemplated by the parties that a security interest (i) in the rentals and other money due from the Company to the Issuer hereunder, (ii) the Leased Equipment, and (iii) certain other interests of the Issuer, will be granted to the Bond Trustee pursuant to the Indenture.

(b) This Head Lease or a memorandum thereof and the Indenture shall be recorded in the Office of the Circuit Clerk and Ex-Officio Recorder of Pulaski County, Arkansas, or in such other office as may at the time be provided by law as the proper place for the recordation thereof.

(c) The Company hereby agrees to execute one or more financing statements and renewals thereof with respect to the security interests granted by this Head Lease and to file such statements or renewals thereof in any appropriate public office. The Company hereby delegates to the Bond Trustee the authority to execute such renewals on its behalf.

Section 12.9. Law Governing Construction of Head Lease. This Head Lease shall be governed by, and construed in accordance with, the laws of the State.

Section 12.10. Limitation of Liability of the Company. Other than with respect to the representations, warranties, and covenants of the Company set forth in Section 2.2, and without limiting any of the Company's rights under this Head Lease, including without limitation the right to purchase the Project under Section 11.3, all representations, warranties, and covenants of the Company made in this Head Lease shall also be deemed to have been made by Acxiom, and the Company shall have no liability to the Issuer, the Bond Trustee, or any other party claiming by or through them, and all such parties hereby expressly waive and release the Company from any such liability for any breach of any such representation, warranty, or covenant; it being understood that the Issuer and the Bond Trustee shall rely solely on Acxiom for the performance of all such representations, warranties, and covenants and with respect to any liability resulting from the breach thereof as if such representations, warranties, and covenants were made directly by Acxiom and not the Company and performance by Acxiom thereof shall be considered performance pro tanto by the Company.

[The balance of this page left blank intentionally.]

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Signature Pages of the Head Lease Agreement

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the day and year first above written.

City of Little Rock, Arkansas, Issuer

By: _____
Jim Dailey, Mayor

ATTEST:

By: _____
Nancy Wood, City Clerk

First Security Bank, National Association, not in
its individual capacity but solely as Owner Trustee
under the AC Trust 2000-1

By: _____
Val T. Orton, Vice President

Acxiom Corporation

By: _____
Jerry C. Jones,
Business Development/Legal Leader

STATE OF ARKANSAS)
) ss
COUNTY OF PULASKI)

On this ____ day of October, 2000, before me, a Notary Public duly commissioned, qualified and acting, within and for the County and State aforesaid, appeared in person the within named Jim Dailey and Nancy Wood, Mayor and City Clerk, respectively, of the City of Little Rock, Arkansas, a municipality of the State of Arkansas, to me personally known, who stated that they were duly authorized in their respective capacities to execute the foregoing instrument for and in the name of the City, and further stated and acknowledged that they had signed, executed, and delivered the foregoing instrument for the consideration, uses, and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal on the date first above written.

Notary Public

My commission expires:

ACKNOWLEDGMENT

STATE OF _____)
) ss
COUNTY OF _____)

On this ____ day of October, 2000, before me, a Notary Public duly commissioned, qualified and acting, within and for the County and State aforesaid, appeared in person the within named Val T. Orton, Vice President of First Security Bank, National Association, not in its individual capacity but solely as Owner Trustee under the AC Trust 2000-1, a grantor trust created pursuant to the terms and conditions of a Trust Agreement (the "Trust Agreement") between the several holders from time to time as parties thereto, as holders, and First Security Bank, National Association, to me personally known, who stated that he was duly authorized in his capacity to execute the foregoing instrument for and in the name and behalf of the bank, and further stated and acknowledged that he had so signed, executed, and delivered the foregoing instrument for the consideration, uses, and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal on the date first above written.

Notary Public

My commission expires:

ACKNOWLEDGMENT

STATE OF ARKANSAS)
) ss
COUNTY OF PULASKI)

On this ____ day of October, 2000, before me, a Notary Public duly commissioned, qualified and acting, within and for the County and State aforesaid, appeared in person the within named Jerry C. Jones, Business Development/Legal Leader of Acxiom Corporation, a Delaware corporation, to me personally known, who stated that he was duly authorized in his capacity to execute the foregoing instrument for and in the name and behalf of the corporation, and further stated and acknowledged that he had so signed, executed, and delivered the foregoing instrument for the consideration, uses, and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal on the date first above written.

Notary Public

My commission expires:

EXHIBIT A

TO THE HEAD LEASE AGREEMENT BY AND AMONG THE CITY OF LITTLE ROCK, ARKANSAS, AS LESSOR; FIRST SECURITY BANK, NATIONAL ASSOCIATION, NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS OWNER TRUSTEE UNDER THE AC TRUST 2000-1, AS LESSEE; AND ACXION CORPORATION

Real Property Description

The following described lands situated in the County of Pulaski, State of Arkansas:

PARCEL 1:

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12, Block 14, Pope's Addition to the City of Little Rock, Pulaski County, Arkansas, as shown on the Plat recorded in Plat Book H, Page 30, records of Pulaski County, Arkansas;

LESS AND EXCEPT THE FOLLOWING:

TRACT A:

A part of Lot 6, Block 14, Pope's Addition to the City of Little Rock, Pulaski County, Arkansas being more particularly described as follows:

BEGINNING at the NE Corner of said Lot 6 thence S 09°23'25" W, along the West Right of Way line of Ferry Street, 19.99 feet; thence along a curve to the left having a radius of 20.00 feet, an arc of 31.40 feet and a chord bearing and distance of N 35°35'38" W, 28.28 feet to the South Right of Way line of East 3rd Street; thence S 80°34'41" E, along said South Right of Way line, 19.99 feet to the POINT OF BEGINNING. Containing 0.002 Acres (86 Sq. Ft.) more or less.

AND

TRACT B:

A part of Lot 1, Block 14, Pope's Addition to the City of Little Rock, Pulaski County, Arkansas being more particularly described as follows:

BEGINNING at the SE Corner of said Lot 1 thence N 80°28'37" W, along the North Right of Way line of East 4th Street, 20.05 feet; thence along a curve to the left having a radius of 20.00 feet, an arc of 31.46 feet and a chord bearing and distance of N 54°27'24" E, 28.32 feet to the West Right of Way line of Ferry Street; thence S 09°23'25" W, along said West Right of Way line, 20.05 feet to the POINT OF BEGINNING. Containing 0.002 Acres (86 Sq. Ft.) more or less.

less.

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PARCEL 2:

Lots 1 through 12, Block 15, Pope's Addition to the City of Little Rock, Pulaski County, Arkansas, as shown on the Plat recorded in Plat Book H, Page 30, records of Pulaski County, Arkansas and the alley running North and South through said Block 15, which was closed by City Ordinance No. 13,896, a certified copy of which is filed for record as Instrument No. 80-46764, records of Pulaski County, Arkansas;

LESS AND EXCEPT THE FOLLOWING:

TRACT C:

A part of Lot 12, Block 15, Pope's Addition to the City of Little Rock, Pulaski County, Arkansas being more particularly described as follows:

BEGINNING at the SW Corner of said Lot 12 thence N 09°25'37" E, along the East Right of Way line of Commerce Street, 19.97 feet; thence along a curve to the left having a radius of 20.00 feet, an arc of 31.38 feet and a chord bearing and distance of S 35°31'30" E, 28.26 feet to the North Right of Way line of East 4th Street, thence N 80°28'37" W, along said North Right of Way line, 19.97 feet to the POINT OF BEGINNING. Containing 0.002 Acres (86 Sq. Ft.) more or less.

AND

TRACT D:

A part of Lot 7, Block 15, Pope's Addition to the City of Little Rock, Pulaski County, Arkansas being more particularly described as follows:

BEGINNING at the NW Corner of said Lot 7 thence S 80°26'59" E, along the South Right of Way line of East 3rd Street, 20.04 feet; thence along a curve to the left having a radius of 20.00 feet, an arc of 31.46 feet and a chord bearing and distance of S 54°29'19" W, 28.31 feet to the East Right of Way line of Commerce Street; thence N 09°25'37" E, along said East Right of Way line, 20.04 feet to the POINT OF BEGINNING. Containing 0.002 Acres (86 Sq. Ft.) more or less.

PARCEL 3:

All that part of Sherman Street between 3rd and 4th Streets and the Alley within Block 14 in Pope's Addition to the City of Little Rock, Arkansas, which was closed by City Ordinance No. 18,026, a Certified copy of which was filed for record on September 23, 1999 and recorded as Instrument No. 99-76741, records of Pulaski county, Arkansas;

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together with all rights, structures, easements, alleys, rights-of-ways, improvements, fixtures, or privileges located thereon or appertaining thereto.

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EXHIBIT B

TO THE HEAD LEASE AGREEMENT BY AND AMONG THE CITY OF LITTLE ROCK, ARKANSAS, AS LESSOR; FIRST SECURITY BANK, NATIONAL ASSOCIATION, NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS OWNER TRUSTEE UNDER THE AC TRUST 2000-1, AS LESSEE; AND ACXIOM CORPORATION

Form of Requisition Certificate

Requisition No.: _____ Date: _____

First Security Bank, National Association, Corporate Trust Department:

This certificate is provided to you pursuant to Section 4.2 of the Head Lease Agreement, dated as of May 1, 2000 (the "Head Lease"), among the City of Little Rock, Arkansas (the "Issuer"); First Security Bank, National Association, not in its individual capacity but solely as Owner Trustee under the AC Trust 2000-1 (the "Lessee"); and Acxiom Corporation ("Acxiom"); and in accordance with Section 4.02 of the Trust Indenture, dated as of May 1, 2000 (the "Indenture"), between the Issuer and First Security Bank, National Association, as Bond Trustee. Capitalized terms used in this certificate have the same meanings given such terms in the Head Lease.

On behalf of Acxiom, the undersigned, a duly authorized officer of Acxiom, do hereby certify as follows:

(i) There has been expended, or is being expended concurrently with the delivery of this certificate (or in the case of interest to be transferred to the Debt Service Fund after the Completion Date, will be expended within one year after the Completion Date), an amount on account of Project Costs or Issuance Costs at least equal to \$ _____, which amount is hereby requisitioned for disbursement; and

(ii) No other certificate in respect of the expenditures set forth in clause (i) above is being or has previously been delivered to the Bond Trustee.

You are hereby directed to pay the amount of \$ _____ (which is the amount requisitioned by clause (i) above) from proceeds of the Bonds

to _____ (payee)

by _____ (method of payment).

You are hereby directed to transfer \$ _____ to the Debt Service Fund for interest during construction.

Acxiom Corporation

By: _____
Name/Title: _____

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U.S. SUBSIDIARIES

Name	Incorporated In	Doing Business As
1. Acxiom Asia, Ltd.	Arkansas	Acxiom Asia, Ltd.
2. Acxiom CDC, Inc.	Arkansas	Acxiom CDC, Inc.
3. Acxiom / Direct Media, Inc.	Arkansas	Acxiom / Direct Media, Inc.
4. Acxiom e-Products, Inc.	Arkansas	Acxiom e-Products, Inc.
5. Acxiom Information Security Services, Inc.	Arkansas	Acxiom Information Security Services, Inc.
6. Acxiom Interim Holdings, Inc.	Arkansas	Acxiom Interim Holdings, Inc.
7. Acxiom / May & Speh, Inc.	Delaware	Acxiom / May & Speh, Inc.
8. Acxiom Property Development, Inc.	Arkansas	Acxiom Property Development, Inc.
9. Acxiom / Pyramid Information Systems, Inc.	California	Acxiom / Pyramid Information Systems, Inc.
10. Acxiom RM-Tools, Inc.	Arkansas	Acxiom RM-Tools, Inc.
11. Acxiom Transportation Services, Inc.	Arkansas	ATS; Conway Aviation, Inc.
12. Acxiom UWS, Ltd.	Arkansas	Acxiom UWS, Ltd.

INTERNATIONAL SUBSIDIARIES

Name	Incorporated In	Doing Business As
13. Acxiom Limited	United Kingdom	Acxiom Limited
14. Acxiom France SA	France	Acxiom France SA
15. Acxiom Australia Pty Ltd	Australia	Acxiom Australia Pty Ltd

Independent Auditors' Consent

The Board of Directors
Acxiom Corporation:

We consent to incorporation by reference in the Registration Statements previously filed on Form S-3 and Form S-8 (Nos. 333-72009, 333-81211, 333-49740, 333-55814, 33-17115, 33-37609, 33-37610, 33-42351, 33-72310, 33-72312, 33-63423, 333-03391, 333-40114, 333-57470, and 333-68620), of Acxiom Corporation of our report dated May 9, 2003, relating to the consolidated balance sheet of Acxiom Corporation and subsidiaries as of March 31, 2003, and the related consolidated statement of operations, stockholders' equity and comprehensive income, and cash flows for the year ended March 31, 2003, which report appears in the March 31, 2003 annual report on Form 10-K of Acxiom Corporation.

Our report refers to our audit of the adjustments that were applied to revise the 2002 and 2001 financial statements relating to reportable segments, as more fully described in Note 19 to the consolidated financial statements. However, we were not engaged to audit, review, or apply any procedures to the 2002 and 2001 consolidated financial statements other than with respect to such adjustments.

/s/ KPMG LLP

Dallas, Texas
June 6, 2003

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the undersigned, a director or officer, or both, of Acxiom Corporation ("Acxiom"), acting pursuant to authorization of the Board of Directors of Acxiom, hereby appoints Jefferson D. Stalnaker, Jerry C. Jones and Catherine L. Hughes, or any one of them, attorneys-in-fact and agents for me and in my name and on my behalf, individually and as a director or officer, or both, of Acxiom, to sign the Company's Annual Report on Form 10-K for the year ended March 31, 2003, 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.

Executed as of the 21st day of May, 2003.

Signed: /s/ Wesley K. Clark

Name: WESLEY K. CLARK

Signed: /s/ Dr. Ann Hayes Die

Name: DR. ANN HAYES DIE

Signed: /s/ William T. Dillard II

Name: WILLIAM T. DILLARD II

Signed: /s/ Harry C. Gambill

Name: HARRY C. GAMBILL

Signed: /s/ William J. Henderson

Name: WILLIAM J. HENDERSON

Signed: /s/ Rodger S. Kline

Name: RODGER S. KLINE

Signed: /s/ Thomas F. (Mack) McLarty, III

Name: THOMAS F. (MACK) McLARTY, III

Signed: /s/ Charles D. Morgan

Name: CHARLES D. MORGAN

Signed: /s/ Stephen M. Patterson

Name: STEPHEN M. PATTERSON

Signed: /s/ Jefferson D. Stalnaker

Name: JEFFERSON D. STALNAKER

Signed: /s/ James T. Womble

Name: JAMES T. WOMBLE

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Annual Report of Acxiom Corporation (the Company) on Form 10-K for the fiscal year ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Charles D. Morgan, Company Leader (principal executive officer) of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Charles D. Morgan
Company Leader
(principal executive officer)
June 6, 2003

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Annual Report of Acxiom Corporation (the Company) on Form 10-K for the fiscal year ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Jefferson D. Stalnaker, Financial Operations Leader (principal financial officer) of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Jefferson D. Stalnaker
Company Financial Operations Leader
(principal financial officer)
June 6, 2003