

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2001 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.)

P.O. Box 8180, 1 Information Way,
Little Rock, Arkansas
(Address of Principal Executive Offices)

72203
(Zip Code)

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

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

Yes X No

The number of shares of Common Stock, \$ 0.10 par value per share, outstanding as of August 9, 2001 was 90,235,816.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Company for which report is filed:

ACXIOM CORPORATION

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

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

	June 30, 2001	March 31, 2001
	-----	-----
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,829	\$ 14,176
Trade accounts receivable, net	179,993	196,107
Deferred income taxes	38,168	36,211
Other current assets	111,185	105,953
	-----	-----
Total current assets	339,175	352,447
Property and equipment, net of accumulated depreciation and amortization	209,989	245,340
Software, net of accumulated amortization	57,364	63,906
Excess of cost over fair value of net assets acquired, net	172,286	172,741
Purchased software licenses, net of accumulated amortization	166,189	168,673
Unbilled and notes receivable, excluding current portions	65,914	71,735
Deferred costs, net of accumulated amortization	109,077	108,928
Other assets, net	51,807	48,955
	-----	-----
	\$ 1,171,801	\$ 1,232,725
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities:		
Current installments of long-term debt	31,100	31,031
Trade accounts payable	48,179	68,882
Accrued expenses:		

Merger, integration and impairment	13,216	3,215
Payroll	17,768	18,467
Other	41,426	49,767
Deferred revenue	36,756	31,273
Income taxes	-	11,685
	-----	-----
Total current liabilities	188,445	214,320
	-----	-----
Long-term debt, excluding current installments	450,353	369,172
Deferred income taxes	-	32,785
Commitments and contingencies		
Stockholders' equity:		
Common stock	9,099	9,055
Additional paid-in capital	332,505	351,921
Retained earnings	200,116	263,755
Accumulated other comprehensive loss	(6,470)	(5,996)
Treasury stock, at cost	(2,247)	(2,287)
	-----	-----
Total stockholders' equity	533,003	616,448
	-----	-----
	\$ 1,171,801	\$ 1,232,725
	=====	=====

See accompanying notes to condensed consolidated financial statements.

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

For the Three Months
Ended
June 30,

	2001	2000
	-----	-----
Revenue	\$ 205,038	\$ 239,573
Operating costs and expenses:		
Salaries and benefits	93,548	87,445
Computer, communications and other equipment	81,727	41,670
Data costs	30,789	26,080
Other operating costs and expenses	46,408	53,252
Gains, losses and nonrecurring items, net	45,342	(3,064)
	-----	-----
Total operating costs and expenses	297,814	205,383
	-----	-----
Income (loss) from operations	(92,776)	34,190
Other income (expense):		
Interest expense	(6,742)	(5,469)
Other, net	(791)	8,222
	-----	-----
	(7,533)	2,753
	-----	-----
Earnings (loss) before income taxes and cumulative effect of change in accounting principle	(100,309)	36,943
Income taxes	(36,670)	14,223
	-----	-----
Earnings (loss) before cumulative effect of change in accounting principle	(63,639)	22,720
Cumulative effect of change in accounting principle, net of tax benefit	-	37,488
	-----	-----
Net loss	\$ (63,639)	\$ (14,768)
	=====	=====
Basic earnings (loss) per share:		
Earnings (loss) before cumulative effect of accounting change	\$ (0.71)	\$ 0.26
Cumulative effect of change in accounting principle	-	(0.43)
	-----	-----
Net loss	\$ (0.71)	\$ (0.17)
	=====	=====
Diluted earnings (loss) per share:		
Earnings (loss) before cumulative effect of accounting change	\$ (0.71)	\$ 0.24
Cumulative effect of change in accounting principle	-	(0.38)
	-----	-----
Net loss	\$ (0.71)	\$ (0.14)
	=====	=====

See accompanying notes to condensed consolidated financial statements.

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ACXIOM CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(Dollars in thousands)

For the Three
Months Ended
June 30,

	2001	2000
	-----	-----
Cash flows from operating activities:		
Net loss	\$ (63,639)	\$ (14,768)
Non-cash operating activities:		
Depreciation and amortization	42,446	28,521
Loss (gain) on disposal or impairment of assets, net	45,354	(16,828)
Cumulative effect of change in accounting principle	-	37,488
Deferred income taxes	(34,742)	-
Changes in operating assets and liabilities:		
Accounts receivable	15,654	(1,420)
Other assets	(5,194)	(21,974)
Accounts payable and other liabilities	(37,024)	(36,902)
Merger, integration and impairment costs, net	(2,135)	(13,995)
	-----	-----
Net cash used by operating activities	(39,280)	(39,878)
	-----	-----
Cash flows from investing activities:		
Proceeds from the disposition of assets	127	34,121
Capitalized software	(5,935)	(10,224)
Capital expenditures	(8,867)	(10,561)
Deferral of costs	(8,612)	(5,337)
Investments in joint ventures	(3,689)	(4,315)
Net cash paid in acquisitions	-	(14,133)
	-----	-----
Net cash used by investing activities	(26,976)	(10,449)
	-----	-----
Cash flows from financing activities:		
Proceeds from debt	102,113	36,402
Payments of debt	(20,861)	(3,101)
Sale of common stock	3,210	4,340
Acquisition of treasury stock	-	(4,749)
Payments on equity forward contracts	(22,544)	(1,370)
	-----	-----
Net cash provided by financing activities	61,918	31,522
	-----	-----
Effect of exchange rate changes on cash	(9)	(116)
	-----	-----
Net decrease in cash and cash equivalents	(4,347)	(18,921)
Cash and cash equivalents at beginning of period	14,176	23,924
	-----	-----
Cash and cash equivalents at end of period	\$ 9,829	\$ 5,003
	=====	=====
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	\$ 6,714	\$ 4,767
Income taxes	12,192	1,513
	=====	=====

See accompanying notes to condensed consolidated financial statements.

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ACXIOM CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Certain note information has been omitted because it has not changed significantly from that reflected in Notes 1 through 20 of the Notes to Consolidated Financial Statements filed as a part of Item 14 of the Registrant's 2001 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on June 27, 2001.

- On June 25, 2001, the Company announced significant cost-reduction efforts, including a seven percent workforce reduction (412 individual associates). Additionally, certain other associates who are part of the Information Technology ("IT") Management segment were terminated earlier in the quarter. 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 (see note 3). 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 a redirection of the Company's overall strategy. 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, net in the accompanying June 30, 2001 condensed 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 are being eliminated. The contract termination costs consist 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 for services that are no longer consistent with the Company's overall strategy. 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. Additionally, certain assets have been abandoned or are now impaired as a result of the changes made during this current quarter in the Company's overall strategy.

The following table shows the amounts that were accrued as of June 30, 2001. Payments of \$1.5 million have already been made during the quarter ended June 30, 2001 on associate-related items (dollars in thousands):

	June 30, 2001
Associate-related reserves	\$ 6,809
Contract termination costs	3,449
Transaction costs and other accruals	400
	\$10,658

In addition to the above charges, the Company recorded accelerated depreciation and amortization and certain other charges of approximately \$25.8 million 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 Statement of Financial Accounting Standards ("SFAS") No. 86, "Accounting for the costs of Computer Software to Be Sold, Leased, or Otherwise Marketed," or SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of."

During the fourth quarter of the year-ended March 31, 2001, the Company recorded a charge included in gains, losses and nonrecurring items, net totaling \$34.6 million relating to the bankruptcy filing of Montgomery Ward ("Wards"), a significant customer of the IT Management segment, for the write-down of impaired assets and for certain ongoing obligations that have no future benefit to the Company.

The following table shows the balances that were accrued as of March 31, 2001 and the changes in those balances during the three months ended June 30, 2001 (dollars in thousands):

	March 31, 2001	Less Payments	June 30, 2001
Ongoing contract costs	\$1,984	(120)	\$1,864
Other accruals	1,046	(416)	630
	\$3,030	(536)	\$2,494

The remaining accruals will be paid out over periods ranging up to four years.

During fiscal 2001, the Company completed the sale of its remaining interest in its Direct Media, Inc. ("DMI") business unit. As consideration, the Company received a 6% note in the approximate amount of \$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. The Company also committed to complete the development of a computer system for the DMI business unit. At June 30, 2001 the balance outstanding under these notes amounts to \$17.6 million and is included in unbilled and notes receivable in the accompanying condensed consolidated financial statements.

- Effective January 1, 2001 the Company changed its method of accounting for certain transactions, retroactive to April 1, 2000, in accordance with Staff Accounting Bulletin ("SAB") 101, "Revenue Recognition in Financial Statements." The cumulative effect of the change resulted in a charge to earnings of \$37.5 million, net of income tax benefit of \$21.5 million, which is included in the accompanying condensed consolidated financial statements for the period ended June 30, 2000. The effect of this change on the quarter ended June 30, 2000 was to decrease earnings before the cumulative effect of the change in accounting principle by \$1.7 million (\$0.02 per diluted share). For the quarters ended June 30, 2001 and 2000, the Company recognized approximately \$5 million and \$8 million, respectively, in revenue that was included in the cumulative effect adjustment.
- On June 29, 2001 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"). The aggregate amount of the proceeds from this transaction were \$19.5 million, which represents the estimated fair market value of the equipment sold to TIP. As a result, the Company has recorded a loss on the sale of this equipment in the amount of \$31.2 million (see note 1). Additionally, simultaneously with the sale of this equipment, the Company entered into an agreement to lease the equipment back from TIP for a period of thirty-six months. The Company received \$1.9 million of the sale proceeds from TIP. The remaining proceeds are expected to be received during the quarter ending September 30, 2001 when TIP syndicates the lease to various other leasing companies. Included in property and equipment at June 30, 2001 is equipment of \$19.5 million related to the assets under this leaseback arrangement.
- Purchased software licenses include long-term software licenses which are amortized over their useful lives, including both prepaid software and capitalized future software obligations for which the liability is included in long-term debt. Unbilled and notes receivable are from the sales of software, data licenses and equipment and from the sale of DMI (see note 1), net of the current portions of such receivables. Deferred costs include up-front costs that are direct and incremental to obtaining the contracts and these deferred costs are amortized over the service period of the contract. Other noncurrent assets consist of the following (dollars in thousands):

	June 30, 2001	March 31, 2001
Investments in joint ventures and other companies	\$ 33,460	\$ 30,544
Other, net	18,347	18,411
	\$ 51,807	\$ 48,955

Other current assets include the current portion of the unbilled and notes receivable of \$47.4 million and \$49.1 million as of June 30, 2001 and March 31, 2001, respectively. Other current assets also include prepaid expenses, non-trade receivables and other miscellaneous assets of \$63.8 million and \$56.8 million as of June 30, 2001 and March 31, 2001, respectively.

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

	June 30, 2001	March 31, 2001
Unsecured revolving credit agreement	\$215,399	\$129,042

Convertible subordinated notes due 2003; interest at 5.25%	114,998	115,000
Software license liabilities payable over terms up to seven years; effective interest rates at approximately 6%	90,249	91,019
Senior notes payable in annual installments of \$4,286 through March 2007; interest payable semiannually at 6.92%	25,714	25,714
Capital leases on land, buildings and equipment payable in monthly installments of principal plus interest at approximately 8%; remaining terms up to twenty years	15,895	19,612
Unsecured term loan payable in quarterly principal payments of \$200 plus interest at 8.5%; balance due in 2003	7,400	7,400
Other capital leases, debt and long-term liabilities	11,798	12,416
	-----	-----
Total long-term debt	481,453	400,203
Less current installments	31,100	31,031
	-----	-----
Long-term debt, excluding current installments	\$450,353	\$369,172
	=====	=====

Primarily as a result of the nonrecurring charges discussed in note 1, as well as the Company's change to subscription revenue recognition for software sales, the Company was in violation of certain of its financial loan covenants at June 30, 2001. Prior to completion of the financial statements as of June 30, 2001, the Company obtained a waiver of those violations through August 15, 2001, and began negotiating an amendment to its revolving credit facility and certain other of its affected debt obligations. On August 14, 2001, the Company obtained an amendment of its revolving credit facility and other affected debt obligations, which reduced the committed amount available under the revolver to \$265 million, changed certain financial covenants and provided that the outstanding balance of the revolver will be secured by substantially all of the Company's unencumbered real estate and personal property assets. In addition, the amendment requires the Company to satisfy certain covenants by September 14, 2001, primarily relating to the execution of certain collateral agreements for the benefit of the creditors, as well as the consummation of

the term loan to fund the settlement of the equity forward agreements discussed in note 6. Until such covenants are satisfied, the Company's borrowings under the arrangement are limited to \$245 million. As a result of the waiver and amendment, the Company is in compliance with all of its applicable financial loan covenants at June 30, 2001, and the Company expects to be in compliance with the revised loan covenants throughout the term of the agreements, as amended. Accordingly, the Company has classified the portions of its debt obligations due beyond June 30, 2002 as long-term in the accompanying condensed consolidated financial statements.

Subsequent to June 30, 2001, the Company paid off the \$7.4 million unsecured term loan debt, plus accrued interest. The balance was paid with proceeds from the revolving credit facility and, therefore, the balance of the unsecured term loan at June 30, 2001 is classified as long-term in the accompanying condensed consolidated financial statements.

6. Below is the calculation and reconciliation of the numerator and denominator of basic and diluted loss per share (in thousands, except per share amounts):

	For the Quarter Ended June 30,	
	2001	2000
Basic loss per share:		
Numerator - net loss	\$ (63,639)	\$ (14,768)
Denominator - weighted-average shares outstanding	89,931	87,968
	=====	=====
Basic loss per share	\$ (0.71)	\$ (0.17)
	=====	=====
Diluted loss per share:		
Numerator:		
Net loss	\$ (63,639)	\$ (14,768)
Interest expense on convertible debt (net of tax benefit)	-	928
	-----	-----
	\$ (63,639)	\$ (13,840)
	=====	=====
Denominator:		
Weighted-average shares outstanding	89,931	87,968
Effect of common stock options	-	3,626
Effect of common stock warrants	-	111
Convertible debt	-	5,783
	-----	-----
	89,931	97,488
	=====	=====
Diluted loss per share	\$ (0.71)	\$ (0.14)
	=====	=====

As required by SFAS No. 128, "Earnings Per Share," the Company has used earnings (loss) before cumulative effect of the change in accounting principle in the determination of whether potential common shares are dilutive or antidilutive. As a result, diluted loss per share for the period ended June 30, 2000 is less than the amount reported as basic loss per share.

All stock options and warrants, the convertible debt and the effect of the equity forward contracts were excluded from the above calculations for the quarter ended June 30, 2001 because such items were antidilutive. The equivalent share effects of the common stock options and warrants which were excluded for the quarter ended June 30, 2001 were 2.0 million, and the equivalent share effects of the convertible debt which was excluded was 5.8 million. Interest expense on the convertible debt (net of income tax effect) excluded in computing diluted loss per share for the quarter ended June 30, 2001 was \$0.9 million.

Options to purchase shares of common stock that were outstanding during the period ended June 30, 2000, but were not included in the computation of diluted loss per share because the options price was greater than the average market price of the common shares are shown below:

For the Quarter
Ended June 30, 2000

Number of shares under option (in thousands)	1,276
Range of exercise prices	\$26.08 - 54.00 =====

The Company has entered into three equity forward purchase agreements with a commercial bank to purchase 3.7 million shares of its common stock. During the quarter ended June 30, 2001, the Company paid and recorded as a reduction of stockholders' equity, \$22.5 million to reduce the weighted average strike price under the equity forward agreements to \$17.16 per share and to reduce the notional amount under the agreements to \$64.2 million.

The contracts are required to be settled on December 15, 2001. If the market value of the stock exceeds the price under the equity forward agreements, the Company has the option of settling the contracts 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 is less than the price under the equity forward agreements, the Company has the option of settling the contracts 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 can also settle the contracts by paying the full notional amount and taking delivery of the stock. The shares remain issued and outstanding until the equity forward purchase contracts are settled. The fair value of the equity forward contracts in effect at June 30, 2001 was a liability of approximately \$16.1 million based on a stock price of \$13.09 per share. An increase or decrease in the stock price of \$1.00 per share increases or decreases the fair value by approximately \$3.7 million.

On August 14, 2001, in conjunction with the amendment to the Company's revolving credit facility, the Company obtained a memorandum of understanding relating to the settlement of the equity forward contracts through borrowings of approximately \$64.2 million from a bank under a term loan arrangement. The funds from the term loan will be used to pay the notional amount under the equity forward contracts and the Company will take delivery of the shares of common stock subject to the contracts. The term loan, which is expected to be closed on or before September 14, 2001, will be due in 2005.

- Trade accounts receivable are presented net of allowances for doubtful accounts, returns, and credits of \$5.5 million and \$5.4 million, respectively, at June 30, 2001 and March 31, 2001.
- The following tables present information by business segment (dollars in thousands):

	For the Quarter Ended June 30,	
	2001	2000
Services	\$149,422	\$171,061
Data and Software Products	32,854	30,401
IT Management	52,966	55,802
Intercompany eliminations	(30,204)	(17,691)
	-----	-----
Total revenue	\$205,038	\$239,573
	=====	=====
Services	\$ 10,339	\$ 29,455
Data and Software Products	(1,848)	(395)
IT Management	2,364	10,210
Intercompany eliminations	(17,115)	(10,138)
Corporate and other	(86,516)	5,058
	-----	-----
Income from operations	\$ (92,776)	\$ 34,190
	=====	=====

Certain of the nonrecurring charges taken during both the current and prior year were recorded in Corporate and other, since the Company does not hold individual segments responsible for these charges.

- The accumulated balance of other comprehensive loss, which consists of foreign currency translation adjustments and, during the prior year, also included unrealized depreciation on marketable securities, was \$6.5 million and \$6.0 million as of June 30, 2001 and March 31, 2001, respectively. Comprehensive loss was \$64.1 million and \$15.8 million for the quarters ended June 30, 2001 and 2000, respectively.
- During June 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations," which replaces Accounting Principles Board ("APB") Opinion No. 16, and issued SFAS No. 142, "Goodwill and Other Intangible Assets," which replaces APB Opinion No. 17 and amends SFAS No. 121. Under the provisions of SFAS No. 141, all business combinations initiated after June 30, 2001 must be accounted for by the purchase method of accounting. The use of the pooling-of-interest method of accounting for business combinations is prohibited.

Under the provisions of SFAS No. 142, amortization of goodwill and other intangible assets that have an indeterminate life is to be discontinued. However, an impairment analysis must be performed for these intangible assets, at least annually, with any impairment recorded as a charge to earnings during the current period. The Company has elected to early adopt the provisions of SFAS No. 142 and has discontinued the amortization of its goodwill balances effective April 1, 2001, which resulted in a decrease to the net loss during the current quarter of approximately \$2 million (\$0.02 per diluted share) and is expected to result in an increase in net income (loss) of approximately \$7 million (\$0.08 per diluted share) for the year ended March 31, 2002. Other acquired intangible assets, including the amortization thereof, were not material at either June 30, 2001 or at March 31, 2001, or for the quarters ended June 30, 2001 and 2000. As required by the provisions of SFAS No. 142, the Company must complete part one of a two-part impairment analysis of its goodwill by September 30, 2001. At that time, the Company will be able to determine whether any potential impairment exists as of April 1, 2001, although the amount of the impairment charge cannot be determined until part two of the test is completed, which must be completed by the end of fiscal 2002. Any impairment charge calculated upon completion of part two of the impairment test will be recorded as a cumulative effect of a change in accounting principle retroactive to the beginning of the fiscal year.

The changes in the carrying amount of goodwill for the three months ended June 30, 2001 are as follows (dollars in thousands):

	Services	Data and Software Products	IT Management	Total
Balance at April 1, 2001	\$90,192	\$5,961	\$76,588	\$172,741
Change in foreign currency translation adjustment	(455)	-	-	(455)
Balance at June 30, 2001	\$89,737	\$5,961	\$76,588	\$172,286

The following table shows what net loss and basic and diluted loss per share would have been for the quarters ended June 30, 2001 and 2000 exclusive of amortization expense recognized in those periods related to goodwill (dollars in thousands, except per share amounts):

	For the Quarter Ended June 30,	
	2001	2000
Reported net loss	\$(63,639)	\$(14,768)
Goodwill amortization	-	1,564
Adjusted net loss	\$(63,639)	\$(13,204)
Basic loss per share:		
Reported net loss	\$ (0.71)	\$ (0.17)
Goodwill amortization	-	0.02
Adjusted net loss	\$ (0.71)	\$ (0.15)
Diluted loss per share:		
Reported net loss	\$ (0.71)	\$ (0.14)
Goodwill amortization	-	0.01
Adjusted net loss	\$ (0.71)	\$ (0.13)

Form 10-Q

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

Effective January 1, 2001, the Company changed its method of accounting for revenue recognition retroactive to April 1, 2000, in accordance with Staff Accounting Bulletin 101 ("SAB 101"), "Revenue Recognition in Financial Statements." The cumulative effect of the change resulted in a charge to earnings of \$37.5 million, net of income tax benefit of \$21.5 million. The effect of the change on the quarter ended June 30, 2000 was to decrease earnings before the cumulative effect of the change in accounting principle by \$1.7 million (\$0.02 per diluted share). Also, effective April 1, 2001, the Company made certain modifications to its standard AbiliTec software sales agreements such that vendor-specific objective evidence is not attainable on many of its software sales transactions entered into subsequent to that date. Accordingly, the Company now recognizes revenue from the sales of AbiliTec software on a straight-line basis over the term of the agreement.

Results of Operations

For the quarter ended June 30, 2001, consolidated revenue was \$205.0 million, down 14% from the same quarter a year ago. Adjusting the prior year for the pro forma effects of straight-line revenue recognition on software contract sales results in a decrease in revenue of 13% for the current quarter of fiscal 2002 as compared to the quarter ended June 30, 2000. This decline in revenue is due primarily to the overall decline in the economy in that we are seeing customers postpone or otherwise delay project work.

The following table shows the Company's revenue by business segment for the quarters ended June 30, 2001 and 2000 (dollars in millions):

	2001	June 30, 2000	% Change
Services			
Data and Software Products	\$149.4	\$171.1	-13%
IT Management	32.8	30.4	+8
Intercompany eliminations	53.0	55.8	-5
	(30.2)	(17.7)	+71
	-----	-----	--
	\$205.0	\$239.6	-14%
	=====	=====	==

Services segment revenue of \$149.4 million declined 13% over the prior year. Adjusting the prior quarter revenue for the pro forma effect of straight-line revenue recognition, the Services segment would have declined 11% over the first quarter in the prior year. As noted above, this decline is primarily attributable to the deferral of project work.

Data and Software Products segment revenue of \$32.8 million increased 8% from the prior year. Adjusting for the pro forma effect of straight-line revenue recognition on software contract sales, the segment revenue would have grown 18% as compared to the same quarter last year. The major factor contributing to growth in Data and Software Products was an increase in InfoBase revenues as compared to the same quarter last year.

Information Technology ("IT") Management segment revenue of \$53.0 million reflects a 5% decrease over the prior year. The decrease in the IT Management segment revenue is due to the loss of Montgomery Ward ("Wards") who filed for bankruptcy during December 2000. Excluding the impact of Wards, segment revenue would have been up slightly.

Certain revenues, including certain data and software products revenue, are reported both as revenue in the segment which owns the customer relationship (generally the Services segment) as well as the Data and Software Products segment which owns the product development, maintenance, sales support, etc. These duplicate revenues are eliminated in consolidation. The intercompany elimination increased 71% for the quarter due to the continued increase in the percentage of data and software products revenues generated from the other segments.

The following table presents operating expenses for the quarters ended June 30, 2001 and 2000 (dollars in millions):

	2001	June 30, 2000	% Change
Salaries and benefits	\$93.6	\$87.4	+ 7%
Computer, communications and other equipment	81.7	41.7	+96
Data costs	30.8	26.1	+18
Other operating costs and expenses	46.4	53.3	-13
Gains, losses and nonrecurring items, net	45.3	(3.1)	-
	-----	-----	--
	\$297.8	\$205.4	+45%
	=====	=====	==

Salaries and benefits for the quarter increased 7% from the prior year's first quarter. Excluding adjustments made during the quarter for certain benefits, salaries and benefits growth was flat. During the quarter ended June 30, 2001, the Company required most associates to take a 5% pay cut in exchange for stock options. Additionally, a significant number of associates volunteered for an additional pay cut in exchange for additional stock options. Projected salaries and benefit costs for the balance of fiscal 2002 will substantially decline as a result of the restructured operations and the work force reductions discussed below.

Computer, communications and other equipment costs increased 96% over the prior year. Adjusting for the additional depreciation and amortization associated with certain impaired assets, computer, communications and other equipment costs increased 15%.

Data costs grew 18% over the prior year. Increases in data costs are principally the result of higher data costs on Allstate revenues quarter over quarter and, to a lesser extent, new data sources and higher data royalties on InfoBase data sales.

Other operating costs and expenses decreased by 13% compared to a year ago, primarily as a result of lower hardware sales than the year earlier period.

During the quarter ended June 30, 2001, the Company restructured its operations in reaction to the continued economic slowdown and the related revenue impact. As a result, the Company recorded special charges (included in gains, losses and nonrecurring items, net) of \$45.3 million. These charges consist of a loss of \$31.2 million associated with the sale and leaseback of certain equipment (see notes 1 and 3 to the condensed consolidated financial statements); \$8.3 million in associate-related reserves, principally employment contract terminations 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. In addition to the special charges recorded as gains, losses and nonrecurring items, net, the Company recorded accelerated depreciation and amortization and other charges of approximately \$25.8 million on certain other assets that are no longer in service or have otherwise been deemed impaired under the appropriate accounting literature, primarily Statement of Financial Accounting Standards ("SFAS") No. 86, "Accounting for the costs of Computer Software to Be Sold, Leased, or Otherwise Marketed," or SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of."

Included in gains, losses and nonrecurring items, net for the quarter ended June 30, 2000 is a \$39.7 million gain on the sale of the DataQuick operation that occurred in April 2000; a \$3.2 million loss on the sale of the CIMS business unit; a \$20.0 million write-down of the then remaining 49% interest in the DMI operation; a \$7.2 million write-down of certain campaign management software and a \$6.3 million accrual established to fund over-attainment incentives.

Income (loss) from operations for the quarter declined to a loss of \$92.8 million as compared to income from operations of \$34.2 million during the same quarter last year. Excluding the gains, losses and nonrecurring items, net and the accelerated depreciation and amortization discussed above and adjusting the prior year results to include the pro forma effect of straight-line revenue recognition from software contracts, operating income (loss) decreased \$50.2 million, primarily due to the reasons discussed above.

Interest expense for the quarter of \$6.7 million increased from \$5.5 million last year reflecting the increase in debt levels. Other, net decreased from \$8.2 million in last year's first quarter to a loss of \$0.8 million this year. This decline is largely due to a \$6.2 million gain on the sale of the Company's investment in Ceres during the quarter ended June 30, 2000, and the accrual of \$0.8 million during the current year related to costs associated with paying off an unsecured term loan (see Capital Resources and Liquidity below).

The loss before income taxes and the cumulative effect of the change in accounting principle of \$100.3 million for the quarter decreased \$137.3 million from the same quarter a year ago. Adjusting the prior year for the pro forma effects of the straight-line revenue recognition and gains, losses and nonrecurring items and excluding the special charges and other accelerated depreciation and amortization from the current quarter, the decrease from the prior year would have been approximately \$36 million.

The Company's effective tax rate was 36.6% in the current quarter compared to 38.5% in the prior year. The Company currently expects its effective tax rate to remain at approximately 37% for fiscal 2002. This estimate is based on current tax law and current estimates of earnings, and is subject to change.

Diluted loss per share was \$0.71 compared to \$0.14 a year ago. Excluding the special charges included in gains, losses and nonrecurring items, net during both periods; the accelerated depreciation and amortization recorded during the current quarter and approximately \$18 million in operating expenses incurred during the current quarter that are not expected to continue in future quarters as a result of the Company's restructuring of its operations, and adjusting the prior year for the pro forma effect of straight-line revenue recognition, diluted earnings (loss) per share would have been \$(0.07) compared to \$0.17 for the same quarter last year.

Capital Resources and Liquidity

Working capital at June 30, 2001 totaled \$150.7 million compared to \$138.1 million at March 31, 2001. At June 30, 2001, the Company had \$215.4 million outstanding on its available lines of credit (see discussion below regarding subsequent amendments to the Company's revolving credit facility and certain other debt obligations). The Company's debt-to-capital ratio (capital defined as long-term debt plus stockholders' equity) was 46% at June 30, 2001 compared to 37% at March 31, 2001. Included in long-term debt at both June 30, 2001 and March 31, 2001 is a convertible note in the amount of \$115.0 million. The conversion price for the convertible debt is \$19.89 per share. If the price of the Company's common stock moves above the conversion price prior to the maturity of the convertible note, management expects this debt to be converted to equity. Assuming the convertible debt had converted to equity, the Company's debt-to-capital ratio would have been reduced to 34% at June 30, 2001. Total stockholders' equity decreased 14% to \$533.0 million at June 30, 2001 primarily due to the net loss reported during the current quarter and the payment made on the equity forward agreements (see note 6 to the condensed consolidated financial statements).

Cash used by operating activities was \$39.3 million for the quarter ended June 30, 2001 compared to \$39.9 million for the same quarter in the prior year. Earnings before interest expense, taxes, depreciation, and amortization ("EBITDA") was \$20.1 million, excluding the impact of gains, losses and nonrecurring items, net and excluding other noncash write-offs that are reported elsewhere in the financial statements. EBITDA on a comparable basis last year was \$67.9 million, excluding the SAB 101 cumulative adjustment. The decrease in EBITDA during the current quarter as compared to the same quarter last year is primarily due to the decline in revenue as previously discussed. EBITDA is not intended to represent cash flows for the period, is not presented as an alternative to operating income as an indicator of operating performance, may not be comparable to other similarly titled measures of other companies, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles. However, EBITDA is a relevant measure of the Company's operations and cash flows and is used internally as a surrogate measure of cash provided by operating activities. Operating cash flow was reduced by \$28.7 million in the current quarter and \$74.3 million in the prior year due to the net change in operating assets and liabilities. The change in the current quarter primarily reflects payments made on accounts payable related to equipment acquired where payment

was deferred until fiscal 2002, partially offset by a decrease in accounts receivable. Days sales outstanding ("DSO") was 75 days at June 30, 2001 and was 70 days at March 31, 2001.

Investing activities used \$27.0 million for the quarter ended June 30, 2001, compared to \$10.4 million a year previously. Investing activities in the current year include capitalized software development costs of \$5.9 million and capital expenditures of \$8.9 million, compared to \$10.2 million and \$10.6 million, respectively, during the same quarter last year. Capitalized software development costs have decreased during the current quarter as a result of decreased spending on certain of the Company's proprietary software products. Capital expenditures have decreased due to the economic slowdown. Proceeds from the disposition of assets were \$0.1 million during the current quarter as compared to \$34.1 million (primarily the sale of the DataQuick operation and the disposal of the Ceres investment) during the same quarter last year. Costs deferred under long-term contracts were \$8.6 million during the current quarter and \$5.3 million during the same period of fiscal 2001. Investments in joint ventures were \$3.7 million and \$4.3 million during the quarters ended June 30, 2001 and 2000, respectively, and are comprised primarily of advances made to fund certain investments and joint venture operations. No cash was paid for acquisitions during the current quarter as compared to \$14.1 million paid during the same quarter last year for the acquisition of MCRB, Inc. and earn-out payments made on prior acquisitions. The Company leases certain assets under synthetic leasing arrangements rather than purchasing those assets. During the quarter ended June 30, 2001, the Company funded \$5.0 million in equipment under its synthetic lease facility, and has \$89.5 million remaining under the total commitment of \$240.0 million.

Financing activities in the current year provided \$61.9 million, of which \$86.4 million relates to debt proceeds from the Company's revolving credit arrangement, as compared to \$31.5 million of cash provided by financing activities in the prior year. The Company also paid down \$22.5 million on the equity forward contracts during the current quarter as discussed in note 6 to the condensed consolidated financial statements, as compared to \$1.4 million during the same quarter last year. Proceeds from the sale of common stock were \$3.2 million and \$4.3 million, respectively, during the quarters ended June 30, 2001 and 2000. The Company also purchased \$4.7 million of common stock in the open market during the quarter ended June 30, 2000.

During fiscal 2001, the Company began construction on a customer service facility in Little Rock and began planning the construction of another customer service facility in Phoenix. The Little Rock facility is expected to cost approximately \$30 to \$35 million, including interest during the construction period and is expected to be completed in October 2002. The City of Little Rock has issued revenue bonds for the Little Rock project, and the Company is financing the Little Rock project using off-balance sheet synthetic lease arrangements. Upon completion of the Little Rock facility, the impact of the leasing arrangement is expected to reduce operating cash flow by approximately \$3 million per year over the term of the lease. The Phoenix project was expected to cost approximately \$25 million, including land and interest costs. However, due to the current economic uncertainty, the construction of this facility has been postponed.

While the Company does not have any other material contractual commitments for capital expenditures, minimum levels of investment in facilities and computer equipment continue to be necessary to support the growth of the business. In addition, new outsourcing or facilities management contracts frequently require substantial up-front capital expenditures in order to acquire or replace existing assets. In some cases, the Company also sells software and hardware to customers under extended payment terms or notes receivable collectible generally

over three years. These arrangements also require up-front expenditures of cash, which are repaid over the life of the agreement. The Company also evaluates acquisitions from time to time, which may require up-front payments of cash. Depending on the size of the acquisition it may be necessary to raise additional capital. If additional capital becomes necessary, the Company would first use available borrowing capacity under its revolving credit agreement, followed by the issuance of other debt or equity securities.

Primarily as a result of the nonrecurring charges discussed in note 1 to the condensed consolidated financial statements, as well as the Company's change to subscription revenue recognition for software sales, the Company was in violation of certain of its financial loan covenants at June 30, 2001. Prior to completion of the financial statements as of June 30, 2001, the Company obtained a waiver of those violations through August 15, 2001, and began negotiating an amendment to its revolving credit facility and certain other of its affected debt obligations. On August 14, 2001, the Company obtained an amendment of its revolving credit facility and other affected debt obligations, which reduced the committed amount available under the revolver to \$265 million, changed certain financial covenants and provided that the outstanding balance of the revolver will be secured by substantially all of the Company's unencumbered real estate and personal property assets. In addition, the amendment requires the Company to satisfy certain covenants by September 14, 2001, primarily relating to the execution of certain collateral agreements for the benefit of the creditors, as well as the consummation of the term loan to fund the settlement of the equity forward agreements discussed below. Until such covenants are satisfied, the Company's borrowings under the arrangement are limited to \$245 million. As a result of the waiver and amendment, the Company is in compliance with all of its applicable financial loan covenants at June 30, 2001, and the Company expects to be in compliance with the revised loan covenants throughout the term of the agreements, as amended.

Subsequent to June 30, 2001, the Company paid off the \$7.4 million unsecured term loan, plus accrued interest,

with proceeds from its revolving credit facility.

At June 30, 2001, the Company had entered into three equity forward purchase agreements with a commercial bank to purchase 3.7 million shares of its common stock. As discussed in note 6 to the condensed consolidated financial statements, during the current quarter, the Company reduced the notional amount under the agreements to \$64.2 million. The contracts are required to be settled on December 15, 2001. If the market value of the stock exceeds the price under the equity forward agreements, the Company has the option of settling the contracts 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 is less than the price under the equity forward agreements, the Company has the option of settling the contracts 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 can also settle the contracts by paying the full notional amount and taking delivery of the stock. The shares remain issued and outstanding until the equity forward purchase contracts are settled. The fair value of the equity forward contracts in effect at June 30, 2001 was a liability of approximately \$16.1 million based on a stock price of \$13.09 per share. An increase or decrease in the stock price of \$1.00 per share increases or decreases the fair value by approximately \$3.7 million.

On August 14, 2001, in conjunction with the amendment to the Company's revolving credit facility, the Company obtained a memorandum of understanding relating to the settlement of the equity forward contracts through borrowings of approximately \$64.2 million from a bank under a term loan arrangement. The funds from the term loan will be used to pay the notional amount under the equity forward contracts and the Company will take delivery of the shares of common stock subject to the contracts. The term loan, which is expected to be closed on or before September 14, 2001, will be due in 2005.

New Accounting Pronouncements

During June 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations," which replaces Accounting Principles Board ("APB") Opinion No. 16, and issued SFAS No. 142, "Goodwill and Other Intangible Assets," which replaces APB Opinion No. 17 and amends SFAS No. 121. Under the provisions of SFAS No. 141, all business combinations initiated after June 30, 2001 must be accounted for by the purchase method of accounting. The use of the pooling-of-interest method of accounting for business combinations is prohibited.

Under the provisions of SFAS No. 142, amortization of goodwill and other intangible assets that have an indeterminate life is to be discontinued. However, an impairment analysis must be performed for these intangible assets, at least annually, with any impairment recorded as a charge to earnings during the current period. The Company has elected to early adopt the provisions of SFAS No. 142 and has discontinued the amortization of its goodwill balances effective April 1, 2001, which resulted in a decrease of the net loss recorded for the current quarter of approximately \$2 million (\$0.02 per diluted share) and is expected to result in an increase in net income (loss) of \$7 million (\$0.08 per diluted share) during the year ended March 31, 2002. As required by the provisions of SFAS No. 142, the Company must complete part one of a two-part impairment analysis of its goodwill by September 30, 2001. At that time, the Company will be able to determine whether any potential impairment exists, although the amount of the impairment charge cannot be determined until part two of the test is completed, which must be completed by the end of fiscal 2002. Any impairment charge calculated upon completion of part two of the impairment test will be recorded as a cumulative effect of a change in accounting principle retroactive to the beginning of the fiscal year.

Outlook

The opportunities for AbiliTec software continue to grow as companies implement their customer relationship management ("CRM") strategies. These CRM efforts are putting focus on the need to aggregate customer information across an enterprise, with the ability to do so in real time. Acxiom's AbiliTec software provides the Customer Data Integration ("CDI") that can accurately and quickly aggregate all records about an individual or a business. CDI is the foundational data management process for every use of CRM.

The financial projections stated today are based on current expectations. Our current assumption concerning general economic activity is that we do not expect substantial improvement during this fiscal year and our guidance is structured accordingly. These projections are forward-looking and actual results may differ materially. These projections do not include the potential impact of any mergers, acquisitions, divestitures or other business combinations that may be completed in the future.

The Company expects that revenue for the second quarter of fiscal 2002 will range from \$215 million to \$225 million and earnings per share will be from \$0.07 to \$0.10. For the fiscal year ending March 31, 2002, the Company expects revenue of \$880 million to \$900 million. The Company expects that fiscal 2002 earnings per share will be between \$0.28 and \$0.33 after adjusting for the nonrecurring items during the current quarter.

For the fiscal year ending March 31, 2002, the Company expects operating cash flow of \$90 million to \$110 million as well as positive free cash flow (free cash flow is defined as operating cash flow less investing activities). Depreciation and amortization for the fiscal year is expected to be \$110 million to \$115 million. Capitalization of deferred expenses and software development costs is expected to be \$60 million to \$70 million. Capital expenditures are expected to be \$40 million to \$50 million.

For fiscal 2003, the Company expects that revenue will grow approximately 20% and earnings per share will be from \$0.65 to \$0.75.

This filing contains forward-looking statements that are subject to certain risks and uncertainties that could cause actual results to differ materially; such statements include but are not necessarily limited to the following: 1) that sales of AbiliTec will continue to be strong; 2) that there will continue to be strong customer demand for AbiliTec; 3) that AbiliTec will continue to drive the long-term success of the Company; 4) that the Company is quickly accomplishing its goal of AbiliTec becoming the de facto standard for Customer Data Integration; 5) that AbiliTec can provide tremendous value to companies that seek to grow revenue, satisfy customers and control costs; 6) that the adoption of subscription revenue recognition for AbiliTec revenues was the right choice for the Company and that such adoption will have the expected impact and effect upon the Company, including, but not limited to, many long-term benefits, a better matching of cash flow to earnings, and that it will allow the business of Acxiom to be more predictable and transparent; 7) that the write-offs and charges are appropriate; 8) that the revenue and earnings projections will be within the indicated ranges; 9) that the adoption of SAB 101 and SFAS No. 142 will have the anticipated impacts; 10) that the Company will be able to effectively implement and continue its expense reduction efforts, within the indicated ranges; 11) that the Company's cash flow will be within the indicated range; 12) that the indicated revenue, earnings per share, cash flow, tax rate, depreciation, amortization, capital expenditures, software development and the indicated growth rates for future periods will be within the indicated amounts and ranges; 13) that the Company is confident of its ability to meet the forecasted Q2 and FY 2002 expectations; 14) that the Company will be able to amend its credit arrangements satisfactorily; 15) that the economic environment and business conditions will remain difficult to predict and that general economic activity could continue to decline; and 16) the positioning

of the Company for significant long term success when the economy recovers. The following are important factors, among others, that could cause actual results to differ materially from these forward-looking statements. With regard to all statements regarding AbiliTec: the complexity and uncertainty regarding the development of new software and high technologies; the difficulties associated with developing new AbiliTec products and AbiliTec Enabled Services; the loss of market share through competition or the acceptance of these or other Company offerings on a less rapid basis than expected; changes in the length of sales cycles; the introduction of competent, competitive products or technologies by other companies; changes in the consumer and/or business information industries and markets; the Company's ability to protect proprietary information and technology or to

obtain necessary licenses on commercially reasonable terms; the impact of changing legislative, accounting, regulatory and consumer environments in the geographies in which AbiliTec will be deployed. With regard to the statements that generally relate to the business of the Company, all of the above factors: the possibility that certain contracts may not be closed or closed within the anticipated time frames; the possibility that economic or other conditions might lead to a reduction in demand for the Company's products and services; the possibility that the current economic slowdown may worsen and/or persist for an unpredictable period of time; the possibility that significant customers may experience extreme, severe economic difficulty; the continued ability to attract and retain qualified technical and leadership associates and the possible loss of associates to other organizations; the ability to properly motivate the sales force and other associates of the Company; the ability to achieve cost reductions and avoid unanticipated costs; the possibility that the Company will not be able to amend its credit arrangements within the indicated time frame; the continued availability of credit upon satisfactory terms and conditions; 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 the Company's ability to collect, manage, aggregate and use data; data suppliers might withdraw data from the Company, leading to the Company's inability to provide certain products and services; short-term contracts affect the predictability of the Company's revenues; the possibility that the amount of ad hoc project work will not be as expected; the potential loss of data center capacity or interruption of telecommunication links; postal rate increases that could lead to reduced volumes of business; customers that may cancel or modify their agreements with the Company; the successful integration of any acquired businesses; and other competitive factors. With respect to the providing of products or services outside the Company's primary base of operations in the U.S.: all of the above factors and the difficulty of doing business in numerous sovereign jurisdictions due to differences in culture, laws and regulations. Other factors are detailed from time to time in the Company's periodic reports and registration statements filed with the United States Securities and Exchange Commission. Acxiom believes that it has the product and technology offerings, facilities, associates and competitive and financial resources for continued business success, but future revenues, costs, margins and profits are all influenced by a number of factors, including those discussed above, all of which are inherently difficult to forecast. Acxiom undertakes no obligation to update the information contained in this press release or any other forward-looking statement.

Item 3. 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 June 30, 2001, 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.

Acxiom is a party to three equity forward purchase agreements under which it will purchase 3.1 million, 0.2 million and 0.5 million shares of its common stock at average total costs of \$15.48, \$27.51 and \$24.37 per share, respectively, for a total notional purchase price of \$64.2 million. The value of the equity forward contracts at June 30, 2001 was a liability of \$16.1 million, based on the market price of Acxiom common stock of \$13.09 per share at June 30, 2001. The value of the equity forward contracts will vary based on the market price of the Acxiom common stock. For each \$1.00 increase or decrease in the stock price, the value of the equity forward contracts will increase or decrease by approximately \$3.7 million. As discussed in note 6 in the accompanying condensed consolidated financial statements, the Company obtained a memorandum of understanding relating to the settlement of the equity forward contracts.

Form 10-Q

ACXIOM CORPORATION PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

There are various litigation matters that arise in the normal course of the business of the Company. None of these, however, are believed to be material in their nature or scope.

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

(a) Exhibits:

First amendment to credit agreement dated August 14, 2001.

(b) Reports on Forms 8-K.

A report was filed on April 3, 2001, which reported the Company's March 30, 2001 press release reporting that financial earnings for the 4th quarter of fiscal 2001 would be below expectations.

A report was filed on April 3, 2001, which reported the Company's prepared comments of the April 2,

2001 telephone conference call regarding the 4th quarter earnings.

A report was filed on May 21, 2001, which reported the Company's May 15, 2001 press release regarding financial earnings for the 4th quarter and fiscal 2001.

A report was filed June 25, 2001, which reported the Company's June 25, 2001 press release regarding financial earnings for the 1st quarter of fiscal 2002 and the Company's prepared comments of the June 25, 2001 telephone conference call regarding the 1st quarter earnings.

Form 10-Q

ACXIOM CORPORATION AND SUBSIDIARIES

SIGNATURE

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

Acxiom Corporation

Dated: August 14, 2001

By: /s/ Caroline Rook

(Signature)
Caroline Rook
Chief Financial Operations Officer
(Principal Accounting Officer)

EXHIBIT A

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (the "Amendment"), dated as of August 14, 2001 is among ACXIOM CORPORATION, a Delaware Corporation (the "Borrower"), the lenders party hereto, THE CHASE MANHATTAN BANK (as successor in interest by merger to Chase Bank of Texas, National Association), as the agent (the "Agent") and as a co-administrative agent, FIRSTSTAR BANK, N.A. (formerly Mercantile Bank, N.A.), as a co-administrative agent, and BANK OF AMERICA, N.A., as syndication agent.

RECITALS:

A. Borrower, Chase Bank of Texas, National Association (now The Chase Manhattan Bank), as the agent and as a co-administrative agent, Mercantile Bank, N.A., (now Firststar Bank, N.A.) as a co-administrative agent, Bank of America, N.A., as syndication agent, and certain lenders have entered into that certain Credit Agreement dated as of December 29, 1999 (as the same has been modified by that certain Increase Commitment Supplement dated February 22, 2000 among Borrower, the Agent and MidFirst Bank, that certain Increase Commitment Supplement dated June 15, 2000 among Borrower, the Agent and Union Planters Bank, N.A., and that certain Waiver Agreement dated as of July 20, 2001 among Borrower, Agent and the lenders party thereto, herein the "Agreement").

B. The Borrower has requested that the Agent and the Lenders amend certain provisions of the Agreement. Subject to satisfaction of the conditions set forth herein, the Agent and the Lenders party hereto are willing to amend the Agreement as herein set forth.

NOW, THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows effective as of the date hereof unless otherwise indicated:

ARTICLE I.

Definitions

Section 1.1. Definitions. Capitalized terms used in this Amendment, to the extent not otherwise defined herein, shall have the same meanings as in the Agreement, as amended hereby.

ARTICLE II.

Amendments

Section 2.1. Amendment to Existing Definitions in Section 1.01. The definition of the terms "Accumulated Total Assets", "Adjusted EBITDA" and "EBITDA" are each deleted from Section 1.01 of the Agreement and the following defined terms set forth in Section 1.01 of the Agreement are amended in their respective entireties to read as follows:

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. For purposes of Section 10.04 the term "Affiliate" shall also mean: (a) with respect to any Lender that is not a fund which invests in bank loans and similar extensions of credit (i) an Affiliate of such Lender or (ii) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an Affiliate of such Lender and (b) with respect to any Lender that is a fund which

invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"Agent" means The Chase Manhattan Bank (as successor in interest by merger to Chase Bank of Texas, National Association), as agent for the Lenders hereunder.

"Applicable Rate" means, for any day (a) with respect to any ABR Loan or Eurodollar Loan or with respect to the commitment fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "ABR Spread", "Eurodollar Spread" or "Commitment Fee Rate", as the case may be, opposite the category in the table below which corresponds with the actual Leverage Ratio as of the most recent determination date; provided that from and including July 1, 2001 until the first date that the Applicable Rate is determined as set forth below in this definition, the "Applicable Rate" shall be the applicable rate per annum set forth below in Category 4:

Leverage Ratio	ABR Spread	Eurodollar Spread	Commitment Fee Rate
Category 1 < 2.00 to 1.00	0.00%	1.50%	0.300%
Category 2 > 2.00 to 1.00 - but < 2.50 to 1.00	0.25%	1.75%	0.375%
Category 3 > 2.50 to 1.00 - but < 3.00 to 1.00	0.50%	2.00%	0.500%
Category 4 > 3.00 to 1.00 -	0.75%	2.25%	0.500%

For purposes of the foregoing, (i) the Leverage Ratio shall be determined as of the end of each fiscal quarter of the Borrower's fiscal year based upon the Borrower's consolidated financial statements delivered pursuant to Section 5.01(a) or (b), beginning with the fiscal quarter ended September 30, 2001 and (ii) each

change in the Applicable Rate resulting from a change in the Leverage Ratio shall be effective during the period commencing on and including the date of delivery to the Agent of such consolidated financial statements indicating such change and ending on the date immediately preceding the effective date of the next such change;

the Leverage Ratio shall be deemed to be in Category 4 (A) at any time that an Event of Default has occurred and is continuing or (B) at the option of the Agent or at the request of the Required Lenders if the Borrower fails to deliver the consolidated financial statements required to be delivered by it pursuant to Section 5.01(a) or (b), during the period from the expiration of the time for delivery thereof until such consolidated financial statements are delivered.

"Co-Administrative Agents" means The Chase Manhattan Bank (as successor in interest by merger to Chase Bank of Texas, National Association) and Firststar Bank, N.A. (formerly Mercantile Bank, N.A.).

"Equity Forward Agreement" means the Synthetic Purchase Agreement governed by that certain International Swap Dealers Association, Inc. Master Agreement entered into between Borrower and Chase Bank of Texas, National Association (now The Chase Manhattan Bank) in December of 1999, as amended and as supplemented by those certain amended and restated Confirmation Letters dated as of July 24, 2001 (reference nos. 1364/402223A; 1338/402408A and 402639A) and as each may be further amended or otherwise modified from time to time.

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

"Guarantor" means Acxiom Asia, Ltd., Acxiom CDC, Inc., Acxiom / Direct Media, Inc., Acxiom / May & Spoh, Inc., Acxiom NJA, Inc., Acxiom Property Development, Inc., Acxiom / Pyramid Information Systems, Inc., Acxiom RM-Tools, Inc., Acxiom RTC, Inc., Acxiom SDC, Inc., Acxiom Transportation Services, Inc., and each other Domestic Subsidiary who becomes a guarantor under the Subsidiary Guaranty in accordance with Section 5.11.

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

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

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

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

"Material Indebtedness" means Indebtedness (other than the Loans and Letters of Credit) of any one or more of, the Borrower and the Subsidiaries in an aggregate principal amount exceeding a Dollar Amount equal to \$5,000,000. The term "Material Indebtedness" includes the Term Loan, the Synthetic Equipment Lease Facility and the Synthetic Real Property Lease.

"Permitted Encumbrances" means:

- (a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.04;
- (b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 120 days and are not being enforced or are being contested in compliance with Section 5.04;
- (c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;
- (d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;
- (e) judgment liens in respect of judgments that do not constitute an Event of Default under clause (k) of Article VIII;
- (f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Subsidiary;
- (g) Liens arising from filing UCC financing statements regarding leases permitted by this Agreement;
- (h) leases or subleases of equipment to customers in the ordinary course of business;
- (i) leases or subleases entered into by Borrower or a Subsidiary in good faith with respect to its property not used in its business and which do not materially interfere with the ordinary conduct of business of the Borrower or any Subsidiary; and
- (j) Liens incurred by Borrower with the consent of the Required Lenders;

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

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

"Revolving Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Revolving Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The amount of each Lender's Revolving Commitment is set forth on Schedule 2.01. The aggregate amount of the Lenders' Revolving Commitments is \$245,000,000 and upon the Borrower's full compliance with Section 5.14(a) the Lenders' Revolving Commitments shall be \$265,000,000.

"Senior Notes" means the 6.92% Senior Notes of the Borrower due March 30, 2007 in the original aggregate amount of \$30,000,000.

"Swingline Lender" means The Chase Manhattan Bank (as successor in interest by merger to Chase Bank of

Texas, National Association), in its capacity as lender of Swingline Loans hereunder.

"Synthetic Airplane Lease Facility" means the synthetic lease arrangement under which a lessor has committed to purchase and lease to the Borrower a Dassault-Breguet, Model Falcon 20 Aircraft and related components under an aircraft lease agreement entered into by the Borrower on or about December 29, 2000.

"Synthetic Equipment Lease Facility" means the synthetic lease arrangement under which a lessor has committed to purchase and lease to the Borrower up to \$230,000,000 of equipment under a master lease agreement entered into by the Borrower on September 30, 1999.

"Synthetic Real Property Lease" means a synthetic lease arrangement under which a lessor has or will commit to purchase and lease to the Borrower or a Subsidiary the real property owned by Borrower (i) consisting of two city blocks bounded by East 3rd Street, East 4th Street, Ferry Street and Commerce Street in downtown Little Rock, Arkansas and (ii) in Phoenix, Arizona including any related personal property and fixtures related thereto, for an aggregate purchase price not to exceed \$46,000,000.

Section 2.2. New Defined Terms to be Added to Section 1.01. The following terms are added in alphabetical order to Section 1.01 of the Agreement to read in their respective entireties as follows:

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

"Asset Disposition" has the meaning specified in Section 2.08(e).

"Capital Markets Event" has the meaning specified in Section 2.08(e).

"Collateral" means the Mortgaged Property, the "Collateral" as defined in the Security Agreement and any and all property in which Liens have been granted to the Collateral Agent to secure the indebtedness, obligations and liabilities of the Borrower and the Guarantors under the Loan Documents.

"Collateral Agent" means The Chase Manhattan Bank, as collateral agent under the terms of the Intercreditor Agreement, its successors and assigns.

"EBITDAR" has the meaning specified in Section 7.02.

"Intercreditor Agreement" means that certain Intercreditor Agreement to be executed in accordance with Section 5.14(a) by Borrower, the Guarantors, the Collateral Agent, the Agent, Bank of America as agent for the participants in the Synthetic Real Property Lease, The Chase Manhattan Bank, as the holder of the Term Loan and the holders of the Borrower's Senior Notes, in the form approved by the Required Lenders and as the same may be amended or otherwise modified.

"Mortgage" means a mortgage, deed of trust, assignment of leases and rents, leasehold mortgage or other security document granting a Lien to the Collateral Agent on any Mortgaged Property to secure the obligations described in the Intercreditor Agreement. Each Mortgage shall be satisfactory in form and substance to the Agent.

"Mortgaged Property" means, initially, each parcel of real property and the improvements thereto owned by Borrower and identified on Schedule 1.01, and includes each other parcel of real property and improvements thereto with respect to which a Mortgage is granted pursuant to Section 5.14 or the Intercreditor Agreement.

"Net Proceeds" has the meaning specified in Section 2.08(e).

"Restriction Period" has the meaning specified in Section 6.04.

"Security Agreement" means the Security Agreement to be executed in accordance with Section 5.14(a) by Borrower, the Guarantors and the Collateral Agent pursuant to the terms of the Intercreditor Agreement, which shall be satisfactory in form and substance to the Agent.

"Synthetic Lease" means any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which lease or other arrangement is required or is permitted to be classified and accounted for as an operating lease under GAAP but which is intended by the parties thereto for tax, bankruptcy, regulatory, commercial law, real estate law and all other purposes as a financing arrangement.

"Term Loan" means that certain term loan to be made by The Chase Manhattan Bank to the Borrower pursuant to the Term Loan Agreement in the original principal amount of \$64,168,888 which will mature, and is payable as to principal in a single payment, on November 25, 2005.

"Term Loan Agreement" means that certain Credit Agreement to be executed in accordance with Section 5.14(a) by Borrower and The Chase Manhattan Bank, as the same may be amended or otherwise modified from time to time.

Section 2.3. Amendment as to the use of the Term "Significant Subsidiary" or "Significant Subsidiaries." The term "Significant Subsidiary" and "Significant Subsidiaries" as used in the Agreement in Section 1.01 in the definition of "Permitted Encumbrances" and in Sections 3.01 and 3.03, is amended to read "Subsidiary" or "Subsidiaries", as applicable.

Section 2.4. Amendment to Section 2.08. Clause (e) is added to Section 2.08 of the Agreement to read in its entirety as follows:

(e) In the event and on each occasion that any Net Proceeds (as defined below) are received by or on behalf of the Borrower or any Subsidiary: (i) in respect of a Capital Market Event (as defined below), then the aggregate amount of the Revolving Commitments shall automatically and permanently reduce by an amount equal to 75% of the Net Proceeds from such Capital Market Event; or (ii) in respect of an Asset Disposition (as defined below), then the aggregate amount of the Revolving Commitments shall automatically and permanently reduce by an amount equal to the Lenders' share of the Net Proceeds from such Asset Disposition (as such share is determined under the Intercreditor Agreement as if such Net Proceeds were proceeds of Collateral, whether or not such Net Proceeds are proceeds of Collateral); provided that, in the case of any Asset Disposition, if (i) no Default exists and (ii) Borrower shall (1), within 180 days after such Asset Disposition, invest the Net Proceeds thereof in Collateral for use in the business of the Borrower and the Subsidiaries and (2) certify in writing to the Agent as to the matters referred to in clause (1) preceding and that no Default exists, then no commitment reduction shall be required pursuant to this paragraph in respect of such event except to the extent of any Net Proceeds therefrom that have not been so applied by the end of such 180 day period, at which time a reduction in the aggregate amount of the Revolving Commitments shall be required. As used in this clause (e) of Section 2.08, the following terms shall have the following meanings:

"Asset Disposition" means:

(i) any sale, transfer or other disposition of any asset of the Borrower or any Subsidiary, other than (A) dispositions of inventory in the ordinary course of business, (B) any disposition pursuant to a sale and leaseback transaction (including any disposition under the Synthetic Equipment Lease Facility and Synthetic Real Property Lease) and (C) other dispositions resulting in aggregate Net Proceeds not exceeding \$500,000 during any fiscal year of the Borrower; or

(ii) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any asset of the Borrower or any Subsidiary, but only to the extent that the Net Proceeds therefrom either (i) have not been applied to repair, restore or replace such property or asset within 90 days after such event (or, in the case of casualty damage covered by insurance, within 90 days after receipt of the insurance proceeds with respect thereto) or (ii) exceed \$500,000.

"Capital Market Event" means:

(i) the issuance by the Borrower or any Subsidiary of any Equity Interests, or the receipt by the Borrower or any Subsidiary of any capital contribution other than (A) any such issuance of Equity Interests to, or receipt of any such capital contribution from, the Borrower or a Subsidiary, (B) any such issuance of Equity Interests in connection with any stock option plan or employee benefit plan of the Borrower or any Subsidiary or

(C) the issuance of any Equity Interests in settlement of the Equity Forward Agreement and any Synthetic Purchase Agreement in existence on August 14, 2001; and

(ii) the incurrence by the Borrower or any Subsidiary of any unsecured Indebtedness but only to the extent that the aggregate Net Proceeds therefrom during a fiscal year exceeds \$10,000,000.

"Net Proceeds" means, with respect to any event (a) the cash proceeds received in respect of such event

including (i) any cash received in respect of any non-cash proceeds, but only as and when received, (ii) in the case of a casualty, insurance proceeds, and (iii) in the case of a condemnation or similar event, condemnation awards and similar payments, net of (b) the sum of (i) all reasonable fees and out-of-pocket expenses paid by the Borrower and the Subsidiaries to third parties (other than Affiliates) in connection with such event, including any sales commissions, investment banking fees or underwriting discounts, (ii) in the case of a sale, transfer or other disposition of an asset (including pursuant to a sale and leaseback transaction or a casualty or a condemnation or similar proceeding), the amount of all payments required to be made by the Borrower and the Subsidiaries as a result of such event to repay Indebtedness (other than Loans and other than the other Indebtedness entitled to the benefits of the Intercreditor Agreement) secured by such asset or otherwise subject to mandatory prepayment as a result of such event, and (iii) the amount of all taxes paid (or reasonably estimated to be payable) by the Borrower and the Subsidiaries, and the amount of any reserves established by the Borrower and the Subsidiaries to fund contingent liabilities reasonably estimated to be payable, in the case of (A) taxes during the year that such event occurred or the next succeeding year and that are directly attributable to such event (as determined reasonably and in good faith by the chief financial officer of the Borrower) and (B) in the case of reserves for contingent liabilities, during the period of any contractual indemnification obligation or statute of limitation imposed upon the Borrower or any of its Subsidiaries.

Section 2.5. Amendment to Section 2.10. Clause (b) of Section 2.10 of the Agreement is amended in its entirety to read as follows:

(b) In the event and on such occasion that the sum of the Revolving Exposures exceeds the total Revolving Commitments (including after any mandatory reduction of the Revolving Commitments pursuant to Section 2.08(e)), the Borrower shall prepay Revolving Borrowings or Swingline Borrowings (or, if no such Borrowings are outstanding, deposit cash collateral in an account with the Agent pursuant to Section 2.05(j)) in an aggregate amount equal to such excess.

Section 2.6. Amendment to Section 2.17. Clauses (f) and (g) are added to Section 2.17 of the Agreement to shall read in their entireties as follows:

(f) All proceeds received by the Agent from the sale or other liquidation of the Collateral when an Event of Default exists shall first be applied as payment of the accrued and unpaid fees of the Agent hereunder and then to all other unpaid or unreimbursed obligations (including reasonable attorneys' fees and expenses) owing to the Agent in its capacity as Agent only and then any remaining amount of such proceeds shall be distributed:

(i) first, to an account at the Agent over which the Agent shall have control in an amount sufficient to fully collateralize all LC Exposure then outstanding; and

(ii) second, to the Lenders, pro rata in accordance with the such Lender's Revolving

Exposure, until all the Revolving Loans have been paid and satisfied in full or cash collateralized.

All amounts paid under the terms of the Subsidiary Guaranty shall be applied as provided in paragraph 5 of the Guaranty.

(g) After all Revolving Commitments are terminated and all other obligations of any Lender to Borrower or any Guarantor are otherwise satisfied, any proceeds of Collateral shall be delivered to the Person entitled thereto as determined by the Intercreditor Agreement, by applicable law or applicable court order.

Section 2.7. Amendment to Section 3.05. Section 3.05 of the Agreement is amended in its entirety to read as follows:

Section 3.05 Properties.

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

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

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

Section 2.8. Amendment to Section 3.12. Section 3.12 of the Agreement is amended in its entirety to read as follows:

Section 3.12 Subsidiaries. As of August 14, 2001, Borrower has no Subsidiaries other than those listed on Schedule 3.12 hereto. As of August 14, 2001, Schedule 3.12 sets forth the jurisdiction of incorporation or organization of each such Subsidiary, the percentage of Borrower's ownership of the outstanding Equity Interests of each Subsidiary directly owned by Borrower, the percentage of each Subsidiary's ownership of the outstanding Equity Interests of each other Subsidiary and the authorized, issued and outstanding Equity Interests of each

Subsidiary. All of the outstanding Equity Interests of each Subsidiary has been validly issued, are fully paid, and nonassessable. Except as permitted to be issued or created pursuant to the terms hereof or as reflected on Schedule 3.12, there are no outstanding subscriptions, options, warrants, calls, or rights (including preemptive rights) to acquire, and no outstanding securities or instruments convertible into any Equity Interests of the Borrower or any Subsidiary.

Section 2.9. Amendment to Section 5.10. Section 5.10 of the Agreement is amended in its entirety to read as follows:

Section 5.10 Use of Proceeds and Letters of Credit. The proceeds of the Loans and Swingline Loans will be used only for working capital and other general corporate needs of the Borrower; provided that Borrower will not use proceeds of any Loan to make any payments under the Synthetic Real Property Lease for the purpose of acquiring, constructing or improving any "Property" (as such term is defined in the Synthetic Real Property Lease), provided further, that nothing in this Section 5.10 shall prevent the Borrower from making regularly scheduled lease payments under the Synthetic Real Property Lease. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations U and X. Letters of Credit will be issued only to support the general corporate needs of the Borrower and the Subsidiaries.

Section 2.10. Amendment to Section 5.11. Section 5.11 of the Agreement is amended in its entirety to read as follows:

SECTION 5.11. Additional Subsidiaries; Additional Guarantors. If any additional Subsidiary is formed or acquired after August 14, 2001 and if such Subsidiary is a Domestic Subsidiary, the Borrower will notify the Agent and the Lenders thereof and the Borrower will cause such Subsidiary to become a party to the Subsidiary Guaranty. Borrower will and will cause the Subsidiaries (including the new Subsidiary formed or acquired), to comply with its obligations under the Intercreditor Agreement and Security Agreement arising in connection with any such formation or acquisition within three Business Days after such Subsidiary is formed or acquired.

Section 2.11. Addition to Article V. The following Section 5.14 is added to Article V of the Agreement immediately after

Section 5.13 to read in its entirety as follows:

SECTION 5.14. Post Closing Agreements.

- (a) On or before September 14, 2001, the Borrower shall deliver or cause to be delivered to the Agent, each of the following, all in form and substance acceptable to the Agent and the Required Lenders in their sole discretion:
- (i) The Intercreditor Agreement executed by all the parties thereto;
 - (ii) The Security Agreement executed by the Borrower and the Guarantors pursuant to which the Borrower and each Guarantor shall have granted to the Collateral Agent a security interest in all or substantially all of the unencumbered personal property of each such entity;

- (iii) Stock certificates representing all of the outstanding shares of capital stock or other equity interest of each Subsidiary owned by or on behalf of Borrower or any Guarantor) (to the extent such capital stock or equity interest is certificated) (except that stock certificates representing shares of common stock of a Foreign Subsidiary may be limited to 66 2/3% of the outstanding shares of common stock of such Foreign Subsidiary, together with undated stock powers duly executed in blank for all such certificates; provided, that stock certificates of Acxiom CDC, Inc. -----
previously delivered to Trans Union LLC shall not be required to be delivered to the Agent;
- (iv) UCC, tax and judgment Lien search reports listing all documentation on file against the Borrower, each Guarantor and such other Persons as the Agent may require in each jurisdiction in which it has its principal place of business and jurisdiction of organization and in which any Collateral is or has been located;
- (v) Subject to the terms of the Intercreditor Agreement and the Security Agreement, such executed documentation as the Collateral Agent or the Agent may require or deem necessary to perfect or protect the Collateral Agent's Liens in the assets of the Borrower, including, without limitation, (i) financing statements under the UCC, (ii) intellectual property assignments for all intellectual property registered in the United States of America, (iii) all Collateral the possession of which is necessary to perfect the Lien therein, (iv) all other applicable documentation under the laws of any jurisdiction required with respect to the creation, perfection and protection of Liens; and (v) all third party or governmental approvals and consents required for the pledge of the Collateral under the Security Agreement;
- (vi) Duly executed UCC-3 termination statements and such other documentation as shall be necessary to terminate or release all Liens encumbering the Collateral not otherwise permitted by the Agreement;
- (vii) Evidence that the insurance required by Section 5.06 is in effect; -----
- (viii) The Term Loan Agreement and all related documents and instruments, each executed by all parties thereto;
- (ix) Evidence that any defaults or events of default under the Synthetic Equipment Lease Facility and the Synthetic Real Property Lease have been cured or permanently waived by the necessary parties thereunder;
- (x) Favorable written opinions from counsel to the Borrower and the Guarantors addressed to the Lenders and satisfactory to Jenkens & Gilchrist, a Professional Corporation, counsel for the Agent, as to such matters relating to the Intercreditor Agreement and the Security Agreement pursuant thereto as the Agent may request (and the Borrower hereby instructs its counsel to deliver such opinion to the Agent for the benefit of the Lenders); and
- (xi) Such additional information and documentation as the Collateral Agent or the Agent may require to consummate the transactions contemplated by this Section 5.14(a). -----

The Borrower's failure to fully and timely satisfy on or before September 14, 2001 each requirement set forth in clauses (i) through (xi) of this Section 5.14(a) shall constitute an immediate Event of Default.

- (b) On or before September 30, 2001, the Borrower shall deliver or cause to be delivered to the Agent, each of the following, all in form and substance acceptable to the Agent and the Required Lenders in their sole discretion:
 - (i) A Mortgage with respect to each Mortgaged Property signed on behalf of the record owner of such Mortgaged Property with a metes and bounds or other description of the parcel attached thereto and recorded in the applicable real property records;
 - (ii) With respect to each parcel of the Mortgaged Property, a Title insurance commitment, all documentation evidencing any exceptions to title reflected thereon (or other evidence of title satisfactory to the Agent) and, to the extent available, a survey and environmental report relating to such parcel;
 - (iii) Favorable written opinions from counsel to the Borrower and the Guarantors addressed to the Lenders and satisfactory to Jenkens & Gilchrist, a Professional Corporation, counsel for the Agent, as to such matters relating to the Mortgages and the property mortgaged pursuant thereto as the Agent may request (and the Borrower hereby instructs its counsel to deliver such opinion to the Agent for the benefit of the Lenders); and
 - (iv) Such additional information and documentation as the Collateral Agent or the Agent may require to consummate the transaction contemplated by this Section 5.14(b).

The Borrower shall, and shall cause each Guarantor, to use commercially reasonable efforts to obtain on or before September 30, 2001, lien waivers or subordination agreements with respect to the Collateral from all of the Borrower's and Guarantor's landlords and mortgagees.

Section 2.12. Amendment to Sections 6.01 and 6.02. Sections 6.01 and 6.02 of the Agreement are amended in their respective -----
entireties to read as follows:

SECTION 6.01 Indebtedness; Certain Equity Securities.

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

- (i) Indebtedness created under the Loan Documents;
- (ii) Indebtedness existing on August 14, 2001 and set forth in Schedule 6.01 and -----

extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or result in an earlier maturity date or decreased weighted average life thereof;

(iii) Indebtedness owed by a Subsidiary to Borrower or owed by a Subsidiary to its parent incurred in accordance with the restrictions set forth in Section 6.04; provided that (A) the obligations of -----

each obligor of such Indebtedness must be subordinated in right of payment to any liability such obligor may have for the obligations arising hereunder from and after such time as any portion of the obligations arising hereunder or under any other Loan Documents shall become due and payable (whether at stated maturity, by acceleration or otherwise), (B) such Indebtedness must be incurred in the ordinary course of business or incurred to finance general corporate needs, (C) such Indebtedness must be provided on terms customary for intercompany borrowings among the

Borrower and the Subsidiaries or must be made on such other terms and provisions as the Agent may reasonably require; and (D) the sum of the aggregate outstanding amount of the obligations of Excluded Subsidiaries guaranteed pursuant to clause (iv) below plus the aggregate outstanding principal amount of the loans and advances made to

Excluded Subsidiaries by Borrower and the Subsidiaries (such sum the "Excluded Subsidiary Loan and Guaranty Amount")

shall not at any time exceed the Dollar Amount equal to \$20,000,000 (the "Excluded Subsidiary Loan and Guaranty

Limit");

(iv) Guarantees by the Borrower or a Subsidiary of (A) Indebtedness of any of its wholly owned direct Subsidiaries; (B) trade accounts payable owed by any of its wholly owned direct Subsidiaries and arising in the ordinary course of business or (C) operating leases of any of its wholly owned direct Subsidiaries entered into in the ordinary course of business; provided that: (1) the Indebtedness guaranteed is otherwise permitted hereunder; (2) no Default exists or would result from such Guaranty; and (3) the Excluded Subsidiary Loan and Guaranty Amount shall not exceed the Excluded Subsidiary Loan and Guaranty Limit;

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

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

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

(viii) The obligations arising under the Synthetic Real Property Lease, the Synthetic Airplane Lease Facility and the Synthetic Equipment Lease Facility, provided, however, notwithstanding anything to the contrary herein or in the letter dated September 22, 2000 consenting to the Synthetic Real Property Lease, the amount of fundings for construction after August 14, 2001 under the Synthetic Real Property Lease (excluding any fundings for construction under the Synthetic Real Property Lease prior to August 14, 2001) shall not, at any time, exceed \$26,000,000 in aggregate amount;

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

(x) Indebtedness for borrowed money not otherwise permitted under this Section 6.01

of any Excluded Subsidiary provided that the aggregate outstanding amount of all such Indebtedness shall not at any time exceed the Dollar Amount equal to \$5,000,000;

(xi) Indebtedness represented by software licensing liabilities; and

(xii) The following Indebtedness which may only be created, incurred, assumed or permitted to exist after March 31, 2002 if no Default exists or would result therefrom:

(A) Indebtedness of the Borrower or any Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets (but excluding the acquisition of assets which constitute a business unit of a Person), including Capital Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or result in an earlier maturity date or decreased weighted average life thereof; provided that (1) such Indebtedness is incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement; (2) such Indebtedness does not exceed the amount of the purchase price or the costs of construction or improvement, as the case may be, of the applicable asset; and (3) after giving proforma effect to such Indebtedness, the Borrower shall be in compliance with Section 7.02 as of the most recently ended fiscal

quarter of Borrower;

(B) Indebtedness of any Person that becomes a Subsidiary after the date hereof or is merged with or into Borrower or a Subsidiary in accordance with the permissions herein set forth; provided that (1) such Indebtedness exists at the time such Person becomes a Subsidiary or was so merged and is not created in contemplation of or in connection with such Person becoming a Subsidiary or merger; (2) after giving proforma effect to such Indebtedness and the EBITDA of the Person who became a Subsidiary, the Borrower shall be in compliance with Section 7.02 of the most recently ended fiscal quarter of Borrower;

(C) unsecured Indebtedness of Borrower and of the Guarantors of the type described in clauses (a), (b), (c), (e), and (l) of the definition thereof, in addition to the Indebtedness permitted by clauses (i) through (xi) of this Section 6.01(a) and the foregoing clauses (A) and (B); provided that after giving proforma effect to the Indebtedness incurred under the permissions of this clause (xii)(C), the

Borrower shall be in compliance with Section 7.02 as of the most recently ended fiscal quarter of Borrower and no

Default shall exist as result therefrom.

(b) The Borrower will not, nor will they permit any Subsidiary to, issue any preferred stock or other preferred Equity Interests except for the preferred Equity Interest set forth in Schedule 6.01 and except

for the issuance of preferred Equity Interests by the Subsidiaries as long as the aggregate amount to be paid in connection with the redemption of such preferred Equity Interests issued after the Effective Date does not exceed a Dollar Amount equal to \$5,000,000 and no mandatory redemption of such preferred Equity Interest is due prior to the Maturity Date first established under the terms of this Agreement.

SECTION 6.02 Liens. The Borrower will not, and will not permit any Subsidiary to, create, incur,

assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell

any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(i) Permitted Encumbrances and Liens created by the Security Agreement, the Mortgages and the other Loan Documents;

(ii) Any Lien on any property or asset of the Borrower or any Subsidiary existing on August 14, 2001 and set forth in Schedule 6.02; provided that (i) such Lien shall not apply to any other property or asset of the Borrower or any Subsidiary and (ii) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

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

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

(v) The following Liens which may only be created, incurred, assumed or permitted to exist after March 31, 2002 if no Default exists or would result therefrom:

(A) Any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof in accordance with Section 6.04 prior to the time such Person becomes a Subsidiary; provided that (1) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (2) such Lien shall not apply to any other property or assets of the Borrower or any Subsidiary, (3) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof; and (D) the Indebtedness secured thereby is otherwise permitted by Section 6.01; and

(B) Liens on fixed or capital assets (but excluding assets which constitute a business unit) acquired, constructed or improved by the Borrower or any Subsidiary; provided that (1) such security interests secure Indebtedness permitted by clause (xii)(A) of Section 6.01(a), (2) such security interests and the Indebtedness secured thereby are incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement, (3) the Indebtedness secured thereby does not exceed the cost of acquiring, constructing or improving such fixed or capital assets and (4) such security interests shall not apply to any other property or assets of the Borrower or any Subsidiary.

Section 2.13. Amendment to Sections 6.04, 6.05, 6.06 and 6.07. Sections 6.04, 6.05, 6.06 and 6.07 of the Agreement are amended in their respective entireties to read as follows:

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

(a) Permitted Investments;

(b) Investments, loans and advances existing on August 14, 2001 and set forth on Schedule 6.04;

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

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

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

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

(g) Investments by Foreign Subsidiaries which are held or made outside the United States of the same or similar quality as the Permitted Investments;

(h) The Borrower or any Subsidiary (the "Acquiring Company") may acquire assets constituting a business unit of any Subsidiary (a "Transferring Subsidiary") if the Acquiring Company assumes all the Transferring Subsidiary's liabilities, including without limitation, all liabilities of the Transferring Subsidiary under the Loan Documents to which it is a party and if all of the capital stock of the Transferring Subsidiary is owned directly or indirectly by the Acquiring Company (and, following such assignment and assumption, such

Transferring Subsidiary may wind up, dissolve and liquidate) except that no Foreign Subsidiary may acquire assets of

a Domestic Subsidiary in such a transaction;

(i) If no Default exists or would result therefrom, Borrower and any Subsidiary may acquire all the Equity Interest of any Person or the assets of a Person constituting a business unit if:

(i) The Target is involved in a similar type of business activities as the Borrower or the Subsidiary;

(ii) If the proposed acquisition is an acquisition of the stock of a Target, the acquisition will be structured so that the Target will become a Subsidiary wholly and directly owned by Borrower or will, simultaneously with the acquisition be merged into Borrower or a Subsidiary. If the proposed acquisition is an acquisition of a business unit, the acquisition will be structured so that Borrower or a Subsidiary wholly and directly owned by Borrower will acquire the business unit;

(iii) If the acquisition is consummated during the period from and including August 14, 2001 to and including March 31, 2002 (the "Restriction Period"), the cash portion of the Purchase Price paid for the proposed acquisition in question together with the cash portion of the Purchase Prices paid for all other acquisitions consummated during the Restriction Period plus the aggregate book value of all investments and the aggregate outstanding amount of all loans and advances made under the permissions of clause (1) of this Section 6.04 during the Restriction Period, do not exceed \$5,000,000. If the acquisition is consummated after March 31, 2002, the cash portion of the Purchase Price paid for the proposed acquisition in question does not exceed \$5,000,000, the cash portion of the Purchase Price for the proposed acquisition in question together with the cash portion of the Purchase Prices paid for all acquisitions consummated in the same fiscal year (including, if applicable, the acquisitions consummated during the Restriction Period) does not exceed a Dollar Amount equal to \$10,000,000;

(iv) Borrower shall have provided to the Agent and each Lender at least 7 Business Days prior to the date that the proposed acquisition is to be consummated (but no earlier than 10 Business Days prior to such date) the following: (a) the name of the Target; (b) a description of the nature of the Target's business; and (c) a certificate of a Financial Officer of the Borrower (1) certifying that no Default exists or could reasonably be expected to occur as a result of the proposed acquisition, and (2) demonstrating compliance with the criteria set forth in clause (iii) of this Section 6.04(i) and that both as of the date of any such acquisition and immediately following such acquisition the Borrower is and on a pro forma basis projects that it will continue to be, in compliance with the financial covenants of this Agreement;

(v) Such acquisition has been: (i) in the event a corporation or its assets is the Target, either (x) approved by the Board of Directors of the corporation which is the Target, or (y) recommended by such Board of Directors to the shareholders of such Target, (ii) in the event a partnership is the Target, approved by a majority (by percentage of voting power) of the partners of the Target, (iii) in the event an organization or entity other than a corporation or partnership is the Target, approved by a majority (by percentage of voting power)

of the governing body, if any, or by a majority (by percentage of ownership interest) of the owners of the Target or (iv) in the event the corporation, partnership or other organization or entity which is the Target is in bankruptcy, approved by the bankruptcy court or another court of competent jurisdiction;

(j) Guarantees constituting Indebtedness permitted by Section 6.01;

(k) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business; and

(l) In addition to the investments, loans and advances permitted by clauses (a) through (k) of this Section 6.04, investments in Equity Interests issued by, and loans and advances to, Persons having an ongoing business similar to or consistent with the Borrower's line of business; provided that (i) at any time of determination during the Restriction Period, the sum of the Purchase Prices for all acquisitions consummated during such period under Section 6.04(i) plus the sum of the aggregate book value of all such investments plus the aggregate outstanding principal amount of all such loans and advances shall never exceed a Dollar Amount equal to \$5,000,000 and (ii) at any time of determination after March 31, 2002, the sum of the aggregate book value of all such investments plus the aggregate outstanding principal amount of all such loans and advances shall never exceed a Dollar Amount equal to \$10,000,000.

SECTION 6.05. Asset Sales; Equity Issuances. The Borrower will not, and will not permit any of the Subsidiaries to, sell, transfer, lease or otherwise dispose of any asset, including any Equity Interest owned by it, nor will the Borrower permit any of the Subsidiaries to issue any additional Equity Interest in such Subsidiary, except:

(a) sales of inventory, used or surplus equipment and Permitted Investments in the ordinary course of business and the sale, lease or sublease of equipment to customers in the ordinary course of business;

(b) sales, transfers and dispositions to the Borrower or a Subsidiary in accordance with Section 6.04;

(c) a Subsidiary may sell preferred Equity Interest issued by such Subsidiary in accordance with the limitations set forth in Section 6.01(b); and

(d) sales, transfers and other dispositions of assets consummated after August 14, 2001 that are not permitted by any other clause of this Section 6.05 (such other sales, transfers and other dispositions herein the "Dispositions"); if: (1) no Default exists or would result therefrom and (2) after giving effect to such

Disposition, the aggregate book value of all such assets sold, transferred or otherwise disposed of since August 14, 2001 under the permissions of this clause (d) would not exceed \$10,000,000. Notwithstanding the foregoing, the Borrower may make a Disposition and the book value of the assets shall not be required to be included in the foregoing computation if (1) such Disposition is pursuant to the Synthetic Equipment Lease Facility, Synthetic Real Property Lease or another sale and leaseback transaction permitted under Section 6.06 or (2) the Borrower shall, within 180 days after such Disposition invest the Net Proceeds thereof in Collateral for use in the business of the Borrower and the Subsidiaries;

provided that all sales, transfers, leases and other dispositions permitted hereby (other than those permitted by

clause (b) above) shall be made for fair value.

SECTION 6.06. Sale and Leaseback Transactions. The Borrower will not, and will not permit any of the Subsidiaries to, enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereinafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred, except for any such sale of any fixed or capital assets that is made for cash consideration in an amount not less than the cost of such fixed or capital asset and is consummated within 90 days after the Borrower or such Subsidiary acquires or completes the construction of such fixed or capital asset and the lease thereof pursuant to the Synthetic Equipment Lease Facility, the Synthetic Airplane Lease Facility, the Synthetic Real Property Lease or other Synthetic Lease or capital lease facility which has been or which may hereafter be permitted by the Required Lenders.

SECTION 6.07. Hedging Agreements. The Borrower will not, and will not permit any of the Subsidiaries to, enter into any Hedging Agreement, other than Hedging Agreements entered into in the ordinary course of business to hedge or mitigate risks to which the Borrower or any Subsidiary is exposed in the conduct of its business and the management of its liabilities.

Section 2.14. Amendment to Section 6.08. Clause (a) of Section 6.08 is amended in its entirety to read as follows and the phrase "(other than the Equity Forward Agreement and any other Synthetic Purchase Agreement entered into in compliance with Section 6.01(a)(xi))" is deleted from clause (c):

(a) The Borrower will not, nor will it permit any Subsidiary to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except (i) the Borrower may purchase or redeem its capital stock to satisfy its obligations under the Equity Forward Agreement and any Synthetic Purchase Agreement in existence on August 14, 2001 as long as no Default exists or would result therefrom (including, any Default arising as a result of the violation of Section 7.01), (ii) Subsidiaries may declare and pay dividends ratably with respect to their capital stock, and (iii) Subsidiaries may make payment in respect of preferred Equity Interest issued under the permissions of Section 6.01(b) when such payments become due.

Section 2.15. Amendment to Sections 6.10. The phrase "the date hereof" in clause (ii) of Section 6.10 of the Agreement is amended to read "August 14, 2001."

Section 2.16. Amendment to Article VI. Section 6.15 is added to Article VI of the Agreement to read in its entirety s follows:

SECTION 6.15 Term Loan Agreement. Borrower will not and will not permit any Subsidiaries to make any principal payments in connection with the Term Loan Agreement or any Guarantee thereof until the Maturity Date. Borrower will not and will not permit any Subsidiaries to change or amend the terms of the Term Loan Agreement or any Guarantee thereof, if the effect of such amendment is to: (a) increase the interest rate on the Term Loan; (b) shorten the time of payments of principal or interest due under the Term Loan Agreement; (c) change any event of default or any covenant to a materially more onerous or restrictive provision; or (d) change or amend any other term

if such change or amendment would materially increase the obligations of the obligor or confer additional material rights on the holders of the Term Loan in a manner materially adverse to Agent or any Lender as senior creditors or the interests of the Lenders under this Agreement or any other Loan Document in any respect.

Section 2.17. Amendments to Article VII. Article VII of the Agreement is amended in its entirety to read as follows:

Article VII

Financial Covenants

Section 7.01 Consolidated Net Worth. The Borrower will at all times maintain Consolidated Tangible Net Worth (as defined below) in an amount not less than the sum of (a) \$290,000,000; plus (b) 50% of the Borrower's Consolidated Net Income for the period from July 1, 2001 through the fiscal quarter to have completely elapsed as of the date of determination; plus (c) 100% of the net cash proceeds of any sale of Equity Interests or other contributions to the capital of the Borrower received by Borrower since July 1, 2001, calculated without duplication. As used in this Agreement, the following terms have the following meanings:

"Consolidated Net Income" means, for any period and any Person (a "Subject Person"), such Subject Person's consolidated net income (or loss) determined in accordance with GAAP, but excluding any extraordinary, nonrecurring, nonoperating or noncash gains or losses, including or in addition, the following:

(i) the income (or loss) of any Person (other than a subsidiary) in which the Subject Person or a subsidiary has an ownership interest; provided, however, that (A) Consolidated Net Income shall include amounts in respect of the income of such when actually received in cash by the Subject Person or such subsidiary in the form of dividends or similar distributions and (B) Consolidated Net Income shall be reduced by the aggregate amount of all investments, regardless of the form thereof, made by the Subject Person or any of its subsidiaries in such Person for the purpose of funding any deficit or loss of such Person;

(ii) the income of any subsidiary to the extent the payment of such income in the form of a distribution or repayment of any Indebtedness to the Subject Person or a subsidiary is not permitted, whether on account of any restriction in by-laws, articles of incorporation or similar governing document, any agreement or any law, statute, judgment, decree or governmental order, rule or regulation applicable to such subsidiary;

(iii) any gains or losses accrued on foreign currency receivables or on foreign currency payables of the Subject Person or a subsidiary organized under the laws of the United States which are not realized in a cash transaction;

(iv) the income or loss of any foreign subsidiary or of any foreign Person (other than a subsidiary) in which the Subject Person or subsidiary has an ownership interest to the extent that the equivalent Dollar Amount of the income contains increases or decreases due to the fluctuation of a foreign currency exchange rate after the Effective Date;

(v) the income or loss of any Person acquired by the Subject Person or a subsidiary for any period prior to the date of such acquisition;

(vi) the income from any sale of assets in which the accounting basis of such assets had been the book value of any Person acquired by the Subject Person or a subsidiary prior to the date such Person became a subsidiary or was merged into or consolidated with the Subject Person or a subsidiary; and

(vii) when determining Consolidated Net Income for Borrower and for any period which includes the second or third fiscal quarters of the 1999 fiscal year, any of the special charges recorded in the applicable fiscal quarter relating to the Borrower's acquisition of May & Speh and the write down of other impaired assets.

(viii) when determining Consolidated Net Income for Borrower and for any period which includes the first quarter of the 2002 fiscal year, any of the: (A) special non-cash charges recorded in the fiscal quarter relating to the restructure by the Borrower of its operations in an aggregate amount not to exceed \$45,000,000 and (B) the nonrecurring operating expenses incurred in the fiscal quarter relating to the restructure by the Borrower of its operations in an aggregate amount not to exceed \$26,000,000.

The gains or losses of the type described in clauses (i) through (vi) of this definition shall only be excluded in determining consolidated net income if the aggregate amount of such gains or losses exceed, in either case (i.e., gains or losses), \$1,000,000 in the period of calculation. If a gain or loss is to be excluded from the calculation of consolidated net income pursuant to the foregoing \$1,000,000 threshold, the whole gain or loss shall be excluded, not just that amount in excess of the threshold.

"Consolidated Tangible Net Worth" means, at any particular time, the sum of (i) all amounts which, in conformity with GAAP, would be included as stockholders' equity on a consolidated balance sheet of the Borrower and the Subsidiaries; minus (ii) the sum of the following: (a) the amount by which stockholders' equity has been increased by the write-up of any asset of the Borrower and the Subsidiaries after September 30, 1999, plus (b) the amount of net deferred income tax assets (less adjustments included in Consolidated Net Income after September 30, 1999), plus (c) any cash held in a sinking fund or other analogous fund established for the purpose of redemption, retirement or prepayment of capital stock or Indebtedness, plus (d) the cumulative foreign currency translation adjustment (less adjustments included in Consolidated Net Income after September 30, 1999), plus (e) the amount at which shares of capital stock of the Borrower is contained among the assets on the consolidated balance sheet of the Borrower and the Subsidiaries, plus (f) the amount of any preferred stock, plus (g) to the extent included in clause (i) above of this definition, the amount properly attributable to the minority interests, if any, of other Persons in the stock, additional paid-in capital, and retained earnings of the Subsidiaries, plus (h) the amount of intangible assets carried on the balance sheet of the Borrower at such date determined in accordance with GAAP on a consolidated basis, including goodwill, patents, trademarks, tradenames, organizational expenses, deferred financing charges, debt acquisition costs, start up costs, preoperating costs, prepaid pension costs, or any other similar deferred charges but not including deferred charges relating to data processing contracts and software development costs.

SECTION 7.02. Leverage Ratio. As of the last day of each fiscal quarter, the Borrower shall not permit the ratio of Total Indebtedness as of such date to Adjusted EBITDAR for the four (4) Fiscal Quarters then ended to exceed (i) for the fiscal quarters ending June 30, 2001, September 30, 2001, and December 31, 2001, 3.50 to 1.00 and (ii) for all fiscal quarters ending after December 31, 2001, 3.00 to 1.00. As used in this Agreement, the following terms have the following meanings:

"Adjusted EBITDAR" means, for any period (the "Subject Period"), the total of the following calculated without duplication for such period: (a) Borrower's EBITDAR; plus (b), on a pro forma basis, the pro forma EBITDAR of each Prior Target or, as applicable, the EBITDAR of a Prior Target attributable to the assets acquired from such Prior Target, for any portion of such Subject Period occurring prior to the date of the acquisition of such Prior Target or the related assets but only to the extent such EBITDAR for such Prior Target can be established in a manner satisfactory to the Agent based on financial statements of the Prior Target prepared in accordance with GAAP; minus (c) the EBITDAR of each Prior Company and, as applicable but without duplication, the EBITDAR of Borrower and each Subsidiary attributable to all Prior Assets, in each case for any portion of such Subject Period occurring prior to the date of the disposal of such Prior Companies or Prior Assets.

"EBITDAR" means, for any period and any Person, the total of the following each calculated without duplication on a consolidated basis for such period: (a) Consolidated Net Income (as defined in Section 7.01); plus (b) any provision for (or less any benefit from) income or franchise taxes included in determining Consolidated Net Income; plus (c) interest expense (including the interest portion of Capital Lease Obligations) deducted in determining Consolidated Net Income; plus (d) amortization and depreciation expense deducted in determining Consolidated Net Income; plus (e) all rentals paid or payable under Synthetic Leases and under any other operating leases which, in each case, have been deducted in determining Consolidated Net Income.

"Prior Assets" means assets that have been disposed of by a division or branch of Borrower or a Subsidiary in a transaction with an unaffiliated third party approved in accordance with this Agreement which would not make the seller a "Prior Company" but constitute all or substantially all of the assets of such division or branch.

"Prior Company" means any Subsidiary whose capital stock or other Equity Interests have been disposed of, or all or substantially all of whose assets have been disposed of, in each case, in a transaction with an unaffiliated third party approved in accordance with this Agreement.

"Prior Target" means all Targets acquired or whose assets have been acquired in a transaction permitted by Section 6.04.

"Total Indebtedness" means, at the time of determination, the sum of the following determined for Borrower and the Subsidiaries on a consolidated basis (without duplication): (a) the average the outstanding Loans under this Agreement for the thirty day period ending on the date of determination (computed on the basis of the simple average as of the close of business on each business day during such period); plus (b) all obligations for borrowed money, other than the Loans, or with respect to deposits or advances of any kind; plus (c) all obligations of such Person evidenced by bonds, notes, debentures, or other similar instruments, other than the Loans; plus (d) all obligations of such Person upon which interest charges are customarily paid, other than the Loans; plus (e) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person; plus (f) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business); plus (g) all obligations of others secured by (or for which the holder of such obligations has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed (provided that for purposes of this clause (g) the amount of any such Indebtedness shall be deemed not to exceed the higher of the market value or the book value of such assets); plus (h) all Capital Lease Obligations; plus (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty; plus (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances; plus (k) all obligations, contingent or otherwise, for the payment of money under any non-compete, consulting or similar agreement entered into with the seller of a Target or any other similar arrangements providing for the deferred payment of the purchase price for an acquisition; plus (l) all Indebtedness arising in connection with Hedging Agreements and preferred Equity Interests; plus (m) the net present value of all future payments to be made under all Synthetic Leases (excluding the Synthetic Real Property Lease) and any other operating leases (calculated by discounting all payments from their respective due dates to the date of determination

in accordance with accepted financial practice, on the basis of a 360 day year and at a discount factor equal to 8%); plus (n) the total outstanding fundings under the Synthetic Real Property Lease minus (o) to the extent included in clauses (a) through (n) of this definition, the amount reflected on the Borrower's consolidated balance sheet as software license liabilities. The deferred purchase price of property or services to be paid through earnings of the purchaser to the extent such amount is not characterized as liabilities in accordance with GAAP shall not be included in "Total Indebtedness".

SECTION 7.03. Fixed Charge Coverage. As of June 30, 2001, September 30, 2001 and December 31, 2001, the Borrower shall not permit the ratio of the Borrower's EBITDAR to Fixed Charges, both calculated for the period of four (4) consecutive fiscal quarters then ended, to be less than 1.15 to 1.00. As of March 31, 2002, the Borrower shall not permit the ratio of the Borrower's EBITDAR to Fixed Charges, both calculated for the period of four (4) consecutive fiscal quarters then ended, to be less than 1.25 to 1.00. As of the last day of the each fiscal quarter ending after March 31, 2002, the Borrower shall not permit the ratio of (i) the sum of the following for Borrower and the Subsidiaries calculated on a consolidated basis in accordance with GAAP: (A) EBITDAR; minus (B) Capital Expenditures to (ii) Fixed Charges, all calculated for four (4) consecutive fiscal quarters then ended, to be less than 1.25 to 1.00. As used in this Section 7.03, "Fixed Charges" means for any period, the sum of the following for the Borrower and the Subsidiaries calculated on a consolidated basis without duplication for such period: (a) the aggregate amount of interest, including payments in the nature of interest under Capitalized Lease Obligations; (b) the scheduled amortization of Indebtedness paid or payable; (c) operating lease rentals (including, rentals from Synthetic Leases); (d) all dividends, redemptions, and other distributions made by Borrower on account of Equity Interests; and (e) payments on leases or other obligations assumed from customers under service agreements to the extent such arrangements are not treated as operating leases, Capital Lease Obligations or long term debt.

SECTION 7.04. Asset Coverage. For the period from the August 14, 2001 through and including December 31, 2001, the Borrower shall not at any time permit the ratio of the Asset Value to Senior Debt to be less than 1.20 to 1.00. At all times after December 31, 2001, the Borrower shall not permit the ratio of the Asset Value to Senior Debt to be less than 1.30 to 1.00. As used in this Section 7.04, (i) the term "Asset Value" means, as of the date of determination, the sum of the book values of the following for Borrower and the Subsidiaries calculated on a consolidated basis: (a) accounts receivable of Borrower and all the Subsidiaries and (b) property, plant and equipment net of accumulated depreciation and amortization and (ii) the term "Senior Debt" means, at the time of

determination, the sum of the following determined for Borrower and the Subsidiaries on a consolidated basis (without duplication): (a) the average outstanding Loans under this Agreement for the thirty day period ending on the date of determination (computed on the basis of the simple average as of the close of business on each business day during such period); plus (b) all obligations for borrowed money, other than the Loans, or with respect to deposits or advances of any kind; plus (c) all obligations of such Person evidenced by bonds, notes, debentures, or other similar instruments, other than the Loans; plus (d) all obligations of such Person upon which interest charges are customarily paid, other than the Loans; plus (e) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person; plus (f) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business); plus (g) all obligations of others secured by (or for which the holder of such obligations has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed (provided that for purposes of this clause (g) the amount of any such Indebtedness shall be deemed not to exceed the higher of the market value or the book value of such assets; plus (h) all Capital Lease Obligations; plus (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty; plus (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances; plus (k) all obligations, contingent or otherwise, for the payment of money under any noncompetitive, consulting or similar agreement entered into with the seller of a Target or any other similar arrangements providing for the deferred payment of the purchase price for an acquisition; plus (l) all Indebtedness arising in connection with Hedging Agreements; plus (m) Indebtedness under the Synthetic Real Property Lease in the amount of the Synthetic Cap (as defined in the Intercreditor Agreement); minus (n), to the extent included in clauses (a) through (m) of this definition, the sum of (x) the amount reflected on the Borrower's consolidated balance sheet as software license liabilities, (y) any Indebtedness which by its terms is subordinated in right of payment to the Loans, and (z) the principal amount of the Term Loan. The deferred purchase price of property or services to be paid through earnings of the purchaser to the extent such amount is not characterized as liabilities in accordance with GAAP shall not be included in "Senior Debt".

SECTION 7.05. Maximum Total Capital Expenditures. The Borrower will not permit the sum of the following recorded or incurred for the period from July 1, 2001 through and including March 31, 2002 to exceed \$61,000,000 (a) Capital Expenditures; plus (b) expenditures for software development; plus (c) capitalized deferred expenses.

Section 2.18. Amendment to Article VIII. Article VIII of the Agreement is amended as follows:

(a) Clause (d) of Article VIII is amended in its entirety to read as follows:

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Sections 5.02, 5.03 (with respect to the existence of the Borrower), 5.10 or 5.14 or in Articles VI or VII, or in Article IV of the Security Agreement, in any Mortgage or in the Intercreditor Agreement;

(b) Clause (n) of Article VIII is amended in its entirety and new clauses (o), (p) and (q) are added to Article VIII all to read in their entireties as follows and the word "or" is deleted from the end of clause (m):

(n) any Lien purported to be created under any Loan Document shall cease to be, or shall be asserted by Borrower or any Guarantor not to be, a valid and perfected Lien on any Collateral, with the priority required hereby, except (i) as a result of the sale or other disposition of the applicable Collateral in a transaction permitted under the Loan Documents or (ii) as a result of the Agent's failure to maintain possession of any stock certificates, promissory notes or other instruments delivered to it under the Security Agreement;

(o) the occurrence of an Event of Default (as defined in the Intercreditor Agreement);

(p) either the Subsidiary Guaranty, the Security Agreement, the Intercreditor Agreement or any Mortgage shall for any reason cease to be in full force and effect and valid, binding and enforceable in accordance with its terms after its date of execution, or the Borrower or any Guarantor shall so state in writing; or

(q) the Borrower or any Guarantor shall suffer any uninsured, unindemnified or under insured loss of Collateral in excess of \$5,000,000.

(c) The following provision is added to the end of Article VIII:

In addition to the other rights and remedies that the Lenders may have upon the occurrence of an Event of Default, the Required Lenders may direct: (i) the Collateral Agent to exercise the rights and remedies available to the Collateral Agent under the Intercreditor Agreement, the Mortgages and the Security Agreements and (ii) the Agent to exercise the rights and remedies available to it under the Subsidiary Guaranty.

Section 2.19. Amendment to Article IX. The following provisions are added to the end of Article IX of the Agreement:

The Agent is authorized to sign the Intercreditor Agreement on behalf of each Lender and bind each Lender to the terms thereof as if each Lender were directly a party thereto.

Section 2.20. Amendment to the Schedules. Schedules 2.01, 3.12, 6.01, 6.04 and 6.10 of the Agreement are amended in their respective entireties to read as set forth on the corresponding Schedule hereto. Schedule 1.01 is added to the Agreement to read as set forth on Schedule 1.01 hereto.

ARTICLE III.

Conditions Precedent

Section 3.1. Conditions Precedent. Notwithstanding anything to the contrary contained in this Amendment, the effectiveness of Article II of this Amendment is subject to the satisfaction of each of the following conditions precedent:

- (a) Agent shall have received such documents and certificates as the Agent and its counsel may reasonably request relating to the organization, existence and good standing of the Borrower and each Guarantor the power and authority of Borrower and each Guarantor to execute, deliver and perform this Amendment and any other legal matters relating to the Borrower, any Guarantor or the Loan Documents, all in form and substance satisfactory to the Agent and its counsel;
- (b) Agent shall have received a favorable written opinion from counsel to the Borrower and the Guarantors dated the date hereof and addressed to the Agent and the Lenders satisfactory in form and substance to Jenkens & Gilchrist, a Professional Corporation, counsel for Agent;
- (c) Agent shall have received a Subsidiary Joinder Agreement in the form attached hereto as Exhibit A executed by each Guarantor that is not already a party to the Subsidiary Guaranty;
- (d) Each Lender that executes this Amendment by August 14, 2001 shall have received an amendment fee in immediately available funds in an amount equal to 0.25% of its Revolving Commitment and the Agent and JP Morgan Securities Inc. shall have received all fees and other amounts due and payable on or prior to August 14, 2001, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses (including fees, charges and disbursements of counsel) required to be reimbursed or paid by the Borrower hereunder or under any other Loan Document;
- (e) Each Lender that executed the Waiver Agreement dated as of July 20, 2001, shall have received a waiver fee in immediately available funds in an amount equal to 0.10% of its Revolving Commitment in effect on July 19, 2001;
- (f) The representations and warranties contained herein and in all other Loan Documents, as amended hereby, shall be true and correct in all material respects as of the date hereof as if made on the date hereof, except for such representations and warranties limited by their terms to a specific date;
- (g) After giving effect to this Amendment, no Default or Event of Default shall exist; and
- (h) All proceedings taken in connection with the transactions contemplated by this Amendment and all documentation and other legal matters incident thereto shall be satisfactory to Agent and its legal counsel, Jenkens & Gilchrist, a Professional Corporation.

ARTICLE IV.

Ratifications, Representations and Warranties

Section 4.1. Ratifications. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Agreement and except as expressly modified and superseded by this Amendment, the terms and

provisions of the Agreement and the other Loan Documents are ratified and confirmed and shall continue in full force and effect. In furtherance of, or in addition to the foregoing, Borrower, the Agent, and the Lenders party hereto agree as follows:

- (a) The Agreement as amended hereby and the other Loan Documents shall continue to be legal, valid, binding and enforceable in accordance with their respective terms.
- (b) This Amendment is the amendment requested by the Borrower in its letter to the Co-Administrative Agents on June 25, 2001, and, as a result, the Borrower will calculate all financial covenants in accordance with GAAP as in effect as of the date of this Amendment (i.e., giving effect to Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements") and as in effect from time to time hereafter as required by Section 1.04 of the Agreement.
- (c) Unpaid interest and fees accrued under the Agreement (as modified by the July 20, 2001 Waiver Agreement) prior to August 14, 2001 shall continue to be payable under the Agreement as amended hereby but at the rates and amounts provided for in the Agreement (as modified by the July 20, 2001 Waiver Agreement) in effect prior to August 14, 2001.
- (d) For other matters arising prior to the date of this Amendment (e.g., the compliance with financial and other covenants for periods or dates prior to August 14, 2001), the terms of the Agreement, without giving effect to this Amendment, shall continue to control.
- (e) The Borrower has no further right to increase the aggregate amount of the Revolving Commitments under Section 2.19 of the Agreement.
- (f) The following documents which are among the Borrower, the Agent and certain of the Lenders shall continue to be legal, valid, binding and enforceable in accordance with their respective terms and are not superceded by this Amendment, except as specifically provided in the amendments to Sections 6.05 and 6.06 of the Agreement as amended hereby: (i) that certain Consent Letter dated as of September 13, 2000, (ii) that certain Consent Letter dated as of September 22, 2000 and (iii) that certain Consent Letter dated February 23, 2001 and (iv) that certain Consent Letter dated June 20, 2001.

Section 4.2. Representations and Warranties. The Borrower hereby represents and warrants to Agent and the Lenders as follows:

- (a) after giving effect to this Amendment, no Default exists; (b) after giving effect to this Amendment, the representations and warranties set forth in the Loan Documents are true and correct in all material respects on and as of the date hereof with the same effect as though made on and as of such date except with respect to any representations and warranties limited by their terms to a specific date; (c) the execution, delivery and performance of this Amendment has been duly authorized by all necessary action on the part of Borrower and will not: (1) violate any provision of law applicable to Borrower, the certificate of incorporation or bylaws of Borrower or any order, judgment, or decree of any court or agency of government binding upon Borrower; (2) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation of Borrower; (3) result in or require the creation or imposition of any material lien upon any of the assets of Borrower; or (4) require any approval or consent of any Person under any material contractual obligation of Borrower; and (d) the articles of incorporation and bylaws of the Borrower and the resolutions of the Borrower attached to the Certificate of Secretary of the Borrower delivered in connection with the closing of the Agreement have not been modified or rescinded and remain in full force and effect. IN ADDITION, TO INDUCE THE AGENT AND THE LENDERS TO AGREE TO THE TERMS OF THIS AMENDMENT, BORROWER AND EACH GUARANTOR (BY ITS EXECUTION OF THIS AMENDMENT BELOW) REPRESENTS AND WARRANTS THAT AS OF THE DATE OF ITS EXECUTION OF THIS AMENDMENT THERE ARE NO

CLAIMS OR OFFSETS AGAINST OR DEFENSES OR COUNTERCLAIMS TO ITS OBLIGATIONS UNDER THE LOAN DOCUMENTS AND IN ACCORDANCE THEREWITH IT:

(a) WAIVER. WAIVES ANY AND ALL SUCH CLAIMS, OFFSETS, DEFENSES OR COUNTERCLAIMS, WHETHER KNOWN OR UNKNOWN, ARISING PRIOR TO THE DATE OF ITS EXECUTION OF THIS AMENDMENT AND

(b) RELEASE. RELEASES AND DISCHARGES AGENT AND THE LENDERS AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SHAREHOLDERS, AFFILIATES AND ATTORNEYS (COLLECTIVELY THE "RELEASED PARTIES") FROM ANY AND ALL OBLIGATIONS, INDEBTEDNESS, LIABILITIES, CLAIMS, RIGHTS, CAUSES OF ACTION OR DEMANDS WHATSOEVER, WHETHER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, IN LAW OR EQUITY, WHICH THE BORROWER EVER HAD, NOW HAS, CLAIMS TO HAVE OR MAY HAVE AGAINST ANY RELEASED PARTY ARISING PRIOR TO THE DATE HEREOF.

ARTICLE V.

Miscellaneous

Section 5.1. Survival of Representations and Warranties. All representations and warranties made in this Amendment or any other Loan Document including any Loan Document furnished in connection with this Amendment shall survive the execution and delivery of this Amendment and the other Loan Documents, and no investigation by Agent or any Lender or any closing shall affect the representations and warranties or the right of Agent or any Lender to rely upon them.

Section 5.2. Reference to Agreement and Chase Bank of Texas, National Association. Each of the Loan Documents, including the Agreement and any and all other agreements, documents, or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Agreement as amended hereby, are hereby amended so that any reference in such Loan Documents to (i) the Agreement shall mean a reference to the Agreement as amended hereby and (ii) to Chase Bank of Texas, National Association shall mean a reference to The Chase Manhattan Bank (successor in interest by merger to Chase Bank of Texas, National Association).

Section 5.3. Expenses of Lender. As provided in the Agreement, Borrower agrees to pay on demand all costs and expenses incurred by Agent in connection with the preparation, negotiation, and execution of this Amendment and the other Loan Documents executed pursuant hereto, including without limitation, the costs and fees of Agent's legal counsel.

Section 5.4. Severability. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

Section 5.5. Applicable Law. This Amendment and all other Loan Documents executed pursuant hereto shall be governed by and construed in accordance with the laws of the State of Texas and the applicable laws of the United States of America.

Section 5.6. Successors and Assigns. This Amendment is binding upon and shall inure to the benefit of Agent, each Lender and Borrower and their respective successors and assigns, except Borrower may not assign or transfer any of its rights or obligations hereunder without the prior written consent of the Lenders.

Section 5.7. Counterparts. This Amendment may be executed in one or more counterparts and on telecopy counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same agreement.

Section 5.8. Effect of Waiver. No consent or waiver, express or implied, by Agent or any Lender to or for any breach of or deviation from any covenant, condition or duty by Borrower or any Guarantor shall be deemed a consent or waiver to or of any other breach of the same or any other covenant, condition or duty.

Section 5.9. Headings. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

Section 5.10. ENTIRE AGREEMENT. THIS AMENDMENT AND ALL OTHER INSTRUMENTS, DOCUMENTS AND AGREEMENTS EXECUTED AND DELIVERED IN CONNECTION WITH THIS AMENDMENT EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THIS AMENDMENT, AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

Executed as of the date first written above.

ACXIOM CORPORATION, as the Borrower

By: _____
Jerry C. Jones
Business Development/Legal Leader

THE CHASE MANHATTAN BANK (successor in interest by merger to Chase Bank of Texas, National Association), as Agent and a co-administrative agent, the Issuing Bank, the Swingline Lender and as a Lender

By: _____
Michael J. Lister
Vice President

BANK OF AMERICA, N.A., as syndication agent and as a Lender

By: _____
Name: _____
Title: _____

Firststar Bank, N.A. (formerly Mercantile Bank, N.A.), as a co-administrative agent and as a Lender

By: _____

Name: -----
Title: -----

THE BANK OF NOVA SCOTIA, as co-agent and as a Lender

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

BANK ONE, NA (Main Office - Chicago), as co-agent and as a Lender

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

SUNTRUST BANK (formerly Suntrust Bank, Nashville, N.A.), as co-agent and as a Lender

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

WACHOVIA BANK, N.A., as co-agent and as a Lender

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

ABN AMRO BANK N.V., as co-agent and as a Lender

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

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

BANK HAPOALIM

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

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

COMERICA BANK

By: -----
Name: -----

Title: -----

THE DAI-ICHI KANGYO BANK, LIMITED

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

REGIONS BANK

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

MIDFIRST BANK, a Federally Chartered Savings Association

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

Union Planters BANK, N.A.

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

Guarantor Consent

Each of the undersigned Guarantors: (i) consent and agree to this Amendment (including, without limitation, the provisions of Section 4.2 of this Amendment) and (ii) agree that the Loan Documents to which it is a party shall remain in full force and effect and shall continue to be the legal, valid and binding obligation of such Guarantor enforceable against it in accordance with their respective terms.

GUARANTORS:

Acxiom CDC, Inc.
Acxiom / May & Speh, Inc.
Acxiom RM-Tools, Inc.

By: -----
Jerry C. Jones,
Authorized Officer of all Guarantors

INDEX TO EXHIBITS AND SCHEDULES

EXHIBITS:

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SCHEDULES:

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EXHIBIT "A"
TO
ACXIOM CORPORATION
FIRST AMENDMENT TO CREDIT AGREEMENT

Subsidiary Joinder Agreement

SUBSIDIARY JOINDER AGREEMENT

This SUBSIDIARY JOINDER AGREEMENT (the "Agreement") dated as of August 14, 2001 is executed by the undersigned (the "Guarantors") for the benefit of THE CHASE MANHATTAN BANK (successor in interest by merger to Chase Bank of Texas, National Association), in its capacity as agent for the lenders party to the hereafter identified Credit Agreement (in such capacity herein, the "Agent") and for the benefit of such lenders in connection with that certain Credit Agreement among ACXIOM CORPORATION ("Borrower"), the lenders party thereto (the "Lenders"), CHASE BANK OF TEXAS, NATIONAL ASSOCIATION (now The Chase Manhattan Bank), as the agent for the Lenders (the "Agent") and as a co-administrative agent, MERCANTILE BANK, N.A. (now Firststar Bank, N.A.), as a co-administrative agent, and BANK OF AMERICA, N.A., as syndication (such Credit Agreement, as it has been amended and may hereafter be amended or otherwise modified from time to time, being hereinafter referred to as the "Credit Agreement", and capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Credit Agreement).

Each Guarantor is required to execute this Agreement pursuant to Sections 5.11 of the Credit Agreement.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Guarantor hereby agrees as follows:

1. Each Guarantor hereby assumes all the obligations of a "Guarantor" under the Subsidiary Guaranty and agrees that it is a "Guarantor" and bound as a "Guarantor" under the terms of the Subsidiary Guaranty as if it had been an original signatory thereto. In accordance with the forgoing and for valuable consideration, the receipt and adequacy of which are hereby acknowledged, each Guarantor irrevocably, unconditionally, jointly and severally, guarantees to the Agent and the Lenders the full and prompt payment and performance of the Guaranteed Indebtedness (as defined in the Subsidiary Guaranty) upon the terms and conditions set forth in the Subsidiary Guaranty.
2. This Agreement shall be deemed to be part of, and a modification to, the Subsidiary Guaranty and shall be governed by all the terms and provisions of the Subsidiary Guaranty, which terms are incorporated herein by reference, are ratified and confirmed and shall continue in full force and effect as valid and binding agreements of each Guarantor enforceable against each Guarantor. Each Guarantor hereby waives notice of Agent's, the Issuing Bank's or any Lender's acceptance of this Agreement.

IN WITNESS WHEREOF, each Guarantor has executed this Agreement as of the day and year first written above.

Debtor:

ACXIOM ASIA, LTD.
ACXIOM NJA, INC.
ACXIOM PROPERTY DEVELOPMENT, INC.
ACXIOM / PYRAMID INFORMATION SYSTEMS, INC.
ACXIOM RTC, INC.
ACXIOM SDC, INC.
ACXIOM TRANSPORTATION SERVICES, INC.

By:

Name:

Title:

