SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q/A

(Mark One)

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

For the quarterly period ended December 31, 1998 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	71-0581897
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
P.O. Box 2000, 301 Industrial Boulevard, Conway, Arkansas	72033-2000
(Address of Principal Executive Offices)	(Zip Code)

(501) 336-1000
(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 February 8, 1999 was 78,128,478.

Form 10-Q

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.

Form 10-Q

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

	December 31, 1998	March 31, 1998
Assets		
Current assets:		
Cash and cash equivalents	$ 3,208	115,510
Marketable securities	-	11,794
Trade accounts receivable, net	179,553	118,281
Refundable income taxes	13,619	7,670
Other current assets	46,171	34,615
Total current assets	242,551	287,870
Property and equipment	319,535	301,393
Less - Accumulated depreciation and amortization	116,841	115,709
Property and equipment, net	202,694	185,684
Software, net of accumulated amortization	41,866	38,673
Excess of cost over fair value of net assets acquired	91,528	73,851
Other assets	165,689	87,072
	$ 744,328	673,150
Liabilities and Stockholders' Equity		
Current liabilities:		
Current installments of long-term debt	13,350	10,466
Trade accounts payable	27,990	21,946
Accrued payroll and related expenses	9,075	18,293
Accrued merger and integration costs	34,881	-
Other accrued expenses	20,753	20,846
Deferred revenue	4,373	11,197
Total current liabilities	110,422	82,748
Long-term debt, excluding current installments	312,582	254,240
Deferred income taxes	34,966	34,968
Stockholders' equity:		
Common stock	7,861	7,405
Additional paid-in capital	139,701	121,130
Retained earnings	139,901	175,946
Foreign currency translation adjustment	901	676
Unearned ESOP compensation	-	(1,782)
Treasury stock, at cost	(2,006)	(2,181)
Total stockholders' equity	286,358	301,194
Commitments and contingencies	$ 744,328	673,150

See accompanying notes to condensed consolidated financial statements.

Form 10-Q

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

	For the Three Months Ended December 31	
	1998	1997
Revenue	$ 187,912	147,042
Operating costs and expenses:		
Salaries and benefits	64,784	54,332
Computer, communications and other equipment	29,352	22,173
Data costs	25,124	21,741
Other operating costs and expenses	33,688	23,929
Special charges	9,375	4,700
Total operating costs and expenses	162,323	126,875
Income from operations	25,589	20,167
Other income (expense):		
Interest expense	(4,518)	(2,016)
Other, net	860	834
	(3,658)	(1,182)
Earnings before income taxes	21,931	18,985
Income taxes	8,172	7,124
Net earnings	$ 13,759	11,861
Earnings per share:		
Basic	$ 0.18	0.16
Diluted	$ 0.17	0.15

See accompanying notes to condensed consolidated financial statements.

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

	For the Nine Months Ended December 31 1998	1997
Revenue	$ 521,080	406,870
Operating costs and expenses:		
Salaries and benefits	194,970	149,909
Computer, communications and other equipment	81,901	64,801
Data costs	77,686	64,325
Other operating costs and expenses	86,170	67,905
Special charges	118,747	4,700
Total operating costs and expenses	559,474	351,640
Income (loss) from operations	(38,394)	55,230
Other income (expense):		
Interest expense	(12,917)	(6,445)
Other, net	5,717	3,263
	(7,200)	(3,182)
Earnings (loss) before income taxes	(45,594)	52,048
Income taxes	(9,549)	19,580
Net earnings (loss)	$ (36,045)	32,468
Earnings (loss) per share:		
Basic	$ (0.48)	0.45
Diluted	$ (0.48)	0.41

See accompanying notes to condensed consolidated financial statements.

Form 10-Q

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

(Dollars in thousands)

	For the Nine Months Ended December 31	
	1998	1997
Cash flows from operating activities:		
Net earnings (loss)	$ (36,045)	32,468
Non-cash operating activities:		
Depreciation and amortization	45,696	33,599
Gain on disposal of assets	(23)	(961)
Provision for returns and doubtful accounts	2,153	696
Deferred income taxes	-	4,727
ESOP principal payments	1,782	1,782
Non-cash component of special charges	92,062	-
Changes in operating assets and liabilities:		
Accounts receivable	(61,130)	(28,752)
Other assets	(22,936)	(26,615)
Accounts payable and other liabilities	(16,942)	10,642
Net cash provided (used) by operating activities	4,617	27,586
Cash flows from investing activities:		
Disposition of assets	693	27,898
Development of software	(20,379)	(11,271)
Capital expenditures	(87,290)	(59,797)
Purchases of marketable securities	-	(5,777
Sales of marketable securities	11,794	17,918
Investments in joint ventures	(10,607)	(4,942)
Net cash paid in acquisitions	(22,296)	(20,632)
Net cash used by investing activities	(128,085)	(56,603)
Cash flows from financing activities:		
Proceeds from debt	90,758	26,605
Payments of debt	(98,799)	(8,412)
Sale of common stock	19,202	6,731
Net cash provided by financing activities	11,161	24,924
Effect of exchange rate changes on cash	5	8
Net decrease in cash and cash equivalents	(112,302)	(4,085)
Cash and cash equivalents at beginning of period	115,510	9,695
Cash and cash equivalents at end of period	$ 3,208	5,610
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	$ 12,312	4,828
Income taxes	4,732	10,211

See accompanying notes to condensed consolidated financial statements.

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 16 of the Notes to Consolidated Financial Statements filed as a part of the Registrant's restated consolidated financial statements as a result of the Registrant's merger with May & Speh, Inc., as filed with the Securities and Exchange Commission on a Form 8-K dated February 8, 1999.

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

1. On September 17, 1998, the Company acquired all of the outstanding capital stock of May & Speh, Inc. ("May & Speh") by exchanging .80 shares of the Company's stock for each share of May & Speh stock. Accordingly, the Company exchanged 20,858,923 shares of its common stock for all of the outstanding shares of capital stock of May & Speh. Additionally, the Company assumed all of the currently outstanding options granted under May & Speh's stock option plans, with the result that 4,289,202 shares of the Company's common stock became subject to issuance upon exercise of such options. The Company also assumed May & Speh's convertible subordinated debt, which is now convertible into 5,783,000 shares of the Company's common stock. The acquisition was accounted for as a pooling-of-interests and, accordingly, the condensed consolidated financial statements have been restated as if the combining companies had been combined for all periods presented. Included in the statement of operations for the nine months ended December 31, 1998 are revenues of $66.6 million and earnings before income taxes of $15.1 million for May & Speh for the period from April 1, 1998 to September 17, 1998. For the nine months ended December 31, 1997, May & Speh had revenue of $75.9 million and earnings before income taxes of $12.2 million.

In the quarter ended September 30, 1998, the Company recorded special charges totaling $109.4 million related to merger and integration charges associated with the May & Speh merger and the write down of other impaired assets. During the quarter ended December 31, 1998, the Company recorded additional merger and integration charges of $9.4 million, for a total special charge during the nine-month period of $118.7 million. The charges consisted of approximately $10.7 million of transaction costs to be paid to investment bankers, accountants, and attorneys; $8.1 million in associate-related reserves, principally employment contract termination costs and severance costs; $48.5 million in contract termination costs; $11.5 million for the write down of software; $29.3 million for the write down of property and equipment; $7.8 million for the write down of goodwill and other assets; and $2.8 million in other write downs and accruals.

The transaction costs are fees which were incurred as a direct result of the merger transaction. The associate-related reserves include 1) payments to be made under a previously existing employment agreement with one terminated May & Speh executive in the amount of $3.5 million, 2) payments to be made under previously existing employment agreements with seven May & Speh executives who are remaining with Acxiom, but are entitled to payments totaling $3.6 million due to the termination of their employment agreements, and 3) involuntary termination benefits aggregating $1.0 million to seven May & Speh and Acxiom employees whose positions have been or will be eliminated. One of the seven positions, for which $0.7 million was accrued, was not related to the May & Speh merger, but related to an Acxiom associate whose position was eliminated as a result of the closure of Acxiom's New Jersey business location, which occurred during the second quarter. As of December 31, 1998, one of the seven associates has been terminated.

The contract termination costs are costs which have been incurred to terminate duplicative software contracts. The amounts recorded represent cash payments which Acxiom has made or will make to the software vendors to terminate existing May & Speh agreements.

For all other write downs and costs, Acxiom performed an analysis as required under Statement of Financial Accounting Standards No. 121 to determine whether and to what extent any assets were impaired as a result of the merger. The analysis included estimating expected future cash flows from each of the assets which were expected to be held and used by Acxiom. These expected cash flows were compared to the carrying amount of each asset to determine whether an impairment existed. If an impairment was indicated, the asset was written down to its fair value. Quoted market prices were used to estimate fair value when market prices were available. In cases where quoted prices were not available, Acxiom estimated fair value using internal valuation sources. In the case of assets to be disposed of, Acxiom compared the carrying value of the asset to its estimated fair value, and if an impairment was indicated, wrote the asset down to its estimated fair value.

Approximately $110.1 million of the charge was for duplicative assets or costs directly attributable to the May & Speh merger. The remaining $8.6 million related to other impaired assets which were impaired during the second quarter, primarily $5.7 million related to goodwill and shut-down costs associated with the closing of certain business locations in New Jersey, Malaysia, and the Netherlands, which occurred during the second quarter.

The following table shows the balances which were accrued as of September 30, 1998 and the changes in those balances during the quarter ended December 31, 1998 (dollars in thousands):

	September 30 1998	Additions	Payments	December 31 1998
Transaction costs	$ 9,163	-	8,938	225
Associate-related reserves	6,783	1,375	2,912	5,246
Contract termination costs	40,500	8,000	21,500	27,000
Other accruals	2,490	-	80	2,410
	$58,936	9,375	33,430	34,881

The Company expects that the remaining transaction costs will be paid in cash during the next three to six months. The associate-related reserves will be paid over the next three to nine months. The contract termination costs will be paid out over the next 15 months. The other accruals will be paid out over periods ranging up to five years.

Effective April 1, 1998, the Company purchased the outstanding stock of NormAdress, a French company located in Paris. NormAdress provides database and direct marketing services to its customers. The purchase price was 20 million French Francs (approximately $3.4 million) in cash and other additional cash consideration of which approximately $900,000 is guaranteed and the remainder is based on the future performance of NormAdress. The acquisition was accounted for as a purchase and, accordingly, the results of operations of NormAdress are included in the condensed consolidated statements of operations as of the purchase date. The purchase price exceeded the fair value of net assets acquired by approximately $4.1 million. The resulting excess of cost over net assets acquired is being amortized using the straight-line method over its estimated economic life of 20 years. The pro forma combined results of operations, assuming the acquisition occurred at the beginning of the periods presented, are not materially different from the historical results of operations reported.

Effective May 1, 1998, May & Speh acquired substantially all of the assets of SIGMA Marketing Group, Inc. ("Sigma"), a full-service database marketing company headquartered in Rochester, New York. Under the terms of the agreement, May & Speh paid $15 million at closing for substantially all of Sigma's assets, and will pay the former owners up to an additional $6 million, the substantial portion of which is contingent on certain operating objectives being met. Sigma's former owners were also issued warrants to acquire 276,800 shares of the Company's common stock at a price of $17.50 per share in connection with the transaction. Sigma's results of operations are included in the Company's consolidated results of operations beginning May 1, 1998. This acquisition was accounted for as a purchase. The excess of cost over net assets acquired of $20.2 million is being amortized using the straight-line method over 40 years. The pro forma effect of the acquisition is not material to the Company's results of operations for the periods reported.

On December 31, 1998, the Company entered into a definitive agreement to acquire Computer Graphics of Arizona, Inc. ("Computer Graphics") and all of its affiliated companies in a stock-for-stock merger. The merger is expected to be completed prior to the Company's fiscal year end, subject to the absence of any material adverse changes in Computer Graphics' business prior to closing and subject to the approval of the shareholders of Computer Graphics. Computer Graphics, a privately held enterprise headquartered in Phoenix, Arizona, is a computer service bureau principally serving financial services direct marketers. This merger is expected to be accounted for as a pooling-of-interests.

2. Included in other assets are unamortized outsourcing capital expenditure costs in the amount of $27.6 million and $25.0 million at December 31, 1998 and March 31, 1998, respectively. Noncurrent receivables from software license, data, and equipment sales are also included in other assets in the amount of $17.5 million and $20.3 million at December 31, 1998 and March 31, 1998, respectively. The current portion of such receivables is included in other current assets in the amount of $11.5 million and $9.5 million as of December 31, 1998 and March 31, 1998, respectively. Other assets also included $71.3 million and $10.3 million in enterprise systems software licenses at December 31, 1998 and March 31, 1998, respectively. Such licenses are amortized over the estimated useful life of the license.

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

	December 31, 1998	March 31, 1998
5.25% Convertible subordinated notes due 2003; convertible at the option of the holder into shares of common stock at a conversion price of $19.89 per share; redeemable at the option of the Company at any time after April 3, 2001	$115,000	115,000
Unsecured revolving credit agreement	50,572	36,445
6.92% Senior notes due March 30, 2007, payable in annual installments of $4,286 commencing March 30, 2001; interest is payable semi-annually	30,000	30,000
3.12% Convertible note, interest and principal due April 30, 1999; convertible at maturity into two million shares of common stock	25,000	25,000
Capital leases on land, buildings and equipment payable in monthly payments of $357 of principal and interest; remaining terms of from five to twenty years; interest rates at approximately 8%	21,706	22,818
8.5% Unsecured term loan; quarterly principal payments of $200 plus interest with the balance due in 2003	9,200	9,800
9.75% Senior notes, due May 1, 2000, payable in annual installments of $2,143 each May 1; interest is payable semi-annually	4,286	6,429
Enterprise software license liabilities payable over terms of from five to seven years; effective interest rates at approximately 6%	64,343	10,949
Other capital leases, debt and long-term liabilities	5,825	8,265
Total long-term debt	325,932	264,706
Less current installments	13,350	10,466
Long-term debt, excluding current installments	$312,582	254,240

The 3.12% convertible note, although due within the next year, continues to be classified as long-term debt because the Company intends to use available funding under the revolving credit agreement to refinance the note on a long-term basis in the event the holder of the note elects to receive cash at maturity. Currently, the Company expects the holder to convert the note into common stock, which would not require the Company to pay any cash at maturity.

The holder of the 8.5% term loan, which was made to May & Speh, has the right to demand payment due to a change in control. The lender has not exercised that right, and the Company presently intends to renegotiate the loan on a long-term basis. If the lender does demand repayment, the Company will pay off the loan with available funds from the unsecured revolving credit agreement. Therefore, the Company continues to classify the term loan as long-term.

Also as a result of the merger with May & Speh, the Company was required to offer to repurchase the 5.25% convertible subordinated notes at face value. To date, no holders have accepted the offer. The Company does not expect the holders to accept the offer, as the face value of the notes is less than the value of the shares into which they are convertible. Accordingly, these notes continue to be classified as long-term.

At December 31, 1998, due to the merger with May & Speh and the special charges booked during the year, the Company was in violation of certain restrictive covenants under the unsecured revolving credit agreement and the 9.75% senior notes. The violations of each of these agreements has been waived by the respective lenders. The violations occurred as a result of the net loss reported by the Company for the quarter ended September 30, 1998. Since these calculations are performed using the latest four quarters' income statements and cash flows, the violation has been waived through the June 30, 1999 quarter. After this date the violations will have been cured since the bulk of the special charges will no longer be included in the 12-month period of the applicable calculations.

In connection with the construction of the Company's new headquarters building and a new customer service facility in Little Rock, Arkansas, the Company has entered into 50/50 joint ventures with local real estate developers. In each case, the Company is guaranteeing portions of the construction loans for the buildings. The aggregate amount of the guarantees at December 31, 1998 was $6.0 million. The total cost of the two building projects is expected to be approximately $19.5 million.

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

	For the Quarter Ended		For the Nine Months Ended	
	December 31 1998	December 31 1997	December 31 1998	December 31 1997
Basic earnings (loss) per share:				
Numerator - net earnings (loss)	$13,759	11,861	(36,045)	32,468
Denominator (weighted average shares outstanding)	77,692	72,300	75,230	72,042
Earnings (loss) per share	$ .18	.16	(.48)	.45
Diluted earnings (loss) per share:				
Numerator:				
Net earnings (loss)	$13,759	11,861	(36,045)	32,468
Interest expense on convertible debt (net of tax effect)	1,083	111	-	334
	$14,842	11,972	(36,045)	32,802
Denominator:				
Weighted average shares out-standing	77,692	72,300	75,230	72,042
Effect of common stock options and warrants	4,451	6,740	-	6,618
Convertible debt	7,783	2,000	-	2,000
	89,926	81,040	75,230	80,660
Earnings (loss) per share	$.17	.15	(.48)	.41

All potentially dilutive securities were excluded from the above calculations for the nine months ended December 31, 1998 because they were antidilutive in accordance with Statement of Financial Accounting Standards No. 128. The effects of common stock options and warrants which were excluded were 6,110,000. Potentially dilutive shares related to the convertible debt which were excluded were 7,783,000. Also, interest expense on the convertible debt (net of income tax effect) excluded in computing diluted earnings (loss) per share for the nine months was $3,208,000.

Options to purchase shares of common stock that were outstanding during the other periods reported, but were not included in the computation of diluted earnings per share because the option exercise price was greater than the average market price of the common shares, are shown below:

	For the Quarter Ended		For the Nine Months Ended
	December 31	December 31	December 31
	1998	1997	1997
Number of shares under option (in thousands)	1,378	1,824	1,716
Range of exercise prices	\$24.81 - \$54.00	\$17.03 - \$35.92	\$15.70 - \$35.92

5. Trade accounts receivable are presented net of allowances for doubtful accounts, returns, and credits of \$4.8 million and \$3.6 million at December 31, 1998 and March 31, 1998, respectively.

6. The Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," as of April 1, 1998. Statement No. 130 establishes standards for reporting and displaying comprehensive income and its components in a financial statement that is displayed with the same prominence as other financial statements. Statement No. 130 also requires the accumulated balance of other comprehensive income to be displayed separately in the equity section of the consolidated balance sheet. The accumulated balance of other comprehensive income, which consists solely of foreign currency translation adjustment, as of December 31, 1998 and March 31, 1998, was \$0.9 million and \$0.7 million, respectively. The adoption of this statement had no impact on operations or stockholders' equity. Comprehensive income was \$13.3 million for the quarter ended December 31, 1998 and was \$12.4 million for the quarter ended December 31, 1997. Comprehensive loss was \$35.8 million for the nine months ended December 31, 1998 and comprehensive income was \$32.8 million for the nine months ended December 31, 1997.

Form 10-Q

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

On May 26, 1998, the Company entered into a merger agreement with May & Speh, Inc. ("May & Speh"). May & Speh, headquartered in Downers Grove, Illinois, provides computer-based information management services with a focus on direct marketing and information technology outsourcing services. The merger, which was completed September 17, 1998, has been accounted for as a pooling-of-interests. Accordingly, the condensed consolidated financial statements have been restated as if the combining companies had been combined for all periods presented. See note 1 to the condensed consolidated financial statements for a more detailed discussion of the merger transaction.

Results of Operations

Consolidated revenue was a record $187.9 million for the quarter ended December 31, 1998, a 28% increase over the same quarter a year ago. For the nine months ended December 31, 1998, revenue was $521.1 million, an increase of 28% over revenue of $406.9 million for the same period a year ago.

The following table shows the Company's revenue by operating division for the quarters ended December 31, 1998 and 1997 (dollars in millions):

	1998	1997	% Change
Services	$51.5	$38.1	+35%
Alliances	49.7	39.3	+26
Data Products (direct view)	33.1	33.5	- 1
May & Speh	43.0	26.4	+63
International	10.6	9.7	+ 9
	$187.9	$147.0	+28%
Data Products (product view)	$45.7	$40.2	+14%

Services Division revenue of $51.5 million for the quarter reflects a 35% increase over the prior year. Revenue related to the Allstate Insurance Company ("Allstate") contract grew 14%. Other Services Division business units reporting good growth included retail, up 54%; Citicorp, up 44%; pharmaceutical, up 49%; publishing, up 11%; the technology business unit, which more than doubled; and the telecommunications business unit, which nearly quadrupled. These increases were partially offset, however, by the insurance business unit which was flat compared to the prior year and utilities, which reported lower revenues than the prior year.

Alliances Division revenue of $49.7 million increased 26% over the same quarter a year ago. The Financial Services group continued to show strong results, with revenue up 43% over the prior year. Also, revenue from the Trans Union Corporation ("Trans Union") business units grew 20% and the other Alliances

Division business units grew 13%, including the Polk business unit which grew 23% combined with flat revenue from the strategic alliances business unit.

Data Products Division revenue of $33.1 million was essentially flat compared to last year. Within the Data Products Division, the Acxiom Data Group (InfoBase) grew 40% while Direct Media reported a modest 3% gain over the prior year and DataQuick fell 13%. Direct Media, which operates in a more mature industry, was also comparing against strong results in the year ago quarter. DataQuick results in the prior year benefited from a license of their data to the Polk Company. It should also be noted that the discussion above presents the Data Products Division on a direct view, that is, their results from direct sales channels. Not included are data sales made to customers of the Services and Alliances Divisions whose data sales are reported in those divisions. Combining these sales with the direct sales channels (or the "product view") reflects the primary way the Data Products Division is measured internally. On the product view, the Data Products Division reported revenues of $45.7 million reflecting a 14% increase over the prior year.

The May & Speh Division reported $43.0 million revenue for the quarter reflecting a 63% increase over the same quarter a year ago. May & Speh's outsourcing business more than doubled while direct marketing services grew 17% over the prior year. The increase in outsourcing includes the impact of the recently signed outsourcing contract with Waste Management, Inc.

The International Division revenue of $10.6 million grew 9% over the year-earlier period reflecting 41% growth in data warehouse and list processing services, partly offset by a 31% decline in fulfillment services. The decline in fulfillment services is primarily due to a significant project in the prior year that did not recur in the current year.

For the nine months ended December 31, 1998, Services Division revenue was up 33% versus the prior year, Alliances Division was up 29%, Data Products Division was up 11%, May & Speh was up 44%, and the International Division was up 21%. In general, the discussion above related to the third quarter is also relevant to the increases for the nine months.

Salaries and benefits for the quarter grew $10.5 million or 19% over the prior year's third quarter, primarily as a result of normal merit increases and increased headcount to support growth, including the hiring of approximately 75 new associates under the new Waste Management, Inc. outsourcing contract. For the nine months ended December 31, 1998, salaries and benefits increased 30%, which also reflects merit increases and increased headcount, but also includes increases of $4.5 million due to acquisitions, primarily Buckley Dement and Sigma. Computer, communications and other equipment costs rose $7.2 million or 32% higher than the third quarter in the prior year, reflecting higher software costs and the impact of capital expenditures. For the nine months, computer, communications and other equipment costs were up 26% for the same reasons. Data costs grew $3.4 million or 16% over the prior year reflecting the growth in data revenue. This growth, combined with the impact of migrating to fixed cost data provider contracts, higher compilation costs at DataQuick due to the high level of refinancings, and costs associated with incremental sources of data, caused data costs for the nine months to increase 21%. Other operating costs and expenses grew $9.8 million or 41% from the year-earlier quarter, reflecting higher costs due to the higher revenue along with increases in advertising, goodwill amortization, consulting, and facilities costs. For the nine months ended December 31, 1998 the increase in other operating costs and expenses was 27%, which is in line with the increase in revenue.

The Company's operating expenses for the quarter included an additional $9.4 million for special charges, which are merger and integration charges associated with the May & Speh merger and the write down of other impaired assets. Together with the special charges recorded in the second quarter, the total special charges for the nine-month period totaled $118.7 million. The charges consisted of approximately $10.7 million of transaction costs, $8.1 million in associate-related reserves, $48.5 million in contract termination costs, $11.5 million for the write down of software, $29.3 million for the write down of property and equipment, $7.8 million for the write down of goodwill and other assets, and $2.8 million in other accruals. See note 1 to the condensed consolidated financial statements for further information about the special charges. In the third quarter last year, May & Speh recorded a $4.7 million special charge primarily for severance costs.

Income from operations for the quarter was $25.6 million, an increase of 27% from the comparable period a year ago. Excluding the impact of the special charges, income from operations would have been $35.0 million for the current quarter, compared to $24.9 million in the prior year, an increase of 41%. For the nine months ended December 31, 1998, the Company recorded a loss from operations of $38.4 million compared to income from operations of $55.2 million in the prior year. Again excluding the impact of the special charges, operating income would have been $80.4 million for the nine months, an increase of 34% compared to the previous year's total of $59.9 million.

Interest expense increased by $2.5 million compared to the previous year's third quarter as a result of higher average debt levels. Approximately $1.5 million of the increase is due to the issuance of the 5.25% convertible debt, which was issued by May & Speh in March 1998. For the nine months, interest expense was up $6.5 million for the same reasons. Other income and expense for both the quarter and nine months consists primarily of interest income from long-term receivables related to customer contracts and investment income earned by May & Speh on cash balances and marketable securities prior to the merger.

The Company's effective tax rate, before special charges, was 37.2% for the quarter and 37.3% for the nine-month period, compared to 37.4% and 37.6% for the respective periods in the prior year. Portions of the special charges may not be deductible for tax purposes and therefore the tax benefit recorded on the special charges was only 31.0%. Combining both the normal tax accrual with the estimated tax benefit of the special charges results in a 37.3% tax rate for the third quarter and a 20.9% rate for the nine months ended December 31, 1998. The Company continues to expect the normal rate for fiscal 1999 to remain in the 37-39% range. This estimate is based on current tax law and current estimates of earnings, and is subject to change.

The Company recorded net earnings of $13.8 million for the quarter and a net loss of $36.0 million for the nine months, compared to net earnings of $11.9 million for the quarter and $32.5 million for the nine months in the previous year. Earnings per share for the quarter on a basic and diluted basis were $.18 and $.17, respectively. For the nine months, loss per share on both a basic and diluted basis was $.48. Excluding the impact of the special charges, earnings per share would have been $.25 basic and $.23 diluted for the quarter and $.61 basic and $.55 diluted for the nine-month period.

Capital Resources and Liquidity

Working capital at December 31, 1998 totaled $132.1 million compared to $205.1 million at March 31, 1998. The balance at March 31, 1998 included $98.0 million in cash and cash equivalents at May & Speh as a result of the issuance of the $115 million convertible debt. Since the merger, the Company has used available cash to pay down debt. At December 31, 1998, the Company had available credit lines of $126.5 million of which $50.6 million was outstanding. The Company's debt-to-capital ratio (capital defined as long-term debt plus stockholders' equity) was 52% at December 31, 1998, compared to 46% at March 31, 1998. Included in the debt component of this calculation is $140 million of convertible debt which, if considered equity for the purposes of this calculation, would reflect a 29% debt-to-capital ratio at December 31, 1998.

Cash provided by operating activities was $4.6 million for the nine months ended December 31, 1998 compared to cash provided by operating activities of $27.6 million in the same period in the previous year. Earnings before interest, taxes, depreciation, and amortization ("EBITDA"), excluding the impact of the special charges recorded in the current year, increased by 36% compared to a year ago. The resulting operating cash flow was reduced by $101.0 million in the current year and $44.7 million in the previous year due to the net change in operating assets and liabilities, including significant increases in accounts receivable for each year. The Company is taking steps to emphasize collections of accounts receivable, to mitigate any additional cash flow effects of future increases. EBITDA is not intended to represent cash flows for the period, is not presented as an alternative to operating income as an indicator of operating performance, may not be comparable to other similarly titled measures of other companies, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles. However, EBITDA is a relevant measure of the Company's operations and cash flows and is used internally as a surrogate measure of cash provided by operating activities.

Investing activities used $128.1 million in the nine months ended December 31, 1998 compared to $56.6 million in the year-earlier period. Investing activities in the current period included $87.3 million in capital expenditures, compared to $59.8 million in the previous year, and $20.4 million in software development, compared to $11.3 million in the previous year. The Company expects additional capital expenditures to total approximately $20 to $25 million in the fourth quarter. Investing activities also included $22.3 million paid in the acquisitions of NormAdress, Sigma, and additional earn-out payments made for acquisitions recorded in previous years. The acquisitions of NormAdress and Sigma are discussed more fully in note 1 to the condensed consolidated financial statements. Investing activities also included $10.6 million invested in joint ventures, including $4.0 million of additional investment in Bigfoot International, Inc., an emerging technology company that provides services and tools for internet e-mail users, and $3.3 million invested in Ceres Integrated Solutions, a provider of software and analytical services to large retailers. Investing activities in the current year also include the proceeds of sales of marketable securities, which were owned by May & Speh prior to the merger with the Company.

Financing activities in the current period provided $11.2 million. Financing activities included $19.2 million in sales of stock, including $12.2 million received from Trans Union for the purchase of 4 million shares of stock under a warrant which was issued to Trans Union in 1992 in conjunction with the data center management agreement between Trans Union and the Company. The remaining financing activities consisted of net repayments of debt.

Construction is continuing on the Company's new headquarters building and a new customer service facility in Little Rock, Arkansas. Both of these buildings are scheduled to be completed and occupied before the end of fiscal 1999. Each building is being built pursuant to a 50/50 joint venture between the Company and local real estate developers. The total cost of the headquarters and customer service projects is expected to be approximately $7.5 million and $12.0 million, respectively.

On January 4, 1999 the Company announced the acquisition of three database marketing units from Deluxe Corporation. The purchase price was $18 million in cash with an additional $5.6 million to be paid April 1, 1999. The units are expected to add over $20 million in annual revenue and to have little impact on earnings in the current fiscal year.

While the Company does not have any other material contractual commitments for capital expenditures, additional investments in facilities and computer equipment continue to be necessary to support the growth of the business. In addition, new outsourcing or facilities management contracts frequently require substantial up-front capital expenditures in order to acquire or replace existing assets. In some cases, the Company also sells software, hardware, and data to customers under extended payment terms or notes receivable collectible over one to eight years. These arrangements also require up-front expenditures of cash, which are repaid over the life of the agreement. Management believes that the combination of existing working capital, anticipated funds to be generated from future operations, and the Company's available credit lines is sufficient to meet the Company's current operating needs as well as to fund the anticipated levels of expenditures. If additional funds are required, the Company would use existing credit lines to generate cash, followed by either additional borrowings to be secured by the Company's assets or the issuance of additional equity securities in either public or private offerings. Management believes that the Company has significant unused capacity to raise capital which could be used to support future growth.

Year 2000

Many computer systems ("IT systems") and equipment and instruments with embedded microprocessors ("non-IT systems") were designed to only recognize the last two digits of a calendar year. With the arrival of the Year 2000, these systems and microprocessors may encounter operating problems due to their inability to distinguish years after 1999 from years preceding 1999. This could manifest in a system failure or miscalculations causing disruption of operations, including, among other things, a temporary inability to process or transmit data, or engage in normal business activities. As a result, the Company remains engaged in an extensive project to remediate or replace its date-sensitive IT systems and non-IT systems.

The following discussion of the implications of the Year 2000 issue for the Company contains numerous forward-looking statements based on inherently uncertain information. The information presented is based on the Company's best estimates, which were derived utilizing a number of assumptions of future events, including the continued availability of internal and external resources, third party modifications, and other factors. However, there can be no guarantee that these estimates will be achieved and actual results could differ. Although the Company believes it is able to make the necessary modifications in advance, there can be no guarantee that failure to correctly modify the systems would not have a material adverse effect on the Company.

Since 1996 the Company has been engaged in an enterprise-wide effort ("the Project") to address the risks associated with the Year 2000 problem, both internal and external. Under the Project, the Company has established a project office comprised of representatives from each of the operating divisions of the Company. A Company readiness champion and project leader are responsible for the readiness process which includes deliverables such as plans, reviews, and appropriate sign-offs by the appropriate business unit leaders and the Company's Year 2000 leadership. The Project also includes the dissemination of internal communications and status reports on a regular basis to senior leadership.

The Company believes that it has identified and evaluated its internal Year 2000 issues and that sufficient resources are being devoted to renovating IT systems and non-IT systems that are not already "Year 2000 ready." The Company set an internal deadline of December 31, 1998 to achieve Year 2000 readiness status, with any residual activity to conclude before March 31, 1999. This timetable was developed to allow the Company to focus on additional testing efforts and integration of the Year 2000 programs of recent acquisitions during the remainder of 1999. Overall, the Company substantially met this internal deadline, with remaining exceptions to be completed by March, 31, 1999. Such exceptions include recent mergers and acquisitions, as well as customer and vendor driven dependencies.

The Project involves four phases: (1) planning; (2) remediation; (3) testing; and (4) certification. The planning phase involves developing a detailed inventory of applications and systems, identifying the scope of necessary remediation to each application or system, and establishing a conversion schedule. During the remediation phase, source codes are actually converted, date fields are expanded or windowed, and the remediated system is tested to ensure it is functionally the same as the existing production version. In the testing phase, test data is prepared and the application is tested using a variety of Year 2000 scenarios. The certification phase validates that a system can run successfully in a Year 2000 environment and appropriate internal sign-offs have been obtained.

The following chart indicates the estimated state of completion, as well as the planned date of completion of each phase of the project. It is important to note that each project must complete the previous phase before moving to the next phase.

	Current January 1999	Planned December 1998	Planned December 1999
Planning	99%	100%	100%
Remediation	93%	90%	100%
Testing	82%	80%	100%
Certification	79%	75%	100%

With regard to the Company's operational platforms (hardware, operating systems and vendor software) in the Company's primary data center located at the headquarters location, mainframes and servers are both currently 95%Year 2000 ready.

The financial impact of the Year 2000 Project to the Company has not been, and is not expected to be, material to its financial position or results of operations in any given fiscal year. The costs to date associated with the Year 2000 effort primarily represent a reallocation of existing Company resources. Because of the range of possible issues and the large number of variables involved (including the Year 2000 readiness of any entities acquired by the Company), it is impossible to accurately quantify the potential cost of problems if the Company's remediation efforts or the efforts of those with whom it does business are not successful. Such costs and any failure of such remediation efforts could result in a loss of business, damage to the Company's reputation, and legal liability.

The Company currently believes that with modifications to existing software and conversions to new software, the Year 2000 issues can be mitigated. But the systems of vendors on which the Company's systems rely may not be converted in a timely fashion, or a vendor or customer may fail to convert its software or may implement a conversion that is incompatible with the Company's systems, which could have a material adverse impact on the Company.

In order to assess the readiness status of the Company's vendors, the Company has contacted each vendor, via written and/or telephone inquiries, regarding its Year 2000 status and has set up an internal database of this information. The Company is in the process of obtaining written commitments from each vendor that the products supplied to the Company are or will be (by a date certain) Year 2000 ready. As of February 1, 1999, the Company had received responses to 83% of its inquiries. The Company is also relying on representations made or contained in its vendors' web sites. In addition, the Company has identified and is communicating with customers to determine if such customers have an effective plan in place to address their Year 2000 issues, and to determine the extent of the Company's vulnerability to the failure of such customers to remediate their own Year 2000 issues.

The Company believes that the most likely risks of serious Year 2000 business disruptions are external in nature, such as disruptions in telecommunications, electric, or transportation services. In addition, the Company places a high degree of reliance on computer systems of third parties, such as customers and computer hardware and software suppliers. Although the Company is assessing the readiness of these third parties and preparing contingency plans, there can be no guarantee that the failure of these third parties to modify their systems in advance of December 31, 1999 would not have a material adverse effect on the Company. Of all the external risks, the Company believes the most reasonably likely worst case scenario would be a business disruption resulting from an extended and/or extensive communications failure.

In an effort to reduce the risks associated with the Year 2000 problem, the Company has established and is currently continuing to develop Year 2000 contingency plans that build upon existing disaster recovery and contingency plans. Examples of the Company's existing contingency plans include alternative power supplies and communication lines. Contingency planning for possible Year 2000 disruptions will continue to be defined, improved and implemented.

Notwithstanding any contingency plan of the Company, the failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures could materially and adversely affect the Company's results of operations, liquidity and financial condition. Due to the general uncertainty inherent in the Year 2000 problem, resulting in part from the uncertainty of the Year 2000 readiness of third party vendors and customers, the Company is unable to determine at this time whether the consequences of Year 2000 failures will have a material impact on the Company's results of operations, liquidity or financial condition. The Project is expected to significantly reduce the Company's level of uncertainty about the Year 2000 problem and, in particular, about the Year 2000 compliance and readiness of its material third party vendors and customers. The Company believes that the continued implementation of the Project will reduce the possibility of significant interruptions to the Company's normal business operations.

Other Information

The Company has had a long-term contractual relationship with Allstate. The initial contract had a five-year term beginning in September, 1992. The contract is automatically renewed for one-year periods if no cancellation notice is given six months prior to an anniversary date, after the five-year term. The contract currently extends until September, 1999. The Company is currently in negotiations with Allstate to further extend the relationship and provide for an additional five-year contract with a five-year renewal option.

Certain statements in this quarterly report may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which are not statements of historical fact, may contain estimates, assumptions, projections and/or expectations regarding the Company's financial position, results of operations, market position, product development, regulatory matters, growth opportunities and growth rates, acquisition and divestiture opportunities, and other similar forecasts and statements of expectation. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," and "should," and variations of these words and similar expressions, are intended to identify these forward-looking statements. Such forward-looking statements are not guarantees of future performance. They involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Representative examples of such factors are discussed in more detail in the Company's Annual Report on Form 10-K and include, among other things, the possible adoption of legislation or industry regulation concerning certain aspects of the Company's business; the removal of data sources and/or marketing lists from the Company; the ability of the Company to retain customers who are not under long-term contracts with the Company; technology challenges; Year 2000 issues; the risk of damage to the Company's data centers or interruptions in the Company's telecommunications links; acquisition integration; the effects of postal rate increases; and other market factors. See "Additional Information Regarding Forward-looking Statements" in the Company's Annual Report on Form 10-K.

ACXIOM CORPORATION
PART II - OTHER INFORMATION

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

(a) Exhibits:

27 Financial Data Schedule

(b) Reports on Forms 8-K.

A report was filed on February 8, 1999, which reported the Registrant's restated consolidated financial statements as a result of the Registrant's merger with May & Speh, Inc.

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: May 17, 1999

By: /s/ Robert S. Bloom

(Signature)
Robert S. Bloom
Chief Financial Officer
(Chief Accounting Officer)

EXHIBIT INDEX

Exhibits to Form 10-Q

Exhibit Number	Exhibit
27	Financial Data Schedule

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF EARNINGS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

9-MOS
MAR-31-1999
DEC-31-1998
3,208
0
179,553
4,800
0
242,551
319,535
116,841
744,328
110,422
312,582
0
0
7,861
278,497
744,328
0
521,080
0
559,474
(5,717)
0
12,917
(45,594)
(9,549)
(36,045)
0
0
0
(36,045)
(.48)
(.48)

THE FOLLOWING IS A RESTATED FINANCIAL DATA SCHEDULE AS A RESULT OF THE POOLING OF INTERESTS WITH MAY & SPEH.

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF EARNINGS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

9-MOS
MAR-31-1998
DEC-31-1997
5,613
12,896
119,942
3,937
0
168,378
284,127
106,216
518,003
67,849
140,424
0
0
7,393
271,829
518,003
0
406,870
0
351,640
(3,263)
0
6,445
52,048
19,580
32,468
0
0
0
32,468
.45
.41