SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 1996 OR

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

For the transition period from ----- to -----

Commission file number 0-13163

Acxiom Corporation
(Exact Name of Registrant as Specified in Its Charter)

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

(501) 336-1000
(Registrant's Telephone Number, Including Area Code)

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

Yes X No

The number of shares of Common Stock, $ 0.10 par value per share, outstanding as of October 25, 1996, was 25,610,590.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Company for which report is filed:

ACXIOM CORPORATION

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

Form 10-Q

ACXIOM CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 1996	March 31, 1996
Assets		
Current assets:		
Cash and cash equivalents	$ 822,000	3,469,000
Trade accounts receivable, net	67,754,000	44,474,000
Refundable income taxes	----	1,537,000
Other current assets	6,665,000	4,534,000
Total current assets	75,241,000	54,014,000
Property and equipment	184,325,000	153,224,000
Less - Accumulated depreciation and amortization	73,849,000	64,123,000
Property and equipment, net	110,476,000	89,101,000
Software, net of accumulated amortization	14,213,000	10,524,000
Excess of cost over fair value of net assets acquired	41,588,000	13,982,000
Other assets	27,839,000	26,428,000
	$ 269,357,000	194,049,000
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term notes payable	500,000	646,000
Current installments of long-term debt	3,955,000	3,866,000
Trade accounts payable	12,511,000	13,596,000
Accrued interest	808,000	435,000
Accrued payroll and related expenses	8,300,000	5,111,000
Other accrued expenses	8,722,000	7,189,000
Advances from customers	525,000	316,000
Income taxes	5,415,000	----
Total current liabilities	40,736,000	31,159,000
Long-term debt, excluding current installments	81,581,000	26,885,000
Deferred income taxes	10,933,000	10,933,000
Deferred revenue	1,819,000	2,331,000
Stockholders' equity:		
Preferred stock	----	----
Common stock	2,624,000	2,435,000
Additional paid-in capital	59,705,000	54,514,000
Retained earnings	74,734,000	68,978,000
Foreign currency translation adjustment	(491,000)	(863,000)
Treasury stock, at cost	(2,284,000)	(2,323,000)
Total stockholders' equity	134,288,000	122,741,000
Commitments and contingencies	$ 269,357,000	194,049,000

See accompanying condensed notes to consolidated financial statements.

Form 10-Q

ACXIOM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)

	For the Three Months Ended September 30, 1996	1995
Revenue	$ 97,547,000	62,376,000
Operating costs and expenses:		
Salaries and benefits	35,038,000	22,652,000
Computer, communications and other equipment	15,572,000	7,844,000
Data costs	17,871,000	15,992,000
Other operating costs and expenses	16,682,000	8,546,000
Total operating costs and expenses	85,163,000	55,034,000
Income from operations	12,384,000	7,342,000
Other income (expense):		
Interest expense	(906,000)	(546,000)
Other, net	(1,294,000)	(84,000)
	(2,200,000)	(630,000)
Earnings before income taxes	10,184,000	6,712,000
Income taxes	3,921,000	2,640,000
Net earnings	$ 6,263,000	4,072,000
Earnings per share	$ 0.21	0.16
Weighted average shares outstanding	29,543,000	26,109,000

See accompanying condensed notes to consolidated financial statements.

ACXIOM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)

	For the Six Months Ended September 30, 1996	For the Six Months Ended September 30, 1995
Revenue	$ 191,500,000	121,558,000
Operating costs and expenses:		
Salaries and benefits	70,570,000	45,437,000
Computer, communications and other equipment	28,393,000	15,965,000
Data costs	36,652,000	31,492,000
Other operating costs and expenses	34,290,000	15,805,000
Total operating costs and expenses	169,905,000	108,699,000
Income from operations	21,595,000	12,859,000
Other income (expense):		
Interest expense	(1,724,000)	(938,000)
Other, net	(2,786,000)	(151,000)
	(4,510,000)	(1,089,000)
Earnings before income taxes	17,085,000	11,770,000
Income taxes	6,577,000	4,562,000
Net earnings	$ 10,508,000	7,208,000
Earnings per share	$ 0.36	0.28
Weighted average shares outstanding	29,398,000	25,966,000

See accompanying condensed notes to consolidated financial statements.

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

	For the Six Months Ended September 30, 1996	1995
Cash flows from operating activities:		
Net earnings	$ 10,508,000	7,208,000
Non-cash operating activities:		
Depreciation and amortization	14,589,000	10,519,000
Loss on impairment of assets	2,100,000	----
Other, net	1,561,000	364,000
Changes in assets and liabilities:		
Accounts receivable	(15,403,000)	(254,000)
Other assets	155,000	(789,000)
Accounts payable and other liabilities	(865,000)	(1,047,000)
Net cash provided by operating activities	12,645,000	16,001,000
Cash flows from investing activities:		
Sale of assets	1,151,000	272,000
Cash acquired in pooling acquisition	21,000	1,624,000
Cash paid in purchase acquisition	----	(5,914,000)
Development of software	(2,960,000)	(547,000)
Capital expenditures	(33,349,000)	(21,950,000)
Net cash used by investing activities	(35,137,000)	(26,515,000)
Cash flows from financing activities:		
Proceeds from debt	31,567,000	12,261,000
Payments of debt	(14,163,000)	(2,999,000)
Sale of common stock	2,441,000	1,011,000
Cash dividends paid by acquired company prior to merger	----	(468,000)
Acquisition and retirement of common stock by acquired company prior to merger	----	(1,010,000)
Issuance of common stock by acquired company prior to merger	----	190,000
Net cash provided by financing activities	19,845,000	8,985,000
Effect of exchange rate changes on cash	----	(28,000)
Net decrease in cash and short-term cash investments	(2,647,000)	(1,557,000)
Cash and short-term cash investments at beginning of period	3,469,000	3,149,000
Cash and short-term cash investments at end of period	$ 822,000	1,592,000
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	$ 1,351,000	1,025,000
Income taxes	975,000	3,607,000

See accompanying condensed notes to consolidated financial statements.

ACXIOM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Certain note information has been omitted because it has not changed significantly from that reflected in Notes 1 through 17 of the Notes to Consolidated Financial Statements filed as a part of Item 14 of Registrant's 1996 Annual Report on Form 10-K as filed with the Securities and Exchange Commission on June 26, 1996.

1. In April 1996, the Company purchased certain assets of Direct Media/DMI, Inc. ("DMI") for $25,000,000 and the assumption of certain liabilities of DMI. The $25,000,000 purchase price, payable in three (3) years, is collaterized by a letter of credit, and may, at DMI's option, be paid in one million shares of Acxiom common stock in lieu of cash plus accrued interest. Headquartered in Greenwich, Connecticut, DMI provides list brokerage, management, and consulting services to business-to-business and consumer list owners and mailers. At April 1, 1996 the liabilities assumed by the Company exceeded the fair value of the assets acquired from DMI by $3,648,000. The resulting excess of purchase price over fair value of net assets acquired of $28,648,000 is being amortized over its estimated economic life of 20 years. The acquisition has been accounted for as a purchase and the results of operations of DMI are included in the consolidated results of operations from the date of acquisition. The purchase price for DMI has been allocated as follows:

Trade accounts receivable	$ 7,558,000
Property and equipment	2,010,000
Excess of cost over fair value of net assets acquired	28,648,000
Other assets	1,340,000
Short-term payable to bank	(11,594,000)
Accounts payable and other liabilities	(2,675,000)
Long-term debt	(287,000)
	$ 25,000,000

The following consolidated pro forma financial information (which includes adjustments to reflect the accounting bases recognized in recording the purchase and to eliminate the effects of transactions between the Company and DMI) shows the results of the Company's operations for the six months ended September 30, 1995 as if the purchase of DMI had occurred at the beginning of the period:

Revenue	$ 143,109,000
Net earnings	$ 9,025,000
Earnings per share	$ 0.33

2. On April 9, 1996, the Company issued approximately 1.7 million shares of its common stock for all of the outstanding common stock and common stock options of Pro CD, Inc. ("Pro CD"). Headquartered in Danvers, Massachusetts, Pro CD is a publisher of business reference software on CD-ROM. The acquisition is accounted for as a pooling of interests.

   The stockholders' equity and operations of Pro CD are not material in relation to those of the Company. As such, the Company has recorded the combination by restating stockholders' equity as of April 1, 1996, without restating prior year statements of earnings to reflect the pooling of interests combination. For the year ended December 31, 1995, Pro CD had revenues and a net loss of approximately $21,675,000 and $970,000, respectively. At April 1, 1996, Pro CD's liabilities exceeded its assets by approximately $1,775,000.

3. Effective March 31, 1994 the Company sold substantially all of the assets of its former Acxiom Mailing Services operating unit to MorCom, Inc. ("MorCom") in exchange for the assumption of certain liabilities, $4,500,000 in cash, a mortgage note receivable, and $1,000,000 of preferred stock issued by MorCom. Additionally, the Company sold MorCom a software license to use certain applications of the Company's software. At June 30, 1996 the assets remaining on the Company's books related to this transaction were as follows:

Mortgage note receivable (other assets)	$ 3,912,000
Software license receivable (other assets)	640,000
Preferred stock (other assets)	1,000,000
Trade accounts receivable	491,000
	$ 6,043,000

   In June 1996, MorCom ceased operations. In the first quarter of fiscal 1997 the Company established valuation reserves for the full amount of the software license receivable, preferred stock, and trade accounts receivable. In the second quarter, the Company obtained title to and sold a portion of the property related to the mortgage note, receiving proceeds of $949,000. The Company is negotiating a sale of the remaining property and has established a valuation reserve of $1,100,000 toward its ultimate disposition. Management believes that any further loss associated with this event will not be material to the financial statements.

4. Long term debt consists of the following:

	September 30, 1996	March 31, 1996
Unsecured revolving credit agreement	$ 43,562,000	11,995,000
Convertible note, payable April 30, 1999 together with interest at 3.12%; collateralized by letter of credit; convertible at maturity into one million shares of common stock	25,000,000	----
9.75% senior notes, due May 1, 2000, payable in annual installments of $2,143,000 each May 1; interest is payable semiannually	8,571,000	10,714,000
8.94% note payable due in monthly installments of principal and interest of $50,000 with remaining balance due June 30, 1997; collateralized by real estate	4,151,000	4,264,000
Other notes and capital lease obligations payable	4,252,000	3,778,000
Total long term debt	85,536,000	30,751,000
Less current installments	3,955,000	3,866,000
Long-term debt, excluding current installments	$ 81,581,000	$ 26,885,000

During the quarter ended September 30, 1996 the unsecured revolving credit facility was increased to provide for loans of up to $50,000,000 and now expires on July 30, 2001. The 8.94% note payable which is due June 30, 1997 continues to be classified as long-term debt because the Company intends to use available funding under the revolving credit agreement to refinance the note on a long-term basis.

5. Earnings per share computations are based upon the weighted average number of shares outstanding, including the dilutive effect of stock options and warrants and the convertible debt issued for the purchase of DMI, all of which are considered common stock equivalents. For purposes of calculating earnings per share, the interest expense on the convertible note is eliminated. The calculation of earnings per share for the periods presented is as follows:

	For the Six Months Ended	
	September 30, 1996	September 30, 1995
Net earnings	$ 10,508,000	$ 7,208,000
Interest expense (net of tax effect)	222,000	----
Adjusted net earnings	$ 10,730,000	$ 7,208,000
Earnings per share	$ .36	$ .28
Weighted average shares outstanding	29,398,000	25,966,000

6. On October 10, 1996, the Company settled the arbitration matter between the Company and Highlights for Children, Inc. ("Highlights"). On July 25, 1995, Highlights had filed a demand for arbitration with the American Arbitration Association. The demand alleged, among other things, breaches of express warranties in connection with a software license agreement for the Company's GS/2000 software product. The demand sought compensatory damages of approximately $22,000,000 and punitive damages of $44,000,000 plus attorneys' fees and costs. The settlement, the terms of which are confidential, was not material to the financial statements of the Company.

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 these matters will not have a material adverse effect on the Company's consolidated financial position or its expected future consolidated results of operations.

7. Trade accounts receivable are presented net of allowances for doubtful accounts, returns, and credits of $4,025,000 and $1,880,000 at September 30, 1996 and March 31, 1996, respectively.

8. At a special meeting held on October 10, 1996, the Company's board of directors approved a two-for-one stock split effective November 11, 1996. The split will be effected in the form of a stock dividend. Certificates for the additional shares will be mailed on November 12, 1996 to shareholders of record as of October 25, 1996.

Form 10-Q

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

Results of Operations

Consolidated revenue was a record $97,547,000 for the quarter ended September 30, 1996, a 56% increase over the same quarter a year ago. Excluding the impacts of the Pro CD and DMI acquisitions which were completed during the first quarter, revenue was up 32%. Direct marketing industry revenue grew 148%, including the additional revenue from DMI, together with revenue associated with Trans Union Marketing Services and a strong year-over-year performance by Acxiom U.K. Information and communications revenue grew 118%, which includes the additional revenue from Pro CD together with the revenues associated with the Polk Company ("Polk") data center outsourcing contract. Financial services revenue was down 5% compared to the previous year, reflecting reductions in mail volumes for some of the credit card marketers due to their rise in delinquencies which offset 20% growth in Dataquick revenues. Insurance and media/publishing revenue grew 22% and 16%, respectively. The growth in insurance primarily reflects growth in the Allstate Insurance Company contract. The growth in media and publishing reflects the ramp-up of new contracts.

For the six months ended September 30, 1996, consolidated revenue was $191,500,000, a 58% increase over the same period in the previous year. Excluding the effects of the Pro CD and DMI acquisitions, revenue was up 35% over the prior year. Direct marketing industry revenue grew 160%, including the additional revenue from DMI, and information and communications revenue grew 118%, including the additional revenue from Pro CD. Financial services was flat compared to the previous year. Insurance and media/publishing grew 20% and 6%, respectively. The explanations noted above for the quarter variances are the primary causes of variances on a year-to-date basis.

Operating expenses for the quarter increased 55% compared to the same quarter a year ago. Salaries and benefits increased 55%; however, excluding the effects of the acquisitions noted above and new contracts with Polk and Trans Union Marketing Services, the increase was 11%. Computer, communications and other equipment doubled from the prior year, primarily due to the new contracts noted above. Data costs were up 12% due to increasing revenue under the Allstate contract and the InfoBase unit. Other operating costs and expenses also nearly doubled from the prior year, but after adjusting for the impact of the acquisitions and new contracts noted above, the increase is 17%. Income from operations was 12.7% of revenue compared to 11.8% for the same quarter in the prior year.

Interest expense in the quarter increased due to increased levels of debt when compared to the year-earlier period. Other expense in the quarter included a charge of $1,100,000 for the writedown of the remaining real estate related to the prior sale of Acxiom Mailing Services ("AMS") to MorCom, Inc. (see discussion below).

For the six months ended September 30, 1996, operating costs and expenses increased 56% compared to the previous year. Salaries and benefits increased 55%, computer, communications and other equipment costs increased 78%, and other operating costs and expenses were up 117%. After adjusting for the impact of the acquisitions noted above, salaries and benefits were up 27%, computer, communications and other equipment costs increased 67%, and other operating costs and expenses were up 41%. The remainder of the expense increases in the six months were largely due to the Polk and Trans Union Marketing Services contracts. Data expenses for the six months were up 16% due to increases in revenue under the Allstate contract. Income from operations was 11.3% compared to 10.6% a year ago.

Interest expense for the six months ended September 30, 1996 increased by 84% over the prior year, due to higher levels of debt during the current year. Other expense for the six months includes writedowns related to the Morcom property and preferred stock investment totaling $2,100,000 (see discussion below).

The Company's effective tax rate for both the quarter and six month period was 38.5% compared to 39.3% and 38.8% for the previous year's quarter and six months, respectively. The Company expects the actual effective rate for the full fiscal year to remain in the 37-39% range.

Net earnings for the quarter increased 54% over the previous year, while net earnings for the six months ended September 30, 1996 increased 46%. Earnings per share increased 31% and 29% for the quarter and six months, respectively, while the weighted average number of shares outstanding increased 13% for each of the reported periods. The increase in the number of shares from the prior year is primarily due to the acquisitions of Pro CD and DMI during the first quarter of this fiscal year.

Capital Resources and Liquidity

Working capital at September 30, 1996 was $34,505,000 compared to $22,855,000 at March 31, 1996. During the quarter ended September 30, 1996, the Company's unsecured revolving credit agreement was increased to provide for revolving loans of up to $50,000,000, and now expires on July 31, 2001, and the Company's short-term unsecured credit agreement was increased to $1,500,000 which expires on June 30, 1997. At September 30, 1996, a total of $43,562,000 was outstanding under the revolving credit agreement and $500,000 was outstanding under the short-term credit agreement. The Company continues to classify as long-term debt the note payable totaling $4,151,000, which is due in full on June 30, 1997 as it is the Company's intention to retire this loan with additional proceeds from the revolving credit facility.

The Company's debt-to-capital ratio (capital defined as long-term debt plus stockholders' equity) was 38% at September 30, 1996 compared to 18% at March 31, 1996. The increase in the ratio is largely due to the issuance of a $25,000,000 convertible note for the purchase of DMI.

Cash provided by operating activities was $12,645,000 for the six months ended September 30, 1996 compared to $16,001,000 for the same period a year earlier. Earnings before interest, taxes, depreciation, and amortization ("EBITDA") increased by 44% compared to the year-earlier period, but the resulting increase in operating cash flow was offset by a $15,403,000 increase in accounts receivable during the period. In the current year, $35,137,000 was used by investing activities and $19,845,000 was provided by financing activities. Investing activities included $33,349,000 in capital expenditures compared to $21,950,000 in the prior year. The majority of the capital expenditures in the current year relate to the purchase of data center equipment for the Polk data center outsourcing agreement, the Trans Union data center, and the Company's Conway, Arkansas data center. Management expects capital expenditures to be substantially lower in the second half of the fiscal year. Financing activities included paying off short-term bank debt incurred when the Company acquired DMI, and proceeds from additional borrowings under the revolving credit agreement.

While the Company does not have any 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. Management believes that the combination of existing working capital, anticipated funds to be generated through future operations and the Company's available credit lines is sufficient to meet the Company's current operating needs as well as to fund the anticipated levels of capital expenditures. If additional funds are required, the Company would use existing credit lines to generate cash, followed by either additional borrowings to be secured by the Company's assets or the issuance of additional equity securities in either public or private offerings. Management believes that the Company has significant unused capacity to raise capital which could be used to support future growth.

Effective March 31, 1994 the Company sold substantially all of the assets of AMS in exchange for the assumption of certain liabilities, $4,500,000 in cash, a mortgage note receivable, and $1,000,000 of preferred stock issued by the buyer, MorCom, Inc. Additionally the Company sold MorCom a software license to use certain of the Company's software. In June 1996, MorCom ceased operations. In the first quarter of the fiscal year, the Company established valuation reserves for the full amount of the software license receivable, preferred stock, and trade accounts receivable. In the second quarter, the Company obtained title to and sold a portion of the property related to the mortgage note, receiving proceeds of $949,000. The Company is negotiating a sale of the remaining property and has established a valuation reserve of $1,100,000 for its ultimate disposition. Management believes that any further loss associated with this event will not be material to the financial statements.

ACXIOM CORPORATION
PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

In the Company's annual report on Form 10-K for the fiscal year ended March 31, 1996, the Company discussed an arbitration matter involving the Company and Highlights for Children, Inc. On October 10, 1996, the Company settled the arbitration matter. A detailed discussion of the settlement appears in Note 6 of the Notes to Consolidated Financial Statements, and such discussion is incorporated herein by reference.

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

(a) Exhibits:

27 Financial Data Schedule

(b) Reports on Form 8-K.

A report was filed on May 14, 1996, as amended by a Form 8-K/A filed on July 12, 1996, which reported the acquisition of substantially all of the assets and assumption of certain liabilities of Direct Media/DMI, Inc.

ACXIOM CORPORATION AND SUBSIDIARIES

SIGNATURE

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

Acxiom Corporation

Dated: November 1, 1996

By: /s/ Robert S. Bloom

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

EXHIBIT INDEX

Exhibits to Form 10-Q

Exhibit Number	Exhibit
27	Financial Data Schedule

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

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SEP-30-1996
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