Exhibit 10(m)

MASTER LEASE AGREEMENT

Dated as of September 30, 1999

Between

GENERAL ELECTRIC CAPITAL CORPORATION,
FOR ITSELF AND AS AGENT FOR CERTAIN PARTICIPANTS,

Lessor

and

ACXIOM CORPORATION,

Lessee

MASTER LEASE AGREEMENT

THIS MASTER LEASE AGREEMENT ("Agreement") is made as of the 30 day of September, 1999, between GENERAL ELECTRIC CAPITAL CORPORATION, FOR ITSELF AND AS AGENT FOR CERTAIN PARTICIPANTS, with an office at 4 North Park Drive, Suite 500, Hunt Valley, Maryland 21030 (hereinafter called, together with its successors and assigns, if any, "Lessor"), and ACXIOM CORPORATION, a Delaware corporation with its mailing address and chief place of business at 1 Information Way, Little Rock, Arkansas 72203 (hereinafter called "Lessee").

WITNESSETH:

1. LEASING:

(a) This Agreement shall be effective from and after the date of execution hereof. Subject to the terms and conditions set forth below, Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, the equipment ("Equipment") described in Annex A to any schedule hereto ("Schedule"). Terms defined or specified in a Schedule and not otherwise defined herein shall have the meanings ascribed to them in such Schedule.

(b) The obligation of Lessor to purchase Equipment from the manufacturer or supplier thereof ("Supplier') or the Lessee in the case of a sale/leaseback transaction, and to lease the same to Lessee under any Schedule shall be subject to receipt by Lessor, on or prior to the earlier of the Lease Commencement Date or Last Delivery Date thereof (with respect to such Equipment), of each of the following documents in form and substance satisfactory to Lessor: (i) a Schedule relating to the Equipment then to be leased hereunder, (ii) a Bill of Sale, in the form of Annex B-1 to the applicable Schedule, in favor of Lessor, or a Purchase Order Assignment and Consent in the form of Annex B-2 to the applicable Schedule, unless Lessor shall have delivered its purchase order for such Equipment, (iii) evidence of insurance which complies with the requirements of Section 6, and (iv) such opinions, certificates and other documents as Lessor may reasonably request. As a further condition to such obligations of Lessor, Lessee shall, simultaneously with the execution of the Bill of Sale or upon delivery of such Equipment (but not later than the Last Delivery Date specified in the applicable Schedule) execute and deliver to Lessor a Certificate of Acceptance (in the form of Annex C to the applicable Schedule) covering such Equipment. Lessor hereby appoints Lessee its agent for inspection and acceptance of the Equipment from the Supplier. Upon execution by Lessee of any Certificate of Acceptance, the Equipment described thereon shall be deemed to have been delivered to, and irrevocably accepted by, Lessee for lease hereunder.

(c) LESSEE ACKNOWLEDGES THAT IT HAS SELECTED THE EQUIPMENT WITHOUT ANY ASSISTANCE FROM LESSOR, ITS AGENTS OR EMPLOYEES. LESSOR DOES NOT MAKE, HAS NOT MADE, NOR SHALL BE DEEMED TO MAKE OR HAVE MADE, ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, WITH RESPECT TO THE EQUIPMENT LEASED HEREUNDER OR ANY COMPONENT THEREOF, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY AS TO DESIGN, COMPLIANCE WITH SPECFICATIONS, QUALITY OF MATERIALS OR WORKMANSHIP, MERCHANT ABILITY, FITNESS FOR ANY PURPOSE, USE OR OPERATION, SAFETY, PATENT, TRADEMARK OR COPYRIGHT INFRINGEMENT, OR TITLE. All such risks, as between Lessor and Lessee, are to be borne by Lessee. Without limiting the foregoing, Lessor shall have no responsibility or liability to Lessee or any other person with respect to any of the following (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Equipment, any inadequacy thereof, any deficiency or defect (latent or otherwise) therein, or any other circumstance in connection therewith; (ii) the use, operation or performance of any Equipment or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Equipment. If, and so long as, no Default (as hereinafter defined) exists under this Agreement, Lessee shall be, and hereby is, authorized during the Term (as hereinafter defined) to assert

and enforce, at Lessee's sole cost and expense, from time to time, in the name of and for the account of Lessor and/or Lessee, as their interests may appear, whatever claims and rights Lessor may have against any Supplier of the Equipment and Lessor agrees to take such action as may be necessary to assign any and all express or implied warranties with respect to the Equipment to Lessee for this purpose, to the extent reasonably requested, and at Lessee's sole cost and expense.

2. TERM, RENT AND PAYMENT:

(a) The rent payable hereunder (the "Rent") and Lessee's right to use the Equipment shall commence on the date of execution by Lessee of the Certificate of Acceptance for such Equipment (the "Lease Commencement Date"). The term of this Agreement (the "Term") shall be the period specified in the applicable Schedule. If any Term is extended or renewed, the word "Term" shall be deemed to refer to all extended or renewed terms, and all provisions of this Agreement shall apply during any extended or renewed terms, except as otherwise may be specifically provided in writing.

(b) Rent shall be paid to Lessor by wire transfer of immediately available funds to: Bankers Trust New York, New York, New York 10006, Account No.50-260-660, ABA No.021-001-033, or to such other account as Lessor may direct in writing; and shall be effective upon receipt. Payments of Rent shall be in the amount set forth in, and due in accordance with, the provisions of the applicable Schedule. In no event shall any Rent payments be refunded to Lessee. If Rent is not paid within ten (10) days of its due date, Lessee agrees to pay a late charge of Five Cents ($0.05) per dollar on, and in addition to, the amount of such Rent but not exceeding the lawful maximum, if any.

(c) This Agreement is a net lease. Lessee's obligation to pay Rent and other amounts due hereunder shall be absolute and unconditional. Lessee shall not be entitled to any abatement or reductions of, or set-offs against, said Rent or other amounts, including, without limitation, those arising or allegedly arising out of claims (present or future, alleged or actual, and including claims arising out of strict liability in tort or negligence of Lessor) of Lessee against Lessor under this Agreement or otherwise. This Agreement shall not terminate and the obligations of Lessee shall not be affected by reason of any defect in or damage to, or loss of possession, use or destruction of, any Equipment from whatsoever cause. It is the intention of the parties that Rents and other amounts due hereunder shall continue to be payable in all events in the manner and at the times set forth herein unless the obligation to do so shall have been terminated pursuant to the express terms hereof.

3. TAXES:

Lessee shall have no liability for taxes imposed by the United States of America or any State or political subdivision thereof which are on or measured by the net income of Lessor. Lessee shall report (to the extent that it is legally permissible) and pay promptly all other taxes, fees and assessments due, imposed, assessed or levied against any Equipment (or the purchase, ownership, delivery, leasing, possession, use or operation thereof), this Agreement (or any rentals or receipts hereunder), any Schedule, Lessor or Lessee by any foreign, Federal, state or local government or taxing authority during or related to the term of this Agreement, including, without limitation, all license and registration fees, and all sales, use, personal property, excise, gross receipts, franchise, stamp or other taxes, imposts, duties and charges, together with any penalties, fines or interest thereon (all hereinafter called "Taxes"). Lessee shall (i) (on an after-tax basis) reimburse Lessor upon receipt of written request for reimbursement for any Taxes charged to or assessed against Lessor, (ii) on request of Lessor, submit to Lessor written evidence of Lessee's payment of Taxes, (iii) on all reports or returns show the ownership of the Equipment by Lessee, and (iv) send a copy thereof to Lessor. Lessor agrees to cooperate in good faith with Lessee in asserting any claims for refunds with respect to Taxes paid by Lessee in good faith. To the extent Lessor receives any Tax refunds or reimbursements for overpayments, in good and indefeasible funds, Lessor shall promptly reimburse Lessee for such amounts.

4. DELIVERY, USE AND OPERATION.

(a) The parties acknowledge that a portion of this transaction is a sale/leaseback transaction and a portion of the Equipment is in Lessee's possession as of the Lease Commencement Date. All other Equipment shall be shipped directly from the Supplier to Lessee.

(b) With respect to Equipment hereunder which is being sold by Lessee to Lessor pursuant to a sale-lease back transaction, Lessor agrees to pay Lessee by wire transfer of immediately available funds the Capitalized Lessor's Cost on a mutually agreed upon closing date, but subject, in any event, to Lessee's delivery of the documents and compliance with the requirements set forth in Section 1(a) hereof.

(c) Lessee agrees that the Equipment will be used by Lessee solely in the conduct of its business and in a manner complying with all applicable Federal, state, and local laws and regulations, and any applicable insurance policies, and Lessee shall not discontinue use of the Equipment.

(d) Lessee will keep the Equipment free and clear of all liens and encumbrances other than those which result from acts of Lessor.

5. MAINTENANCE:

(a) Lessee will, at its sole expense, maintain each unit of Equipment in good operating order, repair, condition and appearance in accordance with manufacturer's recommendations, normal wear and tear excepted. Lessee shall, if at any time reasonably requested by Lessor, affix in a prominent position on each unit of Equipment plates, tags or other identifying labels showing the interest therein of Lessor.

(b) Lessee will not, without the prior consent of Lessor, affix or install any accessory, equipment or device (excluding computer software) on any Equipment if such addition will materially impair the value, originally intended function or use of such Equipment. All additions, repairs, parts, supplies, accessories, equipment, and devices furnished, attached or affixed to any Equipment which are not readily removable shall be made only in compliance with applicable law, shall be free and clear of all liens, encumbrances or rights of others, and shall become the property of Lessor. Lessee will not, without the prior written consent of Lessor and subject to such conditions as Lessor may impose for its protection, affix or install any Equipment to or in any other personal or real property.

(c) Any alterations or modifications to the Equipment that may, at any time during the term of this Agreement, be required to comply with any applicable law, rule or regulation shall be made at the expense of Lessee.

6. INSURANCE:

Lessee agrees, at its own expense, to keep all Equipment insured for such amounts as specified in Paragraph D of the Equipment Schedule and against such hazards as Lessor may require, including, but not limited to, insurance for damage to or loss of such Equipment and liability coverage for personal injuries, death or property damage, with Lessor named as additional insured and with a loss payable clause in favor of Lessor, as its interest may appear, irrespective of any breach of warranty or other act or omission of Lessee. All such policies shall be with companies, and on terms, satisfactory to Lessor. Lessee agrees to deliver to Lessor evidence of insurance satisfactory to Lessor. No insurance shall be subject to any co-insurance clause. Lessee hereby appoints Lessor as Lessee's attorney-in-fact to make proof of loss and claim for insurance, and to make adjustments with insurers and to receive payment of and execute or endorse all documents, checks or drafts in connection with payments made as a result of such insurance policies. Any expense of Lessor in adjusting or collecting insurance shall be borne by Lessee. Lessee will not make adjustments with insurers except (i) with respect to claims for damage to any unit of Equipment where the repair costs do not exceed ten (10%) of such unit's fair market value, or (ii) with Lessor's written consent. Said policies shall provide that the insurance may not be altered or canceled by the insurer until after thirty (30) days written notice to Lessor. Lessor may, at its option, apply proceeds of insurance, in whole or in part, to (i) repair or replace Equipment or any portion thereof, or (ii) satisfy any obligation of Lessee to Lessor hereunder.

7. LOSS OR DAMAGE:

(a) Lessee hereby assumes and shall bear the entire risk of any loss, theft, damage to, or destruction of, any unit of Equipment from any cause whatsoever from the time the Equipment is shipped to Lessee.

(b) Lessee shall promptly and fully notify Lessor in writing if any unit of Equipment shall be or become worn out, lost, stolen, destroyed, irreparably damaged in the reasonable determination of Lessee, or permanently rendered unfit for use from any cause whatsoever (such occurrences being hereinafter called "Casualty Occurrences"). On the Rental Payment Date next succeeding a Casualty Occurrence (the "Payment Date"), Lessee shall pay Lessor the sum of (x) the Stipulated Loss Value of such unit calculated in accordance with Annex D as of the Rent Payment Date next preceding such Casualty Occurrence ("Calculation Date"); and (y) all rental and other amounts which are due hereunder as of the Payment Date. Upon payment of all sums due hereunder, the term of this lease as to such unit shall terminate and (except in the case of the loss, theft or complete destruction of such unit) Lessor shall be entitled to recover possession of such unit.

8. REPORTS:

(a) Lessee will notify Lessor in writing, within ten (10) days after any tax or other lien shall attach to any Equipment, of the particulars thereof in reasonable detail and of the location of such Equipment on the date of such notification.

(b) Lessee will deliver to Lessor, within ninety (90) days of the close of each fiscal year of Lessee, Lessee's balance sheet and profit and loss statement, prepared in accordance with generally accepted accounting principles ("GAAP") consistently applied, certified by a recognized firm of certified public accountants, together with Lessee's Form 10K as filed with the Securities and Exchange Commission ("SEC"). Lessee will deliver to Lessor, within forty-five (45) days of the close of each of the first three (3) fiscal quarters in each fiscal year of Lessee, Lessee's Form 100 filed with the SEC. The time periods for delivery of Lessee's Form 10K and Form 100 as described immediately above shall be extended to the extent the Lessee obtains an extension under applicable SEC rules and regulations for the filing of such reports

(c) Lessee will permit Lessor to inspect any Equipment during normal business hours upon reasonable notice.

(d) Lessee will keep the Equipment at the Equipment Location (specified in the applicable Schedule) within the Continental United States and will promptly notify Lessor of any relocation of Equipment. Upon the written request of Lessor, Lessee will notify Lessor forthwith in writing of the location of any Equipment as of the date of such notification.

(e) Lessee will promptly report in reasonable detail to Lessor in writing if any Equipment is lost or damaged (where the estimated repair costs would exceed ten percent (10%) of its then fair market value), or is otherwise involved in an accident causing personal injury or property damage.

(f) Within thirty (30) days after any request by Lessor, Lessee will furnish a certificate of an authorized officer of Lessee stating that he has reviewed the activities of Lessee and that, to the best of his knowledge, there exists no Default or event which, with the giving of notice or the lapse of time (or both), would become such a Default.

9. END OF LEASE OPTIONS:

(a) Series A Schedules. This Section 9(a) shall be applicable solely with respect to items of the Equipment described on Schedules designated as Series A (the "Series A Equipment"); each reference in this Section 9(a) to Equipment shall be deemed to refer only to the Series A Equipment; and each reference in this Section 9(a) to Schedule shall be deemed to refer only to the Schedules designated as Series A. Upon the expiration of the Term of each Schedule, Lessee shall return, or purchase, or extend or renew the Term with respect to, all (but not less than all) of the Equipment leased under all Schedules executed hereunder upon the following terms and conditions.

(i) Renewal. So long as Lessee shall not have exercised its option to return the Equipment or its purchase option pursuant to this Section 9(a), Lessee shall have the option. upon the expiration of the Basic Term and/or the first Renewal Term of the first Schedule to be executed under this Agreement, to renew the Agreement with respect to all, but not less than all, of the Equipment leased under all Schedules executed hereunder for an additional term of twelve (12) months (each, a "Renewal Term") at the Renewal Term Rent. Including all Renewal Terms, the maximum term of each Schedule to be executed under this Agreement shall be as specified in the Series A schedules (the "Maximum Lease Term").

(ii) Purchase. So long as Lessee shall not have exercised its extension option r its option to renew this Agreement or its option to return the Equipment pursuant to this Section 9(a), Lessee shall have the option, upon the expiration of the Term of each Schedule, to purchase all (but not less than all) of the Equipment described on all Schedules executed hereunder upon the following terms and conditions, If Lessee desires to exercise this option with respect to the Equipment. Lessee shall pay to Lessor on the last day of the Term with respect to each individual Schedule (a "Section 9 Termination Date"), in addition to the scheduled Rent (if any) then due on such date and all other sums then due hereunder, in cash the purchase price for the Equipment so purchased, determined as hereinafter provided. The purchase price of the Equipment shall be an amount equal to the Fixed Purchase Price of such Equipment (as specified on the Schedule), plus the Make Whole Amount or the Break Amount, whichever is applicable, if any, plus all taxes and charges upon sale and all other reasonable and documented expenses incurred by Lessor in connection with such sale, including, without limitation, any such expenses incurred based on a notice from Lessee to Lessor that Lessee intended to return and not purchase any such items of Equipment. Upon satisfaction of the conditions specified in this Paragraph, Lessor will transfer, on an AS IS, WHERE IS BASIS, without recourse or warranty, express or implied, of any kind whatsoever ("AS IS BASIS"), all of Lessor's interest in and to the Equipment. Lessor shall not be required to make and may specifically disclaim any representation or warranty as to the condition of such Equipment and other matters (except that Lessor shall warrant that it has conveyed whatever interest it received in the Equipment free and clear of any lien or encumbrance created by Lessor). Lessor shall execute and deliver to Lessee such Uniform Commercial Code Statements of Termination as reasonably may be required in order to terminate any interest of Lessor in and to the Equipment.

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

(iv) Extension. So long as Lessee shall not have exercised its option to return the Equipment or its purchase option pursuant to this Section 9(a), and provided that Lessee shall have exercised its option to renew this Agreement pursuant to this Section 9(a) with respect to all available Renewal Terms, Lessee shall have the option, upon the expiration of all available Renewal Terms, to extend the Agreement with respect to all, but not less than all, of the Equipment for an additional term of twelve (12) months (the "Extension Term") at a monthly rental to be paid in arrears on the same day of each month on which the prior Renewal Term Rent installment was paid, and calculated as the product of (i) the Capitalized Lessor's Cost, times (ii) a lease rate factor calculated by Lessor, which when so multiplied times the Capitalized Lessor's Cost, will result in a product that is equal to the amount necessary to fully repay to Lessor any unpaid balance of the Capitalized Lessor's Cost (determined as of the date on which the last available Renewal Term expired), together with interest thereon at a rate per annum equal to two hundred seventy-five (275) basis points over the then current yield to maturity of U.S. Treasury Notes having a one year maturity, in twelve (12) equal monthly installments. At the end of the Extension Term, provided that Lessee is not then in Default under this Agreement, Lessee shall purchase all, and not less than all, of such Equipment for $1.00 cash, together with all Rent and other sums then due on such date, plus all taxes and charges upon transfer and all other reasonable and documented expenses incurred by Lessor in connection with such transfer. Upon satisfaction of the conditions specified in this Paragraph, Lessor will transfer, on an AS IS BASIS, all of Lessor's interest in and to the Equipment. Lessor shall not be required to make and may specifically disclaim any representation or warranty as to the condition of the Equipment and any other matters (except that Lessor shall warrant that it has conveyed whatever interest it received in the Equipment free and clear of any lien or encumbrance created by Lessor).

(v) Notice of Election. Lessee shall give Lessor written notice of its election of the options specified in this Section 9(a) not less than one hundred eighty (180) days nor more than three hundred sixty-five (365) days before the expiration of the Basic Term or any Renewal Term of the first Schedule to be executed under this Agreement. Such election shall be effective with respect to all Equipment described on all Schedules executed hereunder. If Lessee fails timely to provide such notice, without further action Lessee automatically shall be deemed to have elected (1) to renew the Term of this Agreement pursuant to Paragraph (i) of this Section 9(a) if a Renewal Term is then available hereunder, or (2) to purchase the Equipment pursuant to Paragraph (ii) of this Section 9(a) if a Renewal Term is not then available hereunder.

(b) Series B Schedules. This Section 9(b) shall be applicable solely with respect to items of the Equipment described on Schedules designated as Series B (the "Series B Equipment"); each reference in this Section 9(b) to Schedule shall be deemed to refer only to the Series B Equipment; and each reference in this Section 9(b) to Schedule shall be deemed to refer only to the Equipment Schedules designated as Series B. Upon the expiration of the Term of each Schedule, Lessee shall return, or purchase, or extend or renew the Term with respect to, all (but not less than all) of the Equipment leased under all Schedules executed hereunder upon the following terms and conditions.

(i) Purchase. So long as Lessee shall not have exercised its option to return the Equipment pursuant to this Section 9(b), Lessee shall have the option, upon the expiration of the Term of each Schedule, to purchase all (but not less than all) of the Equipment described on all Schedules executed hereunder upon the following terms and conditions: If Lessee desires to exercise this option with respect to the Equipment, Lessee shall pay to Lessor on the last day of the Term with respect to each individual Schedule (a "Section 9 Termination Date"}, in addition to the scheduled Rent (if any) then due on such date and all other sums then due hereunder, in cash the purchase price for the Equipment so purchased, determined as hereinafter provided. The purchase price of the Equipment shall be an amount equal to the Fixed Purchase Price of such Equipment (as specified on the Schedule), plus the Make Whole Amount or the Break Amount, whichever is applicable, if any, plus all taxes and charges upon sale and all other reasonable and documented expenses incurred by Lessor in connection with such sale, including, without limitation, any such expenses incurred based on a notice from Lessee to Lessor that Lessee intended to return and not purchase any such items of Equipment. Upon satisfaction of the conditions specified in this Paragraph, Lessor will transfer, on an AS IS, WHERE IS BASIS, without recourse or warranty, express or implied, of any kind whatsoever (" AS IS BASIS"), all of Lessor's interest in and to the Equipment. Lessor shall not be required to make and may specifically disclaim any representation or warranty as to the condition of such Equipment and other matters (except that Lessor shall warrant that it has conveyed whatever interest it received in the Equipment free and clear of any lien or encumbrance created by Lessor). Lessor shall execute and deliver to Lessee such Uniform Commercial Code Statements of Termination as reasonably may be required in order to terminate any interest of Lessor in and to the Equipment.

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

(iii) Extension. So long as Lessee shall not have exercised its option to return the Equipment or its purchase option pursuant to this Section 9(b), Lessee shall have the option, upon the expiration of the Basic Term, to extend the Agreement with respect to all, but not less than all, of the Equipment for an additional term of twelve (12) months (the "Extension Term") at a monthly rental to be paid in arrears on the same day of each month on which the prior Basic Term Rent installment was paid, and calculated as the product of (i) the Capitalized Lessor's Cost, ~ (ii) a lease rate factor calculated by Lessor, which when so multiplied times the Capitalized Lessor's Cost, will result in a product that is equal to the amount necessary to fully repay to Lessor any unpaid balance of the Capitalized Lessor's Cost (determined as of the date on which the Basic Term expired), together with interest thereon at a rate per annum equal to two hundred seventy-five (275) basis points over the then current yield to maturity of U.S. Treasury Notes having a one year maturity, in twelve (12) equal monthly installments. At the end of the Extension Term, provided that Lessee is not then in Default under this Agreement, Lessee shall purchase all, and not less than all, of such Equipment for $1.00 cash, together with all Rent and other sums then due on such date, plus all taxes and charges upon transfer and all other reasonable and documented expenses incurred by Lessor in connection with such transfer. Upon satisfaction of the conditions specified in this Paragraph, Lessor will transfer, on an AS IS BASIS, all of Lessor's interest in and to the Equipment. Lessor shall not be required to make and may specifically disclaim any representation or warranty as to the condition of the Equipment and any other matters (except that Lessor shall warrant that it has conveyed whatever interest it received in the Equipment free and clear of any lien or encumbrance created by Lessor).

(iv) Notice of Election. Lessee shall give Lessor written notice of its election of the options specified in this Section 9(b) not less than one hundred eighty (180) days nor more than three hundred sixty-five (365) days before the expiration of the Basic Term or any Renewal Term of the first Schedule to be executed under this Agreement. Such election shall be effective with respect to all Equipment described on all Schedules executed hereunder. If Lessee fails timely to provide such notice, without further action Lessee automatically shall be deemed to have elected to purchase the Equipment pursuant to Paragraph (i) of this Section 9(b).

10. DEFAULT; REMEDIES:

(a) Lessor may in writing declare this Agreement in default ("Default"') if: (1) Lessee breaches its obligation to pay Rent or any other sum when due and fails to cure the breach within ten (10) days; (2) (A) Lessee breaches any of its insurance obligations under Section 6 hereof or (B) Lessee breaches any of the covenants set forth in Section 19 hereof; (3) Lessee breaches any of its other obligations hereunder and fails to cure that breach within thirty (30) days after written notice thereof; (4) any representation or warranty made by Lessee in connection with this Agreement shall be false or misleading in any material respect; (5) Lessee or any guarantor or other obligor of Lessee's obligations hereunder ("Guarantor") becomes insolvent or ceases to do business as a going concern; (6) a petition is filed by or against Lessee or any Guarantor under any bankruptcy or insolvency laws and, if filed against Lessee or any Guarantor, shall not be dismissed within forty-five (45) days; (7) Lessee or any Guarantor shall have terminated its corporate existence, consolidated with, merged into, or conveyed or leased substantially all of its assets as an entirety to any person (such actions being referred to as an "Event"), unless not less than sixty (60) days prior to such Event: (x) such person is organized and existing under the laws of the United States or any state, and executes and delivers to Lessor an agreement containing an effective assumption by such person of the due and punctual performance of this Agreement or guaranty hereof, as the case may be; and (y) Lessor is reasonably satisfied as to the creditworthiness of such person; (8) there occurs a default under any guaranty executed in connection with this Agreement; or (9) Lessee shall be in default under any other agreement between Lessor and Lessee, or any other material obligation for borrowed money, for the deferred purchase price of property or any lease agreement; or (10) Lessee or any Guarantor is a publicly held corporation and as a result of or in connection with a material change in the ownership of Lessee's or any Guarantor's capital stock, Lessee's or any Guarantor's debt-to-worth ratio equals or exceeds twice Lessee's or any Guarantor's debt-to-worth ratio as of the date of this Agreement (unless Lessor shall have given its prior written consent thereto). As used herein, "debt-to-worth ratio" shall mean the ratio of (x) total liabilities which, in accordance with generally accepted accounting principles ("GAAP") would be included in the liability side of a balance sheet, to (y) tangible net worth including the sum of the par or stated value of all outstanding capital stock, surplus and undivided profits, less any amounts attributable to goodwill, patents, copyrights, mailing lists, catalogs, trademarks, bond discount and underwriting expenses, organization expense and other intangibles, all determined in accordance with GMP. Any provision of this Agreement to the contrary notwithstanding. Lessor may exercise all rights and remedies hereunder independently with respect to each Schedule.

(b) After Default, Lessee shall, without further demand, forthwith pay to Lessor (I) as liquidated damages for loss of a bargain and not as a penalty, the Stipulated Loss Value of the Equipment (calculated in accordance with Annex D as of the Rent

Payment Date next preceding the declaration of default), and (ii) all Rents and other sums then due hereunder. If Lessee fails to pay the amounts specified in the preceding sentence, then, at the request of Lessor, Lessee shall comply with the provisions of Annex F hereto. Lessee hereby authorizes Lessor to enter, with or without legal process, any premises where any Equipment is located and take possession thereof. Lessor may, but shall not be required to, sell Equipment at private or public sale, in bulk or in parcels, with or without notice, and without having the Equipment present at the place of sale; or Lessor may, but shall not be required to, lease, otherwise dispose of or keep idle all or part of the Equipment; and Lessor may use Lessee's premises for any or all of the foregoing without liability for rent, costs, damages or otherwise. The proceeds of sale, lease or other disposition, if any, shall be applied in the following order of priorities: (1) to pay all of Lessor's costs, charges and expenses incurred in taking, removing, holding, repairing and selling, leasing or otherwise disposing of Equipment; then, (2) to the extent not previously paid by Lessee, to pay Lessor all sums due from Lessee hereunder; then (3) to reimburse to Lessee any sums previously paid by Lessee as liquidated damages; and (4) any surplus shall be paid to Lessee. Lessee shall pay any deficiency in clauses (1) and (2) forthwith.

(c) In addition to the foregoing rights, Lessor may terminate the lease as to any or all of the Equipment.

(d) The foregoing remedies are cumulative, and any or all thereof may be exercised in lieu of or in addition to each other or any remedies at law, in equity, or under statute. Lessee waives notice of sale or other disposition (and the time and place thereof), and the manner and place of any advertising. If permitted by law, Lessee shall pay reasonable attorney's fees actually incurred by Lessor in enforcing the provisions of this Lease and any ancillary documents. Waiver of any default shall not be a waiver of any other or subsequent default.

(e) Any default under the terms of this or any other agreement between Lessor and Lessee may be declared by Lessor a default under this and any such other agreement.

11. ASSIGNMENT:

(a) EXCEPT FOR A MERGER OR OTHER EVENT NOT PROHIBITED BY SECTION 10(a)(7) HEREOF, LESSEE SHALL NOT SELL, ASSIGN, MORTGAGE, SUBLET OR HYPOTHECATE ANY EQUIPMENT OR THE INTEREST OF LESSEE HEREUNDER WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR.

(b) Lessor may, without the consent of Lessee, assign this Agreement or any Schedule, or the right to enter into any Schedule. Lessee agrees that it will pay all Rent and other amounts payable under each Schedule to the Lessor named therein; provided, however, if Lessee receives written notice of an assignment from Lessor, Lessee will pay all Rent and other amounts payable under any assigned Schedule to such assignee or as instructed by Lessor. Each Schedule, incorporating by reference the terms and conditions of this Agreement, constitutes a separate instrument of lease, and the Lessor named therein or its assignee shall have all rights as "Lessor" thereunder separately exercisable by such named Lessor or assignee as the case may be, exclusively and independently of Lessor or any assignee with respect to other Schedules executed pursuant hereto. Lessee hereby waives and agrees not to assert against any such assignee any defense, set-off, recoupment claim or counterclaim which Lessee has or may at any time have against Lessor or any other person for any reason whatsoever.

(c) Lessee acknowledges that it has been advised that General Electric Capital Corporation is acting hereunder for itself and as agent for certain third parties (each being herein referred to as a "Participant" and, collectively, as the "Participants"); that the interest of the Lessor in this Agreement, the Equipment Schedules, related instruments and documents and/or the Equipment may be conveyed to, in whole or in part, and may be used as security for financing obtained from, one or more third parties without the consent of Lessee (the "Syndication"). Lessee agrees reasonably to cooperate with Lessor in connection with the Syndication, including the execution and delivery of such other documents, instruments, notices, opinions, certificates and acknowledgments as reasonably may be required by Lessor or such Participant; provided, however in no event shall Lessee be required to consent to any change that would adversely affect any of the economic terms of the transactions contemplated herein.

(d) Subject always to the foregoing, this Agreement inures to the benefit of, and is binding upon, the successors and assigns of the parties hereto.

12. INDEMNIFICATION:

(a) Lessee hereby agrees to indemnify, save and keep harmless Lessor, the Participants, their agents, employees, successors and assigns (on an after-tax basis), from and against any and all losses, damages, penalties, injuries, claims, actions and suits, including legal expenses, of whatsoever kind and nature, in contract or tort, and including, but not limited to, Lessor's strict liability in tort, arising out of (i) the selection, manufacture, purchase, acceptance or rejection of Equipment, the ownership of Equipment during the Term, and the delivery, lease, possession, maintenance, uses, condition, return or operation of the Equipment (including, without limitation, latent and other defects, whether or not discoverable by Lessor or Lessee and any claim for patent, trademark or copyright infringement or environmental damage), or (ii) the condition of Equipment sold or disposed of after use by Lessee, any sublessee or employees of Lessee. Lessee shall, upon request, defend any actions based on, or arising out of, any of the foregoing.

(b) All of Lessor's rights, privileges and indemnities contained in this Section shall survive the expiration or other termination of this Agreement and the rights, privileges and indemnities contained herein are expressly made for the benefit of, and shall be enforceable by Lessor, its successors and assigns.

13. OWNERSHIP FOR TAX PURPOSES; GRANT OF SECURITY INTEREST; USURY SAVINGS.

(a) For income tax purposes, sales and use tax and personal property tax purposes, Lessor will treat Lessee as the owner of the Equipment. Accordingly, Lessor agrees (i) to treat Lessee as the owner of the Equipment on its federal income tax return, (ii) not to take actions or positions inconsistent with such treatment on or with respect to its federal income tax return, and not claim any tax benefits available to an owner of the Equipment on or with respect to its federal income tax return. The foregoing undertakings by Lessor shall not be violated by Lessor's taking a tax position through inadvertence so long as such inadvertent tax position is reversed by Lessor promptly upon its discovery. Lessor shall in no event be liable to Lessee if Lessee fails to secure any of the tax benefits available to the owner of the Equipment.

(b) In order to secure the prompt payment of the Rent and all of the other amounts from time to time outstanding under and with respect to the Schedules, and the performance and observance by Lessee of all the agreements, covenants and provisions hereof and thereof (including, without limitation, all of the agreements, covenants and provisions of the Lease that are incorporated therein), Lessee hereby grants to Lessor a first priority security interest in the Equipment leased under the Schedules, together with all additions, attachments, accessions, accessories and accessions thereto whether or not furnished by the supplier of the Equipment and any and all substitutions, replacements or exchanges therefore, in each such case in which Lessee shall from time to time acquire an interest, and any and all insurance and/or other proceeds (but without power of sale) of the property in and against which a security interest is granted hereunder.

(c) It is the intention of the parties hereto to comply with any applicable usury laws to the extent that any Schedule is determined to be subject to such laws; accordingly, it is agreed that, notwithstanding any provision to the contrary in any Schedule or the Lease, in no event shall any Schedule require the payment or permit the collection of interest in excess of the maximum amount permitted by applicable law. If any such excess interest is contracted for, charged or received under any Schedule or the Lease, or in the event that all of the principal balance shall be prepaid, so that under any of such circumstances the amount of interest contracted for, charged or received under any Schedule or the Lease shall exceed the maximum amount of interest permitted by applicable law, then in such event (1) the provisions of this paragraph shall govern and control, (2) neither Lessee nor any other person or entity now or hereafter liable for the payment hereof shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount of interest permitted by applicable law, (3) any such excess which may have been collected shall be either applied as a credit against the then unpaid principal balance or refunded to Lessee, at the option of the

Lessor, and (4) the effective rate of interest shall be automatically reduced to the maximum lawful contract rate allowed under applicable law as now or hereafter construed by the courts having jurisdiction thereof. It is further agreed that without limitation of the foregoing, all calculations of the rate of interest contracted for, charged or received under any Schedule or the Lease which are made for the purpose of determining whether such rate exceeds the maximum lawful contract rate, shall be made, to the extent permitted by applicable law, by amortizing, prorating, allocating and spreading in equal parts during the period of the full stated term of the indebtedness evidenced hereby, all interest at any time contracted for, charged or received from Lessee or otherwise by Lessor in connection with such indebtedness; provided, however, that if any applicable state law is amended or the law of the United States of America preempts any applicable state law, so that it becomes lawful for Lessor to receive a greater interest per annum rate than is presently allowed, the Lessee agrees that, on the effective date of such amendment or preemption, as the case may be, the lawful maximum hereunder shall be increased to the maximum interest per annum rate allowed by the amended state law or the law of the United States of America (but not in excess of the interest rate contemplated hereunder).

14. REPRESENTATIONS AND WARRANTIES OF LESSEE:

Lessee hereby represents and warrants to Lessor that on the date hereof and on the date of execution of each Schedule:

(a) Lessee has adequate power and capacity to enter into, and perform under, this Agreement and all related documents (together, the "Documents") and is duly qualified to do business wherever necessary to carry on its present business and operations, including the jurisdiction(s) where the Equipment is or is to be located.

(b) The Documents have been duly authorized, executed and delivered by Lessee and constitute valid, legal and binding agreements, enforceable in accordance with their terms, except to the extent that the enforcement of remedies therein provided may be limited under applicable bankruptcy and insolvency laws.

(c) No approval, consent or withholding of objections is required from any governmental authority or instrumentality with respect to the entry into or performance by Lessee of the Documents except such as have already been obtained.

(d) The entry into and performance by Lessee of the Documents will not: (i) violate any judgment, order, law or regulation applicable to Lessee or any provision of Lessee's articles of incorporation, charter or by-laws; or (ii) result in any breach of, constitute a default under or result in the creation of any lien, charge, security interest or other encumbrance upon any Equipment pursuant to any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument (other than this Agreement) to which Lessee is a party.

(e) There are no suits or proceedings pending or threatened in court or before any commission, board or other administrative agency against or affecting Lessee, which will have a material adverse effect on the ability of Lessee to fulfill its obligations under this Agreement.

(f) The Equipment accepted under any Certificate of Acceptance is and will remain tangible personal property.

(g) Each financial statement delivered to Lessor has been prepared in accordance with GMP, and since the date of the most recent such financial statement, there has been no material adverse change.

(h) Lessee is duly incorporated and will be at all times validly existing and in good standing under the laws of the state of its incorporation (specified in the first sentence of this Agreement).
(i) The Equipment will at all times be used for commercial or business purposes.

15. CHOICE OF LAW; JURISDICTION:

THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL IN ALL RESPECTS BE GOVERNED BY. AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SUCH STATE), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, REGARDLESS OF THE LOCATION OF THE EQUIPMENT.

16. MISCELLANEOUS:

(a) LESSEE HEREBY UNCONDITIONALL Y WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF, DIRECTL Y OR INDIRECTL Y, THIS LEASE, ANY OF THE RELATED DOCUMENTS, ANY DEALINGS BETWEEN LESSEE AND LESSOR RELATING TO THE SUBJECT MATTER OF THIS TRANSACTION OR ANY RELATED TRANSACTIONS, AND/OR THE RELATIONSHIP THAT IS BEING EST ABLISHED BETWEEN LESSEE AND LESSOR. The scope of this waiver is intended to be all encompassing of any and all disputes that may be filed in any court (including, without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims). THIS WAIVER IS IRREVOCABLE MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALL Y OR IN WRITING, AND THE WAIVER SHALL APPL Y TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS LEASE, ANY RELATED DOCUMENTS, OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THIS TRANSACTION OR ANY RELATED TRANSACTION. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

(b) Any cancellation or termination by Lessor, pursuant to the provision of this Agreement, any Schedule, supplement or amendment hereto, or the lease of any Equipment hereunder, shall not release Lessee from any then outstanding obligations to Lessor hereunder.

(c) All Equipment shall at all times remain personal property regardless of the degree of its annexation to any real property and shall not by reason of any installation in, or affixation to, real or personal property become a part thereof.

(d) Time is of the essence of this Agreement. Lessor's failure at any time to require strict performance by Lessee of any of the provisions hereof shall not waive or diminish Lessor's right thereafter to demand strict compliance therewith.

(e) Lessee agrees, upon Lessor's request, to execute any instrument necessary or expedient for filing, recording or perfecting the interest of Lessor.

(f) All notices required to be given hereunder shall be in writing, personally delivered, delivered by overnight courier service, or sent by certified mail, return receipt requested, addressed to the other party at its respective address stated above or at such other address as such party shall from time to time designate in writing to the other party; and shall be effective from the date of receipt.

(g) This Agreement and any Schedule and Annexes thereto constitute the entire agreement of the parties with respect to the subject matter hereof. NO VARIATION OR MODIFICATION OF THIS AGREEMENT OR ANY WAIVER OF ANY OF ITS PROVISIONS OR CONDITIONS SHALL BE VALID UNLESS IN WRITING AND SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE PARTIES HERETO. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

h) The representations, warranties and covenants of Lessee herein shall be deemed to survive the closing hereunder. Lessor's obligations to acquire and lease specific items of Equipment shall be conditioned upon Lessee providing to Lessor such information with respect to Lessee's financial condition as Lessor may reasonably require, and Lessor being satisfied that there shall have been no material adverse change in the business or financial condition of Lessee from the date of execution hereof. The obligations of Lessee under Sections 3, 12 and 16(1) hereof which accrue during the term of this Agreement and obligations which by their express terms survive the termination of this Agreement, shall survive the termination of this Agreement.

(i) In case of a failure of Lessee to comply with any provision of this Agreement, Lessor shall have the right, but shall not be obligated, to effect such compliance, in whole or in part; and all moneys spent and expenses and obligations incurred or assumed by Lessor in effecting such compliance (together with interest thereon at the rate specified in Paragraph a) of this Section) shall constitute additional Rent due to Lessor within five (5) days after the date Lessor sends notice to Lessee requesting payment. Lessor's effecting such compliance shall not be a waiver of Lessee's default.

(j) Any Rent or other amount not paid to Lessor when due hereunder shall bear interest, both before and after any judgment or termination hereof, at the lesser of eighteen percent (18%) per annum or the maximum rate allowed by law.

(k) Any provisions in this Agreement and any Schedule which are in conflict with any statute, law or applicable rule shall be deemed omitted, modified or altered to conform thereto.

(I) Lessee agrees to pay on demand all reasonable costs and expenses incurred by Lessor in connection with the preparation, execution, delivery, filing, recording, and administration of any of the Documents, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for Lessor, and all costs and expenses, if any, in connection with the enforcement of any of the Documents. In addition, Lessee shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of any of the Documents and the other documents to be delivered under the Documents, and agrees to save Lessor harmless from and against any and all liabilities with respect to or resulting from any delay attributed to Lessee in paying or failing to pay such taxes and fees.

17. CHATTEL PAPER:

To the extent that any Schedule would constitute chattel paper, as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction, no security interest therein may be created through the transfer or possession of this Agreement in and of itself without the transfer or possession of the original of a Schedule executed pursuant to this Agreement and incorporating this Agreement by reference; and no security interest in this Agreement and a Schedule may be created by the transfer or possession of any counterpart of the Schedule other than the original thereof, which shall be identified as the document marked "Original" and all other counterparts shall be marked "Duplicate".

18. EARLY TERMINATION:

On or after the First Termination Date, Lessee may, so long as no Default exists hereunder, terminate this Agreement as to all (but not less than all) of the Equipment described on all Schedules executed hereunder, as of a Rent Payment Date ("Termination Date") upon at least ninety (90) days' prior written irrevocable notice to Lessor. In such notice, Lessee shall specify whether Lessee elects to purchase the Equipment pursuant to Paragraph (b) hereof, or to cause the Equipment to be sold to a third party pursuant to Paragraph (a) hereof.

(a) If Lessee elects to cause the Equipment to be sold to a third party, Lessee shall, and Lessor may, solicit cash bids for the Equipment on an AS IS BASIS. Prior to the Termination Date, Lessee shall (i) certify to Lessor any bids received by Lessee and (ii) pay to Lessor the sum of (A) the Termination Value (calculated as of the Termination Date) for the Equipment, plus (B) all rent and other sums due and unpaid as of the Termination Date, plus (C) the Make Whole Amount or the Break Amount, whichever is applicable. Provided that all amounts due hereunder have been paid on the Termination Date, Lessor and Lessee shall sell the Equipment on an AS IS BASIS for cash to the highest bidder and refund to Lessee the proceeds of such sale (net of any related expenses) to Lessee to the extent the Termination Value and all of the amounts payable under all Schedules have been paid by Lessee to Lessor. Lessor shall not be required to make and may specifically disclaim any representation or warranty as to the condition of the Equipment and any other matters (except that Lessor shall warrant that it has conveyed whatever interest it received in such Equipment free and clear of any lien or encumbrance created by Lessor). If such sale is not consummated, no termination shall occur and Lessor shall refund the Termination Value (less any expenses incurred by Lessor) to Lessee. Notwithstanding the foregoing, Lessor may elect by written notice, at any time prior to the Termination Date, not to sell the Equipment. In that event, on the Termination Date, Lessee shall (1) return the Equipment (in accordance with Section X), and (2) pay to Lessor all amounts required under Paragraph (b) less the amount of the highest bid certified by Lessee to Lessor.

(b) If Lessee elects to purchase the Equipment, on the Termination Date, Lessee shall pay to Lessor in cash the purchase price for the Equipment, determined as hereinafter provided. The purchase price of the Equipment shall be an amount equal to the sum of (A) the Termination Value (calculated as of the Termination Date) for the Equipment, plus (B) all taxes and charges upon sale, plus (C) all Rent and other sums due and unpaid as of the Termination Date, plus (D) (except with respect to any items of Equipment being replaced with Upgrade Equipment financed by Lessor pursuant to Paragraph (c) of this Section 18) the Make Whole Amount or the Break Amount, whichever is applicable. Upon satisfaction of the conditions specified in this Paragraph (b), Lessor will transfer, on an AS IS BASIS, all of Lessor's interest in and to the Equipment. Lessor shall not be required to make and may specifically disclaim any representation or warranty as to the condition of such Equipment and other matters (except that Lessor shall warrant that it has conveyed whatever interest it received in such Equipment free and clear of any lien or encumbrance created by Lessor). Lessor shall execute and deliver to Lessee such Uniform Commercial Code Statements of Termination as reasonably may be required in order to terminate any interest of Lessor in and to the Equipment.

For purposes hereof, "Break Amount" shall mean the amount of any swap breakage loss incurred by any Participant (the "Affected Participant") as a result of or in connection with Lessee's exercise of the early termination option pursuant to this Section. Upon request, the Affected Participant shall provide to Lessee a good faith estimate of the Break Amount payable to it as soon as is reasonably practicable in connection with any transaction or proposed transaction that might give rise to an obligation to pay the Break Amount. Upon determination of the Break Amount, the Affected Participant will provide to Lessee a certificate, executed by an officer of the Affected Participant, containing the calculation (in reasonable detail) of the Break Amount. For purposes hereof, "Make Whole Amount" shall mean that amount equal to the excess, if any, of (i) the aggregate present value as of the Termination Date or a Section 9 Termination Date of the sum of (A) the remaining scheduled Rent payments, plus (B) the full amount of the Fixed Purchase Price that but for exercise of the option contained in this Section or Section 9, whichever is applicable, would be payable on the last Rent Payment Date of the Basic Term (in the case of Equipment Schedules designated as Series B) or Maximum Lease Term (in the case of Equipment Schedules designated as Series A), discounted to the date of payment at the Reinvestment Rate, over (ii) the aggregate present value as of the Termination Date or a Section 9 Termination Date, whichever is applicable of the sum of (A) the remaining scheduled Rent payments, plus (B) the full amount of the Fixed Purchase Price that but for exercise of the option ontained in this Section or Section 9, whichever is applicable, would be payable on the last Rent Payment Date of Basic Term (in the case of Equipment Schedules designated as Series B) or Maximum Lease Term (in the case of Equipment Schedules designated as Series A), discounted to the date of payment at the Assumed Interest Rate (specified in the applicable Schedule); provided, however, that if the Reinvestment Rate is equal to or higher than the Assumed Interest Rate, the Make Whole Amount shall be zero. For purposes hereof, "Reinvestment Rate" shall mean the sum of (i) the Applicable Treasury Yield plus (ii) fifty (50) basis points. The term "Applicable Treasury Yield" at any time shall mean the yield to maturity of United States Treasury Notes with a maturity equal to the remaining average life of the Basic Term (in the case of Equipment Schedules designated as Series B) or Maximum Lease Term (in the case of Equipment Schedules designated as Series A) as published in The Wall Street Journal three (3) Business Days prior to the Termination Date or a Section 9 Termination Date, whichever is applicable. If no maturity exactly corresponds to such remaining Basic Term (in the case of Equipment Schedules designated as Series 8) or Maximum Lease Term (in the case of Equipment Schedules designated as Series A), the Applicable Treasury Yield shall be interpolated on a straight-Iine basis, utilizing the yields for the two maturities which most closely correspond to the requisite maturity.

(c) Notwithstanding the foregoing, Lessee may, so long as no Default exists hereunder, terminate this Agreement with respect to less than all of the Equipment described on all the Schedules of a particular series executed hereunder, as of a Termination Date, subject to the following:

(i) The items of Equipment that are the subject of such proposed termination have an aggregate Capitalized Lessor's Cost which is (A) without regard to any prior terminations hereunder, at least $250,000 (on a per Schedule basis) and (8) when aggregated with all other terminated items of Equipment, whether terminated prior thereto or concurrently therewith, no greater than twenty percent (20%) of the aggregate Capitalized Lessor's Cost of all of the Equipment described on all Schedules;

(ii) (A) Lessee concurrently replaces such item(s) of Equipment with items of equipment having a greater value, utility and/or remaining useful life (the "Upgrade Equipment") and (8)(1) Lessor is afforded the first right (but without any obligation whatsoever) to provide lease or other financing to Lessee, with respect to Lessee's acquisition of the Upgrade Equipment (or the use thereof) and (2) Lessee acquires or leases such Upgrade Equipment (whether or not financed by Lessor), and provides Lessor with evidence thereof (reasonably satisfactory to Lessor);

(iii) such replacement does not cause Lessee to be in breach of any other provision of this Lease;

(iv) Lessee (A) enters into and delivers to Lessor any and all documents and agreements reasonably requested by Lessor in connection with such termination and/or upgrade financing; and (8) bears all of Lessor's expenses in connection with such termination;

(v) the aggregate Capitalized Lessor's Cost of all such items of Equipment, when aggregated with the Capitalized Lessor's Cost of all other items of Equipment previously or concurrently terminated does not exceed, (A) if mainframes and/or mainframe peripherals, more than five percent (5%) of the aggregate Capitalized Lessor's Cost of all of the mainframes and/or mainframe peripherals described on all Schedules and (8) if servers and/or server peripherals, more than fifteen percent (15%) of the aggregate Capitalized Lessor's Cost of all of the servers and/or server peripherals described on all Schedules; provided however that the limitation in this Clause c(v) shall only apply in the event the upgrade equipment is not financed through Lessor; and

(vi) Lessee purchases each such item of Equipment on the Termination Date for a cash purchase price calculated (on a per item basis) in the manner provided in paragraph (b) of this Section 18, and otherwise in accordance with the terms thereof.

19. FINANCIAL COVENANTS:

The Lessee covenants and agrees with the Lessor that so long as any of the Lessee's obligations hereunder shall be outstanding, the Lessee shall comply with the following financial covenants:

1. Minimum Tangible Net Worth. The Lessee shall maintain a minimum Tangible Net Worth (hereinafter defined) of not less than $120,000,000 as of September 30, 1999, as increased quarterly by 40% of the Lessee's positive after-tax Net Income (as hereinafter defined) for the previous quarter.

As used herein,

(a) the term "Tangible Net Worth" means, as of any date, the Lessee's stockholder equity less the Lessee's Intangible Assets (as hereinafter defined);

(b) the term "Intangible Assets" means, as of any date the amount (to the extent reflected in determining stockholder equity) of (I) any write-up in the book value of any assets of the Lessee after September 30, 1999, (ii) investments in unconsolidated subsidiaries, and (iii) goodwill, unamortized debt, discount and expense, unamortized deferred charges (other than those relating to the Lessee's data processing contracts), patents, trademarks, service marks, trade names, copyrights, organizational or developmental expenses, capitalized computer software costs (other than long term software license agreements with vendors) and leasehold improvements (except leasehold improvements relating to the Lessee's 50-year land lease with the City of Conway, Arkansas), and other assets of the Lessee classified as intangible assets according to generally accepted accounting principles, consistently applied; and

(c) the term "Net Income" means the Lessee's net income after taxes but before extraordinary gains, all determined in accordance with generally accepted accounting principles, consistently applied.

2. Debt to Tangible Net Worth. The Lessee will not permit the ratio of the Lessee's total current and long time debt (as determined in accordance with generally accepted accounting principles consistently applied, but excluding long-term software liabilities) to the Lessee's Tangible Net Worth to be greater than 2.00 to 1.00, as measured quarterly.

3. Debt Service Coverage Ratio. The Lessee shall at all times maintain a ratio of Operating Cash Flow (as hereinafter defined) to Debt Service (as hereinafter defined) of not less than 2.00 to 1.00, as measured quarterly on a rolling four-quarter basis.

As used herein,

(a) the term "Operating Cash Flow" means, for any period, the Lessee's after-tax net income, plus interest expense, plus depreciation, amortization, and operating lease rentals, all determined in accordance with generally accepted accounting principles, consistently applied;

(b) the term "Debt Service" means, for any period, the Lessee's Interest expense, plus operating lease rentals, plus actual Off-Balance Sheet Liabilities (as hereinafter defined) paid during such period, plus current maturities of long-term debt, all determined in accordance with generally accepted accounting principles, consistently applied; and

(c) the term "Off-Balance Sheet Liabilities" means all payments of leases or other obligations assumed from customers under a service agreement to the extent such arrangements are not treated as operating leases, capitalized leases, or long term debt under generally accepted accounting principles, consistently applied.

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IN WITNESS WHEREOF, lessee and lessor have caused this Master lease Agreement to be executed by their duly authorized representatives as of the date first above written.

LESSOR:	LESSEE:
GENERAL ELECTRIC CAPITAL CORPORATION, FOR ITSELF AND AS AGENT FOR CERTAIN	ACXIOM CORPORATION

PARTICIPANTS

By: /s/Daniel W. Cochran	By: /s/ Jerry C. Jones
Title: Transaction & Syndication Manager	Title: Business Development/Legal Leader

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

FORM 10-K

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

For the fiscal year ended March 31, 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	71-0581897
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 INFORMATION WAY, P.O. BOX 8180, LITTLE ROCK, ARKANSAS	72203-8180
(Address of principal executive offices)	(Zip Code)

(501) 342-1000
(Registrant's telephone number, including area code)

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

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $.10 Par Value
(Title of Class)

Preferred Stock Purchase Rights
(Title of Class)

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

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

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing sale price of the registrant's Common Stock, $.10 par value per share, as of June 20, 2001 as reported on the Nasdaq National Market, was approximately $1,258,697,273. (For purposes of determination of the above stated amount only, all directors, officers and 10% or more shareholders of the registrant are presumed to be affiliates.)

The number of shares of Common Stock, $.10 par value per share, outstanding as of June 20, 2001 was 90,029,251.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Acxiom Corporation's Annual Report to Shareholders for the fiscal year ended March 31, 2001 ("Annual Report") are incorporated by reference into Parts I and II of this Form 10-K.

Portions of the Proxy Statement for the 2001Annual Meeting of Shareholders ("2001 Proxy Statement") are incorporated by reference into Part III of this Form 10-K.

PART I

Item 1. Business

Acxiom Corporation, a global leader in Customer Data Integration and customer recognition infrastructure, enables businesses to develop and deepen customer relationships by creating a single, accurate view of their customers across the enterprise. Acxiom achieves this by providing Customer Data Integration software, database management services, and premier customer data content through its AbiliTec™, Solvitur® and InfoBase® products, while also offering a broad range of information technology outsourcing services. Founded in 1969, Acxiom (Nasdaq: ACXM) is based in Little Rock, Arkansas, with locations throughout the United States and with operations in the United Kingdom, France, Spain and Australia.

Some recent highlights include:

o Our AbiliTec software was established as the leading Customer Data Integration software solution in the industry, with revenues exceeding $100 million and over 387 billion AbiliTec Links having been applied to date.

o Subsequent to the end of the last fiscal year, we established a new company division whose sole purpose is to work with leading software companies, systems integrators and consultants to integrate AbiliTec, Infobase and other Acxiom technologies as critical components into third party Customer Relationship Management solutions. To date, we have signed agreements with approximately 65 companies. Our partners include such companies as Compaq, Computer Associates, IBM Corporation, Lockheed Martin, Oracle, Peoplesoft, PricewaterhouseCoopers, Protagona Worldwide, Siebel Systems, USADATA and Xchange, Inc.

o We recently launched a new program called OPTICXsm that answers two fundamental questions for our prospective clients: (1) is the client's database good enough to support all marketing and business operations, and (2) how much money could be saved and made using Acxiom's database and Customer Data Integration technologies. Through OPTICXsm Acxiom tests its solutions and technologies on a client's databases to remove any questions the client may have about deciding to use our products and services.

Not only does this program demonstrate the power of Axiom's Customer Data Integration solutions, but it also shows that new ways of selling and marketing are called for in the current economic environment.

o We were named for the third time in four years by Fortune magazine as one of the top 100 companies to work for in America.

o We improved our brand recognition by 93% among prospective clients, according to independent studies conducted by the Opinion Research Corporation headquartered in Princeton, NJ.

o We divested several business operations, including Direct Media, CIMS, and a portion of DataQuick, which were not engaged in activities that are central to our core business of offering services and software related to Customer Data Integration and customer recognition.

o We acquired two small information technology outsourcing firms in California and are in the process of consolidating our three west coast data centers. We also made investments in several other entities, including HealthCareProConnect, LLC, a joint venture with the American Medical Association; USADATA.com, Inc., Acxiom Australia, our joint venture with Publishing and Broadcasting Limited; and Landscape Co., Ltd, a Japanese data company.

SUMMARY

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

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

Allstate Insurance Company	eFunds	The Polk Company
American Express Travel Related Services Company, Inc.	Federated Department Stores, Inc.	Procter & Gamble
	General Electric Capital Corporation	Rodale Inc.
AT&T Corporation	Guideposts	Sears, Roebuck and Co.
Bank of America	IBM Corporation	Trans Union LLC
Bank One Financial	J.P. Morgan Chase & Co.	Vodafone Limited
Citigroup	MBNA America Bank N.A.	Wal-Mart Stores, Inc.
Conseco, Inc.	Physicians Mutual Insurance Co.	

Our primary development initiatives over the past several years have been AbiliTec (our patented Customer Data Integration software) and our related real-time customer recognition software and infrastructure which is the proprietary delivery vehicle for AbiliTec and our InfoBase data products. We believe that AbiliTec is the fastest, most accurate Customer Data Integration technology available in the global marketplace today. Our web-enabled technology allows us to cost effectively provide our clients with real-time desktop access to actionable information over the Internet and via private networks. For a more detailed discussion of AbiliTec and the real-time customer recognition software and infrastructure, see the section below under "Acxiom's Business / Competitive Strengths."

Information Services Industry

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

o Increasing recognition of data as a competitive resource

o Increasing amount of raw data to manage

o Growth of the Internet and e-commerce

o Increasing importance of Customer Data Integration and Customer Relationship Management to major corporations

o Evolution of one-to-one marketing

o Growth in technology partnering

Competitive Strengths

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

o Industry-leading Customer Data Integration and Customer Relationship Management technology - AbiliTec and the related real-time customer recognition software and infrastructure

o Ability to build and manage large-scale databases

o Accurate and comprehensive data content

o Comprehensive information management services

o Ability to attract and retain talent

Growth Strategy

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

o Leverage AbiliTec and our related real-time customer recognition software and infrastructure

o Further penetrate existing and new client industries

o Expand data content

- Capture cross-selling opportunities

- Pursue international opportunities

- Seek acquisitions and alliances that complement or expand our business

RISK FACTORS

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

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

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

- longer sales cycles due to the nature of AbiliTec being an enterprise-wide solution;

- the introduction of competent, competitive products or technologies by other companies;

- changes in the consumer and/or business information industries and markets;

- the ability to protect our proprietary information and technology or to obtain necessary licenses on commercially reasonable terms; and

- the impact of changing legislative, judicial, accounting, regulatory, cultural and consumer environments in the geographies where AbiliTec will be deployed.

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

The current general economic downturn could continue to result in a reduced demand for our products and services.

As a result of the current economic climate, we have experienced a reduction in the demand for our products and services as our clients have looked for ways to reduce their expenses. If we are unable to successfully control our own expenses, given that a significant portion of our costs are fixed, we could suffer lower net income and earnings per share.

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

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

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

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

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

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

Short-term contracts affect the predictability of our revenues.

While approximately 70% of our total revenue is currently derived from long-term client contracts (defined as contracts with initial terms of three years or longer), the remainder is not. With respect to that portion of our business which is not under long-term contract, revenues are less predictable, and we must engage in continual sales efforts to maintain revenue stability and future growth.

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

We conduct business outside of the United States. During the last fiscal year, we received approximately 5% of our revenues from business outside the United States. As part of our growth strategy, we plan to continue to pursue opportunities outside the U.S. Accordingly, our future operating results could be negatively affected by a variety of factors, some of which are beyond our control. These factors include legislative, judicial, accounting, regulatory, political or economic conditions in a specific country or region, trade protection measures, and other regulatory requirements. In order to successfully expand non-U.S. revenues in future periods, we must continue to strengthen our foreign operations, hire additional personnel, and continue to identify and execute beneficial strategic alliances. To the extent that we are unable to do these things in a timely manner, our growth, if any, in non-U.S. revenues will be limited, and our operating results could be materially adversely affected. Although foreign currency translation gains and losses are not currently material to our consolidated financial position, results of operations or cash flows, an increase in our foreign revenues could subject us to foreign currency translation risks in the future. Additional risks inherent in our non-U.S. business activities generally include, among others, potentially longer accounts receivable payment cycles, the costs and difficulties of managing international operations, potentially adverse tax consequences, and greater difficulty enforcing intellectual property rights.

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

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

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

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

Postal rate increases could lead to reduced volume of business.

The direct marketing industry has been negatively impacted from time to time during past years by postal rate increases. In January 2001, first class rates were increased by 1.8%, enhanced carrier route rates were increased by 4.5%, and third class rates were increased by 8.8%. Another rate increase is scheduled for July 2001. These increases will, in our opinion, be likely to force direct mailers to mail fewer pieces and to target their prospects more carefully. This sort of response by direct mailers could negatively affect us by decreasing the amount of processing services purchased from us, which could result in lower revenues, net income and earnings per share.

ACXIOM'S BUSINESS

Overview

We are a global leader in Customer Data Integration and customer recognition infrastructure, enabling businesses to develop and deepen customer relationships by creating a single, accurate view of their customers across the enterprise. We achieve this by providing Customer Data Integration software, database management services, and premier customer data content through our AbiliTec, Solvitur and Infobase products, while also offering a broad range of information technology outsourcing services. Founded in 1969, Acxiom (Nasdaq: ACXM) is based in Little Rock, Arkansas, with locations throughout the United States and with operations in the United Kingdom, France, Spain and Australia.

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

Information Services Industry

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

- What are the profiles of our existing customers?
- Who are our prospective customers?
- Who are our most profitable customers?
- What do our customers want and when do they want it?
- How do we service our customers?
- How should we price our products and services?
- What distribution channels should we use?
- What new products should we develop?

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

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

Companies using data as a competitive resource have traditionally consisted of Fortune 1000 companies in the financial services, insurance, publishing, information services and retail industries. This group is expanding to include companies in the telecommunications, pharmaceuticals/healthcare, e-commerce, Internet, utilities, packaged goods, automotive, technology and media/entertainment industries. Advances in technology and reductions in hardware and software costs have also helped expand the universe of users to include middle market and small office/home office companies across multiple industries.

Increasing importance of Customer Relationship Management and Customer Data Integration to major corporations. Customer Relationship Management (CRM) has recently emerged as one of the most important issues facing global companies. In conjunction with the Internet and e-business, CRM is fundamentally changing the way companies organize and conduct their businesses. Whole new markets are being created around the technologies and services that underlie CRM. Within the CRM field, there is a growing recognition of the necessity of being able to quickly and efficiently integrate customer data in order for CRM to work effectively.

According to International Data Corporation, a worldwide market research, analysis and consulting firm, the opportunity for overall CRM services, which encompass services for both packaged and custom-built CRM applications, is expected to grow from $33.4 billion in 1999 to $125.7 billion by 2004. IDC expects the overall data warehousing market to grow at a compound annual growth rate of 28% through 2004. The CRM-centric data warehousing segment is expected to have an even higher growth rate of 37%, growing from $4.2 billion in 1999 to $20.1 billion by 2004.

Integrated customer data is required for successful execution of CRM-centric data warehousing solutions. IDC's research shows that the Customer Data Integration process consumes up to 70% of the effort in any data warehousing solution. IDC estimates that the Customer Data Integration market will grow at a 29% compound annual growth rate over the next five years and views it as a pivotal enabling factor of all the interoperating transactional and analytic applications within a closed-loop CRM system. The ability to successfully complete the closed-loop CRM system depends in large part on Customer Data Integration and hinges on a unified view of the customer.

IDC predicts that the worldwide Customer Data Integration revenue for the years 1999-2004 will have a compound annual growth rate of 29% and will be:

1999 - $3,693,000,000

2000 - $4,757,000,000

2001 - $6,240,000,000

2002 - $8,020,000,000

2003 - $10,257,000,000

2004 - $13, 201,000,000

Forrester Research, Inc. a leading independent research firm specializing in the future of technology change and its impact on businesses, consumers and society, predicts that the total business-to-consumer sales transacted via the Internet will grow from $45 billion in 2000 to $269 billion in 2005. The growth in e-business has become a significant factor in the CRM market. Early adopters of e-business strategies have quickly understood the need to develop greater customer intimacy leading to the growing uptake and implementation of e-CRM solutions. We believe that the opportunity of new channels for customer interaction and the consequent cost and revenue implications will contribute to the continued growth of the CRM market.

Increasing amount of raw data to manage. The combination of demographic shifts and lifestyle changes, the proliferation of new products and services, and the evolution of multiple marketing channels have made the information management process increasingly complex. Marketing channels now include cable and satellite television, telemarketing, direct mail, direct response, in-store point-of-sale, on-line services and the Internet. The multiplicity of these marketing channels has created more data and compounded the growth and complexity of managing data. Advances in computer and software technology have also unlocked vast amounts of customer data which historically was inaccessible, further increasing the amount of existing data to manage and analyze. Today, it is common for a business to keep several thousand to tens of thousands of characters of information about each customer. This compares to only a few hundred characters of information kept in the late 1980's. As these data resources expand and become more complex, it also becomes increasingly difficult to maintain the quality and integrity of the data.

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

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

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

o allowing a company to focus on its fundamental business operations

o avoiding the difficulty of hiring and retaining scarce technical personnel

o taking advantage of world-class expertise in particular specialty areas

o benefiting from the cost efficiencies of outsourcing

- avoiding the organizational and infrastructure costs of building in-house capability

- benefiting more from the latest technologies

Competitive Strengths

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

AbiliTec - Industry-leading Customer Data Integration and Customer Relationship Management software

We believe that AbiliTec, together with the related real-time customer recognition software and infrastructure, is the leading solution for companies seeking to better integrate their customer data and manage their customer relationships. CRM involves analyzing, identifying, acquiring and retaining customers. Knowledge delivered directly and immediately to a desktop or customer point of contact in real time is critical to the CRM process.

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

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

We have continued with our previously announced strategy of investing in the implementation of AbiliTec globally. Our goal is to continue to grow our revenue at our historical rates while continuing to aggressively invest in AbiliTec in order to maintain our first-to-market advantage with this unique software and related technology. We have completed the successful validation of AbiliTec, noting substantial improvements in the speed and accuracy of combining or appending data and in the accurate matching of valid names and addresses. We have put in place the processes and production infrastructure necessary to process massive amounts of data, and we are continuously improving the technology. We have taken the first steps necessary for AbiliTec to become a global offering. AbiliTec is currently available for licensing in Australia and the United Kingdom. We expect it to be available for general licensing in Germany during the summer of 2001 and in Canada later in the year. In addition, we continue to hold training sessions across the company designed to better equip our associates with the knowledge and support they need to sell the AbiliTec technologies as enterprise-wide solutions.

The advantages that we expected to achieve from AbiliTec have been realized in the areas of database accuracy, completeness, duplicate eliminations, etc. The application of AbiliTec Links (Acxiom's consistent representation of an individual, business, or address which allows duplicate customer records to be easily consolidated, regardless of data inconsistencies) has dramatically increased. The following statistics show the extent of our current application of AbiliTec:

- Approximately 262 billion AbiliTec Links were applied over the past fiscal year.

- Over 387 billion AbiliTec Links have been applied to date.

- An average of 20 million AbiliTec Links per hour in production were applied in the U.S.

- The average number of duplicate customers recognized by applying the AbiliTec Links for our clients' databases was 6.92%.

- The average number of additional customers recognized was 2.20%.

- The average number of undeliverable records that can be made deliverable through AbiliTec Enabled Products is 38.16%.

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

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

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

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

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

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

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

- Greatly improving the speed in which campaigns are brought to market in order to seize on opportunities more quickly.

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

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

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

Real-Time Customer Recognition Software and Infrastructure

Beginning with the Acxiom Data Network(sm), Acxiom has expanded its real-time multi-channel Customer Data Integration and customer recognition capabilities with products such as Solvitur4(sm). This suite of software and infrastructure capabilities allows our clients, in real time, to integrate their existing databases together in ways that have previously been difficult or impossible. The Acxiom Data Network is an on-line access and web-enabled delivery system that provides authorized clients with real-time desktop access to our AbiliTec technology and InfoBase data via the Internet. It also enables clients to have real-time access from their desktops to our consumer and business data products, as well as proprietary client data content from databases that we build and manage for our clients.

Our Customer Data Integration and customer recognition technologies allow our clients and us to integrate data directly into CRM applications such as:

- customer analysis
- interactive web pages
- call centers
- direct mail initiatives
- campaign management
- point-of-sale
- customer service automation
- sales force automation

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

Solvitur4

For clients with multiple product lines, disparate customer databases, or more than one sales or service channel, Solvitur4 is a Customer Data Integration solution that enables companies to recognize and have a unified view of their customers and prospects across the enterprise in real time. In the case of most companies, customer data has typically been inconsistently collected, slowly batch processed, gradually integrated and eventually accessible at some, but not all, customer touch points. We believe that AbiliTec and Solvitur4 provide an accurate and fast Customer Data Integration capability, effectively solving many of the typical CRM problems.

With Solvitur4 and AbiliTec in place, our clients can:

- Instantly integrate both internal and external customer data across the entire enterprise, gaining a single, unified view of their customers and discovering who their best customers truly are.
- Eliminate isolated silos of customer information that inevitably build up over time. In the past, the information contained in these "islands" of data typically has been both difficult to access and not readily available to other areas within a company.
- Understand their customers' product and service expectations significantly better by viewing them in the context of their purchases and expressed preferences.
- Engage, for the first time, in truly integrated and coordinated multi-channel marketing as a result of real-time Customer Data Integration.

In addition, Solvitur4 enables our clients to implement AbiliTec and to perform real-time Customer Data Integration with little or no change to their existing information delivery systems because Solvitur4 is "non-invasive," i.e., its processes work alongside our clients' existing applications and databases. This results in significant savings in time, money and internal discord.

Ability to build and manage large-scale databases.

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

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

Accurate and comprehensive data content.

We believe that we have the most comprehensive and accurate collection of United States consumer, business, property and telephone marketing data available from a single supplier. We believe we process more mailing lists than any other company in the United States. Our InfoBase consumer database contains approximately 17 billion data elements, which we believe covers over 95% of all households in the United States. Our InfoBase business database covers over 13 million United States businesses. Our real estate database, which includes most major United States metropolitan areas, covers approximately 70 million properties in 41 states. We believe our InfoBase TeleSource product represents the most comprehensive repository of accurate telephone number information for business and consumer telephone numbers in the United States and Canada. Our clients use this data to manage existing customer relationships and to target prospective customers.

We intend to launch Consumer InfoBase in the U.K. in fiscal 2002. We believe that it will have the most comprehensive and accurate collection of United Kingdom consumer marketing data available from a single supplier. The information will contain data collected from a number of sources that have been brought together to form a single view. Telephone numbers will also be available to append to records for telemarketing purposes. Our InfoBase consumer database contains over 500 different data variables, and we believe the total file covers over 95% of all households in the United Kingdom. In addition, we also have a substantial file of business-to-business data in the U.K. Our Business InfoBase database covers approximately 2 million United Kingdom businesses. As in the U.S., our U.K. clients will use the data held in Consumer InfoBase and Business InfoBase to manage existing customer relationships and to target prospective customers.

In Australia, Acxiom is a leading supplier of consumer, business and property information for marketing purposes. Under a range of brand names, Acxiom's data products are used by major financial institutions, telecommunications companies and retailers to help them strengthen their customer relationships and grow their market share. Consumer InfoBase, modeled on the U.S. InfoBase product, has over 95% coverage of Australian consumers, and contains contact information, housing details, and real estate activity data, together with consumer level demographic and lifestyle data. We believe it is the most comprehensive, accurate and up-to-date marketing database in Australia. It contains data derived from a large range of sources, delivered through a single source to our clients, who derive significant benefits in target marketing, geo-demographic modeling and customer care. Our Australian business-to-business product, B-Data, has contact and business information on over 750,000 Australian businesses and is used extensively by business-to-business marketers. It is maintained by a telemarketing center with extensive expertise in collecting details of senior officials of businesses, thereby supporting direct marketing in the business environment. Our clients use data from these databases to target prospective customers and strengthen relationships with their existing customers.

Comprehensive information management services.

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

- mainframe computing operations
- client server management
- network management
- web hosting and content change management
- help desks
- high-speed electronic printing
- print and mailing outsourcing
- bill presentation services

Ability to attract and retain talent.

We believe our progressive culture allows us to attract and retain top associates, especially those in technology fields where critical technical skills are scarce. Our culture is based on concepts such as leadership, associate development, and continuous improvement. Our business culture rewards customer satisfaction, associate satisfaction and profitability. In addition to our culture, our extensive geographic presence, with over 50 locations in the United States, Europe, and Australia, including Atlanta, Chicago, London, Los Angeles, New York, Phoenix, and Sydney, has enhanced our ability to attract talented associates. In 2000 and 2001, we were named in ComputerWorld magazine as one of the top 100 information technology companies to work for, and Business Week ranked us in its list of the top 200 IT companies in the U.S. And for the third time in four years, we were recently named one of the "100 Best Companies to Work For" by Fortune magazine.

Growth Strategy

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

Leverage AbiliTec and the related real-time Customer Data Integration and recognition software and infrastructure, including Solvitur4 and our InfoBase data products, to deliver Customer Relationship Management solutions to our clients.

Since 1997, our primary development initiative has been our Customer Data Integration software, AbiliTec, and our related real-time Customer Data Integration and recognition software and infrastructure, including Solvitur4. These are proprietary technologies that enable us to provide our clients with what we believe to be the industry's most accurate and cost-effective means to integrate their customer and prospect data. We then provide the capability to further enhance and add decision-making intelligence to that data with our line of InfoBase consumer and business data products. All of these Customer Data Integration processes can take place in a traditional batch mode or in real time over the Internet or via private network. These technologies are available to a broad range of businesses that desire to better manage their existing and prospective customer relationships.

Our technology to deliver these capabilities over the Internet was the first offered in the marketplace in 1998. Our goal has been to establish these technologies as the widely accepted standard for integrating, managing and enhancing consumer and business data, providing a single, accurate and comprehensive view of the customer in real time across the enterprise. We are marketing AbiliTec, Solvitur4 and InfoBase through our existing sales organization and through our strategic alliances, including leading e-commerce and CRM software solution providers such as Oracle and IBM. We generate revenues from these technologies in the following primary ways:

- Our clients can license our AbiliTec Customer Data Integration software and use it to access our AbiliTec Links on-line to create a single customer view between multiple internal and external data sources. This information can be used, along with business rules, to drive CRM decisions in real time.

- Our clients can use our Solvitur4 real-time CRM solution as a cost-effective channel for accessing customer information from a variety of internal and external data sources. Solvitur4 can easily be integrated into existing legacy systems with a minimum of re-engineering effort.

- Our clients can access our comprehensive line of InfoBase consumer and business data products to add business intelligence to internal customer information. InfoBase can be accessed using traditional batch processing technologies or directly on line.

- The ease of use and tightly integrated nature of our data (InfoBase), Customer Data Integration (AbiliTec) and customer recognition (Solvitur4) products allow us to offer seamless CRM solutions to our customers. We typically bundle these products with a professional services offering to create a customized solution for our clients.

- In addition, each of these products can be integrated directly into the decision systems offered by our strategic alliance partners to enhance their unique value proposition to their customers. This alliance partner strategy allows us to extend the scope of our services in our existing markets and expand our client base.

In addition to the benefits we can provide for our clients, using AbiliTec for our internal processing operations creates computer and personnel cost savings for us.

Further penetrate existing and new client industries.

Our clients expect information management solutions tailored to the needs of their particular industry. We have developed specific knowledge for the industries we serve, among which are the financial services, insurance, information services, direct marketing, publishing, retail, pharmaceuticals/healthcare, technology and telecommunications industries. We expect to continue to expand our presence in these industries as well as to penetrate other industries as their information management needs increase. The telecommunications and utilities industries are examples of industries where information about existing and prospective customers is becoming increasingly important as they move into a deregulated environment. Other industries which we believe are undergoing changes that will increase the need for data and information management services include the e-commerce, Internet, automotive, packaged goods and the media/entertainment sectors.

Expand data content.

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

Capture cross-selling opportunities.

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

Pursue international opportunities.

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

We have also pursued an alliance or partnership relationship with other companies in order to hasten our entry into markets outside of the United States. For the Australian marketplace we have a joint venture with PBL, a large publisher and broadcasting company in Sydney, Australia, through which we are offering our products and services in Australia and New Zealand. We have also entered into an alliance with OgilvyOne, a leading worldwide marketing agency owned by WPP Group. This alliance, called Levante, was created during 2000 and combines OgilvyOne's strategic and consultative skills with AbiliTec and other Acxiom technology to help companies deploy international database marketing programs.

Effective April 1, 2000, we changed our internal operations so as to integrate what was formerly a separate international revenue division into the domestic revenue divisions, so that each operating division now has an international component. Our intention is to transform Acxiom from a company with international offices into a global company capable of providing solutions to our customers in any part of the world. This represents a fundamental change not only in terms of organizational structure, but in all of our processes. It is affecting how we communicate, how we sell, how we market, and how we team. We have been configuring our European operations centers to support larger, more complex software systems, and plans to market AbiliTec globally are underway. We have also formed a Global Growth Team, comprised of senior company leadership that is focused on setting our global growth strategies and overseeing the implementation those strategies.

We continue to believe that our existing international presence, combined with the emerging market demand for our information services, represents a large growth opportunity for us. However given the slowdown in economic growth in many parts of the world, we expect that our growth in these areas may be adversely impacted.

Seek acquisitions and alliances.

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

Strategic Alliances

Effective April 1, 2001, Acxiom established a new company division to seek alliances with many of the world's leading CRM and consulting companies to make AbiliTec and our InfoBase data products core components of the solutions they sell to their customers. Our partners include companies such as Compaq, Computer Associates, IBM Corporation, Lockheed Martin, Oracle, PeopleSoft, PricewaterhouseCoopers, Protagona Worldwide, Siebel Systems, USADATA and Xchange, Inc.

As the number of businesses striving to become more customer-focused increases, so does the demand for comprehensive CRM solutions. Through our strategic alliance partnerships, Acxiom provides the Customer Data Integration that is the foundation of efficient CRM. AbiliTec, when embedded in CRM solutions, provides a company with complete and accurate recognition of its customers - a single view across multiple enterprise systems and applications - and the knowledge needed to optimize customer interactions and marketing campaigns.

With AbiliTec Links in place on customer records, enhancing customer data with Acxiom's InfoBase products becomes a seamless, real-time event. Demographic enhancement data can further refine and optimize CRM strategies and expand opportunities to personalize offers and identify future potential customers.

Acxiom products embedded within strategic alliance partner solutions also enable privacy compliance and promote consumer trust. Using AbiliTec to link customer information across an enterprise, companies can offer customers information access and correction on demand, while managing customer interaction preferences across multiple touch points.

Effective CRM is founded on the ability to see, interpret and act promptly upon customer information. Acxiom's Customer Data Integration and data products in our strategic alliance partners' solutions help companies realize the full potential of their CRM investment. Our newly formed Strategic Alliances Division and our assignment of key resources to this effort demonstrate our commitment to developing these channels. The goal of the new division is to achieve seamless integration of our products into our strategic alliance partners' solution offerings.

Business Segments

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

Services

Our Services segment provides solutions that integrate and manage customer, consumer, and business data using our information management skills and technology, as well as our InfoBase data products. Our AbiliTec software, which provides Customer Data Integration capabilities, together with Solvitur4 positions us for a greater share of the growing CRM market. Customer Data Integration lies at the core of effective CRM, providing a single view of the customer, in real time, across multiple data sources. This unified view, enabled through AbiliTec's linking technology and Solvitur4, gives our clients the ability to reach their customers more rapidly, efficiently and accurately and to target their sales efforts accordingly.

Using our core competencies of data integration, data management and data delivery, Acxiom builds customized client solutions in the following service areas:

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

- Addresses and pre-sorts mailings to maximize postal discounts and minimize handling costs
- Cleanses and integrates mailing list data

Data and Software Products

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

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

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

Our InfoBase data products include both business and consumer data. We believe InfoBase represents the industry's most comprehensive and accurate marketing data product offerings that are sold on a stand-alone basis as well as integrated with our customized service offerings. Our clients use our data products for a range of decision-making and CRM functions, including some of the following information driven applications.:

- identification, verification and segmentation of customers and prospects for direct marketing purposes
- campaign management
- Internet marketing
- point-of-sale marketing
- sales force automation
- customer service automation
- risk management
- fraud prevention

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

Our primary InfoBase products include the following:

Product		Description
InfoBase Enhancement (Consumer)	o	InfoBase Enhancement is the leading consumer data enhancement product containing demographic and lifestyle information on the majority of U.S. households, and providing instant access to the first and largest multi-source database in the U.S.
	o	InfoBase Enhancement processes customer data through multiple delivery options including traditional or "batch" processing for large volumes of data or online processing using the Acxiom Data Network for smaller volumes for instant processing of individual records.
InfoBase List (Consumer)	o	InfoBase List is a comprehensive multi-sourced consumer list designed to help target prospects more effectively and efficiently. InfoBase List consists of base name and address records combined with InfoBase' industry-leading consumer data including key demographics,

	home ownership characteristics, purchase behavior and lifestyle data.
	o We believe that no other compiled list in the business offers better value in the areas of coverage, selectivity, deliverability, accuracy, freshness and customer service.
	o The Acxiom Data Network provides on-demand, instant access to Acxiom's InfoBase Consumer Lists. Through the Acxiom Data Network, clients may obtain InfoBase-enhanced snapshots of their existing records or host prospects for customer acquisition and retention efforts, quickly and inexpensively.
InfoBase Business Enhancement	o InfoBase Business Enhancement gives clients access to information on over 13 million businesses. Clients can combine information from this extensive, multi-sourced database with their own customer records to pinpoint good customers, the best prospects, and the market segments with the highest profit potential.

InfoBase Business List	o InfoBase Business List is a powerful tool for business-to-business marketing that combines Acxiom's industry-leading record for superior data quality with access to over 13 million unique businesses nationwide and their key employees. We believe that no other business list exceeds InfoBase Business List's level of accuracy and deliverability.
InfoBase TeleSource	o We believe that InfoBase TeleSource is the most comprehensive, multi-sourced telephone data product in the United States. Averaging a 94% connect rate, it allows clients to reach a greater number of qualified customers and prospects. InfoBase TeleSource's national database contains more than 160 million consumer names, telephone numbers and addresses. This includes approximately 35 million not available from any other source and approximately 12 million business listings.
InfoBase e-Mail Enhancement	o This database matches e-mail addresses to corresponding postal names and addresses. Its purpose is to enhance existing customer files with accurate, deliverable e-mail addresses, including reverse e-mail append.
InfoBase Analytics: Data Profile Analysis (DPA)	o DPA provides our clients with a comprehensive profile of customers using InfoBase data. DPA is provided as a printed document, but is also available in PC-compatible formats.
InfoBase Analytics: Scored List Rental	o This product consists of scoring applied to the InfoBase List file, putting into action models previously developed by the client or by Acxiom.
InfoBase Analytics: Scored Customer Files	o This product consists of custom scoring applied to a client's self-prepared mail file, putting into action models previously developed by the client or by Acxiom.
InfoBase Analytics: Modeled Data	o This product consists of propensity scores or segmentation codes (e.g., estimated income, estimated net worth, internet users, etc.). Modeled data elements are utilized by other InfoBase products (lists, enhancement, profiler) and are created by Acxiom or by outside sources.
InfoBase BestAddress™	o InfoBase BestAddress is a direct mail address-processing product that improves a mailing list's overall effectiveness by optimizing address accuracy and deliverability. InfoBase BestAddress utilizes AbiliTec Links to deliver the most complete address associated with each delivery point and the most recent and complete address associated with each consumer. On average, AbiliTec-Enabled InfoBase BestAddress delivers results six times faster than traditional address verification processes.
InfoBase Suppression	o InfoBase Suppression facilitates compliance with legal and industry privacy guidelines, improves marketing results by eliminating unresponsive prospects, and decreases fraud risks associated with mailing to unqualified prospects. InfoBase Suppression is built from Acxiom's master suppression file, delivering a common access to a variety of suppression sources. Unlike traditional methods of suppression which require multiple passes of a marketer's list against different suppression files, InfoBase Suppression delivers numerous suppression options through a single product.

In addition to the products listed above, we are in the process of finalizing a new Lifestage Segmentation System built from InfoBase data. It will represent approximately 70 distinct "lifestage" groups based upon a

combination of age, marital status, home ownership and other data. We believe that this system is superior to other similar systems in that it directly represents the behavioral differences of people in one segment versus another, and is built primarily from household level data rather than geographic area data.

IT Management

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

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

o Maximization of value from IT assets and information system staff

o Computing and network capacity driven by customer demand

o Highly scalable computing and network environments

- 24 x 7 system availability
- Service level improvements
- Ability to implement new technologies
- Access to skilled technical personnel
- Improved management of operating costs while freeing up capital

Overview	Services
Our IT solutions cover the computing needs of our clients, ranging from full mainframe information processing centers to the desktop. Acxiom currently operates several large and hardened data centers, manages high-speed networks, and hosts Internet e-commerce applications.	We offer technology services in the following areas: o Mainframe computing operations o Client/server management o Network management o Web hosting and content change management o Help desk support o High-speed electronic printing and mail services o Electronic bill presentment

Clients

Our clients are primarily in the financial services, insurance, information services, direct marketing, publishing, retail and telecommunications industries. Our ten largest clients represented approximately 37% of our revenues in fiscal 2001. No one client accounted for more than 10% of our revenue during the past fiscal year.

We seek to maintain long-term relationships with our clients. Many of our clients typically operate under long-term contracts (defined as contracts with initial terms of at least three years in length). In fiscal 2001, 70% of our revenue was derived from customers which were under long-term contracts.

Representative clients, including AbiliTec licensees, by most of the industries we serve include:

Financial Services	Pharmaceuticals/Healthcare	Retail
Bank One Financial	Abbott Laboratories	Canadian Tire
Bank of America	Bristol-Meyers Squibb	Circuit City
J. P. Morgan Chase & Co.	HealthCarePro Connect	Federated Department Stores
Citicorp Credit Services, Inc.	MedExact USA	Gucci America, Inc.
Conseco, Inc.	Pfizer	Jiffy Lube
eFunds Corporation	Sankyo	Lands' End
First USA Bank	Schering	LensCrafters
Franklin Covey Co.	Searle	Neiman Marcus
GE Capital Corp	St. Jude	Sears Roebuck & Company
MBNA America Bank N.A.	TAP Pharmaceuticals	Viking Office Products
Providian	Wellpoint Health Networks, Inc.	Wal-Mart
Publishing	Technology	Telecommunications
Advance Publications	3Com	AT&T
Guideposts	BMC Software	Cablevision
Harris Publishing	E.piphany	MCI WorldCom
Meredith	Novell	Sprint
National Geographic	Palm	Verizon
Petersen Publishing		Vodafone Airtouch
Rodale		
Insurance	Information Services	Internet / E-Commerce
Allstate	ADP	America On-Line
Physicians Mutual Insurance Company	IBM	Discovery.com
	The Polk Company	E*Trade
Prudential	Trans Union LLC	iWon, Inc.
Automotive	Packaged Goods	
General Motors	Procter & Gamble	
Nissan	Unilever	
Mercedes		

In addition, our Information Technology Management outsourcing customers include a wide array of clients, such as Baxter International, Blue Cross Blue Shield Association, Borden Foods, Brooks Brothers, City of Chicago, Deluxe, Hilton Hotels, Jack-in-the-Box, Rexam, R.R. Donnelly, Safety-Kleen, Trans Union, 20th Century Fox, Waste Management, and Xerox.

Sales and Marketing

We have separate sales forces dedicated to our Services (including Strategic Alliances) and IT Management lines of business. While we maintain separate teams to allow focus on particular services, technologies, strategies and client demands, we increasingly collaborate across the enterprise to leverage our many relationships in selling the full range of Acxiom solutions.

Our sales forces are organized primarily around industries, with sales representatives trained to focus on clients' needs and determine how Acxiom can bring value to them. Our largest clients have their own dedicated Acxiom sales personnel. Sales to these and other large accounts typically involve business unit leaders, group leaders and other senior leadership members. Most major contracts are negotiated with the highest levels of our clients' organizations and therefore receive the attention of our most experienced executives.

Our Services Divisions' sales forces include InfoBase representatives selling data directly to clients. In addition, we have InfoBase sales teams working through our Strategic Alliances Division to incorporate our data into the product offerings of key business partners. The Strategic Alliances sales force is building partnerships with leading providers of CRM applications to embed our AbiliTec software into their CRM solutions. This channel approach is expected to significantly broaden AbiliTec's distribution in the marketplace.

The data sales teams that had been operating out of the Products Division are now spread across the Services Divisions and the Strategic Alliances Division, allowing the Products Division to focus exclusively on creating software and data solutions that will be sold and supported through the other divisions.

Pricing for Products and Services

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

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

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

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

IT Management services are priced based on the cost of migration, management and operation of the data center, network and client/server systems.

Competition

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

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

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

emphasis: the use of the internet to collect and deliver data and the use of email addresses for reaching consumers for marketing. The addition of the Internet into the traditional compilation and distribution channels has made the market more diverse with potential lower barriers to entry.

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

Privacy

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

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

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

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

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

Employees

Acxiom currently employs approximately 5,400 employees (associates) worldwide. With the exception of approximately 45 associates who are engaged in lettershop and fulfillment activities at Acxiom's Skokie, Illinois facility, none of Acxiom's associates are represented by a labor union or are the subject of a collective bargaining agreement. Acxiom has never experienced a work stoppage and believes that its employee relations are good.

Forward-Looking Statements

Certain statements in this report and in other filings by Acxiom with the Securities and Exchange Commission, and in other documents such as press releases, presentations by Acxiom or its management and oral statements may

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

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

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

With regard to the statements that generally relate to our business: all of the above factors; the possibility that economic or other conditions might lead to a reduction in demand for our products and services; the possibility that some of our customers may experience extreme financial difficulty; our continued ability to attract and retain qualified technical and leadership associates and the possible loss of associates to other organizations; the ability to properly motivate our sales force and other associates; our ability to achieve cost reductions; changes in the legislative, judicial, accounting, regulatory, cultural and consumer environments affecting our business including but not limited to legislation, regulations and customs relating to our ability to collect, manage, aggregate and use data; the fact that data suppliers might withdraw data from us, leading to our inability to provide certain products and services; the effect of short-term contracts on the predictability of our revenues; the potential loss of data center capacity or interruption of telecommunication links; postal rate increases that could lead to reduced volumes of business; and customers that may cancel or modify their agreements with us.

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

These and other risk factors are more specifically described in this report under the caption "Risk Factors" above. We believe that we have the product and technology offerings, facilities, associates and competitive and financial resources for continued business success, but future revenues, costs, margins and profits are all influenced by a number of factors, including those discussed above and described under "Risk Factors," all of which are inherently difficult to forecast. We undertake no obligation to publicly release any revision to any forward-looking statement to reflect any future events or circumstances.

Item 2. Properties

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

	Location	Held	Use
Acxiom Corporation:			
(a)	Phoenix, Arizona	Held in fee	Customer service facilities; data center; office space
(b)	Conway, Arkansas	Eleven facilities held in fee; one facility secures a $2,468,000 encumbrance and another secures a $9,605,000 encumbrance	Customer service facilities; data center; office space
(c)	Little Rock, Arkansas	Lease	Principal executive offices; customer service facilities; office space
(d)	Fayetteville, Arkansas	Lease	Office space

(e)	Stamford, Connecticut	Lease	Office space
(f)	Southfield, Michigan	Lease	Office space; data center
(g)	Carmel, New York	Lease	Office space; data center
(h)	Memphis, Tennessee	Lease	Customer service facilities; office space

Acxiom CDC, Inc.:

(a)	Chicago, Illinois	Lease	Office space; data center

Acxiom Limited:

(a)	London, England	Lease	Customer service facilities; office space
(b)	Sunderland, England	Held in fee	Office space; data center; warehouse space; data processing and fulfillment service center and fulfillment service center
(c)	Paris, France	Lease	Office space
(d)	Barcelona, Spain	Lease	Office space

Acxiom / May & Speh, Inc.:

(a)	Chatsworth, California	Lease	Office space; data center; customer service facilities; print facilities
(b)	Woodland Hills, California	Lease	Office space; data center; customer service facilities; print facilities
(c)	Atlanta, Georgia	Lease	Office space
(d)	Chicago, Illinois	Lease	Office space; warehouse facility
(e)	Downer's Grove, Illinois	Lease	Office space; data center; customer service facilities
(f)	Melville, New York	Lease	Office space; print facilities

(g)	Rochester, New York	Lease	Office space
(h)	Bolingbrook, IL	Lease	Office space
(i)	Los Angeles, CA	Lease	Office space; data center

Acxiom Australia Pty Ltd.:

(a)	Sydney, Australia	Lease	Office space
(b)	Brisbane, Australia	Lease	Office space
(c)	Melbourne, Australia	Lease	Office space
(d)	North Sydney, Australia	Lease	Office space

Acxiom SDC, Inc.:

(a)	Skokie, Illinois	Lease	Office space; data center; customer service facilities; warehouse facility; lettershop

Acxiom is based in Little Rock, Arkansas with additional locations throughout the United States and has operations in the United Kingdom, France, Spain and Australia. Construction is in progress on a new customer service facility in Little Rock. Plans for a new customer service facility in Phoenix have currently been postponed.

In general, our offices, customer service and data processing facilities are in good condition. Management believes that our current facilities, together with those currently underway, are suitable and adequate to meet our current needs. Management believes that, except for the planned expansions noted above, no substantial additional properties will be required during fiscal year 2002.

Item 3. Legal Proceedings

On September 20, 1999, Acxiom and certain of its directors and officers were sued by an individual shareholder in a purported class action filed in the United States District Court for the Eastern District of Arkansas. The action alleged that the defendants violated Section 11 of the Securities Act of 1933 in connection with the July 23, 1999 public offering of 5,421,000 shares of our common stock. In addition, the action sought to assert liability against Company Leader Charles Morgan pursuant to Section 15 of the Securities Act of 1933. The action sought to have a class certified of all purchasers of the stock sold in the public offering. Two additional suits were subsequently filed in the same venue against the same defendants and asserted the same allegations. The plaintiffs filed a consolidated complaint, in response to which a motion to dismiss was filed by the defendants. On March 30, 2001, the consolidated complaint was dismissed with prejudice. The plaintiffs are currently seeking an appeal of the district court's dismissal. We believe the allegations are without merit, and the defendants intend to vigorously contest the cases.

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

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

Not applicable.

EXECUTIVE OFFICERS

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

Name	Position Held	Age	Year Elected
Charles D. Morgan	Chairman of the Board and Company Leader	58	1972
Rodger S. Kline	Director and Company Operations Leader	58	1975
James T. Womble	Director and Division Leader	58	1975
David J. Allen	Division Leader	48	2000
Robert S. Bloom	Company Financial Relations Leader and Treasurer	45	1992
R. Bruce Carroll	Company Marketing Leader	56	2001
Cindy K. Childers	Company Organizational Development Leader	41	2001
C. Alex Dietz	Division Leader	58	1979
L. Lee Hodges	Division Leader	54	1998
J. Edward Horton	Division Leader	37	2001
Jerry C. Jones	Company Business Development / Legal Leader	45	1999
Caroline Rook	Company Financial Operations Leader	43	2000
Paul M. Williams	Division Leader	53	2000

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

Mr. Kline joined Acxiom in 1973 and serves as Acxiom's Company Operations Leader. Prior to joining Acxiom, Mr. Kline was employed by IBM Corporation. For the past ten years, Mr. Kline has served as Chairman of the University of Arkansas' College of Engineering Advisory Council. He holds an electrical engineering degree from the University of Arkansas.

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

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

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

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

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

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

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

Mr. Horton joined Acxiom in 1987. He currently serves as one of Acxiom's Division Leaders. Prior to joining Acxiom, he was employed by Diversified Human Resources Group, most recently serving as a data processing consultant. Mr. Horton holds a bachelor's degree in data processing and quantitative analysis from the University of Arkansas and has completed New York University's Diploma Program in direct marketing.

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

Ms. Rook joined Acxiom in 2000 as Company Financial Operations Leader. Prior to joining Acxiom, she was employed by Sterling Software, Inc. for eight years, most recently serving as group vice president of finance and administration of the Business Intelligence Group. Previously, Ms. Rook was a finance manager at Barclays Bank, PLC in England and a senior management consultant with Ernst & Whinney in Hong Kong. Ms. Rook, a Fellow of the Institute of Chartered Accountants in England and Wales, holds a degree in computer sciences from the University of Manchester Institute of Science and Technology (UK).

Mr. Williams joined Acxiom in 1989. He currently serves as one of Acxiom's Division Leaders. Prior to joining Acxiom, he held a number of positions within the information services and financial services industries, including Computer Associates International. Prior to that, he was a systems engineer for IBM. Mr. Williams holds a degree in management from the University of Arkansas and is a graduate of the SMU Intermediate

Banking School and the Stonier Graduate School of Bank Management. He also served four years in the United States Air Force.

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

PART II

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

The information required by this Item appears in Acxiom's Annual Report at p.48, which information is incorporated herein by reference.

Item 6. Selected Financial Data

The information required by this Item appears in Acxiom's Annual Report at p.8, which information is incorporated herein by reference.

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

The information required by this Item appears in Acxiom's Annual Report at pp. 11-20, which information, other than the information contained under the caption "Outlook," is incorporated herein by reference. On June 25, 2001 Acxiom filed a Current Report on Form 8-K, revising the "Outlook" section contained on pages 18-19 of Acxiom's Annual Report. Shareholders are referred to the Form 8-K for a current statement of Acxiom's expectations regarding its financial outlook.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Acxiom's earnings are affected by changes in short-term interest rates primarily as a result of its revolving credit agreement, which bears interest at a floating rate. Acxiom does not use derivative or other financial instruments to mitigate the interest rate risk. Risk can be estimated by measuring the impact of a near-term adverse movement of 10% in short-term market interest rates. If short-term market interest rates average 10% more in fiscal 2002 than in 2001, there would be no material adverse impact on Acxiom's results of operations. Acxiom has no material future earnings or cash flow expenses from changes in interest rates related to its other long-term debt obligations as substantially all of Acxiom's remaining long-term debt obligations have fixed rates. At March 31, 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 currency exchange rate risks from the effects that exchange rate movements of foreign currencies would have on Acxiom's future costs or on future cash flows it would receive from its foreign investment. To date, Acxiom has not entered into any foreign currency forward exchange contracts or other derivative financial instruments to hedge the effects of adverse fluctuations in foreign currency exchange rates.

As discussed in note 8 to the consolidated financial statements, Acxiom is a party to 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 at March 31, 2001, of approximately $21.81, $27.51 and $24.37 per share, respectively, for a total notional purchase price of $83.8 million. The value of the equity forward contracts at March 31, 2001 was a liability of $7.5 million, based on the market value of Acxiom common stock of $20.88 at March 31, 2001. The value of the equity forward contracts will vary based on the market price of the common stock. For each $1.00 increase or decrease in the stock price, the value of the equity forward contracts will increase or decrease by approximately $3.7 million.

During April 2001, Acxiom paid approximately $20 million to reduce the strike price of the equity forward agreement for purchase of the 3.1 million shares from $21.81 to $15.48. As a result, the total notional amount under the equity forward agreements has been reduced to approximately $64 million.

Item 8. Financial Statements and Supplementary Data

The Financial Statements required by this Item appear in Acxiom's Annual Report at pp. 21-44 , which information is incorporated herein by reference.

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

On July 19, 2000, the Audit Committee of the Board of Directors approved the engagement of Arthur Andersen LLP as the independent auditors for Acxiom. As of that date, Arthur Andersen LLP replaced Acxiom's former independent auditors, KPMG LLP.

During the two fiscal years ended March 31, 2000 and the subsequent interim period through July 19, 2000, there were no disagreements with KPMG LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements if not resolved to its satisfaction would have caused it to make reference in connection with its report to the subject matter of the disagreement. The independent auditors' report of KPMG LLP on the consolidated financial statements of Acxiom Corporation and subsidiaries as of and for the years ended March 31, 2000 and March 31, 1999 did not contain any adverse opinion or disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope, or accounting principles.

During the two fiscal years ended March 31, 2000, and the subsequent interim period through July 19, 2000, Arthur Andersen LLP was not consulted by Acxiom, or by anyone on Acxiom's behalf, regarding either the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on Acxiom's financial statements.

PART III

Item 10. Directors and Executive Officers of the Registrant

Pursuant to general instruction G(3) of the instructions to Form 10-K, information concerning Acxiom's executive officers is included under the caption "Executive Officers" at the end of Part I of this Report. The remaining information required by this Item appears under the captions "Proposals You May Vote On," "Information About the Board of Directors," and "Section 16(a) Reporting Delinquencies" in Acxiom's 2001 Proxy Statement, which information is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this Item appears under the heading "Executive Compensation" in Acxiom's 2001 Proxy Statement, which information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this Item appears under the heading "Stock Ownership" in Acxiom's 2001 Proxy Statement, which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

The information required by this Item appears under the heading "Certain Transactions" in Acxiom's 2001 Proxy Statement, which information is incorporated herein by reference.

PART IV

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

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

Financial Statements.

The following consolidated financial statements of the registrant and its subsidiaries included on pages 21 through 44 of Acxiom's Annual Report and the Independent Auditors' Reports on page 45 thereof are incorporated herein by reference. Page references are to page numbers in the Annual Report.

Financial Statement Schedule.

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

Exhibits and Executive Compensation Plans.

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

Exhibit No.

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

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

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

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

10(a) Data Center Management Agreement dated July 27, 1992 between Acxiom and Trans Union Corporation

(previously filed as Exhibit A to Schedule 13-D of Trans Union Corporation dated August 31, 1992, Commission File No. 5-36226, and incorporated herein by reference)

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

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

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

10(e) Amended and Restated Key Associate Stock Option Plan of Acxiom Corporation (previously filed as Exhibit 10(e) to Acxiom's Annual Report on Form 10-K for the fiscal year ended March 31, 2000, Commission File No. 0-13163, and incorporated herein by reference)

10(f) 2000 Associate Stock Option Plan of Acxiom Corporation (previously filed as Exhibit 10(f) to Acxiom's Annual Report on Form 10-K for the fiscal year ended March 31, 2000, Commission File No. 0-13163, and incorporated herein by reference)

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

10(h) Acxiom Corporation Leadership Team Compensation Plan - Fiscal Year 2002

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

10(j) Credit Agreement, dated as of December 29, 1999, among Acxiom Corporation and Chase Bank of Texas, National Association, individually and as co-administrative agent for certain other Lenders (the "Credit Agreement") (previously filed as Exhibit 10(j) to Acxiom's Annual Report on Form 10-K for the fiscal year ended March 31, 2000, Commission File No. 0-13163, and incorporated herein by reference)

10(k) Increased Commitment Supplement to Credit Agreement, dated as of February 22, 2000 (previously filed as Exhibit 10(k) to Acxiom's Annual Report on Form 10-K for the fiscal year ended March 31, 2000, Commission File No. 0-13163, and incorporated herein by reference)

10(l) Increased Commitment Supplement to Credit Agreement, dated as of June 15, 2000 (previously filed as Exhibit 10(l) to Acxiom's Annual Report on Form 10-K for the fiscal year ended March 31, 2000, Commission File No. 0-13163, and incorporated herein by reference)

10(m) General Electric Capital Corporation Master Lease Agreement, dated as of September 30, 1999

13 Portions of Acxiom's Annual Report

21 Subsidiaries of Acxiom

23(a) Consent of KPMG LLP

23(b) Consent of Arthur Andersen LLP

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

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

- 2000 Associate Stock Option Plan of Acxiom Corporation
- Acxiom Corporation Leadership Team Compensation Plan - Fiscal Year 2002
- Acxiom Corporation Non-Qualified Deferred Compensation Plan
- Acxiom Corporation U.K. Share Option Scheme
- Amended and Restated Key Associate Stock Option Plan of Acxiom Corporation

(b) Reports on Form 8-K.

None.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Acxiom Corporation:

Under date of May 2, 2000, we reported on the consolidated balance sheets of Acxiom Corporation and subsidiaries as of March 31, 2000, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the two-year period ended March 31, 2000, which are included in the 2001 annual report to shareholders. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for the year ended March 31, 2001. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related financial statement schedule of valuation and qualifying accounts. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

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

KPMG LLP

Dallas, Texas
May 2, 2000

SIGNATURES

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

ACXIOM CORPORATION

Date: June 27, 2001

By: /s/ Catherine L.

Catherine L. Hughes
Secretary

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

Signature		
Dr. Ann H. Die* - -------------------------- Dr. Ann H. Die	Director	June 27, 2001
William T. Dillard II* - -------------------------- William T. Dillard II	Director	June 27, 2001
Harry C. Gambill* - -------------------------- Harry C. Gambill	Director	June 27, 2001
William J. Henderson* - -------------------------- William J. Henderson	Director	June 27, 2001
Rodger S. Kline* - -------------------------- Rodger S. Kline	Company Operations Leader and Director (Principal financial officer)	June 27, 2001
Thomas F. McLarty, III* - -------------------------- Thomas F. McLarty, III	Director	June 27, 2001
Charles D. Morgan* - -------------------------- Charles D. Morgan	Chairman of the Board and Company Leader (Principal executive officer)	June 27, 2001
Stephen M. Patterson* - -------------------------- Stephen M. Patterson	Director	June 27, 2001
Caroline Rook* - -------------------------- Caroline Rook	Company Financial Operations Leader (Principal accounting officer)	June 27, 2001
James T. Womble* - -------------------------- James T. Womble	Division Leader and Director	June 27, 2001

*By: /s/ Catherine L. Hughes

Catherine L. Hughes
Attorney-in-Fact

Exhibit 21

U.S. SUBSIDIARIES

Name	Incorporated In	Doing Business As
Acxiom Asia, Ltd.	Arkansas	Acxiom Asia, Ltd.
Acxiom CDC, Inc.	Arkansas	Acxiom CDC, Inc.
Acxiom / Direct Media, Inc.	Arkansas	Acxiom / Direct Media, Inc.
Acxiom / May & Speh, Inc.	Delaware	Acxiom / May & Speh, Inc.
Acxiom NJA, Inc.	New Jersey	KM Lists Incorporated
Acxiom Property Development, Inc.	Arkansas	Acxiom Property Development, Inc.
Acxiom / Pyramid Information Systems, Inc.	California	Acxiom / Pyramid Information Systems, Inc.
Acxiom RM-Tools, Inc.	Arkansas	Acxiom RM-Tools, Inc.
Acxiom RTC, Inc.	Delaware	Acxiom RTC, Inc.
Acxiom SDC, Inc.	Arkansas	Acxiom SDC, Inc.
Acxiom Transportation Services, Inc.	Arkansas	ATS; Conway Aviation, Inc.

INTERNATIONAL SUBSIDIARIES

Name	Incorporated In	Doing Business As
Acxiom Limited	United Kingdom	Acxiom Limited
Normadress SA	France	Normadress
Marketing Technology SA	Spain	Marketing Technology
Acxiom Australia Pty Ltd	Australia	Acxiom Australia Pty Ltd

Exhibit 23(a)

To the Board of Directors
Acxiom Corporation:

We consent to incorporation by reference in the registration statements (Nos. 333-72009, 333-81211, 333-49740, and 333-55814, on Form S-3 and Nos. 33-17115, 33-37609, 33-37610, 33-42351, 33-72310, 33-72312, 33-63423, 33-03391, 333-40114, and 333-57470 on Form S-8) of Acxiom Corporation of our report dated May 2, 2000, relating to the consolidated balance sheets of Acxiom Corporation and subsidiaries as of March 31, 2000, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the two-year period ended March 31, 2000 which is incorporated by reference in the March 31, 2001 annual report on From 10-K of Acxiom Corporation. We also consent to incorporation by reference in the above-mentioned registration statements of our report dated May 2, 2000 relating to the consolidated financial statement schedule, which report appears in the March 31, 2000 annual report on Form 10-K of Acxiom Corporation.

/s/ KPMG LLP

Dallas, Texas
June 22, 2001

Exhibit 23(b)

To the Board of Directors of Acxiom Corporation:

As independent public accountants, we hereby consent to the incorporation of our report dated May 11, 2001 incorporated by reference in this Form 10-K, into the Company's previously filed Registration Statements, File Nos. 333-72009, 333-81211, 333-49740, 333-55814, 33-17115, 33-37609, 33-37610, 33-42351, 33-72310, 33-72312, 33-63423, 333-03391, 333-40114 and 333-57470.

/s/ Arthur Andersen LLP

Little Rock, Arkansas,
June 22, 2001

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the undersigned, a director or officer, or both, of Acxiom Corporation ("Acxiom"), acting pursuant to authorization of the Board of Directors of Acxiom, hereby appoints Catherine L. Hughes and Caroline Rook, or any one of them, attorneys-in-fact and agents for me and in my name and on my behalf, individually and as a director or officer, or both, of Acxiom, to sign the Company's Annual Report on Form 10-K for the year ended March 31, 2001, together with any amendments thereto, and to file the same, together with any exhibits and all other documents related thereto, with the Securities and Exchange Commission, granting to said attorneys-in-fact and agents full power and authority to do and perform each and any act necessary to be done in connection therewith, as fully to all intents and purposes as the undersigned might or could do in person, duly ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue of the power herein granted.

IN WITNESS WHEREOF, I have hereunto set my hand as of this 23rd day of May, 2001.

Signed: /s/
Name: CAROLINE ROOK

Signed: /s/
Name: DR. ANN HAYES DIE

Signed: /s/
Name: WILLIAM T. DILLARD II

Signed: /s/
Name: HARRY C. GAMBILL

Signed: /s/
Name: WILLIAM J. HENDERSON

Signed: /s/
Name: RODGER S. KLINE

Signed: /s/
Name: THOMAS F. (MACK) McLARTY, III

Signed: /s/
Name: CHARLES D. MORGAN

Signed: /s/
Name: STEPHEN M. PATTERSON

Signed: /s/
Name: JAMES T. WOMBLE

Exhibit 13

Selected Financial Data

Years Ended March 31,	2001	2000	1999	1998	1997
Earnings Statement Data:					
Revenue	$ 1,009,887	964,460	754,057	592,329	499,232
Net earnings (loss) before cumulative effect of change in accounting principle	$ 43,867	90,363	(15,142)	47,155	38,944
Cumulative effect of change in accounting principle	$ (37,488)	-	-	-	-
Net earnings (loss)	$ 6,379	90,363	(15,142)	47,155	38,944
Basic earnings (loss) per share:					
Before cumulative effect of change in accounting principle	$ .50	1.06	(.19)	.64	.55
Cumulative effect of change in accounting principle	$ (.43)	-	-	-	-
Net earnings (loss)	$ .07	1.06	(.19)	.64	.55
Diluted earnings (loss) per share:					
Before cumulative effect of change in accounting principle	$ .47	1.00	(.19)	.58	.49
Cumulative effect of change in accounting principle	$ (.40)	-	-	-	-
Net earnings (loss)	$ .07	1.00	(.19)	.58	.49
Pro Forma Earnings Statement Data, assuming accounting change is applied retroactively:					
Revenue	$ 1,009,887	901,925	741,124	592,329	499,232
Net earnings (loss)	$ 43,867	60,038	(22,305)	47,155	38,944
Basic earnings (loss) per share	$ .50	.71	(.29)	.64	.55
Diluted earnings (loss) per share	$ .47	.67	(.29)	.58	.49
March 31,	2001	2000	1999	1998	1997
Balance Sheet Data:					
Current assets	$ 352,447	340,046	301,999	294,704	150,805
Current liabilities	$ 214,320	180,008	167,915	84,201	54,044
Total assets	$ 1,232,725	1,105,296	889,800	681,634	419,788
Long-term debt, excluding current installments	$ 369,172	289,234	325,223	254,240	109,898
Stockholders' equity	$ 616,448	587,730	357,773	308,225	237,606

(In thousands, except per share data. Per share data are restated to reflect a 2-for-1 stock split in fiscal 1997.)

8

The following table is submitted in lieu of the required graphs:

YEAR	1997	1998	1999	2000	2001
Pro Forma Revenue (1) (In Millions of Dollars)	$499	$592	$741	$902	$1010
Net Earnings (1)(3) (In Millions of Dollars)	$38.9	$50.1	$59.6	$60.0	$70.4
Pro Forma Revenue Excluding Divestitures (1)(2) (In Millions of Dollars)	$395	$500	$642	$796	$1010
Diluted Earnings Per Share (1)(3) (In Dollars)	$0.49	$0.61	$0.70	$0.67	$0.75
Revenue Under Long-Term Contract (1) (In Millions of Dollars)	$255	$315	$374	$539	$722
Earnings Before Interest, Taxes, Depreciation and Amortization (1)(3) (In Millions of Dollars)	$104.0	$139.8	$176.6	$206.9	$262.2

(1) Years prior to 2001 restated on a pro forma basis assuming SAB 101 was applied retroactively
(2) Excludes divested operations
(3) Excluding nonrecurring items

9

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

On May 28, 1999, the Company completed the acquisition of Computer Graphics of Arizona, Inc. ("Computer Graphics") and all of its affiliated companies. On September 17, 1998, the Company completed the acquisition of May & Speh, Inc. ("May & Speh"). Both mergers have been accounted for as poolings-of-interests. Accordingly, the consolidated financial statements have been restated as if the combining companies had been combined for all periods presented. See note 2 to the consolidated financial statements for a more detailed discussion of the merger transactions.

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 No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements." Previously, the Company had recognized revenue from the licensing of data when the data was delivered and from services and from information technology ("IT") outsourcing services as the services were performed, using the percentage-of-completion method. The cumulative effect of the change on years prior to fiscal 2001 resulted in a charge to earnings of $37.5 million, which is included in the Company's consolidated earnings for the year ended March 31, 2001. The effect of the change on the year ended March 31, 2001 was to decrease earnings before the cumulative effect of the change in accounting principle by $18.2 million ($.20 per diluted share). The pro forma unaudited amounts presented in the accompanying consolidated statements of operations and discussed in this Management's Discussion and Analysis were calculated assuming the accounting change was made retroactively to prior periods. For the year ended March 31, 2001, the Company recognized approximately $29 million in revenue that was included in the cumulative effect adjustment as of April 1, 2000.

RESULTS OF OPERATIONS

For the fiscal year ended March 31, 2001, the Company's revenue was $1.01 billion. This represents the first time the Company's revenue for a fiscal year has exceeded $1 billion and represents an increase of 5% over revenue of $964.5 million in fiscal 2000. Adjusting the prior year revenue for the pro forma effects of SAB 101, and also excluding revenue in the prior year from operations which have since been divested, results in an increase in revenue of 27% for 2001, fueled by revenue from the sale of AbiliTec(TM) software licenses of $110 million. For the fiscal year ended March 31, 2000, consolidated revenue increased 28% from 1999. Excluding the impact of Direct Media, Inc. ("DMI"), which was sold during fiscal 2000, revenue increased 31% over 1999.

The following table shows the Company's revenue by business segment for each of the years in the three-year period ended March 31, 2001 (dollars in millions):

	2001	2000	1999	2001 to 2000	2000 to 1999
Services	$ 732.6	$ 675.1	$ 524.1	+ 9%	+ 29%
Data and Software Products	228.7	168.5	117.8	+ 36	+ 43
IT Management	223.4	194.9	154.5	+ 15	+ 26
Intercompany eliminations	(174.8)	(74.0)	(42.3)	+ 136	+ 75
	$ 1,009.9	$ 964.5	$ 754.1	+ 5%	+ 28%

The Services segment, the Company's largest segment, provides data warehousing, list processing and consulting services to large corporations in a number of vertical industries. Revenue growth for this segment was 9% for fiscal 2001, but when the prior year is adjusted for SAB 101 and divestitures, the adjusted growth rate was 29%, following another 29% increase in 2000.

The Data and Software Products segment provides data content and software primarily in support of their customers' direct marketing activities. One of the channels for the Data and Software Products segment is the customers of the Services and IT Management segments. For internal reporting purposes, these revenues are included in both segments and then adjusted within the intercompany elimination. As evidenced by the table above, Data and Software Products revenues from the Services and IT Management segments' customers grew strongly in 2001 increasing 136% over the prior year after a 75% increase in 2000. Fiscal 2001 revenue for the Data and Software Products segment increased

36% after increasing 43% in 2000. Adjusting fiscal 2000 for SAB 101 and divestitures yields a growth rate for 2001 of 137%. The growth in 2001 was fueled by sales of AbiliTec software, while the growth in 2000 was primarily due to data and data license sales of the InfoBase(R) products. As a result of SAB 101, revenue from data licenses will now be recognized on a straight-line basis over the terms of the agreements, rather than recognizing up-front revenue upon delivery. Software revenue was also recognized upon delivery during fiscal 2001, but the Company has subsequently modified its software contracts so that revenue from these products will also be recognized over the terms of the license agreements, beginning in fiscal 2002. See the "Outlook" section of Management's Discussion and Analysis for more information.

The IT Management segment reflects outsourcing services primarily in the areas of data center, client server and network management. This segment grew 15% in 2001 after increasing 26% in 2000. However, after adjusting 2000 for SAB 101, the growth rate for 2001 was 21%. The IT Management segment lost a major customer late in fiscal 2001 due to the bankruptcy of Montgomery Ward ("Wards"), discussed below. Revenue from Wards in fiscal 2001 was approximately $20.1 million, and most of this revenue will not recur, since the contract was substantially terminated in April 2001.

The following table presents operating expenses for each of the years in the three-year period ended March 31, 2001 (dollars in millions):

	2001	2000	1999	2001 to 2000	2000 to 1999
Salaries and benefits	$ 363.5	$ 361.8	$ 283.6	+ 0%	+ 28%
Computer, communications and other equipment	186.0	151.8	111.9	+ 23	+ 36
Data costs	112.0	113.1	111.4	- 1	+ 2

Other operating costs and expenses	211.5	173.9	129.8	+ 22	+ 34
Gains, losses and nonrecurring items	35.3	-	118.7	NA	NA
	$ 908.3	$ 800.6	$ 755.4	+ 13%	+ 6%

Salaries and benefits increased less than 1% from 2000 to 2001 and by 28% from 1999 to 2000. Excluding the effect on the prior year of divestitures, the increase for 2001 was 18%. The increases in both years are generally due to headcount and normal salary increases to support the Company's revenue growth.

Computer, communications and other equipment costs increased 23% for 2001 and 36% for 2000. Excluding divestitures, the increase would have been 33% for 2001. The increases in both years reflect depreciation on capital expenditures and amortization of software costs made to accommodate business growth, in particular the outsourcing business in the IT Management segment.

Data costs were about flat for the three years shown, due to changes in Allstate Insurance Company ("Allstate") data revenue being offset by changes in other data costs. Allstate data revenues are normally the largest single driver of data costs.

Other operating costs and expenses increased by 22% in 2001 after increasing 34% in 2000. Cost of sales in 2001 increased 15%, due to sales of hardware. Advertising expenses increased 66% in 2001, travel and entertainment increased 25% and consulting and outside services increased 35%. Facilities costs increased 45% in 2000, principally due to new buildings in Little Rock, Arkansas, and Downers Grove, Illinois. Cost of sales, primarily related to sales of hardware, increased 80% in 2000. Other line items with significant increases in 2000 included office supplies, operating supplies, travel, amortization of goodwill, and consulting and outside services.

During fiscal 2001, the Company recorded gains, losses and nonrecurring items totaling $35.3 million. Included in these charges were $34.6 million related to the bankruptcy of Wards. These charges consisted of approximately $8.1 million for the write-down of property and equipment; $13.7 million of

deferred contract costs; $5.3 million of pre-petition receivables; $3.5 million for the write-down of software; $2.3 million in ongoing contract costs; and $1.7 million of other accruals. See note 3 to the consolidated financial statements for more information regarding the Wards write-downs.

Also included in the gains, losses and nonrecurring items for fiscal 2001 were a $39.7 million gain on the sale of the DataQuick operation in April, a $3.2 million loss on the sale of the CIMS business unit, a $20.4 million write-down of the Company's remaining interest in the DMI operation, a $7.6 million write-down of campaign management software, a $6.3 million accrual to fund over-attainment incentives, and $2.9 million in additional write-offs. See note 15 to the consolidated financial statements for more information regarding these write-offs.

In fiscal 1999, the Company recorded special charges which totaled $118.7 million. These charges were merger and integration expenses associated with the May & Speh merger and the write-down of other impaired assets. The charges consisted of approximately $10.7 million of transaction costs; $8.1 million in associate-related reserves; $48.5 million in contract termination costs; $11.5 million for the write-down of software; $29.3 million for the write-down of property and equipment; $7.8 million for the write-down of goodwill and other assets; and $2.8 million in other accruals. See note 3 to the consolidated financial statements for further information about the special charges.

Total spending on capitalized software and research and development expense was $58.9 million in 2001, compared to $63.7 million in 2000 and $36.3 million in 1999. Research and development expense was $22.3 million, $26.4 million and $17.8 million for 2001, 2000 and 1999, respectively. The Company's operations for fiscal 2001 were heavily impacted by investment in the AbiliTec software. The investment totaled approximately $79 million for the year, including $25 million of capitalized software development, with the remaining $54 million being expensed as advertising, training, sales and marketing, research and development, and the AbiliTec infrastructure.

Excluding the effect of the gains, losses and nonrecurring items in both 2001 and 1999, income from operations was $137.0 million in 2001, compared to $163.9 million in 2000 and $117.4 million in 1999. Operating income for 2001 grew 18% when compared to the prior year as adjusted for SAB 101. The operating margin for 2001, after implementation of SAB 101 but excluding gains, losses and nonrecurring items, was 14%. Operating margins for the segments were 23%, 31% and 12% for the Services, Data and Software Products, and IT Management segments, respectively, for fiscal 2001.

Interest expense increased by $3.0 million in 2001 after increasing $6.1 million in 2000. The increases are due primarily to increased average debt levels, including increases in the Company's revolving credit agreement and increases in enterprise software license liabilities.

Other, net for fiscal 2001 includes write-downs on marketable and nonmarketable securities and investments of $12.7 million taken in the fourth quarter, net of realized gains. More information about these write-downs can be found in note 1 to the consolidated financial statements. These write-downs were partially offset by gains recorded in the first quarter on Ceres, Inc. More information about this transaction can be found in note 15 to the consolidated financial statements. The remainder of the other, net category consists primarily of interest income on unbilled and notes receivable together with equity pickup on joint ventures. Other, net in 2000 and 1999 are primarily comprised of interest income.

The Company's effective tax rate, excluding the gains, losses and nonrecurring items, was 38.5%, 37.5% and 37.3% for 2001, 2000 and 1999, respectively. In each year, the effective rate exceeded the U.S. statutory rate because of state income taxes, partially offset by research, experimentation and other tax credits. In 1999, the effect of the gains, losses and nonrecurring items increased the effective tax rate as certain of the special charges were not deductible for Federal or state tax purposes.

As noted above, the Company implemented SAB 101 as of the beginning of fiscal 2001. The cumulative effect of this change in accounting principle, net of related income tax benefit, was $37.5 million.

Net earnings before the cumulative effect of the accounting change were $43.9 million for fiscal 2001. Excluding the gains, losses and nonrecurring items, the investment gains and losses referred to above, and other

nonrecurring charges, net earnings would have been $70.4 million. Net earnings for fiscal 2000, adjusted for SAB 101, were $60.0 million. Excluding the effect of the special charges, and also adjusting for SAB 101, net earnings in 1999 would have been $59.6 million. Basic earnings per share, excluding the special charges and adjusting for SAB 101 in prior years, would have been $.79, $.71 and $.77 in 2001, 2000 and 1999, respectively. Diluted earnings per share would have been $.75, $.67 and $.70, respectively.

In April 2001, in response to the slowing economy, the Company initiated a series of expense reduction and control measures. The most significant of these was a mandatory 5% pay reduction for most U.S. associates, with the associates receiving stock options to offset the reduction. Associates were offered the chance to take additional pay reductions of up to an additional 15% in return for more options, and approximately 38% of associates volunteered for some amount of additional reduction. Share dilution as a result of these additional options is estimated to be 3.2%, which the Company believes will be more than offset by the cost savings and increased productivity of virtually every Acxiom associate having a financial stake in the future of the Company. The cost savings as a result of this program make the overall impact accretive to earnings per share in fiscal 2002. The Company has also put plans in place to reduce other expenses including advertising, capital expenditures, and travel and entertainment, together with other discretionary expenses. In total these initiatives are expected to reduce expenses by at least $70 million from the level previously planned for fiscal 2002.

CAPITAL RESOURCES AND LIQUIDITY

Working capital at March 31, 2001 totaled $138.1 million, compared to $160.0 million a year previously. At March 31, 2001, the Company had available credit lines of $296.5 million of which $129.0 million was outstanding. The Company's debt-to-capital ratio (capital defined as long-term debt plus stockholders' equity) was 37% at March 31, 2001, compared to 33% at March 31, 2000. Included in long-term debt at March 31, 2001 and 2000 is a convertible debt of $115 million, for which the conversion price is $19.89 per share. The market price of the Company's common stock has been in excess of this conversion price for most of the current fiscal year, although it has dropped below this price subsequent to March 31, 2001. If the price of the Company's common stock moves above the conversion price prior to the scheduled maturity of the convertible note, management expects this debt to be converted to equity. Assuming the convertible debt had been converted to equity, the Company's debt-to-capital ratio would have been reduced to 26% at March 31, 2001. Total stockholders' equity increased 5% to $616.4 million at March 31, 2001. The components of this increase are detailed in the statements of stockholders' equity in the accompanying consolidated financial statements.

Cash provided by operating activities was $48.1 million for 2001, compared to $104.6 million for 2000 and $60.4 million for 1999. Earnings before interest expense, taxes, depreciation and amortization ("EBITDA") of $262.2 million, excluding the impact of the gains, losses and nonrecurring items and also excluding other noncash write-offs which are reported elsewhere in the consolidated statements of operations, increased by 3% in 2001 after increasing by 35% in 2000. EBITDA is not intended to represent cash flows for the period, is not presented as an alternative to operating income as an indicator of operating performance, may not be comparable to other similarly titled measures of other companies, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles. However, EBITDA is a relevant measure of the Company's operations and cash flows and is used internally as a surrogate measure of cash provided by operating activities. Adjusting 2000 for the pro forma effects of SAB 101 yields an increase in EBITDA for 2001 of 27%. The resulting operating cash flow was reduced by $149.8 million in 2001, $112.6 million in 2000 and $124.3 million in 1999 due to the net change in operating assets and liabilities. The change primarily reflects higher current and noncurrent receivables, partially offset by higher accounts payable and accrued liabilities resulting from the growth of the business. Days sales outstanding ("DSO") was 67 days at March 31, 2000 and was 70 days at March 31, 2001.

Investing activities used $115.6 million in 2001, $157.8 million in 2000, and $190.3 million in 1999. Investing activities in 2001 included $111.5 million in capital expenditures, compared to $120.6 million in 2000 and $127.9 million in 1999. Capital expenditures are principally due to purchases of data

center equipment to support the Company's outsourcing agreements, as well as the purchase of additional data center equipment in the Company's core data centers. In fiscal 2000, the Company occupied two new buildings in Little Rock, Arkansas, and in fiscal 1999, the Company occupied a new building in Downers Grove, Illinois. During fiscal 2000 and 2001, the Company entered into synthetic off-balance sheet lease arrangements with a financial institution for computer equipment, furniture and airplane financing, under which it has acquired equipment totaling $91.1 million during 2001 and $67.8 million during 2000. Of the total funded in 2000, $34.8 million was received in a sale and leaseback transaction of equipment that had previously been owned by the Company. The remaining lease funding reduced capital expenditures. At March 31, 2001, the Company had obtained commitments for future additional synthetic lease funding totaling approximately $94.6 million.

Investing activities during 2001 also included $36.6 million in software development costs, compared to $37.3 million in 2000 and $18.5 million in 1999. Capitalization in 2001, 2000 and 1999 included approximately $25.2 million, $19.2 million and $4.1 million, respectively, related to the Acxiom Data Network and AbiliTec products. The remainder of the software capitalization includes software tools and databases developed for customers in all three segments of the business. Investing activities also reflect cash paid for acquisitions of $16.0 million in 2001, $33.0 million in 2000 and

$46.0 million in 1999. Dispositions of assets in 2001 included cash proceeds of $55.5 million from the sale of DataQuick. Notes 2 and 15 to the consolidated financial statements discuss the acquisitions and dispositions in more detail. Investing activities also reflect the investment of $20.5 million in 2001, $5.8 million in 2000 and $10.4 million in 1999 by the Company in joint ventures. Investments made in the current year include an additional advance of $5.4 million to the Company's joint venture in Australia, a $5.0 million investment in HealthCareProConnect, LLC, a joint venture with the American Medical Association, a $6.0 million investment in USADATA.com, Inc., and an investment of $1.1 million in Landscape Co., Ltd., a Japanese data company. Investing activities in 2001 also include the sale of certain marketable securities that had been received in exchange for one of the Company's previous investments. Investing activities for 1999 also included sales of marketable securities which had been owned by May & Speh prior to the merger.

Financing activities in 2001 provided $58.0 million, primarily from increases in debt, along with sales of stock through the Company's stock option and employee stock purchase plans. Financing activities in 2001 also included payments under the Company's equity forward contracts and purchases of treasury stock in the open market. The equity forward contracts are discussed in further detail below. Financing activities in 2000 provided $64.6 million, including the sale of stock by the Company in a secondary offering which generated approximately $51.3 million in cash, along with sales of stock through the Company's stock option and employee stock purchase plans. Financing activities in 1999 included sales of stock through the Company's stock option and employee stock purchase plans and the exercise of a warrant by TransUnion LLC ("TransUnion") for the purchase of 4 million shares. This warrant was issued to TransUnion in 1992 in conjunction with the data center management agreement between TransUnion and the Company.

During fiscal 2001, the Company began construction on a customer service facility in Little Rock and is in the planning stage of another customer service and data center facility in Phoenix. The Little Rock building is expected to cost approximately $30.0 million to $35.0 million including interest during construction, with construction expected to last until October 2002. The Phoenix project is expected to cost approximately $25.0 million, including land and construction interest, with construction expected to last until September 2002. The City of Little Rock has issued revenue bonds for the Little Rock project. The Company is financing both the Phoenix and Little Rock projects using an off-balance sheet synthetic lease arrangement. Upon completion, the combined impact of these two leasing arrangements will reduce operating cash flow by approximately $5.0 million per year over the term of the lease.

While the Company does not have any other material contractual commitments for capital expenditures, additional investments in facilities and computer equipment continue to be necessary to support the growth of the business. In addition, new outsourcing or facilities management contracts frequently require substantial up-front capital expenditures in order to acquire or replace existing assets. In some cases, the Company also sells software and

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

As of March 31, 2001, the Company has entered into three equity forward purchase agreements with a commercial bank under which the Company will purchase 3.1 million, 0.2 million and 0.5 million shares of its common stock at an average total cost of approximately $21.81, $27.51 and $24.37 per share, respectively, for a total notional amount of $83.8 million. In accordance with the terms of the forward contracts, the shares remain issued and outstanding until the forward purchase contracts are settled. The Company has the option to settle the contracts at any time prior to December 15, 2001, when the contracts are required to be settled. The agreements may be settled in cash, shares of common stock or in net shares of common stock. The Company has accounted for these forward contracts as permanent equity. The fair value of the equity forward contracts as of March 31, 2001 was a liability of $7.5 million, based on a stock price of $20.88. An increase or decrease in the stock price of $1.00 per share increases or decreases the market value by approximately $3.7 million.

During April 2001, the Company paid, and has recorded as a component of stockholders' equity, approximately $20 million to reduce the strike price of the equity forward agreement for purchase of the 3.1 million shares from $21.81 to $15.48 per share. As a result, the total notional amount under the equity forward agreements has been reduced to approximately $64 million and the required settlement date was changed to December 15, 2001.

The Emerging Issues Task Force ("EITF") of the Financial Accounting Standards Board reached a consensus in EITF 00-7 that requires equity forward contracts entered into after March 15, 2000 to be recorded as assets and liabilities, with adjustments to the market value of the common stock to be recorded on the income statement, in situations in which the counter party can force the contracts to be settled in cash. The effective date of the new consensus was delayed until December 31, 2000 to allow such contracts to be amended. The EITF reached conclusions in EITF 00-19 that also require asset and liability treatment in certain circumstances, including when an agency agreement is in place. In order to qualify for permanent equity treatment, the forward contract must permit settlement in unregistered shares, contain an explicit cap on the number of shares to be delivered under a net share settlement, must not require the posting of collateral and must not provide the commercial bank with any right that would rank higher than those of a common shareholder. Additionally, the forwards must not require cash "true-ups" under the net-share method and must not contain any economic penalties that would compel the Company to net cash settle. The Company amended the forward agreements in October 2000 to comply with the permanent equity provisions of EITF 00-7 and EITF 00-19.

SEASONALITY AND INFLATION

Although the Company cannot accurately determine the amounts attributable thereto, the Company has been affected by inflation through increased costs of compensation and other operating expenses. Generally, the effects of inflation are offset by technological advances, economies of scale and other operational efficiencies. The Company has established a pricing policy for long-term contracts which provides for the effects of expected increases resulting from inflation.

The Company's operations have not proven to be significantly seasonal, although the Company's traditional direct marketing operations experience slightly higher revenues in the Company's second and third quarters. In order to minimize the impact of these fluctuations, the Company continues to move toward long-term strategic partnerships with more predictable revenues. Revenues under long-term contract (defined as three years or longer) were 70%, 62% and 53% of consolidated revenues for 2001, 2000 and 1999, respectively.

Effective April 1, 2001, the Company has made certain modifications to its standard software sales agreements entered into on a prospective basis such that vendor-specific objective evidence is not available in many of its software sale transactions. Accordingly, the Company now recognizes revenue

from the sale of software on a straight-line basis over the term of the agreement. See the "Outlook" section for the Company's estimates of revenue on this basis for next year.

ACQUISITIONS

In fiscal 1999, the Company acquired Normadress, SIGMA Marketing Group, Inc., May & Speh and three business units from Deluxe Corporation. The May & Speh acquisition was accounted for as a pooling-of-interests and the other acquisitions were treated as purchases. In fiscal 2000, the Company acquired Horizon Systems, Inc., Computer Graphics, Access Communication Systems, Inc. and Litton Enterprise Solutions. Computer Graphics was accounted for as a pooling-of-interests and the remaining acquisitions were accounted for as purchases. In fiscal 2001, the Company acquired MCRB Service Bureau, Inc. and Data Dimension Information Services, Inc. See footnote 2 to the consolidated financial statements for more information regarding these acquisitions.

OTHER INFORMATION

In 1999, the Company had one major customer who accounted for more than 10% of revenue. Allstate accounted for 10.9% of revenue in 1999. Allstate is under a long-term contract which expires in 2004. In 2000 and 2001, the Company had no customers who accounted for more than 10% of revenue.

Acxiom, Ltd., the Company's United Kingdom ("U.K.") business, provides services primarily to the U.K. market which are similar to the traditional direct marketing industry services the Company provides in the United States ("U.S."). In addition, Acxiom, Ltd. also provides promotional materials handling and response services to its U.K. customers. Most of the Company's exposure to exchange rate fluctuation is due to translation gains and losses as there are no material transactions which cause exchange rate impact. The U.K. operation generally funds its own operations and capital expenditures, although the Company occasionally advances funds from the U.S. to the U.K. These advances are considered to be long-term investments, and any gain or loss resulting from changes in exchange rates as well as gains or losses resulting from translating the financial statements into U.S. dollars are included in accumulated other comprehensive income (loss). There are no restrictions on transfers of funds from the U.K.

Efforts are continuing to expand the services of Acxiom to customers in Europe and the Pacific region. Management believes that the market for the Company's services in such locations is largely untapped. To date the Company has had no significant revenues or operations outside of the U.S. and the U.K., although the Company has offices in Spain, France and Japan, and is involved in a joint venture in Australia. The Company's U.K. operations had a net loss of $0.5 million in fiscal 2001, compared to profits of $5.1 million in fiscal 2000 and $1.9 million in fiscal 1999. The fiscal 2001 loss principally resulted from investments to build the European AbiliTec software product.

As discussed more fully in note 15 to the consolidated financial statements, the Company has sold its Acxiom/DMI business unit and part of its DataQuick business group. The DMI sale was originally considered a divestiture for legal and tax purposes, but not for accounting purposes under applicable accounting rules because the collection of the sales price is primarily dependent on the buyer's ability to repay the note through operations of the business. Accordingly, the results of operations of DMI were required to be included in the Company's consolidated financial statements until such time as a sufficient portion of the note balance was collected, at which time the Company could account for the transaction as a sale. During 2001, a sufficient portion of the note balance was collected, and this transaction has now been accounted for as a sale. The remaining note receivable balance from DMI totaled $17.6 million at March 31, 2001.

NEW ACCOUNTING PRONOUNCEMENTS

The Company is assessing the reporting and disclosures requirements of Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting For Derivative Instruments and Hedging Activities," as amended by Statement of Financial Accounting Standards Nos. 137 and 138. These statements establish accounting and reporting standards for derivative instruments and hedging activities and will require the Company to recognize all derivatives on its balance sheet at fair value. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivatives will either be offset against the change in fair value of the hedged item through earnings or recognized in other comprehensive income until the hedged item is

recognized in earnings. The Company expects to adopt SFAS 133 in the first quarter of fiscal 2002 and does not anticipate that the adoption will have a material effect on the Company's results of operations or financial position.

In March 2000, the Financial Accounting Standards Board issued Interpretation No. 44 ("FIN 44"), "Accounting for Certain Transactions Involving Stock Compensation: An Interpretation of APB Opinion No. 25." Among other issues, FIN 44 clarifies the application of Accounting Principles Board Opinion No. 25 ("APB 25") regarding (a) the definition of employee for purposes of applying APB 25, (b) the criteria for determining whether a plan qualifies as a noncompensatory plan, (c) the accounting consequences of various modifications to the terms of a previously fixed stock option or award and (d) the accounting for an exchange of stock compensation awards in a business combination. The provisions of FIN 44 affecting the Company have been applied on a prospective basis effective July 1, 2000.

In September 2000, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 140 ("SFAS 140"), "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" which replaces SFAS No. 125. This standard revises the methods for accounting for securitizations and other transfers of financial assets and collateral as outlined in SFAS No. 125 and requires certain additional disclosures. For transfers and servicing of financial assets and extinguishments of liabilities, this standard will be effective for the Company's June 30, 2001 financial statements. However, for disclosures regarding securitizations and collateral, as well as the accounting for recognition and reclassification of collateral, this standard is currently effective. The Company does not expect the adoption of this standard to have a material effect on its financial position or results of operations.

The Financial Accounting Standards Board has issued an exposure draft, and is expected to issue a final standard in June 2001, on business combinations. The standard, although not yet complete, is expected to prohibit pooling-of-interests accounting for business combinations initiated after June 30, 2001. The final standard is also expected to require that goodwill and other intangible assets with indefinite lives will no longer be systematically amortized, but rather evaluated periodically for impairment. Amortization of existing goodwill would cease. A company with a March 31 year-end may be able to cease amortizing goodwill as of April 1, 2001, if it commits to completing an initial review of existing goodwill and recording any impairments by March 31, 2002 and it has not released any earnings for any interim periods subsequent to March 31, 2001. The final standard has not been released and may change prior to its release. Once the standard is released in its final form, the Company will evaluate whether it can discontinue the amortization of goodwill, based on the final standard.

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. It is anticipated that the current economic situation may improve slightly through the 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 after March 31, 2001.

The Company expects that revenue for fiscal 2002 will exceed $1 billion. This expectation reflects the implementation of SAB 101 and a subscription model for software revenue recognition beginning April 1, 2001. Fiscal 2002 projected revenue represents approximately a 10% increase over the fiscal 2001 revenue prepared on a pro forma basis as if the subscription model had been followed for software revenue in 2001. The Company expects that fiscal 2002 earnings per share will be approximately $.60.

With straight-line revenue recognition we expect software revenue to start low and grow as new contracts are added. The Company expects software revenue for fiscal 2002 in the range of $20 million to $25 million.

For the first quarter ended June 30, 2001, the Company expects revenue in the range of $220 million to $230 million and earnings per share of $.04 to $.06. Historically, the first quarter is the lowest revenue and earnings quarter of the year.

For fiscal 2003, the Company expects that revenue will grow approximately 20% above the fiscal 2002 guidance and that earnings per share will grow 25% to 35%.

The Company currently expects that the effective tax rate for fiscal 2002 will be 38.5%.

With respect to cash flow related items for fiscal 2002, the Company expects that depreciation and amortization will be approximately $120 million, capital expenditures will be $100 million to $110 million and software development will be $25 million to $30 million. The net result is expected to produce positive operating cash flow for fiscal 2002 in excess of $150 million.

Certain statements in this filing may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which are not statements of historical fact, may contain estimates, assumptions, projections and/or expectations regarding the Company's financial position, results of operations, market position, product development, regulatory matters, growth opportunities and growth rates, acquisition and divestiture opportunities, and other similar forecasts and statements of expectation. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and "should," and variations of these words and similar expressions, are intended to identify these forward-looking statements. Such forward-looking statements are not guarantees of future performance. They involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements include: statements concerning the Company's need for additional capital and the ability to raise additional capital; statements 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; statements concerning the length and future impact of the Company's investment in AbiliTec on the Company's future revenue and margins; statements concerning the benefits of AbiliTec and our other products and services for our customers; statements concerning any competitive advantage; statements concerning the impact of implementation of AbiliTec in CRM applications; statements concerning the momentum of CRM applications; statements concerning the future growth and size of the CRM market; statements concerning AbiliTec becoming an industry standard; statements concerning efficiency gains related to the implementation of AbiliTec; statements concerning potential growth of international markets; statements concerning future economic and business conditions; statements that the Company will be able to achieve the anticipated cost savings and will be able to effectively continue its expense reduction efforts within the indicated ranges. 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 fact that the future financial numbers listed herein are estimates and ranges that are based on the Company's understanding of current facts and circumstances; the possibility that certain contracts may not be closed; 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 future impact of the discussed accounting standards and interpretations; 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; 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 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 other 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 Management's Discussion and Analysis or any other forward-looking statement.

CONSOLIDATED BALANCE SHEETS
Years ended March 31, 2001 and 2000

(Dollars in thousands)	2001	2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,176	$ 23,924
Trade accounts receivable, net (note 19)	196,107	198,818
Deferred income taxes (note 9)	36,211	18,432
Other current assets	105,953	98,872
Total current assets	352,447	340,046
Property and equipment, net of accumulated depreciation and amortization (note 5)	245,340	249,676
Software, net of accumulated amortization of $37,988 in 2001 and $27,829 in 2000 (note 4)	63,906	58,964
Excess of cost over fair value of net assets acquired, net of accumulated amortization of $28,995 in 2001 and $17,860 in 2000 (note 2)	172,741	145,082

Purchased software licenses, net of accumulated amortization of $65,662 in 2001 and $30,735 in 2000 (note 4)	168,673	123,846
Unbilled and notes receivable, excluding current portions	71,735	55,804
Deferred costs	108,928	63,173
Other assets, net	48,955	68,705
	$ 1,232,725	$ 1,105,296
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Current installments of long-term debt (note 6)	$ 31,031	$ 23,156
Trade accounts payable	68,882	54,016
Accrued expenses:		
Merger, integration and impairment costs (note 3)	3,215	15,106
Payroll	18,467	26,483
Other	49,767	31,779
Deferred revenue	31,273	19,995
Income taxes	11,685	9,473
Total current liabilities	214,320	180,008
Long-term debt, excluding current installments (note 6)	369,172	289,234
Deferred income taxes (note 9)	32,785	48,324
Stockholders' equity (notes 2, 6, 8 and 17):		
Common stock	9,055	8,831
Additional paid-in capital	351,921	325,729
Retained earnings	263,755	257,376
Accumulated other comprehensive loss	(5,996)	(1,448)
Treasury stock, at cost	(2,287)	(2,758)
Total stockholders' equity	616,448	587,730
Commitments and contingencies (notes 6, 7, 8, 10 and 14)		
	$ 1,232,725	$ 1,105,296

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
Years ended March 31, 2001, 2000 and 1999

(Dollars in thousands, except per share amounts)	2001	2000	1999
Revenue (notes 1, 2 and 12)	$ 1,009,887	$ 964,460	$ 754,057
Operating costs and expenses (notes 7 and 10):			
Salaries and benefits	363,463	361,768	283,659
Computer, communications and other equipment	185,950	151,816	111,876
Data costs	112,019	113,083	111,395
Other operating costs and expenses	211,500	173,909	129,764
Gains, losses and nonrecurring items, net (notes 3, 14 and 15)	35,330	-	118,747
Total operating costs and expenses	908,262	800,576	755,441
Income (loss) from operations	101,625	163,884	(1,384)
Other income (expense):			
Interest expense	(26,513)	(23,532)	(17,393)
Other, net (note 15)	(3,780)	4,225	6,478
	(30,293)	(19,307)	(10,915)
Earnings (loss) before income taxes and cumulative effect of change in accounting principle	71,332	144,577	(12,299)
Income taxes (note 9)	27,465	54,214	2,843
Earnings (loss) before cumulative effect of change in accounting principle	43,867	90,363	(15,142)
Cumulative effect of change in accounting principle, net of income tax benefit of $21,548	37,488	-	-
Net earnings (loss)	$ 6,379	$ 90,363	$ (15,142)
Basic earnings (loss) per share:			
Earnings (loss) before cumulative effect of change in accounting principle	$.50	$1.06	$(.19)

Cumulative effect of change in accounting principle	(.43)	-	-
Net earnings (loss)	$.07	$1.06	$(.19)
Diluted earnings (loss) per share:			
Earnings (loss) before cumulative effect of change in accounting principle	$.47	$1.00	$(.19)
Cumulative effect of change in accounting principle	(.40)	-	-
Net earnings (loss)	$.07	$1.00	$(.19)
Unaudited pro forma amounts assuming the cumulative effect of change in accounting principle is applied retroactively:			
Net earnings (loss)		$ 60,038	$ (22,305)
Basic earnings (loss) per share		$ .71	$ (.29)
Diluted earnings (loss) per share		$ .67	$ (.29)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2001, 2000 and 1999

(Dollars in thousands)	2001	2000	1999
Cash flows from operating activities:			
Net earnings (loss)	$ 6,379	$ 90,363	$ (15,142)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization	120,793	86,529	64,097
Gains and losses on disposal or impairment of assets, net	33,437	354	118,773
Provision for returns and doubtful accounts	3,563	2,313	2,373
Deferred income taxes	(11,770)	21,646	(23,854)
Tax benefit of stock options and warrants exercised	8,001	15,921	36,393
ESOP compensation	-	-	2,055
Cumulative effect of change in accounting principle (note 1)	37,488	-	-
Changes in operating assets and liabilities:			
Accounts receivable	(14,704)	(25,081)	(61,286)
Other assets	(126,745)	(78,434)	(62,596)
Accounts payable and other liabilities	7,521	8,742	27,983
Merger and integration costs	(15,862)	(17,795)	(28,385)
Net cash provided by operating activities	48,101	104,558	60,411
Cash flows from investing activities:			
Proceeds from the disposition of assets	60,025	4,148	733
Proceeds from sale of marketable securities	8,918	-	11,794
Capitalized software	(36,558)	(37,317)	(18,544)
Capital expenditures	(111,486)	(120,616)	(127,880)
Proceeds from sale and leaseback transaction	-	34,763	-
Investments in joint ventures	(20,456)	(5,774)	(10,400)
Net cash paid in acquisitions (note 2)	(16,030)	(32,960)	(45,983)
Net cash used in investing activities	(115,587)	(157,756)	(190,280)
Cash flows from financing activities:			
Proceeds from debt	153,359	194,657	18,939
Payments of debt	(107,388)	(215,012)	(18,607)
Payments on equity forward contracts (note 8)	(6,678)	-	-
Sale of common stock	26,145	84,970	24,566
Purchase of treasury stock	(7,478)	-	-

Net cash provided by financing activities	57,960	64,615	24,898
Effect of exchange rate changes on cash	(222)	(97)	(77)
Net (decrease) increase in cash and cash equivalents	(9,748)	11,320	(105,048)
Cash and cash equivalents at beginning of year	23,924	12,604	117,652
Cash and cash equivalents at end of year	$ 14,176	$ 23,924	$ 12,604
Supplemental cash flow information:			
Cash paid (received) during the year for:			
Interest	$ 25,754	$ 25,902	$ 15,608
Income taxes	29,022	(5,459)	(4,715)
Noncash investing and financing activities:			
Issuance of warrants	220	1,100	2,676
Enterprise software licenses acquired under software obligations	35,185	9,164	74,638
Land acquired for common stock	-	1,300	-
Purchase of subsidiaries for stock (note 2)	6,897	10,346	-
Convertible debt and accrued interest converted into common stock (note 6)	-	27,081	-

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years ended March 31, 2001, 2000 and 1999

	Common stock		
(Dollars in thousands)	Number of shares	Amount	Additional paid-in capital
Balances at March 31, 1998	75,920,218	$ 7,592	$ 122,038
Sale of common stock	4,000,000	400	11,850
Tax benefit of stock options and warrants exercised (note 9)	-	-	36,393
Issuance of warrants	-	-	2,676
Employee stock awards and shares issued to employee benefit plans	1,144,198	114	13,054
ESOP compensation earned	-	-	-
Comprehensive loss:			
Foreign currency translation	-	-	-
Net loss	-	-	-
Total comprehensive loss			
Balances at March 31, 1999	81,064,416	8,106	186,011
Sale of common stock	4,684,714	468	78,072
Tax benefit of stock options and warrants exercised (note 9)	-	-	15,921
Issuance of warrants	-	-	1,100
Employee stock awards and shares issued to employee benefit plans	42,962	5	6,150
Conversion of debt and accrued interest to stock	2,000,000	200	26,881
Purchase of subsidiaries for stock (note 2)	465,546	47	10,299
Purchase of land for stock	54,450	5	1,295
Comprehensive income:			
Foreign currency translation	-	-	-
Unrealized depreciation on marketable securities	-	-	-
Net earnings	-	-	-
Total comprehensive income			
Balances at March 31, 2000	88,312,088	8,831	325,729
Tax benefit of stock options and warrants exercised (note 9)	-	-	8,001
Issuance of warrants	-	-	220
Employee stock awards and shares issued to employee benefit plans	2,245,126	225	25,229
Purchase of subsidiaries for stock (note 2)	275,862	28	6,869
Payments on equity forward contracts (note 8)	-	-	(6,678)

Purchase of treasury stock	-	-	-
Retirement of treasury stock	(287,500)	(29)	(7,449)
Comprehensive income:			
Foreign currency translation	-	-	-
Unrealized depreciation on marketable securities, net of reclassification adjustment (note 17)	-	-	-
Net earnings	-	-	-
Total comprehensive income			
Balances at March 31, 2001	90,545,576	$ 9,055	$ 351,921

See accompanying notes to consolidated financial statements.

Comprehensive income (loss) (note 17)	Retained earnings	Accumulated other comprehensive income (loss) (note 17)	Unearned ESOP compensation	Treasury stock Number of shares	Treasury stock Amount	Total stockholders' equity (note 8)
$ -	$ 182,155	$ 676	$ (2,055)	(836,920)	$ (2,181)	$ 308,225
-	-	-	-	-	-	12,250
-	-	-	-	-	-	36,393
-	-	-	-	-	-	2,676
-	-	-	-	104,649	(852)	12,316
-	-	-	2,055			2,055
(1,000)	-	(1,000)	-	-	-	(1,000)
(15,142)	(15,142)	-	-	-	-	(15,142)
$ (16,142)						
	167,013	(324)	-	(732,271)	(3,033)	357,773
-	-	-	-	-	-	78,540
-	-	-	-	-	-	15,921
-	-	-	-	-	-	1,100
-	-	-	-	257,883	275	6,430
-	-	-	-	-	-	27,081
-	-	-	-	-	-	10,346
-	-	-	-	-	-	1,300
(971)	-	(971)	-	-	-	(971)
(153)	-	(153)	-	-	-	(153)
90,363	90,363	-	-	-	-	90,363
$ 89,239						
	257,376	(1,448)	-	(474,388)	(2,758)	587,730
-	-	-	-	-	-	8,001
-	-	-	-	-	-	220
-	-	-	-	305,890	471	25,925
-	-	-	-	-	-	6,897
-	-	-	-	-	-	(6,678)
-	-	-	-	(287,500)	(7,478)	(7,478)
-	-	-	-	287,500	7,478	-
(4,701)	-	(4,701)	-	-	-	(4,701)
153	-	153	-	-	-	153
6,379	6,379	-	-	-	-	6,379
$ 1,831						
	$ 263,755	$ (5,996)	-	(168,498)	$ (2,287)	$ 616,448

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2001, 2000 and 1999

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Description of Business
Acxiom Corporation ("Acxiom" or "the Company") provides customer data

integration solutions using customer, consumer and business data primarily for customer relationship management applications. Business segments of the Company provide list services, data warehousing, consulting, data content, fulfillment services, and outsourcing and facilities management services primarily in the United States (U.S.) and United Kingdom (U.K.).

Basis of Presentation and Principles of Consolidation
The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Investments in 20% to 50% owned entities are accounted for using the equity method with equity in earnings recorded in other, net in the accompanying consolidated statements of operations. Investments in less than 20% owned entities are accounted for at cost.

Use of Estimates
Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with accounting principles generally accepted in the United States. Actual results could differ from those estimates.

Concentration of Credit Risk
Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of trade accounts, unbilled and notes receivable. The Company's receivables are from a large number of customers. Accordingly, the Company's credit risk is affected by general economic conditions. Although the Company has several large individual customers, concentrations of credit risk are limited because of the diversity of the Company's customers.

Property and Equipment
Property and equipment are stated at cost. Depreciation and amortization are calculated on the straight-line method over the estimated useful lives of the assets as follows: buildings and improvements, 5-31.5 years; office furniture and equipment, 3-12 years; and data processing equipment, 2-10 years.

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

Software and Research and Development Costs
Costs of internally developed software are amortized on a straight-line basis over the remaining estimated economic life of the product, generally two to five years, or the amortization that would be recorded by using the ratio of gross revenues for a product to total current and anticipated future gross revenues for that product, whichever is greater. Research and development costs incurred prior to establishing technological feasibility of software products are charged to operations as incurred. Once technological feasibility is established, costs are capitalized until the software is available for general release.

Costs of purchased software licenses are amortized using a units-of-production basis over the estimated economic life of the license, generally not to exceed ten years.

Excess of Cost Over Fair Value of Net Assets Acquired
Goodwill, which represents the excess of acquisition costs over the fair values of net assets acquired in business combinations treated as purchase transactions, is being amortized on a straight-line basis over its estimated period of benefit of fifteen to forty years. The Company evaluates the recoverability of goodwill by determining whether the carrying amount is fully recoverable from the projected, undiscounted net cash flows of the related business unit. The amount of goodwill impairment, if any, is measured based on projected discounted future operating cash flows using a discount rate reflecting the Company's average cost of funds. The assessment of the recoverability of goodwill will be impacted if estimated future operating cash flows are not achieved.

Other Current Assets
Other current assets include the current portion of the unbilled and notes receivable from software and data license and equipment sales of $49.1 million and $42.4 million as of March 31, 2001 and 2000, respectively. Other current assets also include prepaid expenses, nontrade receivables and other miscellaneous assets of $56.8 million and $56.5 million as of March 31, 2001 and 2000, respectively.

Unbilled and Notes Receivable
Unbilled and notes receivable includes the noncurrent portion of all long-term and unbilled receivables. Certain of the unbilled and notes receivable from software and data licenses and equipment sales have no stated interest rate and have been discounted using an imputed interest rate, generally 8%, based on the customer, type of agreement, collateral and payment terms. The term of these notes is generally three years or less. This discount is being recognized into income using the interest method and is included as a component of other, net in the consolidated statements of operations.

Other Assets
Other assets primarily include the Company's investment in marketable and nonmarketable securities of $30.6 million and $22.9 million as of March 31, 2001 and 2000, respectively. The Company has classified its marketable securities as available for sale. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and are reported as a separate component of other comprehensive income (loss) until realized. Realized gains and losses from the sale of available-for-sale securities are determined on a specific identification basis.

During the year ended March 31, 2001, the Company determined that certain of its investments in marketable securities and certain other nonmarketable securities were other than temporarily impaired. As a result, the Company recorded a charge to earnings of $12.7 million, net of realized gains, to write down these impaired investments to their approximate fair market values at March 31, 2001, resulting in a new carrying value for these investments. These revised carrying values will be used as the basis for recognizing realized and unrealized gains and losses during future reporting periods.

Also included in other assets are certain noncurrent prepaid expenses, deposits and other miscellaneous noncurrent assets of $18.4 million and $45.8 million as of March 31, 2001 and 2000, respectively.

Revenue Recognition

Revenues from services, including consulting, list processing and data warehousing, and from information technology outsourcing services, including facilities management contracts, are recognized ratably over the term of the contract. In the case of certain long-term contracts, capital expenditures and start-up costs that are direct and incremental to obtaining the contract are capitalized and amortized on a straight-line basis over the service term of the contract, in accordance with Staff Accounting Bulletin No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements." In certain outsourcing contracts, additional revenue is recognized based upon attaining certain annual margin improvements or cost savings over performance benchmarks as specified in the contracts. Such additional revenue is recognized when such benchmarks have been met.

Revenues from the licensing of data are recognized upon delivery of the data to the customer in circumstances where no update or other obligations exist. Revenue from the licensing of data in which the Company is obligated to provide future updates on a monthly, quarterly or annual basis is recognized on a straight-line basis over the license term.

Revenues from the sale of software are recognized in accordance with the American Institute of Certified Public Accountants Statement of Position ("SOP") 97-2, "Software Revenue Recognition", as amended by SOP 98-9, "Modification of SOP 97-2, Software Revenue Recognition, with Respect to Certain Transactions." SOP 97-2, as amended, generally requires revenue earned on software arrangements involving multiple elements to be allocated to each element based on the relative fair values of the elements. The fair value of an element must be based on the evidence that is specific to the vendor. If evidence of fair value does not exist for all elements of a license arrangement, then all revenue for the license arrangement is recognized ratably over the term of the agreement. If evidence of fair value of all undelivered elements exists but evidence does not exist for one or more delivered elements, then revenue is recognized using the residual method.

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

Effective January 1, 2001, the Company changed its method of accounting for certain transactions, retroactive to April 1, 2000, in accordance with SAB 101. Previously, the Company had recognized revenue from the licensing of data, whereby the Company was obligated to provide future updates, when the

data was delivered using a percentage of completion method of accounting, based on the percentage of unique records delivered to the customer. Additionally, revenue from services and from information technology outsourcing services was recognized as such services were performed. The Company is now recognizing revenue in accordance with the policies stated above. The cumulative effect of the change on prior years resulted in a charge to earnings of $37.5 million, which is included in the Company's consolidated earnings for the year ended March 31, 2001. The effect of the change on the year ended March 31, 2001 was to decrease earnings before the cumulative effect of the change in accounting principle by $18.2 million ($.20 per diluted share). The unaudited pro forma amounts presented in the accompanying consolidated statements of operations were calculated assuming the accounting change was made retroactively to prior periods. For the year ended March 31, 2001, the Company recognized approximately $29 million in revenue that was included in the cumulative effect adjustment as of April 1, 2000.

Income Taxes

The Company and its domestic subsidiaries file a consolidated Federal income tax return. The Company's foreign subsidiaries file separate income tax returns in the countries in which their operations are based.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Foreign Currency Translation

The balance sheets of the Company's foreign subsidiaries are translated at year-end rates of exchange, and the statements of earnings are translated at the weighted-average exchange rate for the period. Gains or losses resulting from translating foreign currency financial statements are included in accumulated other comprehensive income (loss) in the consolidated statements of stockholders' equity.

Earnings Per Share

A reconciliation of the numerator and denominator of basic and diluted earnings (loss) per share is shown below (in thousands, except per share amounts):

	2001	2000	1999

	2001	2000	1999
Basic earnings per share:			
Numerator-net earnings (loss)	$ 6,379	$ 90,363	$ (15,142)
Denominator-weighted-average shares outstanding	88,579	85,085	77,840
Earnings (loss) per share	$ .07	$ 1.06	$ (.19)
Diluted earnings per share:			
Numerator:			
Net earnings (loss)	$ 6,379	$ 90,363	$ (15,142)
Interest expense on convertible debt (net of tax effect)	-	3,773	-
	$ 6,379	$ 94,136	$ (15,142)
Denominator:			
Weighted-average shares outstanding	88,579	85,085	77,840
Effect of common stock options	3,721	3,600	-
Effect of common stock warrants	104	72	-
Effect of equity forward contracts	90	-	-
Convertible debt	-	5,783	-
	92,494	94,540	77,840
Earnings (loss) per share	$ .07	$ 1.00	$ (.19)

All potentially dilutive securities were excluded from the above calculations for the year ended March 31, 1999, and the convertible debt was excluded from the above calculations for the year ended March 31, 2001 because such items were antidilutive. The equivalent share effects of common stock options and warrants which were excluded for the year ended March 31, 1999 were 5,632, and the equivalent share effects of convertible debt which were excluded for the years ended March 31, 2001 and 1999 were 5,783 and 7,783, respectively. Interest expense on the convertible debt (net of income tax effect) excluded in computing diluted earnings (loss) per share for the years ended March 31, 2001 and 1999 was $3,713 and $4,257, respectively.

Options to purchase shares of common stock that were outstanding during 2001, 2000 and 1999 but were not included in the computation of diluted earnings (loss) per share because the option exercise price was greater than the average market price of the common shares are shown below (in thousands, except per share amounts):

	2001	2000	1999
Number of shares under option	1,650	3,213	1,491
Range of exercise prices	$ 17.93-$ 62.06	$ 17.93-$ 54.00	$ 24.24-$ 54.00

Impairment of Long-lived Assets and Long-lived Assets to Be Disposed Of
Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net operating cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell (see note 3).

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

Advertising Expense
The Company expenses advertising costs as incurred. Advertising expense was approximately $19.5 million, $11.8 million and $11.2 million for the years ended March 31, 2001, 2000 and 1999, respectively.

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

(2) ACQUISITIONS
Effective December 28, 2000, the Company acquired certain assets and assumed certain liabilities of Data Dimension Information Services, Inc. ("DDIS") for $5.4 million. DDIS provides information technology outsourcing to a variety of customers including mainframe, client/server and application service provider hosting. The acquisition has been accounted for as a purchase, and accordingly, the results of operations of DDIS are included in the Company's consolidated results from the date of acquisition. The excess of purchase price over the fair value of net assets acquired of $9.7 million is being amortized over twenty years. The pro forma effect of the acquisition is not material to the Company's consolidated results for the periods reported.

Effective May 15, 2000, the Company acquired certain assets and assumed certain liabilities of MCRB Service Bureau, Inc. ("MCRB") for cash of $5.8 million. MCRB provides information technology outsourcing services. The acquisition has been accounted for as a purchase, and accordingly, the results of operations of MCRB are included in the Company's consolidated results from the date of acquisition. The excess of purchase price over the fair value of net assets acquired of $11.8 million is being amortized over twenty years. The pro forma effect of the acquisition is not material to the Company's consolidated results for the periods reported.

Effective December 15, 1999, the Company acquired the net assets of Litton Enterprise Solutions ("LES") for cash of $17.3 million. The acquisition has been accounted for as a purchase, and accordingly, the results of operations

of LES are included in the Company's consolidated results from the date of acquisition. The excess of the purchase price over the net assets acquired of $18.9 million is being amortized over twenty years. The pro forma effect of the acquisition is not material to the Company's consolidated results for the periods reported.

Effective August 1, 1999, the Company acquired all of the issued and outstanding common stock of Access Communication Systems, Inc. ("Access") for 300,000 shares of the Company's common stock, valued at $6.3 million. Under the acquisition agreement, the Company issued approximately 276,000 additional shares of stock in the fourth quarter of 2001 to the former owners of Access based on the performance of Access. The value of the stock, which was approximately $6.9 million, has been charged to the excess of cost over fair value of net assets acquired. The acquisition has been accounted for as a purchase, and accordingly, the results of operations of Access are included in the Company's consolidated results of operations from the date of acquisition. The excess of the purchase price over the net assets acquired of $15.5 million is being amortized over twenty years. The pro forma effect of the acquisition is not material to the Company's consolidated results for the periods presented.

On May 28, 1999, the Company completed the acquisition of Computer Graphics of Arizona, Inc. ("Computer Graphics") and all of its affiliated companies in a stock-for-stock merger. The Company issued 1,871,334 shares of its common stock in exchange for all outstanding common stock of Computer Graphics. The acquisition was accounted for as a pooling-of-interests, and, accordingly, the Company's consolidated financial statements for periods prior to the combination have been restated to include the accounts and results of operations of Computer Graphics.

The results of operations previously reported by Acxiom and Computer Graphics and the combined amounts presented in the accompanying consolidated financial statements are summarized below (dollars in thousands):

	1999
Revenue:	
Acxiom	$ 729,984
Computer Graphics	24,073
Combined	$ 754,057
Net earnings (loss):	
Acxiom	$ (16,430)
Computer Graphics	1,288
Combined	$ (15,142)

Included in the statement of operations for the year ended March 31, 2000 are revenues of $5.3 million and net earnings of $1.1 million for Computer Graphics for the period from April 1, 1999 to May 28, 1999.

Effective April 1, 1999, the Company acquired the assets of Horizon Systems, Inc. ("Horizon") for $16.5 million in cash and common stock and the assumption of certain liabilities of Horizon, and other cash and stock consideration based on the future performance of Horizon. The acquisition has been accounted for as a purchase, and accordingly, the results of operations of Horizon are included in the Company's consolidated results of operations from the date of the acquisition. The excess of the purchase price over the net assets acquired of $14.1 million is being amortized over twenty years. The pro forma effect of the acquisition is not material to the Company's consolidated results of operations for the periods presented.

Effective January 1, 1999, the Company acquired three database-marketing units from Deluxe Corporation ("Deluxe"). The purchase price was $23.6 million, of which $18.0 million was paid in cash at closing and the remainder was paid in April 1999. Deluxe's results of operations are included in the Company's consolidated results of operations beginning January 1, 1999. This acquisition was accounted for as a purchase. The excess of cost over net assets acquired of $21.9 million is being amortized using the straight-line method over fifteen years. The pro forma effect of the acquisition is not material to the Company's consolidated results of operations for the periods presented.

On September 17, 1998, the Company issued 20,858,923 shares of its common stock in exchange for all outstanding capital stock of May & Speh, Inc. ("May & Speh"). Additionally, the Company assumed all of the outstanding options granted under May & Speh's stock option plans with the result that 4,289,202 shares of the Company's common stock became subject to issuance upon exercise of such options. This business combination has been accounted for as a pooling-of-interests, and accordingly, the consolidated financial statements for periods prior to the combination have been restated to include the accounts and results of operations of May & Speh.

Included in the statement of operations for the year ended March 31, 1999 are revenues of $66.6 million and net earnings of $9.3 million for May & Speh for the period from April 1, 1998 to September 17, 1998.

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 paid the former owners an additional $6 million of contingent consideration as certain operating objectives were 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 $30.5 million is being amortized using the straight-line method over twenty years. The pro forma effect of the acquisition is not material to the Company's consolidated results of operations for the periods reported.

Effective April 1, 1998, the Company purchased the outstanding stock of Normadress, a French company located in Paris. Normadress provides database and direct marketing services to its customers. The purchase price was 20 million French Francs (approximately $3.4 million) in cash and other additional cash consideration of which approximately $900,000 is guaranteed and the remainder is based on the future performance of Normadress. Normadress' results of operations are included in the Company's consolidated results of operations beginning April 1, 1998. This acquisition was accounted for as a purchase. The excess of cost over net assets acquired of $5.7 million is being amortized using the straight-line method over twenty years. The pro forma effect of the acquisition is not material to the Company's consolidated results of operations for the periods reported.

At March 31, 2001, there were no significant contingent obligations associated with these business acquisitions.

(3) MERGER, INTEGRATION AND IMPAIRMENT CHARGES

During the year ended March 31, 1999, the Company recorded special charges totaling $118.7 million related to merger and integration charges associated with the May & Speh merger discussed in note 2 and the write-down of other impaired assets. The charges consisted of approximately $10.7 million of transaction costs to be paid to investment bankers, accountants and attorneys; $8.1 million in associate-related reserves, principally employment contract termination costs and severance costs; $48.5 million in contract termination costs; $11.5 million for the write-down of software; $29.3 million for the write-down of property and equipment; $7.8 million for the write-down of goodwill and other assets; and $2.8 million in other write-downs and accruals.

The transaction costs are fees that were incurred as a direct result of the merger transaction. The associate-related reserves include 1) payments to be made under a previously existing employment agreement with one terminated May & Speh executive in the amount of $3.5 million, 2) payments to be made under previously existing employment agreements with seven May & Speh executives who are remaining with Acxiom but are entitled to payments totaling $3.6 million due to the termination of their employment agreements, and 3) involuntary termination benefits aggregating $1.0 million to seven May & Speh and Company employees whose positions were to be eliminated. One of the seven positions, for which $0.7 million was accrued, was not related to the May & Speh merger but related to a Company associate whose position was eliminated as a result of the closure of the Company's New Jersey business location. Two of the seven associates were ultimately terminated. The other five were transferred or changed job duties within the Company. The remaining amounts accrued for the five associates of approximately $0.3 million were used to pay other associate-related merger and integration costs.

The contract termination costs were incurred to terminate duplicative software contracts. The amounts recorded represent cash payments which the Company has made to the software vendors to terminate existing May & Speh agreements.

For all other write-downs and costs associated with the merger, the Company performed an analysis as required under Statement of Financial Accounting Standards ("SFAS") No. 121 to determine whether and to what extent any assets were impaired. The analysis included estimating expected future cash flows from each of the assets which were expected to be held and used by the Company. These expected cash flows were compared to the carrying amount of each asset to determine whether an impairment existed. If an impairment was indicated, the asset was written down to its fair value. Quoted market prices were used to estimate fair value when market prices were available. In cases

where quoted prices were not available, the Company estimated fair value using internal valuation sources. In the case of assets to be disposed of, the Company compared the carrying value of the asset to its estimated fair value and, if an impairment was indicated, wrote the asset down to its estimated fair value.

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

The following table shows the balances that were initially accrued as of September 30, 1998 and the changes in those balances during the years ended March 31, 1999, 2000 and 2001 (dollars in thousands):

	September 30, 1998	Additions	Payments	March 31, 1999	Payments	March 31, 2000	Payments	March 31, 2001
Transaction costs	$ 9,163	$ -	$ 9,163	$ -	$ -	$ -	$ -	$ -
Associate-related reserves	6,783	1,375	3,804	4,354	3,302	1,052	876	176
Contract termination costs	40,500	-	13,500	27,000	13,500	13,500	13,500	-
Other accruals	3,745	-	1,918	1,827	1,273	554	545	9
	$ 60,191	$ 1,375	$ 28,385	$ 33,181	$ 18,075	$ 15,106	$ 14,921	$ 185

The remaining associate-related reserves and other accruals will be paid out over remaining periods ranging up to three years.

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

The deferred contract costs represent migration and other costs that had been deferred and were being amortized over the term of the Wards contract. The pre-petition receivables represent amounts billed by Acxiom for work performed prior to Wards' bankruptcy filing. The software write-down represents software licenses that specifically support the information technology needs of Wards and have no alternative use. The write-down of the property and equipment was performed in accordance with SFAS No. 121, as previously discussed. The Company intends to dispose of the property and equipment for a nominal amount during the next fiscal year.

The following table shows the balances that were accrued for the Wards' nonrecurring charges as of March 31, 2001 (dollars in thousands):

	Amount accrued	Payments	March 31, 2001
Ongoing contract costs	$ 2,299	315	$ 1,984
Other accruals	1,672	626	1,046
	$ 3,971	941	$ 3,030

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

(4) SOFTWARE AND RESEARCH AND DEVELOPMENT COSTS

The Company recorded amortization expense related to internally developed computer software of $19.9 million, $10.3 million and $8.3 million in 2001, 2000 and 1999, respectively, and amortization of purchased software licenses of $17.4 million, $9.6 million and $0.2 million in 2001, 2000 and 1999, respectively. Additionally, research and development costs of $22.3 million, $26.4 million and $17.8 million were charged to operations during 2001, 2000 and 1999, respectively.

(5) PROPERTY AND EQUIPMENT

Property and equipment, certain amounts of which are pledged as collateral for long-term debt (see note 6), is summarized as follows (dollars in thousands):

	2001	2000
Land	$ 8,643	$ 10,309
Buildings and improvements	122,012	107,888
Office furniture and equipment	39,944	41,155
Data processing equipment	257,645	222,590
	428,244	381,942
Less accumulated depreciation and amortization	182,904	132,266
	$ 245,340	$ 249,676

(6) LONG-TERM DEBT

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

	2001	2000
5.25% Convertible subordinated notes due 2003	$ 115,000	$ 115,000
Software license liabilities payable over terms up to seven years; effective interest rates at approximately 6%	91,019	67,545
Unsecured revolving credit agreement	129,042	61,500
6.92% Senior notes due March 30, 2007, payable in annual installments of $4,286 commencing March 30, 2001; interest is payable semiannually	25,714	30,000
Capital leases on land, buildings and equipment payable in monthly payments of principal and interest; remaining terms up to twenty years; interest rates at approximately 8%	19,612	18,051
8.5% Unsecured term loan; quarterly principal payments of $200 plus interest with the balance due in 2003	7,400	8,200
Other capital leases, debt and long-term liabilities	12,416	12,094
Total long-term debt	400,203	312,390
Less current installments	31,031	23,156

Long-term debt, excluding current installments	$ 369,172	$ 289,234

In March 1998, May & Speh completed an offering of $115 million 5.25% convertible subordinated notes due 2003. The notes are convertible at the option of the holder into shares of the Company's common stock at a conversion price of $19.89 per share. The notes also are redeemable, in whole or in part, at the option of the Company at any time on or after April 3, 2001.

In April 1999, a holder of a 3.12% convertible note exchanged the note for two million shares of the Company's common stock. Accordingly, the balance of the debt of $25 million and related accrued interest of $2.1 million has been reclassified into equity.

On December 29, 1999, the Company entered into an unsecured revolving credit agreement with a group of commercial banks and completely repaid the

balance due under the prior revolving credit agreement. The agreement expires December 29, 2002, unless extended in accordance with the terms of the agreement. The new agreement provides for revolving loans and letters of credit in amounts of up to $295 million, the entire unused amount of which was available as of March 31, 2001, and provides for interest at various market rates at the Company's option, including the prime rate, a LIBOR-based rate and a rate based on the Federal funds rate. The agreement requires a commitment fee of 0.3% on the average unused portion of the loan commitment. The interest rate on the revolving credit facility was approximately 6.5% as of March 31, 2001.

In connection with the construction of certain of the Company's buildings and facilities, the Company has entered into 50/50 joint ventures with local real estate developers. In each case, the Company is guaranteeing portions of the loans for the buildings. The aggregate amount of the guarantees at March 31, 2001 was $4.5 million.

Under the terms of certain of the above borrowings, the Company is required to maintain certain tangible net worth levels, debt-to-equity and debt service coverage ratios, among other restrictions. At March 31, 2001, the Company was in compliance with these covenants and restrictions. The aggregate maturities of long-term debt for the five years ending March 31, 2006 are as follows: 2002, $31.0 million; 2003, $167.2 million; 2004, $137.6 million; 2005, $30.2 million; and 2006, $11.0 million.

(7) LEASES

The Company leases data processing equipment, software, office furniture and equipment, land and office space under noncancellable operating leases. Additionally, the Company is financing certain of its buildings and facility projects currently under construction, along with a significant portion of its equipment purchases, through the use of off-balance sheet synthetic lease arrangements. Future minimum lease payments under noncancellable operating leases, including the synthetic lease arrangements, for the five years ending March 31, 2006 are as follows: 2002, $68.9 million; 2003, $54.6 million; 2004, $35.5 million; 2005, $21.1 million; and 2006 $15.2 million.

Total rental expense on operating leases, including the synthetic lease arrangements, was $55.3 million, $17.0 million and $24.7 million for the years ended March 31, 2001, 2000 and 1999, respectively.

(8) STOCKHOLDERS' EQUITY

The Company has authorized 200 million shares of $.10 par value common stock and 1.0 million shares of $1.00 par value preferred stock. The Board of Directors of the Company may designate the relative rights and preferences of the preferred stock when and if issued. Such rights and preferences could include liquidation preferences, redemption rights, voting rights and dividends, and the shares could be issued in multiple series with different rights and preferences. The Company currently has no plans for the issuance of any shares of preferred stock.

On July 28, 1999, the Company completed a secondary offering of 1.5 million shares of its common stock. In addition, four shareholders of the Company sold 4.0 million shares of common stock. In connection with the offering, the Company granted an over-allotment option to the underwriters to purchase up to an additional 800,000 shares. The underwriters exercised the option on August 17, 1999 for 500,000 shares, bringing the total shares sold by the Company to 2.0 million. The net proceeds to the Company, after deducting underwriting discounts and offering expenses, were approximately $51.3 million.

In connection with its data center management agreement entered into in August 1992 with TransUnion LLC ("TransUnion"), the Company issued a warrant which entitled TransUnion to acquire up to 4.0 million additional shares of newly issued common stock. The exercise price for the warrant stock was $3.06 per share through August 31, 1998 and increased $.25 per share in each of the two years subsequent to August 31, 1998. The warrant was exercised for 4.0 million shares on August 31, 1998. The Company recorded $68.0 million as additional sales discounts on its tax return for the difference in the fair value of the stock on the date the warrant was exercised and the fair value of the warrant on the date the warrant was issued (note 9).

The Company has a Key Employee Stock Option Plan ("Plan") for which 15.2 million shares of the Company's common stock have been reserved for issuance to its U.S. employees. The Company has, for its U.K. employees, a U.K. Share Option Scheme ("Scheme") for which 1.6 million shares of the Company's common stock have been reserved. These plans provide that the option price, as determined by the Board of Directors, will be at least the fair market value at the time of the grant. The term of nonqualified options is also determined

by the Board of Directors. At March 31, 2001, there were 4.4 million shares available for future grants under the Plan and none available under the Scheme.

May & Speh had options outstanding under two separate plans at March 31, 1998. Generally, such options vest and become exercisable in five equal annual increments beginning one year after the issue date and expire ten years after the issue date except in the event of change in control of May & Speh all options become fully vested and exercisable. Pursuant to the merger, the Company assumed all of the currently outstanding options granted under the May & Speh plans with the result that shares of the Company's common stock became subject to issuance upon exercise of such options.

Activity in stock options was as follows:

	Number of shares	Weighted-average exercise price per share	Number of shares exercisable
Outstanding at March 31, 1998	11,401,980	$ 9.63	5,316,861
Granted	1,066,891	27.82	
Exercised	(937,411)	6.95	
Forfeited or cancelled	(115,462)	12.96	
Outstanding at March 31, 1999	11,415,998	12.19	7,913,294
Granted	3,981,376	25.45	
Exercised	(2,510,323)	9.74	
Forfeited or cancelled	(474,422)	26.52	
Outstanding at March 31, 2000	12,412,629	16.36	6,726,860
Granted	3,046,828	16.58	
Exercised	(1,306,378)	11.94	
Forfeited or cancelled	(198,748)	27.20	
Outstanding at March 31, 2001	13,954,331	$ 18.82	7,722,488

The per share weighted-average fair value of stock options granted during fiscal 2001, 2000 and 1999 was $11.95, $10.96 and $13.43, respectively, on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: dividend yield of 0% for 2001, 2000 and 1999; risk-free interest rate of 6.19% in 2001, 5.60% in 2000 and 5.44% in 1999; expected option life of five years for 2001, six years for 2000 and ten years for 1999; and expected volatility of 57% in 2001, 45% in 2000 and 40% in 1999.

Following is a summary of stock options outstanding as of March 31, 2001:

	Options outstanding			Options exercisable	
Range of exercise prices	Options outstanding	Weighted-average remaining contractual life	Weighted-average exercise price per share	Options exercisable	Weighted-average exercise price per share
$ 1.49-$ 2.86	1,106,536	5.10 years	$ 2.33	1,106,536	$ 2.33
3.13- 4.69	1,164,426	4.07 years	3.95	1,051,970	3.95
5.38- 6.25	1,252,827	2.11 years	6.11	1,106,368	6.10
7.43- 15.75	1,481,028	6.18 years	13.23	1,154,475	13.46
16.41- 17.96	1,474,723	11.58 years	17.65	1,338,287	17.66
18.38- 22.50	996,634	7.66 years	19.90	583,268	19.68
23.44- 23.67	1,964,976	14.31 years	23.44	67,604	23.45
24.24- 27.26	2,268,361	9.88 years	25.53	1,006,259	25.40
27.75- 34.07	1,047,306	13.53 years	28.66	208,867	28.03
34.69- 62.06	1,197,514	13.19 years	39.53	98,854	39.56
	13,954,331	9.13 years	$ 18.82	7,722,488	$ 13.09

The Company applies the provisions of Accounting Principles Board Opinion No. 25 and related interpretations in accounting for the stock-based compensation plans. Accordingly, no compensation cost has been recognized by the Company in the accompanying consolidated statements of operations for any of the fixed stock options granted. Had compensation cost for options granted been determined on the basis of the fair value of the awards at the date of grant, consistent with the methodology prescribed by SFAS No. 123, the Company's net earnings (loss) would have been reduced to the following unaudited pro forma amounts for the years ended March 31 (dollars in thousands, except per share amounts):

		2001	2000	1999
Net earnings (loss)	As reported	$ 6,379	$ 90,363	$ (15,142)
	Pro forma	10	81,673	(32,302)
Basic earnings (loss) per share	As reported	$ .07	$ 1.06	$ (.19)
	Pro forma	-	.96	(.41)
Diluted earnings (loss) per share	As reported	$ .07	$ 1.00	$ (.19)
	Pro forma	-	.90	(.41)

Pro forma net earnings (loss) reflect only options granted after fiscal 1995. Therefore, the full impact of calculating compensation cost for stock options under SFAS No. 123 is not reflected in the pro forma net earnings amounts presented above because compensation cost is reflected over the options' vesting period of up to nine years and compensation cost for options granted prior to April 1, 1995 is not considered.

The Company maintains an employee stock purchase plan which provides for the purchase of shares of common stock at 85% of the market price. There were 210,197, 218,139 and 129,741 shares purchased under the plan during the years ended March 31, 2001, 2000 and 1999, respectively.

The Company has entered into three equity forward purchase agreements with a commercial bank under which the Company was obligated to purchase 3.1 million, 0.2 million and 0.5 million shares of its common stock at an average total cost of approximately $21.81, $27.51 and $24.37 per share, respectively, for a total notional amount of $83.8 million, subject to certain modifications discussed below. The cost of the equity forwards of $6.7 million during 2001 and $0.3 million during 2000 have been accounted for as a component of stockholders' equity. If the market value of the stock exceeds the price under the equity forward, the Company has the option of settling the contract by receiving cash or stock 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, the Company has the option of settling the contract by paying cash or delivering shares in the amount of the excess of the contract amount over the fair market value of the stock. The Company can also settle the contracts by paying the full notional amount and taking delivery of the stock. The shares remain issued and outstanding until the forward purchase contracts are settled. The Company has the option to settle the contracts at any time prior to December 15, 2001, when the contracts are required to be settled. The fair value of the equity forward contracts in effect at March 31, 2001 was a liability of $7.5 million, based on a stock price of $20.88 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.

During April 2001, the Company paid, and has recorded as a component of stockholders' equity, approximately $20 million to amend the agreements whereby the strike price of the equity forward agreement for purchase of the 3.1 million shares was reduced from $21.81 to $15.48 per share. As a result, the total notional amount under the equity forward agreements has been reduced to approximately $64 million.

The Emerging Issues Task Force ("EITF") of the Financial Accounting Standards Board reached a consensus in EITF 00-7 that requires such contracts entered into after March 15, 2000 to be recorded as assets and liabilities, with adjustments to the market value of the common stock to be recorded in the results of operations, in situations in which the counter party can force the contracts to be settled in cash. The effective date of the new consensus was delayed until December 31, 2000 to allow such contracts to be amended. The

EITF reached conclusions in EITF 00-19 that also require asset and liability treatment in certain circumstances, including when an agency agreement is in place. To qualify for permanent equity treatment, the forward contract must permit settlement in unregistered shares, contain an explicit cap on the number of shares to be delivered under a net share settlement, must not require the posting of collateral and must not provide the commercial bank with any right that would rank higher than those of a common shareholder. Additionally, the forwards must not require cash "true-ups" under the net share method and must not contain any economic penalties that would compel the Company to net cash settle. The Company amended the equity forward agreements in October 2000 to comply with the permanent equity provisions of EITF 00-7 and EITF 00-19.

(9) INCOME TAXES

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

	2001	2000	1999
Income from operations	$ 27,465	$ 54,214	$ 2,843
Cumulative effect of change in accounting principle	(21,548)	-	-
Stockholders' equity, for expenses for tax purposes in excess of amounts recognized for financial reporting purposes:			
Compensation	(8,001)	(15,921)	(9,178)
Sale discounts (note 8)	-	-	(27,215)
	$ (2,084)	$ 38,293	$ (33,550)

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

	2001	2000	1999
Current:			
Federal	$ 34,277	$ 29,392	$ 18,285
Foreign	928	1,875	1,165
State	4,030	1,301	7,247
	39,235	32,568	26,697
Deferred:			
Federal	(9,955)	15,154	(14,780)
Foreign	(338)	(248)	(248)
State	(1,477)	6,740	(8,826)
	(11,770)	21,646	(23,854)
Total	$ 27,465	$ 54,214	$ 2,843

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

	2001	2000	1999
Computed expected tax expense (benefit)	$ 24,966	$ 50,602	$ (4,305)
Increase (reduction) in income taxes resulting from:			
Nondeductible merger and integration expenses	-	-	7,836
State income taxes, net of Federal income tax benefit	1,659	5,227	(1,026)
Research, experimentation and other tax credits	(1,460)	(757)	(265)
Other	2,300	(858)	603
	$ 27,465	$ 54,214	$ 2,843

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at March 31, 2001 and 2000 are presented below (dollars in thousands):

	2001	2000
Deferred tax assets:		
Accrued expenses not currently deductible for tax purposes	$ 2,206	$ 14,932
Revenue deferred for financial reporting purposes	33,718	-
Investments, principally due to differences in basis for tax and financial reporting purposes	3,886	309
Intangible assets, principally due to differences in amortization	5,243	-
Other	287	3,191
Total deferred tax assets	45,340	18,432
Deferred tax liabilities:		
Property and equipment, principally due to differences in depreciation	$ (17,560)	$ (22,276)
Intangible assets, principally due to differences in amortization	-	(2,417)
Capitalized software and other costs expensed as incurred for tax purposes	(23,045)	(22,105)
Installment sale gains for tax purposes	(1,309)	(1,526)
Total deferred tax liabilities	(41,914)	(48,324)
Net deferred tax asset (liability)	$ 3,426	$ (29,892)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Based upon the Company's history of profitability and taxable income and the reversal of taxable temporary differences, management believes it is more likely than not the Company will realize the benefits of these deductible differences.

(10) RELATED PARTY TRANSACTIONS
The Company leases certain equipment from a business partially owned by an officer. Rent expense under this lease was approximately $1.0 million, $0.9 million and $0.8 million during the years ended March 31, 2001, 2000 and 1999, respectively. Under the terms of the lease in effect at March 31, 2001, the Company will make monthly lease payments of $85,000 through August 2006. The Company has agreed to pay the difference, if any, between the sales price of the equipment and 70 percent of the lessor's related loan balance (approximately $6.9 million at March 31, 2001) should the Company elect to exercise its early termination rights or not extend the lease beyond its initial term and the lessor sells the equipment as a result thereof.

(11) RETIREMENT PLANS
The Company has a retirement savings plan which covers substantially all domestic employees. The Company also offers a supplemental nonqualified deferred compensation plan for certain management employees. The Company matches 50% of the employees' contributions under both plans up to 6% annually and may contribute additional amounts to the plans from the Company's earnings at the discretion of the Board of Directors.

Effective October 1, 1988, May & Speh established the May & Speh, Inc. Employee Stock Ownership Plan ("ESOP") for the benefit of substantially all of its employees. May & Speh borrowed $22.5 million from a bank and loaned the proceeds to the ESOP for the purpose of providing the ESOP sufficient funds to purchase 9,887,340 shares of May & Speh's common stock at $2.28 per share. The terms of the ESOP agreement required May & Speh to make minimum contributions sufficient to meet the ESOP's debt service obligations. During the year ended March 31, 1999, the ESOP loan was paid in full and the ESOP was merged into the Company's retirement savings plan.

Company contributions for the above plans amounted to approximately $3.4 million, $4.0 million and $4.8 million in 2001, 2000 and 1999, respectively.

(12) MAJOR CUSTOMERS

During 2001 and 2000, the Company had no customer who accounted for more than 10% of revenue. Allstate Insurance Company accounted for revenue of $82.2 million (10.9%) in 1999.

(13) FOREIGN OPERATIONS

Foreign operations are conducted primarily in the U.K. The Company attributes revenue to each geographic region based on the location of the Company's operations. The following table shows financial information by geographic area for the years 2001, 2000 and 1999 (dollars in thousands):

	United States	Foreign	Consolidated
2001:			
Revenue	$ 960,806	$ 49,081	$ 1,009,887
Long-lived assets	696,836	10,701	707,537
2000:			
Revenue	$ 908,261	$ 56,199	$ 964,460
Long-lived assets	606,059	14,109	620,168
1999:			
Revenue	$ 712,907	$ 41,150	$ 754,057
Long-lived assets	454,631	10,687	465,318

(14) COMMITMENTS AND CONTINGENCIES

In May 2000, the compensation committee of the Company committed to pay in cash $6.3 million of "over-attainment" incentive which was related to results of operations in prior years. Under the normal policy of the Company's compensation plan, such over-attainment would have been distributed in the form of stock options with an exercise price equal to the market price at date of grant. Therefore, under applicable accounting rules, there would have been no compensation expense. The one-time decision to pay this amount in cash is an accruable event and resulted in a charge that has been recorded in gains, losses and nonrecurring items. In accordance with the Company's existing over-attainment plan, the amount accrued will be paid over the next three fiscal years beginning in May 2001, assuming continued performance.

On September 20, 1999, the Company and certain of its directors and officers were sued by an individual shareholder in a purported class action filed in the United States District Court for the Eastern District of Arkansas ("the Court"). The action alleges that the defendants violated Section 11 of the Securities Act of 1933 in connection with the July 23, 1999 public offering of 5,421,000 shares of the common stock of the Company. In addition, the action seeks to assert liability against the Company Leader pursuant to

Section 15 of the Securities Act of 1933. The action seeks to have a class certified of all purchasers of the stock sold in the public offering. Two additional suits were subsequently filed in the same venue against the same defendants and asserting the same allegations. On March 29, 2001, the Court granted the defendants' Motion to Dismiss. The plaintiffs have filed a Notice of Appeal to appeal the decision to dismiss to the United States Court of Appeals for the Eighth Circuit. The Company continues to believe the allegations are without merit and will continue to vigorously contest the cases.

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

(15) DISPOSITIONS

Effective February 1, 2000, the Company sold certain assets and a 51% interest in a newly formed Limited Liability Company ("LLC") to certain management of its Acxiom/Direct Media, Inc. business unit ("DMI"). The LLC was formed by the contribution of net assets used in the DMI operations. As consideration, the Company received a 6% note in the approximate amount of $22.5 million payable over seven years. During the year ended March 31, 2001, the Company agreed to sell its remaining 49% interest in the LLC and certain other assets to DMI management for an additional note of $1.0 million. The Company also committed to complete the development of a computer system for the LLC. As a result of this sale agreement, the Company has written down its investment in the assets of DMI by $20.4 million. The sale was a divestiture for legal and tax purposes, but not for accounting purposes under applicable accounting rules because the collection of the sales price is primarily dependent on the buyer's ability to repay the note through operations of the business. Accordingly, the results of operations of the LLC were required to be included in the Company's consolidated financial statements until such time as a sufficient portion of the note balance was collected, at which time the Company can account for the transaction as a sale. During 2001, a sufficient amount of the note balance was collected, and this transaction is now accounted for as a sale.

Effective April 25, 2000, the Company sold a part of its DataQuick business group, which is based in San Diego, California, for $55.5 million. The Company retained the real property data sourcing and compiling portion of DataQuick. The gain on the sale of these assets was approximately $39.7 million and is included in gains, losses and nonrecurring items in the accompanying consolidated statements of operations.

Effective April 10, 2000, the Company sold its investment in Ceres, Inc. to

NCR Corporation. The Company received cash, a note and NCR stock totaling $14.8 million and recorded investment income of $6.2 million on the disposal, which is included in other, net in the accompanying consolidated statements of operations. During 2001, the Company sold the shares of the NCR stock and realized an additional gain of $2.1 million, which is included in other, net in the accompanying consolidated statements of operations.

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

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

(16) FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

_ Cash and cash equivalents, trade receivables, short-term borrowings, and trade payables--The carrying amount approximates fair value because of the short maturity of these instruments.

_ Marketable securities--The carrying value of marketable securities is equal to fair value as determined by reference to quoted market prices.

_ Equity forward--See note 8.

_ Long-term debt--The interest rate on the revolving credit agreement is adjusted for changes in market rates and therefore the carrying value of the credit agreement approximates fair value. The estimated fair value of other long-term debt was determined based upon the present value of the expected cash flows considering expected maturities and using interest rates currently available to the Company for long-term borrowings with similar terms. At March 31, 2001, the estimated fair value of long-term debt approximates its carrying value.

(17) COMPREHENSIVE INCOME (LOSS)

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

	2001	2000	1999
Net unrealized loss arising during the year	$ (943)	$ (153)	$ -
Reclassification adjustment for net gains reported in net earnings for the period	1,096	-	-
Net unrealized gain (loss) reported in other comprehensive income (loss)	$ 153	$ (153)	$ -

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

	2001	2000
Net unrealized loss on available-for-sale marketable securities	$ -	$ (153)
Cumulative loss on foreign currency translation	(5,996)	(1,295)
Accumulated other comprehensive loss	$ (5,996)	$ (1,448)

(18) SEGMENT INFORMATION

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

The following tables present information by business segment (dollars in thousands):

	2001	2000	1999
Revenue:			
Services	$ 732,620	$ 675,094	$ 524,081
Data and Software Products	228,738	168,504	117,778
IT Management	223,364	194,908	154,526
Intercompany eliminations	(174,835)	(74,046)	(42,328)
Total revenue	$ 1,009,887	$ 964,460	$ 754,057
Income (loss) from operations:			
Services	$ 167,933	$ 131,513	$ 91,331
Data and Software Products	70,639	25,135	14,829
IT Management	26,737	44,019	34,826
Intercompany eliminations	(134,455)	(36,584)	(20,689)
Corporate and other	(29,229)	(199)	(121,681)
Income (loss) from operations	$ 101,625	$ 163,884	$ (1,384)
Depreciation and amortization:			
Services	$ 51,295	$ 36,869	$ 24,360
Data and Software Products	25,459	22,888	19,214
IT Management	43,140	26,563	20,039
Corporate and other	899	209	484
Depreciation and amortization	$ 120,793	$ 86,529	$ 64,097
Total assets:			
Services	$ 652,964	$ 494,110	$ 427,210
Data and Software Products	145,005	202,243	167,111
IT Management	419,330	372,923	238,164
Corporate and other	15,426	36,020	57,315
Total assets	$ 1,232,725	$ 1,105,296	$ 889,800

During 2001, the Company reorganized its segments such that the business units associated with DMI were reclassified from the Data and Software Products segment to the Services segment. Also, the international operations, which were included in the Services segment, have been reorganized with the appropriate revenues and expenses allocated to the Services, Data and Software Products and the IT Management segments. The prior years' segment information has been restated to conform to the current year presentation.

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

	Balance at beginning of period	Additions charged to costs and expenses	Other additions	Bad debts written off, net of amounts recovered	Balance at end of period
2001:					
Allowance for doubtful accounts, returns and credits	$ 5,352	$ 3,563	$ 500	$ 4,049	$ 5,366
2000:					
Allowance for doubtful accounts, returns and credits	$ 5,619	$ 2,313	$ 1,010	$ 3,590	$ 5,352
1999:					
Allowance for doubtful accounts, returns and credits	$ 3,847	$ 2,373	$ 710	$ 1,311	$ 5,619

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

(20) SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)
The table below sets forth selected financial information for each quarter of the last two years. The information for the first three quarters of 2001 reflects the quarters as previously reported prior to the adoption of SAB 101 and as restated for the retroactive adoption of SAB 101 to April 1, 2000. The 2000 quarterly information has not been restated for the adoption of SAB 101. However, the pro forma amounts for 2000 presented below were calculated assuming the accounting change was made retroactively to the beginning of fiscal 2000 (dollars in thousands, except per share amounts).

	First quarter ended June 30, 2000		Second quarter ended September 30, 2000		Third quarter ended December 31, 2000		Fourth quarter ended March 31, 2001
	As previously reported	As restated	As previously reported	As restated	As previously reported	As restated	As reported

Revenue	$ 245,557	$ 239,573	$ 276,061	$ 263,862	$ 279,501	$ 262,748	$ 243,704
Income (loss) from operations	36,286	34,190	52,236	45,329	58,305	44,335	(22,229)
Cumulative effect of change in accounting principle	-	(37,488)	-	-	-	-	-
Net earnings (loss)	24,423	(14,768)	28,253	23,600	32,790	23,697	(26,150)
Basic earnings (loss) per share:							
Earning (loss) before cumulative effect of accounting change	.28	.26	.32	.27	.37	.27	(.29)
Cumulative effect of accounting change	-	(.43)	-	-	-	-	-
Net earnings (loss)	.28	(.17)	.32	.27	.37	.27	(.29)
Diluted earnings (loss) per share:							
Earning (loss) before cumulative effect of accounting change	.26	.24	.30	.25	.34	.25	(.29)
Cumulative effect of accounting change	-	(.41)	-	-	-	-	-
Net earnings (loss)	.26	(.17)	.30	.25	.34	.25	(.29)

	First quarter ended June 30, 1999		Second quarter ended September 30, 1999		Third quarter ended December 31, 1999		Fourth quarter ended March 31, 2000	
	As previously reported	Pro forma	As previously reported	Pro forma	As previously reported	Pro forma	As previously reported	Pro forma
Revenues	$ 211,506	$ 204,819	$ 246,840	$ 234,464	$ 244,303	$ 226,054	$ 261,811	$ 236,588
Income from operations	30,246	28,480	39,883	29,089	46,389	30,958	47,366	27,601
Net earnings	15,749	14,628	21,300	14,446	26,478	16,679	26,836	14,285
Earnings per share:								
Basic	.19	.18	.25	.17	.31	.19	.31	.16
Diluted	.18	.17	.24	.16	.29	.19	.29	.16

INDEPENDENT AUDITORS' REPORTS

THE BOARD OF DIRECTORS AND STOCKHOLDERS ACXIOM CORPORATION:

We have audited the accompanying consolidated balance sheet of Acxiom Corporation and subsidiaries as of March 31, 2001, and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Acxiom Corporation and subsidiaries as of March 31, 2001, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

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

Little Rock, Arkansas,
May 11, 2001

THE BOARD OF DIRECTORS AND STOCKHOLDERS
ACXIOM CORPORATION:

We have audited the accompanying consolidated balance sheet of Acxiom Corporation and subsidiaries as of March 31, 2000, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the two-year period ended March 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Acxiom Corporation and subsidiaries as of March 31, 2000, and the results of their operations and their cash flows for each of the years in the two-year period ended March 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

Dallas, Texas,
May 2, 2000, except as to note 18 which is as of June 11, 2001

MARKET INFORMATION

STOCK PRICES

The Company's Common Stock is traded on the national Market System of Nasdaq under the symbol "ACXM." The following table sets forth for the periods indicated the high and low closing sale prices of the Common Stock.

Fiscal 2001	High	Low
Fourth Quarter	$20 11/16	$39 1/4
Third Quarter	31 3/4	44 5/32
Second Quarter	20 3/16	31 25/32
First Quarter	25 1/4	32 1/8

Fiscal 2000	High	Low
Fourth Quarter	$35 3/8	$24 7/8
Third Quarter	24 25/32	14 3/4
Second Quarter	29 3/8	16 3/8
First Quarter	29 3/8	23

During the period beginning April 1, 2001, and ending May 15, 2001, the high closing sales price per share for the Company's Common Stock as reported by Nasdaq was $16.81 and the low closing sales price per share was $11.50. On May 15, 2001, the closing price per share was $14.60.

SHAREHOLDERS OF RECORD

The approximate number of shareholders of record of the Company's Common Stock as of May 15, 2001, was 2,058.

DIVIDENDS

The Company has never paid cash dividends on its Common Stock. The Company presently intends to retain earnings to provide funds for its business operations and for the expansion of its business. Thus, it does not anticipate paying cash dividends in the foreseeable future.

Exhibit 10 (h)

Acxiom Corporation
Leadership Team Compensation Plan -
Fiscal Year 2002

PLAN OBJECTIVE

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

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

  o Motivate leaders to achieve the highest level of performance.

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

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

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

ELIGIBILITY OF PARTICPANTS

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

COMPONENTS AND PLAN STRUCTURE

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

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

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

o Each level of the plan has the following:
  o Base salary based on comparable market salary for the equivalent position.
  o Plan structure reflects percentages for each plan component to total compensation as well as number of years for which options are granted under the long-term incentive component of the plan.

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

  o developing new business and relationships at senior executive levels of customers and prospects, or

  o providing leadership to two or more sales associates for a Group or Division. Providing leadership means assigning quotas and territories, conducting regular reviews of salesperson's call activity, hiring, terminations, preparing associate effectiveness plans, performance reviews, coaching, mentoring and overseeing the overall sales process for the area.

BASE SALARY (NOT AT RISK)

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

o The percentage increase guidelines are revised / validated annually. No increases are recommended for FY2002.

BASE SALARY (AT RISK)

General

o Base salary at risk (referred to as at risk throughout the remainder of this document) is determined based on the level in which the leader is slotted. At risk is based on the eligible associate's base salary as of March 31, 2001. No adjustment is made to at risk amounts during the plan year unless the leader moves from one plan level to another or is assigned a different job role that warrants a change. In the event there is a change in at risk, it will be pro-rated based on the date of the change.

o Eligible associates must be employed on the date of the actual payment to receive payment for the at risk amount. The at risk for eligible associates who joined the Leadership Team after March 31, 2001 will be pro-rated based on hire date.

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

At Risk Attainment

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

o The Pre-investment EVA Target for FY2002 is:

EVA Incentive Principles

- Target Incentive
  - Represents the competitive total compensation opportunity.

- Expected EVA Improvement
  - Performance standard to achieve the company "target EVA" and to meet the market expectation of EVA improvemenT required to support the price of the Company's stock.
  - Achievement of Expected EVA Improvement results in Target Incentive (at risk) Pool.

- Sharing of EVA Improvement Above/Below Expected
  - Associates and shareholders share risks and rewards.

  - Sharing of incremental EVA (above/below "Expected") is constant.
    - 50% of every $1 of EVA above expected is added to incentive (at risk) pool
    - 50% of every $1 of EVA below expected is subtracted from incentive (at risk) pool (EVA improvement can be below zero).
  - Associates/leaders share in all risks and rewards with no caps or floors.

At Risk Pool Funding

- At risk pool is funded from earnings after meeting the Company's target EPS gate. Funding begins at the threshold EPS of $.__ and is pro-rated until funding is completed at EPS of $.__.

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

At Risk Pool Distribution

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

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

- Guideline criteria for distributions are:
  - Actual EVA Improvement (60%)
  - Contribution Improvement of Business Plan Submitted (20%)
  - Other - Major Wins, DSO Improvement Targets, etc. (20%)

- CLT will discuss attainment versus guideline criteria.

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

- Compensation Committee will rate each division's performance.

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

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

Allocation of At Risk to Each Individual

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

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

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

Standard At Risk Targets

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

Table 1:

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

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

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

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

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

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

EVA Targets for Acxiom Products Division - Groups/Units

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

Business Plan Targets for Shared Services - Groups/Units

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

Commission/Specific Objective At Risk Targets

- o These targets apply only to Business Development / Sales Leadership Plan.
- o The commission/specific objective portion of at risk under this plan is based on revenue and/or EVA percentage of quota attainment for the territories assigned to the business development/sales leader. It is the responsibility of the individual's Division and/or Group leader to establish these targets.
- o The commission/specific objective portion will be funded by the Unit, Group or Division and is not subject to the EPS gate as is the common fate portion of at risk. Budgets and EVA targets will not be adjusted for additional commission expense due to these plans.
- o All commissions are calculated on a YTD, cumulative basis.
- o The Division leader may change commission plan provisions and assigned quotas at any time.
- o The Division leader may choose not to accept additional business when resources are not available to process the work. It is the sales leader's responsibility to make certain that the work will be accepted before customer commitments are made.

Method of Payment

- o It is Acxiom's intention to pay at risk in cash. However, from time to time the Company Leadership Team (CLT), may elect to pay at risk in stock options if conditions of the business justify it. In the event this decision is made, the CLT will make every effort to notify the Leadership Team members within 5 business days of the decision being finalized. If at risk is paid stock options in lieu of cash, the Black-Scholes model will be used to calculate the option value and number of options. A in two-year valuation will be used for the calculation. All of the options will be issued at the market price and will be 100% vested.
- o Payments will be made annually based on attainment of financial objectives up to the target incentive and are subject to the EPS funding gate calculation
- o All over achievement incentive calculations will be deferred until year-end. Over-attainment distributions will be in stock options unless otherwise specified by the Compensation Committee. When such distributions are determined to be paid in cash by the Compensation Committee, they will be subject to funding from earnings and subject to the EPS gate calculation associated with the Acxiom incentive plans.
- o All payments will be made within 60 days of the end of the year.

Incentive Bank

- o Cumulative performance and incentive linked.
- o Over/Under achievement by Division for current year "deposited" into incentive bank.
- o Bank balance distributed:
  - o Up to 33% of the resulting bank balance will be distributed.
  - o It is the intent of the plan to distribute 33% of the bank balance under normal circumstances.
  - o Actual payout % to be determined annually by the Compensation Committee based on business conditions, financial results and funding considerations.
  - o The Compensation Committee may adjust the payout % based on special circumstances and may elect to not distribute any of the remaining bank balance and to carry all of it forward to the next year.
  - o The Compensation Committee will determine the amounts to be paid from the over-attainment incentive banks and will pay in stock options, unless otherwise specified by the compensation committee. If the Compensation Committee elects to pay all or a portion of these distributions in cash, the cash portion will be subject to funding from earnings and subject to the EPS gate calculation provisions of the Acxiom incentive plans.
- o Remaining bank balance reserved for future payment subject to sustained business performance of the Division and Acxiom Corporation.
- o Bank balances are subject to forfeiture to satisfy EPS Gate.
- o "Negative" bank balance "repaid" before future overachievement incentives are paid.
- o In order to receive any distributions from the incentive bank, the associate must be employed at the time of distribution. Bank balances will be forfeited upon termination.

Over/Under Achievement

- o Above/below targeted EVA, 50% of all Incremental EVA will be added to / subtracted from the Incentive Banks.
- o Above/Below target funds will be added to/subtracted from the respective incentive banks based on the performance of the affiliated area of the business (Division, Shared Services or Corporate Office).
- o The over/under achievement EVA will be primarily calculated at the Division level. However, the Compensation Committee has the authority to make adjustments based on business circumstances. In no cases will the sum of the over attainment banked be greater than the total company's over attainment.

LONG-TERM INCENTIVE

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

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

- Stock options will be awarded under three categories:

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

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

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

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

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

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

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

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

RETENTION/RECRUITING BONUS

Retention Bonus

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

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

- In addition to the standard at risk plan, a retention bonus can be put in place for a leader with the following plan provisions:
  - Up to 25% of base salary (determined by Division leader, Rodger Kline and Charles Morgan)
  - To be paid at same time as at risk payments
  - Not subject to Corporate gate
  - Based on achieving predetermined, documented, individual objectives
  - Distribution amounts to be determined by Division leader

Recruiting Bonus

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

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

PLAN MODIFICATIONS

Any modification to this standard plan must be approved in advance by the Company Operations Leader.

Exhibit 1

Acxiom Corporation
Compensation Guidelines - FY2002
Leadership Team

General Leadership Team Plan

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

NOTE: At Risk Opportunity for the fiscal year is established based on Base Salary as of March 31, 2001.

Business Development / Sales Leadership Team Plan

Leader Classification	'Not at Risk' Base Salary Ranges	Base	At Risk	LTI	Yrs Granted
Level 3	Salary ranges determined by market data for individual area of responsibility.	40%	40%	20%	2
Level 2		40%-45%*	35%-40%*	20%	1
Level 1		50%	30%	20%	1

Common Fate	Commissions
75%	25%
50%	50%
25%	75%

*Base salary and at risk must add up to 80%

NOTE: At Risk Opportunity for the fiscal year is established based on Base Salary as of March 31, 2001.