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 June 30, 2004

OR

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

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

Commission file number 0-13163

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

DELAWARE (State or Other Jurisdiction of Incorporation or Organization)	**71-0581897** (I.R.S. Employer Identification No.)
P.O. Box 8180, 1 Information Way, Little Rock, Arkansas (Address of Principal Executive Offices)	**72203** (Zip Code)

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

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

Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined by Rule 12b-2 of the Act).

Yes [X] No [ ]

The number of shares of Common Stock, $ 0.10 par value per share outstanding as of August 2, 2004 was 86,021,054.

ACXIOM CORPORATION AND SUBSIDIARIES
INDEX
REPORT ON FORM 10-Q
June 30, 2004

	Page No.
Part I. Financial Information	
Item 1. Financial Statements	
Condensed Consolidated Balance Sheets as of June 30, 2004 and March 31, 2004 (Unaudited)	3
Condensed Consolidated Statements of Earnings for the Three Months ended June 30, 2004 and 2003 (Unaudited)	4
Condensed Consolidated Statements of Cash Flows for the Three Months ended June 30, 2004 and 2003 (Unaudited)	5-6
Notes to the Condensed Consolidated Financial Statements (Unaudited):	
1. Basis of presentation and summary of significant accounting principles	7-8
2. Restructuring, impairment and other charges	9
3. Acquisitions and investments	9-10
4. Other current and noncurrent assets	10-11
5. Goodwill	11
6. Long-term obligations	12
7. Stockholders' equity	13-14
8. Allowance for doubtful accounts	14
9. Segment information	14-16
10. Comprehensive income	16
11. Commitments and contingencies	16-17
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation	18-31
Item 3. Quantitative and Qualitative Disclosures about Market Risk	32
Item 4. Controls and Procedures	32
Part II. Other Information	
Item 1. Legal Proceedings	33
Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities	33
Item 6. Exhibits and Reports on Form 8-K	33
Signature	34

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

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

	June 30, 2004	March 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,214	$ 14,355
Trade accounts receivable, net	231,488	212,387
Deferred income taxes	15,670	14,032
Refundable income taxes	1,162	2,280
Other current assets	44,384	43,272
Total current assets	303,918	286,326
Property and equipment, net of accumulated depreciation and amortization	279,827	267,088
Software, net of accumulated amortization	62,450	64,553
Goodwill	299,319	282,971
Purchased software licenses, net of accumulated amortization	153,818	157,217
Unbilled and notes receivable, excluding current portions	14,858	13,030
Deferred costs, net	85,619	88,096
Data acquisition costs, net	34,527	36,557
Other assets, net	19,728	19,946
	$ 1,254,064	$ 1,215,784
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current installments of long-term obligations	$ 71,072	$ 73,245
Trade accounts payable	50,286	41,527
Accrued expenses:		
Restructuring	371	2,881
Payroll	26,336	23,979
Other	67,735	63,411
Deferred revenue	80,550	91,060
Total current liabilities	296,350	296,103
Long-term obligations:		
Long-term debt and capital leases, net of current installments	258,138	239,327
Software and data licenses, net of current installments	45,829	54,130
Total long-term obligations	303,967	293,457
Deferred income taxes	49,568	39,008
Commitments and contingencies (note 11)		
Stockholders' equity:		
Common stock	9,324	9,226
Additional paid-in capital	380,499	361,256
Retained earnings	317,922	308,487
Accumulated other comprehensive income	2,108	2,940
Treasury stock, at cost	(105,674)	(94,693)
Total stockholders' equity	604,179	587,216
	$ 1,254,064	$ 1,215,784

See accompanying notes to condensed consolidated financial statements.

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

	For the Three Months ended June 30, 2004	For the Three Months ended June 30, 2003
Revenue:		
Services	$ 207,847	$ 192,514
Data	81,147	44,168
Total revenue	288,994	236,682
Operating costs and expenses:		
Cost of revenue:		
Services	163,549	158,755
Data	51,819	34,637
Total cost of revenue	215,368	193,392
Selling, general and administrative	48,529	33,064
Gains, losses and nonrecurring items, net	(344)	(1,008)
Total operating costs and expenses	263,553	225,448
Income from operations	25,441	11,234
Other income (expense):		
Interest expense	(5,070)	(4,765)
Other, net	409	765
Total other income (expense)	(4,661)	(4,000)
Earnings before income taxes	20,780	7,234
Income taxes	7,896	(4,029)
Net earnings	$ 12,884	$ 11,263
Earnings per share:		
Basic	$ 0.15	$ 0.13
Diluted	$ 0.14	$ 0.13

See accompanying notes to condensed consolidated financial statements.

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

	For the Three Months ended June 30, 2004	2003
Cash flows from operating activities:		
Net earnings	$ 12,884	$ 11,263
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation, amortization and impairment of long-lived assets	43,997	33,896
Gain on disposal of assets, net	-	(1,008)
Deferred income taxes	8,849	(6,742)
Changes in operating assets and liabilities:		
Accounts receivable	(18,661)	6,009
Other assets	(1,012)	2,061
Accounts payable and other liabilities	(8,833)	2,785
Restructuring and impairment costs	(2,510)	(139)
Net cash provided by operating activities	34,714	48,125
Cash flows from investing activities:		
Proceeds received from the disposition of operations	-	7,684
Proceeds received from the disposition of assets	-	506
Payments received from investments	284	1,201
Capitalized software development costs	(4,107)	(6,335)
Capital expenditures	(1,823)	(1,588)
Deferral of costs	(9,610)	(6,026)
Investments in joint ventures and other investments	-	(5,000)
Net cash paid in acquisitions	(5,560)	-
Net cash used by investing activities	(20,816)	(9,558)
Cash flows from financing activities:		
Proceeds from debt	38,926	53,187
Payments of debt	(60,560)	(60,655)
Dividends paid	(3,449)	-
Sale of common stock	19,317	2,850
Acquisition of treasury stock	(10,971)	(34,665)
Net cash used by financing activities	(16,737)	(39,283)
Effect of exchange rate changes on cash	(302)	87
Net decrease in cash and cash equivalents	(3,141)	(629)
Cash and cash equivalents at beginning of period	14,355	5,491
Cash and cash equivalents at end of period	$ 11,214	$ 4,862

ACXIOM CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)
(Dollars in thousands)

	For the Three Months ended June 30,	
	2004	2003
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	$ 3,334	$ 3,508
Income taxes	100	977
Noncash investing and financing activities:		
Acquisition of land in exchange for debt	-	2,698
Acquisition of data under long-term obligation	-	18,340
Software licenses acquired under software obligation	2,685	8,221
Acquisition of property and equipment under capital leases	20,498	16,803
Construction of assets under construction loan	6,788	-

See accompanying notes to condensed consolidated financial statements.

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

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

These condensed consolidated financial statements have been prepared by Acxiom Corporation ("Registrant", "Acxiom" or "the Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC" or "the Commission"). In the opinion of the Registrant's management all adjustments necessary for a fair presentation of the results for the periods included have been made and the disclosures are adequate to make the information presented not misleading. All such adjustments are of a normal recurring nature. Certain note information has been omitted because it has not changed significantly from that reflected in notes 1 through 21 of the Notes to Consolidated Financial Statements filed as part of Item 8 of the Registrant's annual report on Form 10-K for the fiscal year ended March 31, 2004 ("2004 Annual Report"), as filed with the Commission on June 14, 2004. This report and the accompanying condensed consolidated financial statements should be read in connection with the 2004 Annual Report. The financial information contained in this report is not necessarily indicative of the results to be expected for any other period or for the full fiscal year ending March 31, 2005.

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 condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States. Actual results could differ from those estimates. Certain of the accounting policies used in the preparation of these condensed consolidated financial statements are complex and require management to make judgments and/or significant estimates regarding amounts reported or disclosed in these financial statements. Additionally, the application of certain of these accounting policies is governed by complex accounting principles and interpretations thereof. A discussion of the Company's significant accounting principles and the application thereof is included in note 1 and in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, to the Company's 2004 Annual Report.

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 as previously reported. The quarter ended June 30, 2004 statement of earnings provides consolidated revenue along with revenue and cost of revenue for services and for data. Quarter ended June 30, 2003 amounts have been reclassified to the current quarter presentation. Such reclassifications, outlined in tables below, had no effect on the prior quarter's net earnings as previously reported.

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

The following table shows the reclassification of the Company's condensed consolidated statement of earnings for the quarter ended June 30, 2003 (dollars in thousands, except per share amounts):

	For the Three Months Ended June 30, 2003 as Previously Reported	Reclassification	For the Three Months Ended June 30, 2003 Reclassified
Revenue:			
Total revenue	$ 236,682	$ (236,682)	$ -
Services	-	192,514	192,514
Data	-	44,168	44,168
Total revenue	$ 236,682	$ -	$ 236,682
Operating costs and expenses:			
Salaries and benefits	88,747	(88,747)	-
Computer, communications and other equipment	66,286	(66,286)	-
Data costs	30,247	(30,247)	-
Other operating costs and expenses	41,176	(41,176)	-
Cost of revenue			
Services	-	158,755	158,755
Data	-	34,637	34,637
Total cost of revenue	226,456	(33,064)	193,392
Selling, general and administrative	-	33,064	33,064
Gains, losses and nonrecurring items, net	(1,008)	-	(1,008)
Total operating costs and expenses	225,448	-	225,448
Income from operations	11,234	-	11,234
Other income (expense):			
Interest expense	(4,765)	-	(4,765)
Other, net	765	-	765
	(4,000)	-	(4,000)
Earnings before income taxes	7,234	-	7,234
Income taxes	(4,029)	-	(4,029)
Net earnings	$ 11,263	$ -	$ 11,263
Earnings per share:			
Basic	$ 0.13	$ -	$ 0.13
Diluted	$ 0.13	$ -	$ 0.13

2. RESTRUCTURING, IMPAIRMENT AND OTHER CHARGES

During the fourth quarter of fiscal 2004, the Company recorded a charge of $4.0 million in gains, losses and nonrecurring items related to restructuring. The restructuring charge included $3.7 million for severance and other associate-related charges due to the termination of approximately 230 associates who were terminated on or prior to March 31, 2004. The remainder of the restructuring charge consisted of $0.3 million related to termination of a lease at one of the Company's locations. Approximately $1.1 million of the charge had been paid as of March 31, 2004 and $2.9 million was recorded in accrued impairment costs as of March 31, 2004. During the quarter ended June 30, 2004 the Company recorded $.05 million of additional restructuring charges for associate-related termination cost. The following table shows the balances that were accrued for the fiscal year 2004 restructuring plan as well as the changes in those balances during the quarter ended June 30, 2004 (dollars in thousands):

	Associate-related reserves	Other accruals	Total
Fiscal year 2004 restructuring plan amount	$ 3,685	$ 300	$ 3,985
Payments	(1,104)	-	(1,104)
March 31, 2004	2,581	300	2,881
Additional charges	525	-	525
Payments	(2,735)	(300)	(3,035)
June 30, 2004	$ 371	$ -	$ 371

3. ACQUISITIONS AND INVESTMENTS

On March 31, 2004, the Company closed the acquisition of the Consodata companies based in England, France and Spain from Seat P.G. for approximately $27.5 million, net of cash acquired. The acquisition of the Consodata German operation, formerly known as pan-adress, was closed on April 13, 2004 for approximately $5.0 million, net of cash acquired. The results of operations of the acquired companies are included in the Company's consolidated results beginning on the purchase date.

On January 6, 2004, the Company completed the acquisition of the Claritas Europe group of companies. The Company paid approximately $28.7 million for the acquisition, net of cash acquired. The results of operations of the acquired companies are included in the Company's consolidated results beginning January 1, 2004.

The purchase price allocations for the Consodata and Claritas Europe acquisitions are subject to adjustment as the Company makes the final determination of the fair values assigned to assets and liabilities acquired. In the quarter ending June 30, 2004, net adjustments to increase goodwill were made relating to the Consodata companies, excluding the German operations, of $.8 million and relating to the Claritas Europe companies of $3.5 million.

The following table shows the allocation of Consodata and Claritas Europe purchase prices to assets acquired and liabilities assumed after adjustments and acquisitions made during the quarter ending June 30, 2004 (dollars in thousands):

	Consodata	Claritas
Assets acquired:		
Cash	$ 5,578	$ 12,097
Goodwill	39,744	32,636
Other Intangible assets	1,734	8,677
Other current and noncurrent assets	22,154	41,707
	69,210	95,117
Accounts payable, accrued expenses and capital leases assumed	31,163	54,347
Net assets acquired	38,047	40,770
Less cash acquired	5,578	12,097
Net cash paid	$ 32,469	$ 28,673

3. ACQUISITIONS AND INVESTMENTS (Continued)

Subsequent to June 30, 2004 the Company has made additional payments in the amount of $7.4 million to the former owners of Claritas Europe, as a result of adjustments to working capital acquired. In addition, the Company has made a tender offer to the minority shareholders of Consodata France, under which it expects to pay approximately $3.6 million for the minority shareholders interest. These additional purchase price payments will be allocated to goodwill in the period of payment.

The purchase price for Claritas Europe continues to be subject to adjustment based on the final determination of purchased working capital.

As a result of both the Claritas Europe and Consodata acquisitions, management is executing plans to consolidate certain facilities, eliminate duplicative operations, and terminate or relocate certain associates. The execution of these plans is not yet complete. In the fiscal year ended March 31, 2004, the Company recorded aggregate accruals in other accrued liabilities of $15.4 million as of the purchase date of each acquisition for the estimated costs of the integration process, including lease termination costs, costs of terminating or relocating associates, and for other contract termination costs. At March 31, 2004 approximately $0.9 million of these costs had been paid. During the quarter ended June 30, 2004 the Company recorded additional accruals and adjustments of $6.0 million, partially associated with the April 2004 acquisition of the Consodata German operations, and made payments against the accruals of $1.4 million. Further development and execution of these integration plans may cause further adjustments to these accruals in the future. Any future adjustments will result in adjustments to the goodwill recorded for the acquisitions.

The following table shows changes to the integration accrual during the period (dollars in thousands):

	Total
March 31, 2004	$ 14,535
Additional accruals	5,968
Payments	(1,380)
June 30, 2004	$ 19,123

4. OTHER CURRENT AND NONCURRENT ASSETS

Unbilled and notes receivable are from the sales of software, data licenses, and equipment and from the sale of divested operations, net of the current portions of such receivables. Other current assets include the current portion of the unbilled and notes receivable of $12.6 million and $15.5 million at June 30, 2004 and March 31, 2004, respectively. The remainder of other current assets consists of prepaid expenses, non-trade receivables and other miscellaneous assets. Except as disclosed below, there are no allowances recorded against any of the unbilled and notes receivable (dollars in thousands).

	June 30, 2004	March 31, 2004
Notes receivable from DMI, net of future credits of $2.6 million at June 30, 2004 and $2.7 million at March 31, 2004	$ 8,240	$ 8,271
Notes receivable from other divestitures, net of allowance for uncollectible note of $0.9 million at June 30, 2004 and March 31, 2004	4,154	4,160
Notes receivable from divestitures	12,394	12,431
Less current portion	4,923	5,823
Long-term portion	7,471	6,608
Unbilled and notes receivable arising from operations	15,106	16,144
Less current portion	7,719	9,722
Long-term portion	7,387	6,422
Unbilled and notes receivable, excluding current portions	$ 14,858	$ 13,030

4. OTHER CURRENT AND NONCURRENT ASSETS (Continued)

Other noncurrent assets consist of the following (dollars in thousands):

	June 30, 2004	March 31, 2004
Investments in joint ventures and other investments, net of unrealized gain or loss on available-for-sale marketable securities	$ 8,506	$ 8,181
Other, net	11,222	11,765
	$ 19,728	$ 19,946

5. GOODWILL

Goodwill represents the excess of acquisition costs over the fair values of net assets acquired in business combinations. Goodwill is reviewed at least annually for impairment under a two-part test. Impairment exists to the extent that the reporting unit's recorded goodwill exceeds the residual fair value assigned to such goodwill. Any impairment that results from the completion of the two-part test is recorded as a charge to operations during the period in which the impairment test is completed. Completion of the Company's most recent annual impairment test during the quarter ended June 30, 2004 indicated that no potential impairment of its goodwill balances exists.

As discussed in note 9 to the condensed consolidated financial statements, during the quarter ended June 30, 2004 the Company changed its organization and, as a result, has changed the presentation of segment information. The new organization is better able to assess the operational performance and resource allocation between US and International operations. The balance at March 31, 2004 in the following table has been restated to be consistent with the current quarter presentation.

The changes in the carrying amount of goodwill, by business segment, for the three months ended June 30, 2004 are as follows (dollars in thousands):

	US Services and Data	International Services and Data	IT Management	Total
Balance at March 31, 2004	$ 126,565	$ 82,482	$ 73,924	$ 282,971
Acquisitions	-	13,386	-	13,386
Change in foreign currency translation adjustment	-	(1,413)	-	(1,413)
Adjustment of previously recorded goodwill	-	4,375	-	4,375
Balance at June 30, 2004	$ 126,565	$ 98,830	$ 73,924	$ 299,319

6. LONG-TERM OBLIGATIONS

Long-term obligations consist of the following (dollars in thousands):

	June 30, 2004	March 31, 2004
Convertible subordinated notes due February 2009; interest at 3.75%	$ 175,000	$ 175,000
Revolving credit agreement	19,829	16,203
Capital leases on land, buildings and equipment payable in monthly payments of principal plus interest at rates ranging from approximately 3% to 8%; remaining terms up to fifteen years	86,687	79,448
Other debt and long-term liabilities	28,022	21,539
Total long-term debt and capital leases	309,538	292,190
Less current installments	51,400	52,863
Long-term debt, excluding current installments	$ 258,138	$ 239,327

Software license liabilities payable over terms up to seven years; effective interest rates at approximately 7%	$ 59,308	$ 62,437
Long-term data license agreement with related party, due over two years; interest at 6%	6,193	12,075
Total license liabilities	65,501	74,512
Less current installments	19,672	20,382
License liabilities, excluding current installments	$ 45,829	$ 54,130

The Company maintains a revolving credit facility that provides for aggregate borrowings and letters of credit of up to $150 million through July 2006. Borrowings under the revolving credit facility of $19.8 million at June 30, 2004 and $16.2 million at March 31, 2004 bear interest at LIBOR plus 1.5%, or at an alternative base rate or at the federal funds rate plus 2.0%, depending upon the type of borrowing and are secured by substantially all of the Company's assets. Weighted average interest rates on the June 30, 2004 and March 31, 2004 borrowings under the revolving credit facility were 2.69 % and 2.74%, respectively. Outstanding letters of credit at June 30, 2004 and March 31, 2004 were $2.7 million and $10.0 million, respectively.

Under the terms of certain of the above borrowings, the Company is required to maintain certain tangible net worth levels, debt-to-cash flow and debt service coverage ratios, among other restrictions. At June 30, 2004, the Company was in compliance with these covenants and restrictions. Accordingly, the Company has classified all portions of its debt obligations due after June 30, 2005, as long-term in the accompanying condensed consolidated financial statements.

7. STOCKHOLDERS' EQUITY

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

	For the quarter ended June 30, 2004	For the quarter ended June 30, 2003
Basic earnings per share:		
Numerator - net earnings	$ 12,884	$ 11,263
Denominator - weighted-average shares outstanding	86,084	86,442
Basic earnings per share	$ 0.15	$ 0.13
Diluted earnings per share:		
Numerator:		
Net earnings	$ 12,884	$ 11,263
Interest expense on convertible debt (net of tax benefit)	1,017	1,026
	13,901	12,289
Denominator:		
Weighted-average shares outstanding	86,084	86,442
Dilutive effect of common stock options and warrants, as computed under the treasury stock method	3,954	1,603
Dilutive effect of convertible debt, as computed under the if-converted method	9,589	9,589
	99,627	97,634
Diluted earnings per share	$ 0.14	$ 0.13

At June 30, 2004, the Company had options and warrants outstanding providing for the purchase of approximately 19.5 million shares of its common stock. Options and warrants to purchase shares of common stock that were outstanding during the periods reported, but were not included in the computation of diluted earnings per share because the exercise price was greater than the average market price of the common shares are shown below (in thousands, except per share amounts):

	For the quarter ended June 30, 2004	For the quarter ended June 30, 2003
Excluded number of shares under options and warrants	4,907	13,607
Range of exercise prices	$23.63 - $62.06	$14.82 - $62.06

7. STOCKHOLDERS' EQUITY (Continued)

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

	For the quarter ended June 30,	
	2004	2003
Net earnings , as reported	$ 12,884	$ 11,263
Less: stock-based employee compensation expense under fair value based method, net of income tax benefit	3,461	2,976
Pro forma net earnings	$ 9,423	$ 8,287
Earnings per share:		
Basic – as reported	$ 0.15	$ 0.13
Basic – pro forma	$ 0.11	$ 0.10
Diluted – as reported	$ 0.14	$ 0.13
Diluted – pro forma	$ 0.11	$ 0.09

The per-share weighted-average fair value of stock options granted during the three months ended June 30, 2004 was $11.26 on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: dividend yield of 1%; risk-free interest rate of 4.78%; expected option life of 10 years and expected volatility of 34%.

8. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Trade accounts receivable are presented net of allowances for doubtful accounts, returns, and credits of $6.5 million and $6.3 million, respectively, at June 30, 2004 and at March 31, 2004.

9. SEGMENT INFORMATION

The Company reports segment information consistent with the way management internally disaggregates its operations to assess performance and to allocate resources. As discussed in note 3 to the condensed consolidated financial statements, acquisitions closed primarily in the fourth quarter of the fiscal year ended March 31, 2004, significantly increased the Company's International operations. This increase accentuated different economic environments, market maturity and operational needs of the International operations while reducing differentiation between the existing Services segment and the Data and Software Products segment. In the quarter ended June 30, 2004, the Company changed its organization and, as a result, has changed the presentation of segment information. The new organization is better able to assess the operational performance and resource allocation between US and International operations. The IT Management segment was not impacted by this change. Segment information for prior periods has been restated to conform to the current quarter presentation.

The Company's business segments consist of US Services and Data, International Services and Data and IT Management. The Services and Data segments for both the US and International segments substantially consist of consulting, database and data warehousing, list processing services, 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. Currently, certain

9. SEGMENT INFORMATION (Continued)

information technology outsourcing and facilities management revenue is accounted for in both the IT Management segment and the US Services and Data segment where the client is billed. These revenues are eliminated in consolidation.

Substantially all of the nonrecurring and impairment charges incurred by the Company and discussed in note 2 to the condensed consolidated financial statements have been recorded in Corporate and other, since the Company does not hold the individual segments responsible for these charges. The following tables present information by business segment (dollars in thousands):

	For the quarter ended June 30, 2004	For the quarter ended June 30, 2003
Revenue:		
US Services and Data	$ 174,216	$ 162,110
International Services and Data	53,442	13,583
IT Management	64,017	61,945
Intercompany eliminations	(2,681)	(956)
Total revenue	$ 288,994	$ 236,682
Income from operations:		
US Services and Data	$ 16,834	$ 8,930
International Services and Data	2,807	(62)
IT Management	5,752	1,524
Intercompany eliminations	(296)	(165)
Corporate and other	344	1,007
Income from operations	$ 25,441	$ 11,234

In the following two tables segment Revenue and Income from operations for the indicated periods have been restated to conform with the current quarter presentation:

	First quarter ended June 30, 2003	Second quarter ended September 30, 2003	Third quarter ended December 31, 2003	Fourth quarter ended March 31, 2004	Total fiscal year ended March 31, 2004
Revenue:					
US Services and Data	$ 162,110	$ 169,031	$ 176,151	$ 181,351	$ 688,643
International Services and Data	13,583	15,037	15,547	39,866	84,033
IT Management	61,945	60,967	66,323	62,227	251,462
Intercompany eliminations	(956)	(3,939)	(2,814)	(5,607)	(13,316)
Total revenue	$ 236,682	$ 241,096	$ 255,207	$ 277,837	$ 1,010,822
Income from operations:					
US Services and Data	$ 8,930	$ 18,295	$ 31,448	$ 14,590	$ 73,263
International Services and Data	(62)	603	531	1,551	2,623
IT Management	1,524	4,028	8,770	2,455	16,777
Intercompany eliminations	(165)	(209)	(815)	(584)	(1,773)
Corporate and other	1,007	(1)	(2,599)	3,987	2,394
Income from operations	$ 11,234	$ 22,716	$ 37,335	$ 21,999	$ 93,284

9. SEGMENT INFORMATION (Continued)

	First quarter ended June 30, 2002	Second quarter ended September 30, 2002	Third quarter ended December 31, 2002	Fourth quarter ended March 31, 2003	Total fiscal year ended March 31, 2003
Revenue:					
US Services and Data	$ 156,293	$ 163,760	$ 176,969	$ 163,642	$ 660,664
International Services and Data	12,369	14,427	14,928	13,830	55,554
IT Management	57,147	57,612	66,598	62,392	243,749
Intercompany eliminations	(403)	(403)	(534)	(405)	(1,745)
Total revenue	$ 225,406	$ 235,396	$ 257,961	$ 239,459	$ 958,222
Income from operations:					
US Services and Data	$ 20,512	$ 25,046	$ 27,301	$ 17,135	$ 89,994
International Services and Data	178	143	530	(1,296)	(445)
IT Management	1,072	2,386	3,976	(3,009)	4,425
Intercompany eliminations	(74)	60	(70)	116	32
Corporate and other	-	-	-	(38,931)	(38,931)
Income from operations	$ 21,688	$ 27,635	$ 31,737	$ (25,985)	$ 55,075

10. COMPREHENSIVE INCOME

The balance of accumulated other comprehensive income, which consists of foreign currency translation adjustments and unrealized gains and losses, net of reclassification adjustments and income tax benefit, on marketable securities classified as available-for-sale, was $2.1 million at June 30, 2004 and $2.9 million at March 31, 2004. Total comprehensive income was $12.1 million and $13.6 million for the quarters ended June 30, 2004 and 2003 respectively.

11. COMMITMENTS AND CONTINGENCIES

In early August 2003 management determined that the Company had experienced unlawful security breaches of its file transfer protocol ("FTP") server. Unauthorized access to certain files occurred as a result of information being exchanged between the Company and a number of clients via the FTP server. Acxiom was among several companies whose security was breached. Law enforcement authorities have arrested and charged a former employee of one of Acxiom's clients. That person eventually pled guilty to various computer crimes and is currently incarcerated. As a result of that investigation a second set of unauthorized intrusions of the same FTP server was discovered. Those intrusions were traced to another company, Snipermail.com, Inc. of Boca Raton, Florida. On July 21, 2004 a 144-count Federal indictment was issued against the former leader of that company. Six other persons formerly associated with Snipermail have agreed to cooperate with the government and have entered into agreements with the government.

In both sets of intrusions only FTP files on a server located outside of the Company's firewall were compromised and not all FTP files nor all clients were affected. No internal systems or databases were accessed, and there was no breach that penetrated the Acxiom security firewall. Based on the facts known to management, the Company does not believe that there is any risk of harm to individuals, and the Company does not expect any material adverse effect from this incident. The investigating government agencies have publicly stated that there is no evidence to indicate that consumers were subjected to any instances of harm as a result of these incidents. The United States Department of Justice has complimented the Company on how we responded to the incidents and worked cooperatively with the government.

The Company has a longstanding commitment to systems and network security. The Company undergoes internal security audits on a regular basis, and many clients perform audits on the Company's systems as well. The Company initiated a comprehensive review of its systems and procedures to guard against similar incidents in the future. Management is continuing to implement improvements to the security systems, practices and procedures.

11. COMMITMENTS AND CONTINGENCIES (Continued)

The Company leases data processing equipment, software, office furniture and equipment, land and office space under noncancellable operating leases. Additionally, the Company has entered into synthetic operating leases for computer equipment, furniture and aircraft ("Leased Assets"). These synthetic operating lease facilities are accounted for as operating leases under generally accepted accounting principles and are treated as capital leases for income tax reporting purposes. Initial lease terms under the synthetic computer equipment and furniture facility range from two to six years, with the Company having the option at expiration of the initial lease to return the equipment, purchase the equipment at a fixed price, or extend the term of the lease. The lease term of one aircraft expires in January 2011, with the Company having the option to purchase the aircraft, renew the lease for an additional twelve months, or return the aircraft to the lessor. In December 2003 the Company entered into a lease for an additional aircraft which expires in December 2013, with the Company having the option at expiration to purchase the aircraft at a fixed price or return the aircraft to the lessor.

Since the inception of the facility, the total amount drawn under these synthetic operating lease facilities was $213.3 million and the Company has a future commitment for lease payments of $35.4 million over the next ten years. In the event the Company elects to return the Leased Assets, the Company has guaranteed a portion of the residual value to the lessors. Assuming the Company elects to return the Leased Assets to the lessors at its earliest opportunity under the synthetic lease arrangements and assuming the Leased Assets have no significant residual value to the lessors, the maximum potential amount of future payments the Company could be required to make under these residual value guarantees was $10.9 million at June 30, 2004.

The Company also has an aircraft leased from a business controlled by an officer and director of the Company. Should the Company elect early termination rights under the lease or not extend the lease beyond the initial term and the lessor sells the aircraft, the Company has guaranteed a residual value of 70% of the then outstanding indebtedness of the lessor, or $3.7 million at June 30, 2004.

In connection with certain of the Company's facilities, the Company has entered into 50/50 joint ventures with local real estate developers. In each case, the Company is guaranteeing portions of the loans for the buildings. In addition, in connection with the disposal of certain assets, the Company has guaranteed loans for the buyers of the assets. These guarantees were made by the Company primarily to facilitate favorable financing terms for those third parties. Should the third parties default on this indebtedness, the Company would be required to perform under its guarantee. Substantially all of the third-party indebtedness is collateralized by various pieces of real property. At June 30, 2004, the Company's maximum potential future payments under all of these guarantees of third-party indebtedness were $5.5 million.

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

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

Introduction and Overview

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

As a result of the Company's increased international presence and to better enable assessment of operational performance and resource allocation between US and International operations, in the quarter ended June 30, 2004 the company realigned its Services, Data and Software Products, and IT Management segments into three operating segments: US Services and Data, International Services and Data, and IT Management. (See note 9 to the condensed consolidated financial statements.) The Services and Data segments for both US and International provide data and database services, data integration, consulting and analytic services, data content and software, and customer marketing activities to large corporations in a number of vertical industries. The IT Management segment provides outsourcing services primarily in the areas of data center, client/server and network management.

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

- Revenue of $289.0 million, up 22 percent from $236.7 million in the first quarter a year ago. The net impact of acquisitions and divestitures contributed 13 percentage points of this 22 percentage-point growth in revenue.
- Income from operations of $25.4 million, an increase of 126 percent compared to $11.2 million in the first quarter a year ago.
- Pre-tax earnings of $20.8 million, an increase of 187 percent compared to $7.2 million in the first quarter a year ago.
- Diluted earnings per share of $.14, up 8 percent from $.13 the year before. Last year's first-quarter net earnings benefited from an income tax adjustment of $6.7 million ($.07 per share).
- Operating cash flow of $34.7 million and free cash flow of $19.2 million. The free cash flow of $19.2 million is a non-GAAP financial measure and a reconciliation to the comparable GAAP measure, operating cash flow, is provided below in the discussion of Capital Resources and Liquidity - Working Capital and Cash Flow.
- New contracts that are expected to deliver $17 million in annual revenue and renewals that are expected to deliver a total of $10 million in annual revenue.

The highlights above are intended to identify to the reader some of the more significant events and transactions of the Company during the quarter ended June 30, 2004. However, these highlights are not intended to be a full discussion of the Company's results for the quarter. These highlights should be read in conjunction with the following discussion of Results of Operations and Capital Resources and Liquidity and with the Company's condensed consolidated financial statements and footnotes accompanying this report.

Results of Operations

A summary of selected financial information for each of the periods reported is presented below (dollars in millions, except per share amounts):

	For the quarter ended June 30, 2004	2003	% Change
Revenue			
Services	$ 207.9	$ 192.5	+ 8.0%
Data	81.1	44.2	+ 83.7
	$ 289.0	$ 236.7	+ 22.1%
Total operating costs and expenses	263.6	225.5	+ 16.9
Income from operations	25.4	11.2	+ 126.5
Diluted earnings per share	0.14	0.13	+ 7.7

Revenues
For the quarter ended June 30, 2004, the Company's revenue was $289.0 million, compared to revenue of $236.7 million in the quarter ended June 30, 2003, reflecting an increase of $52.3 million or 22.1%. Acquisitions, net of divestitures, contributed 13.5% of this 22.1% increase. Services revenue increased $15.3 million, or 8.0%, while data revenue increased $37.0 million, or 83.7%. The acquisitions of Claritas Europe and Consodata increased total revenue $36.2 million in the quarter ended June 30, 2004 and contributed 69.3% of the total increase in revenue for the quarter or 15.3% of the 22.1% increase. During the quarter ended June 30, 2004 new contracts were signed which are expected to contribute annual revenue of $17.5 million and contract renewals are expected to generate an additional $10.6 million in annual revenue. The Company renewed substantially all contracts which came up for renewal during the quarter.

The increase in services revenue is primarily attributable to increases in revenue of $7.8 million from clients in the automotive, security, healthcare, insurance and government industries, as well as an increase in revenue of $4.6 million related to the Consodata and Claritas Europe acquisitions. All other industries combined resulted in a net $2.7 million increase. Increases from acquisitions were offset by decreases from divestitures. The increase in data revenue is primarily attributable to the acquisitions of Claritas Europe and Consodata, which together contributed $31.6 million of data revenue during the first quarter with additional increases from the InfoBase suite of products, which increased 12%.

The following table shows the Company's revenue by business segment for the quarters ended June 30, 2004 and 2003 (dollars in millions):

	For the quarter ended June 30, 2004	2003	% Change
US Services and Data	$ 174.2	$ 162.1	+ 7.5%
International Services and Data	53.4	13.6	+ 293.4
IT Management	64.0	61.9	+ 3.3
Intercompany eliminations	(2.6)	(.9)	+ 180.4
Total Revenue	$ 289.0	$ 236.7	+ 22.1%

US Services and Data segment revenue for the quarter ended June 30, 2004 increased $12.1 million or 7.5% over the quarter ended June 30, 2003 and includes increases of $11.2 million from clients in the automotive, security, healthcare, insurance and government industries. All other industries combined resulted in a net $0.9 million increase.

International Services and Data segment revenue for the quarter ended June 30, 2004 increased $39.9 million or 293.4% over the quarter ended June 30, 2003. The increase is primarily attributable to the acquisitions of Claritas Europe and

Consodata, which contributed $36.2 million of revenue during the quarter. Additionally, the Company's United Kingdom fulfillment operation had an increase in revenue of $2.9 million.

IT Management segment revenue for the quarter ended June 30, 2004 increased $2.1 million or 3.3% over the quarter ended June 30, 2003. These revenue gains were net of a decrease of $4.0 million due to the disposal of the Company's Los Angeles outsourcing data center operation.

Operating Costs and Expenses

The following table presents the Company's operating costs and expenses for each of the periods reported (dollars in millions):

	For the quarter ended June 30,		
	2004	2003	% Change
Cost of revenue			
Services	$ 163.6	$ 158.8	+ 3.0%
Data	51.8	34.6	+ 49.6
Total cost of revenue	215.4	193.4	+ 11.4
Selling, general and administrative	48.5	33.1	+ 46.8
Gains, losses and nonrecurring items, net	(.3)	(1.0)	- 65.9
Total operating costs and expenses	$ 263.6	$ 225.5	+ 16.9%

The cost of services for the quarter ended June 30, 2004 of $163.6 million increased $4.8 million or 3.0% over the quarter ended June 30, 2003. Cost of services as a percent of Services revenue decreased to 78.7% in the quarter ended June 30, 2004 compared to 82.5% in the quarter ended June 30, 2003. The cost of services increase included $4.4 million of expense related to the Claritas Europe and Consodata acquisitions. Additional cost increases in both the US and Europe were partially offset by a decrease due to the disposal of the Company's Los Angeles outsourcing data center operations.

Cost of data includes acquired data, data royalties, compilation costs and the costs of building the Company's various data products. The cost of data for the quarter ended June 30, 2004 of $51.8 million increased $17.2 million or 49.6% over the quarter ended June 30, 2003. Cost of data as a percent of Data revenue was 63.9% and 78.4% in the quarters ended June 30, 2004 and 2003, respectively. The increase in these costs was primarily attributable to the acquisitions of Claritas Europe and Consodata, which accounted for $14.8 million of the increase. Additionally, the cost of data to support the revenue from Allstate Insurance Company increased by $2.2 million.

Gross profit margins for services improved to 21.3% in the quarter ended June 30, 2004 which compares with 17.5% for the quarter ended June 30, 2003. Gross profit margins in the current year benefited from the sale of the Los Angeles outsourcing data center operations that were sold at the end of the first quarter last year, and from a lower amount of equipment sold in the current year.

The gross profit margins for data were 36.1% in the quarter ended June 30, 2004 which compares with 21.6% for the quarter ended June 30, 2003. The increase in the data gross profit margin reflects improvement in data margins on the Company's US data business and the higher margin data business of the recently acquired operations of Claritas Europe and Consodata.

Consolidated gross profit was 25.5% in the quarter ended June 30, 2004 which compares with 18.3% for the quarter ended June 30, 2003.

Selling, general and administrative expenses for the quarter ended June 30, 2004 of $48.5 million increased $15.5 million or 46.8% over the quarter ended June 30, 2003. Selling, general and administrative expense as a percent of total revenue was 16.8% and 14.0% in the quarters ended June 30, 2004 and 2003, respectively. The selling, general and administrative increase included $12.8 million of expenses related to the Claritas Europe and Consodata acquisitions. Additionally, other sales and marketing costs increased by $2.0 million.

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

	For the quarter ended June 30, 2004	For the quarter ended June 30, 2003
Gain (loss) on divestitures	$ .1	$ (1.0)
Restructuring plan charges and adjustments	.5	-
Wards recoveries	(.9)	-
Gains, losses and nonrecurring items, net	$ (0.3)	$ (1.0)

Gains, losses and nonrecurring items of $.3 million for the quarter ended June 30, 2004 consisted of a recovery from the Montgomery Wards bankruptcy offset by restructuring charges and a small loss. Gains, losses and nonrecurring items of $1.0 million for the quarter ended June 30, 2003 consisted of the gain on disposal of the Company's Los Angeles outsourcing data center operations.

Operating Margins
Operating margins for the quarter ended June 30, 2004 were 8.8% compared to 4.7% for the quarter ended June 30, 2003. The improvement in operating margins reflects higher gross profit margins partially mitigated by higher selling, general and administrative expenses noted above and by a gain on sale in the prior year.

Other Income (Expense), Income Taxes and Other Items
Interest expense for the quarter ended June 30, 2004 increased $.3 million over the quarter ended June 30, 2003, reflecting slightly higher average debt levels. The Company's weighted-average interest rate on long-term debt was 4.6% at June 30, 2004 and 4.8% at June 30, 2003.

Other, net of $.4 million for the quarter ended June 30, 2004 decreased $.4 million compared to the quarter ended June 30, 2003. Other, net for both periods consists primarily of interest income on notes receivable.

The effective tax rate for the quarter ended June 30, 2004 was 38%. Management expects the effective tax rate for the year ended March 31, 2005 to also be approximately 38%. The tax expense for the quarter ended June 30, 2003 was impacted by a $6.7 million release of a liability for previously reserved tax uncertainties due to the completion of an audit by the Internal Revenue Service.

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

<u>Capital Resources and Liquidity</u>

Working Capital and Cash Flow
Working capital at June 30, 2004 totaled $7.6 million, compared to a negative $9.8 million at March 31, 2004. The increase in working capital is due to an increase in accounts receivable and a decrease in deferred revenue offset by an increase in accounts payable and accrued expenses. Cash provided by operating activities was $34.7 million in the first quarter of 2004 as compared to $48.1 million in the first quarter of 2003. The impact of net changes in operating assets and liabilities decreased in the quarter ended June 30, 2004 by $41.7 million compared to the impact in the prior year primarily as a result of increases in accounts receivable in the current year compared to a decrease in the prior year. The increase in accounts receivable in the current year was due to strong collections at March 31, 2004 and lower than expected collections at the end of the June 30, 2004 quarter. The Company has not changed collection policies or payment terms on contracts.

Accounts receivable days sales outstanding ("DSO") was 73 days at June 30, 2004 and 70 days at March 31, 2004 and is calculated as follows (dollars in thousands):

		June 30, 2004		March 31, 2004
Numerator – trade accounts receivable, net	$	231,488	$	212,387
Denominator:				
Quarter revenue		288,994		277,837
Number of days in quarter		91		91
Average daily revenue	$	3,176	$	3,053
Days sales outstanding		73		70

Investing activities used $20.8 million in the quarter ended June 30, 2004 compared to $9.6 million in the prior year's first quarter. Investing activities in the quarter ended June 30, 2004 included capitalized software development costs of $4.1 million compared to $6.3 million in the quarter ended June 30, 2003. Cost deferrals were $9.6 million in the quarter ended June 30, 2004 compared to $6.0 million in the quarter ended June 30, 2003. Deferral of costs, which include both salaries and benefits and other direct and incremental third party costs incurred in connection with setup activities on client contracts, as well as capitalization of costs related to data acquisition, increased $3.6 million in fiscal 2005 primarily due to increases related to capitalization of data.

Investing activities in the quarter ended June 30, 2004 reflected net cash paid for acquisitions of $5.6 million related to the acquisition in April 2004 of the Consodata German operations. Investing activities in the quarter ended June 30, 2003 reflected the receipt of $7.7 million of proceeds from the disposition of operations, which included $6.7 million related to the sale of the Company's Los Angeles outsourcing data center operation and $1.0 million collections on a note from the sale of the DMI operation in a prior year, and $1.2 million cash received from the Company's health care joint venture, which had been liquidated. Investing activities in the quarter ended June 30, 2003 also included an investment of $5.0 million in Battleaxe, LLC, a limited liability company formed for the purpose of owning and managing real property in Illinois.

With respect to certain of its investments in joint ventures and other companies, Acxiom has provided cash advances to fund losses and cash flow deficits. Although the Company has no commitment to continue to do so, it expects to continue funding such losses and deficits until such time as these investments become profitable. Acxiom may, at its discretion, discontinue providing financing to these investments during future periods. In the event that Acxiom ceases to provide funding and these investments have not achieved profitable operations, the Company may be required to record an impairment charge up to the amount of the carrying value of these investments ($8.3 million at June 30, 2004).

As shown below, the Company generated operating cash flow of $34.7 million and free cash flow of $19.2 million in the quarter ended June 30, 2004 as compared to $48.1 and $34.7 million of operating cash flow and free cash flow, respectively, in the quarter ended June 30, 2003 (in thousands):

		June 30, 2004		June 30, 2003
Operating cash flow	$	34,714	$	48,125
Proceeds from the disposition of assets		-		506
Capitalized software development costs		(4,107)		(6,335)
Capital expenditures		(1,823)		(1,588)
Deferral of costs		(9,610)		(6,026)
Free cash flow	$	19,174	$	34,682

Free cash flow is not a generally accepted accounting principle ("GAAP") financial measure. A "non-GAAP financial measure" is defined as a numerical measure of the Company's financial performance, financial position or cash flow that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the Company's condensed consolidated financial statements. The Company defines free cash flow as cash provided by operating activities less cash used by investing activities excluding the impact of investments in joint ventures and other business alliances and cash paid and/or received in acquisitions and dispositions. Free cash flow, as defined by the Company, may not be comparable to similarly titled measures reported by other companies. Management of the Company has included free cash flow in this filing because although free cash flow does not represent the amount of money available for the Company's discretionary spending since certain obligations of the Company must be funded out of free cash flow, management believes that it provides investors with a useful alternative measure of liquidity by allowing an assessment of the amount of cash available for general corporate and strategic purposes, including debt payments, after funding operating activities and capital expenditures, capitalized software expenses and deferred costs. The above table reconciles free cash flow to cash provided by operating activities, the nearest comparable GAAP measure.

Financing activities in the quarter ended June 30, 2004 used $16.7 million as compared to $39.3 million in the quarter ending June 30, 2003 primarily due to reduced levels of treasury stock acquisition. Proceeds from the sale of common stock through stock options and the employee stock purchase plan were $19.3 million during the current period compared to $2.9 million in the quarter ended June 30, 2003. The Company also paid a quarterly dividend of $0.04 per share during the first quarter of 2005.

The Company also incurred long-term obligations through non-cash investing and financing activities during the quarter ended June 30, 2004 of $20.5 million for the acquisition of property and equipment under capital leases to service customers, $6.8 million for the construction of assets under construction loans, and $2.7 million for software licenses acquired under software obligations.

The Company intends to use its future free cash flow to repay debt, to buy back shares of its common stock, for possible future acquisitions and for payments of dividends.

Credit and Debt Facilities

The Company had available credit lines of $150 million of which $19.8 million was outstanding at June 30, 2004 compared to $16.2 million at March 31, 2004. The Company's debt-to-capital ratio, as calculated below, was 33% at both June 30, 2004 and March 31, 2004 (dollars in thousands).

	June 30, 2004	March 31, 2004
Numerator - long-term obligations, net of current installments	$ 303,967	$ 293,457
Denominator:		
Long-term obligations, net of current installments	303,967	293,457
Stockholders' equity	604,179	587,216
	$ 908,146	$ 880,673
Debt-to-capital ratio	33%	33%

The foregoing calculation of the debt-to-capital ratio excludes current maturities of long-term obligations in the amounts of $71.1 million and $73.2 million at June 30, 2004 and March 31, 2004, respectively.

Included in long-term obligations at June 30, 2004 and at March 31, 2004 are the Company's 3.75% convertible notes ("3.75% Notes") in the amount of $175 million. The conversion price for the 3.75% Notes is $18.25 per share. If the Company's common stock price remains above the conversion price, the 3.75% Notes may be converted to equity.

Off-Balance Sheet Items and Commitments

The Company has entered into synthetic operating lease facilities for computer equipment, furniture and aircraft ("Leased Assets"). These synthetic operating lease facilities are accounted for as operating leases under GAAP and are treated as capital leases for income tax reporting purposes. Lease terms under the computer equipment and furniture facility range from two to six years, with the Company having the option at expiration of the initial term to return, or purchase at a fixed price, or extend or renew the term of the leased equipment. The synthetic lease term for one aircraft expires in January 2011, with the Company having the option at expiration to either purchase the aircraft at a fixed price, enter into a lease for an additional twelve-month period (with a nominal purchase price paid at the expiration of the renewal period), or return the aircraft in the condition and manner required by the lease. In December 2003 the Company entered into a synthetic lease for an additional aircraft which expires in November 2013, with the Company having the option at expiration to purchase the aircraft at a fixed price or return the aircraft to the lessor. In the event the Company elects to return the Leased Assets, the Company has guaranteed a portion of the residual value to the lessors. Assuming the Company elects to return the Leased Assets to the lessors at its earliest opportunity under the synthetic lease arrangements and assuming the Leased Assets have no significant residual value to the lessors, the maximum potential amount of future payments the Company could be required to make under these residual value guarantees was $10.9 million at June 30, 2004. Since the inception of the facility, the total amount drawn under these synthetic operating lease facilities was $213.3 million, and as of June 30, 2004 the Company has a future commitment for lease payments of $35.4 million over the next ten years.

The Company is near completion of a new 97,000 sq. ft. office building and data center in Phoenix, Arizona. Total construction costs of this facility are expected to be approximately $15 million to $16 million and construction is expected to be completed in the fall of 2004. The Company also has begun construction on an additional 30,000 sq. ft data center in Little Rock, Arkansas and it is expected to be completed in late fiscal 2005. Total construction cost of this facility is expected to be $14 million to $15 million.

In connection with certain of the Company's other buildings and facilities, the Company has entered into 50/50 joint ventures with local real estate developers. In each case, the Company is guaranteeing portions of the loans for the buildings. Additionally, in connection with the disposal of certain assets, the Company has guaranteed loans for the buyers of the assets. Substantially all of the third party indebtedness for which the Company has provided guarantees is collateralized by various pieces of real property. The aggregate amount of the guarantees at June 30, 2004 was $5.5 million.

Outstanding letters of credit, which reduce the borrowing capacity under the Company's revolving credit facility, were $2.7 million at June 30, 2004 and $10.0 million at March 31, 2004.

Contractual Commitments

The following table presents Acxiom's contractual cash obligations and purchase commitments at June 30, 2004 (dollars in thousands). The column for 2005 represents the nine months ending March 31, 2005. All other columns represent fiscal years ending March 31.

	For the years ending March 31						
	2005	2006	2007	2008	2009	Thereafter	Total
Long-term obligations							
Capital lease obligations	$ 29,691	$ 23,250	$ 15,005	$ 4,176	$ 1,916	$ 12,649	$ 86,687
Software and data license liabilities	11,252	19,784	13,877	13,656	6,932	-	65,501
Other long-term debt	16,590	1,587	20,586	757	183,331	-	222,851
Total long-term obligations	57,533	44,621	49,468	18,589	192,179	12,649	375,039
Operating lease and software license obligations							
Synthetic aircraft leases	2,267	3,022	3,022	3,022	3,022	11,389	25,744
Synthetic equipment and furniture leases	6,150	2,644	607	253	-	-	9,654
Total synthetic operating leases	8,417	5,666	3,629	3,275	3,022	11,389	35,398
Equipment operating leases	14,767	11,052	4,052	656	83	-	30,610
Building operating leases	12,566	15,399	14,352	12,606	10,655	59,384	124,962
Partnerships building leases	1,593	2,123	2,134	2,144	2,155	43	10,192
Related party aircraft lease	677	902	376	-	-	-	1,955
Total operating lease payments	38,020	35,142	24,543	18,681	15,915	70,816	203,117
Operating software license obligations	7,227	4,995	3,561	3,515	3,515	3,515	26,328
Total operating lease and software license obligations	45,247	40,137	28,104	22,196	19,430	74,331	229,445
Total contractual cash obligations	$ 102,780	$ 84,758	$ 77,572	$ 40,785	$ 211,609	$ 86,980	$ 604,484

	For the years ending March 31						
	2005	2006	2007	2008	2009	Thereafter	Total
Purchase commitments on synthetic aircraft leases	$ -	$ -	$ -	$ -	$ -	$ 18,397	$ 18,397
Purchase commitments on synthetic equipment and furniture leases	388	3,558	464	1,626	-	-	6,036
Other purchase commitments	72,468	23,412	17,762	12,681	5	-	126,328
Total purchase commitments	$ 72,856	$ 26,970	$ 18,226	$ 14,307	$ 5	$ 18,397	$ 150,761

The related party aircraft lease relates to an aircraft leased from a business owned by an officer and director. The Company has also agreed to pay the difference, if any, between the sales price of the aircraft and 70% of the related loan balance (approximately $3.7 million at June 30, 2004) should the Company elect to exercise its early termination rights or not extend the lease beyond its initial term and the lessor sells the equipment as a result.

The purchase commitments on the synthetic equipment, furniture and aircraft leases assume the leases terminate and are not renewed, and the Company elects to purchase the assets. The other purchase commitments include contractual commitments for the purchase of data and open purchase orders for equipment, paper, office supplies, construction of buildings and other items. Other purchase commitments in some cases will be satisfied by entering into future operating leases, capital leases, or other financing arrangements, rather than payment of cash.

The following table shows contingencies or guarantees under which the Company could be required, in certain circumstances, to make cash payments as of June 30, 2004 (dollars in thousands):

Residual value guarantee on the synthetic computer equipment and furniture lease	$	4,278
Residual value guarantee on synthetic aircraft lease		6,639
Residual value guarantee on related party aircraft lease		3,683
Guarantees on certain partnership and other loans		5,549
Outstanding letters of credit		2,693

The total of loans "on certain partnerships and other loans," of which the Company guarantees the portion noted in the above table, are $13.7 million.

While the Company does not have any other material contractual commitments for capital expenditures, minimum levels of investments in facilities and computer equipment continue to be necessary to support the growth of the business. It is the Company's current intention generally to lease any new required equipment to better match cash outflows with customer inflows. In some cases, the Company also sells software and hardware to clients. In addition, new outsourcing or facilities management contracts frequently require substantial up-front capital expenditures to acquire or replace existing assets. Management believes that the Company's existing available debt and cash flow from operations will be sufficient to meet the Company's working capital and capital expenditure requirements for the foreseeable future. The Company also evaluates acquisitions from time to time, which may require up-front payments of cash. Depending on the size of the acquisition it may be necessary to raise additional capital. If additional capital becomes necessary as a result of any material variance of operating results from projections or from potential future acquisitions, the Company would first use available borrowing capacity under its revolving credit agreement, followed by the issuance of debt or equity securities. However, no assurance can be given that the Company would be able to obtain funding through the issuance of debt or equity securities at terms favorable to the Company, or that such funding would be available.

For a description of certain risks that could have an impact on results of operations or financial condition, including liquidity and capital resources, see the "Risk Factors" contained in Part I, Item 1. Business, of the Company's annual report on Form 10-K for the fiscal year ended March 31, 2004.

Acquisitions and Divestitures

On March 31, 2004, the Company closed the acquisition of the Consodata companies based in England, France and Spain, from Turin-based Seat P.G., one of the world's leading multi-platform directories companies. The acquisition of the Consodata German operation was completed on April 13, 2004. Both acquisitions were accounted for as purchases. The total net consideration was approximately $32.5 million, net of cash acquired. The acquired Consodata companies are expected to add approximately $63 million to $69 million to the Company's revenue for fiscal 2005, which began April 1, 2004.

On January 6, 2004, the Company announced the completion of the acquisition of the Claritas Europe group of companies from VNU N.V. The acquisition is accounted for as a purchase and was effective January 1, 2004. Management believes this acquisition, along with the Consodata acquisition noted above, will provide the Company with significant European data assets that will be complementary to the Company's service offerings and will give the Company an expanded presence in Europe. The Company paid approximately $28.7 million for the acquisition, net of cash acquired, which includes offices in England, France, The Netherlands, Germany, Spain, Portugal and Poland. The acquired Claritas companies are expected to add approximately $100 million in annual revenue in fiscal 2005. The results of operations of the acquired companies are included in the Company's consolidated results beginning January 1, 2004. (See note 3 to the condensed consolidated financial statements.)

Subsequent to June 30, 2004 the Company has made additional payments in the amount of $7.4 million to the former owners of Claritas Europe as a result of adjustments to working capital acquired. The purchase price for Claritas Europe continues to be subject to adjustment based on the final determination of purchased working capital. In addition, the Company has made a tender offer to the minority shareholders of Consodata France, under which it expects to pay approximately $3.6 million for the minority shareholders interest. These additional purchase price payments will be allocated to goodwill in the period of payment.

Other Information

In accordance with a data center management agreement dated July 27, 1992 between Acxiom and TransUnion, Acxiom (through its subsidiary, Acxiom CDC, Inc.) acquired all of TransUnion's interest in its Chicago data center and agreed to provide TransUnion with various data center management services. In a 1992 letter agreement, Acxiom agreed to use its best efforts to cause one person designated by TransUnion to be elected to Acxiom's board of directors. TransUnion designated its CEO and President, Harry C. Gambill, who was appointed to fill a vacancy on the board in November 1992 and was elected at the 1993 annual meeting of stockholders to serve a three-year term. He was elected to serve additional three-year terms at the 1996, 1999 and 2002 annual stockholders meetings. Under a second letter agreement, executed in 1994 in connection with an amendment to the 1992 agreement, which continued the then-current term through 2002, Acxiom agreed to use its best efforts to cause two people designated by TransUnion to be elected to Acxiom's board of directors. While these undertakings by Acxiom are in effect until the end of the current term of the agreement, which expires in August 2005, Acxiom has been notified that TransUnion does not presently intend to designate another individual to serve as director. Acxiom and TransUnion amended the data center management agreement on October 1, 2002, expanding its scope to encompass TransUnion's client/server, network and communications infrastructure. This amendment runs concurrent with the current term of the data center management agreement. In addition to this agreement, the Company has other contracts with TransUnion related to data, software and other services. Acxiom recorded revenue from TransUnion of $17.9 million for the quarter ended June 30, 2004 and $17.3 million for the quarter ended June 30, 2003.

See note 14 to the consolidated financial statements contained in the Company's annual report on Form 10-K for additional information on certain relationships and related transactions.

Non-US Operations

With the acquisitions of the Claritas Europe group of companies and the Consodata acquisition, the Company now has a larger presence in the United Kingdom and France, and a new presence in The Netherlands, Germany, Spain, Portugal and Poland. Most of the Company's exposure to exchange rate fluctuation is due to translation gains and losses as there are no material transactions that cause exchange rate impact. In general, each of the foreign locations is expected to fund its own operations and cash flows, although funds may be loaned or invested from the U.S. to the foreign subsidiaries subject to limitations in the Company's revolving credit facility. 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 foreign financial statements into U.S. dollars are included in accumulated other comprehensive income . Exchange rate movements of foreign currencies may have an impact on the Company's future costs or on future cash flows from foreign investments. The Company has not entered into any foreign currency forward exchange contracts or other derivative instruments to hedge the effects of adverse fluctuations in foreign currency exchange rates.

Critical Accounting Policies

We prepare our condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. These accounting principles require management to make certain judgments and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Consolidated financial statements in the Company's 2004 annual report include a summary of significant accounting policies used in the preparation of Acxiom's consolidated financial statements. In addition, the Management's Discussion and Analysis filed as part of the 2004 annual report contains a discussion of the policies which management has identified as the most critical because they require management's use of complex and/or significant judgments. The following paragraphs are intended to update that discussion only for the critical accounting policies or estimates which have materially changed since the date of the last annual report.

Revenue Recognition – The Company provides database management and IT outsourcing services under long-term arrangements. These arrangements may require the Company to perform setup activities such as the design and build of a database for the customer under the database management contracts and migration of the customer's IT environment under IT outsourcing contracts. In the case of database management contracts, the customer does not acquire any ownership rights to the Company's intellectual property used in the database and the database itself provides no benefit to the customer outside of the utilization of the system during the term of the database management arrangement. In some cases, the arrangements also contain provisions requiring customer acceptance of the setup activities prior to commencement of the ongoing services arrangement. Up-front fees billed during the setup phase are deferred and setup costs that are direct and incremental to the contract are capitalized and amortized on a straight-line basis over the service term of the contract. Revenue recognition does not begin until after customer acceptance in cases where contracts contain acceptance provisions. Once the setup phase is complete and customer acceptance occurs, the Company recognizes revenue over the remaining service term of the contract. In situations where the arrangement does not require setup activities or customer acceptance before the Company begins providing services, revenue is recognized over the contract period and no costs are deferred.

The Company accounts for all elements under its database management and IT outsourcing arrangements as a single unit, since the initial setup activities performed under the arrangements do not have stand-alone value to the client and the Company is unable to determine the relative fair values of the delivered elements and the undelivered elements. Therefore, when third party software, hardware and certain other equipment are sold along with services, the Company records such sales over the related service period. Additionally, the Company evaluates revenue from the sale of software, hardware and equipment in accordance with the provisions of Emerging Issues Task Force ("EITF") Issue 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent," to determine whether such revenue should be recognized on a gross or a net basis over the term of the related service agreement. All of the factors in EITF 99-19 are considered with the primary factor being whether the Company is the primary obligor in the arrangement. "Out-of-pocket" expenses incurred by, and reimbursed to, the Company in connection with customer contracts are recorded as gross revenue in accordance with EITF Issue 01-14, "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred."

Many of the Company's database management and IT outsourcing arrangements include the provision of computer servers or other equipment which is used in performing the services under the arrangement. The Company evaluates its database management and IT outsourcing arrangements using the criteria in EITF 01-08, "Determining Whether an Arrangement Contains a Lease." EITF 01-08 became effective for new arrangements or modifications to existing arrangements occurring on or after July 1, 2003. EITF 01-08 requires the Company to determine whether an arrangement contains a lease within a services arrangement and, if so, requires the lease component to be accounted for separately from the remaining components of the arrangements. The Company evaluates the provisions of EITF 01-08 to determine first whether the equipment is the subject of a lease. If the equipment is determined to be the subject of a lease, then the Company must separate the revenue under the arrangement into the amounts related to the leased equipment and the amounts related to the other services to be provided, using management's best estimate of the relative fair values of the lease component and the services component. The Company then determines whether the implicit lease to the customer is a capital lease or an operating lease. If it is a sales-type capital lease the lease revenue is recognized up front, along with the related cost of sales. In the case of an operating lease, the revenue is recognized on a straight-line basis over the lease term.

The Company also performs services on a project basis outside of, or in addition to, the scope of long-term arrangements. The Company recognizes revenue from these services as the services are performed.

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

The Company accounts for revenue arrangements with multiple elements in accordance with EITF Issue No. 00-21, "Revenue Arrangements with Multiple Elements." EITF 00-21 provides guidance on (a) how arrangement consideration should be measured, (b) whether the arrangement should be divided into separate units of accounting, and (c) how the arrangement consideration should be allocated among the separate units of accounting. EITF 00-21 also requires disclosure of the accounting policy for recognition of revenue from multiple-deliverable arrangements and the description and nature of such arrangements. The guidance of EITF 00-21 is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. There has been no material impact to the Company from adoption of EITF 00-21.

In certain multiple element arrangements, including database management and IT outsourcing arrangements, the Company is unable to assign fair values to the multiple elements. Therefore, when third-party software, hardware and certain other equipment are sold along with services, the Company records such sales over the related service period. Included in the Company's consolidated balance sheets are deferred revenues resulting from billings and/or client payments in advance of revenue recognition.

In certain cases, such as hardware or software upgrades sold and/or licensed to existing clients where the Company has no further obligations with respect to such upgrades or project work, management has determined that revenue recognition upon delivery of the hardware or software to the client or upon completion of the project work is appropriate. The Company evaluates revenue from the sale of software, hardware and equipment in accordance with the provisions of Emerging Issues Task Force ("EITF") Issue 99-19, "Reporting Revenue Gross as a Principal versus net as an Agent," to determine whether such revenues should be recognized on a gross or a net basis over the term of the related service agreement. Each factor in EITF 99-19 is evaluated, with the primary factor being whether the Company is the primary obligor in the arrangement.

In general, the Company provides services rather than products and, therefore, does not provide end-users with price-protection or rights of return. The Company's contracts provide a warranty that the services will meet the agreed-upon criteria or any necessary modifications will be made. The Company ensures that services or products delivered meet the agreed-upon criteria prior to recognition of revenue.

Valuation of Long-Lived Assets and Goodwill – Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the undiscounted cash flows expected to result from the use and eventual disposition of the asset. In cases where cash flows cannot be associated with individual assets, assets are grouped together in order to associate cash flows with the asset group. If such assets or asset groups are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Goodwill represents the excess of acquisition costs over the fair values of net assets acquired in business combinations treated as purchase transactions. Under the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill is not amortized, but is reviewed annually for impairment under a two-part test. In the event that part one of the impairment test indicates potential impairment of goodwill, performance of part two of the impairment test is required. Any impairment that results from the completion of the two-part test is recorded as a charge to operations during the period in which the impairment test is completed. The Company performs its annual goodwill impairment evaluation as of the beginning of its fiscal year. The Company has completed part one of an annual, two-part impairment analysis of its goodwill and has determined that no impairment of its goodwill existed as of April 1, 2004. Accordingly, step two of the goodwill impairment test was not required for fiscal 2005. Changes in circumstances may require the Company to perform impairment testing on a more frequent basis. No assurance can be given by the Company that additional impairment tests will not require an impairment charge during future periods should circumstances indicate that the Company's goodwill balances are impaired.

In completing step one of the test and making the assessment that no potential impairment of the Company's goodwill existed, management has made a number of estimates and assumptions. In particular, the growth and discount rates used by management in determining the fair value of each of the Company's reporting units through a discounted cash flow analysis significantly affect the outcome of the impairment test, as well as numerous other factors. In performing step one of the impairment analysis, management has used growth rates ranging from 5 percent up to 300 percent for the International segment and 5 percent up to 15 percent for all other segments and used a discount rate of 12 percent for all segments, representing an approximation of the Company's weighted-average cost of capital, which resulted in a sizable excess of fair value over the net assets of each of the Company's reporting units. Assuming the same growth rates, a discount rate of greater than 20 percent would be necessary to indicate potential impairment of at least a portion of the Company's goodwill balances, resulting in the need to proceed to step two of the impairment test. Assuming the 12 percent discount rate but assuming no growth for the US segments and only 3 percent growth for the International segment would also not indicate impairment. Additionally, the Company has determined that its reporting units should be aggregated up to reportable segments for use in analyzing its goodwill and assessing any potential impairment thereof, on the basis of similar economic characteristics in accordance with the guidance in SFAS No. 131 and SFAS No. 142. However, should a determination be made that such aggregation of some or all of the Company's reporting units is not appropriate, the results of step one of the goodwill impairment test might indicate that potential impairment does exist, requiring the Company to proceed to step two of the test and possibly recording an impairment of its goodwill.

Forward-looking Statements

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

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

- the possibility that certain contracts may not be closed or close within the anticipated time frames;
- the possibility that certain contracts may not generate the anticipated revenue or profitability;
- the possibility that negative changes in economic or other conditions might lead to a reduction in demand for the Company's products and services;
- the possibility that the recovery from the previous three years' economic slowdown may take longer than expected or that economic conditions in general will not be as expected;
- the possibility that significant clients may experience extreme, severe economic difficulty;
- the possibility that the fair value of certain assets may not be equal to the carrying value of those assets now or in future time periods;
- the possibility that sales cycles may lengthen;
- the possibility that the Company may not be able to attract and retain qualified technical and leadership associates, or that we may lose key associates to other organizations;
- the possibility that the Company won't be able to properly motivate the sales force or other associates;
- the possibility that the Company won't be able to achieve cost reductions and avoid unanticipated costs;
- the possibility that the Company won't be able to continue to receive credit upon satisfactory terms and conditions;
- the possibility that competent, competitive products, technologies or services will be introduced into the marketplace by other companies;
- the possibility that the Company may be subjected to pricing pressure due to market conditions and/or competitive products and services;
- the possibility that there will be changes in consumer or business information industries and markets;
- the possibility that the Company won't be able to protect proprietary information and technology or to obtain necessary licenses on commercially reasonable terms;
- the possibility that the Company may encounter difficulties when entering new markets or industries;
- the possibility that there will be changes in the legislative, accounting, regulatory and consumer environments affecting the business, including but not limited to litigation, legislation, regulations and customs relating to the Company's ability to collect, manage, aggregate and use data;
- the possibility that data suppliers might withdraw data from the Company, leading to an inability to provide certain products and services;
- the possibility that the Company may enter into short-term contracts which would affect the predictability of revenues;
- the possibility that the amount of ad hoc, volume-based and project work will not be as expected;
- the possibility that the Company may experience a loss of data center capacity or interruption of telecommunication links or power sources;
- the possibility that postal rates may increase, thereby leading to reduced volumes of business;
- the possibility that clients may cancel or modify or not renew their agreements with the Company;

- the possibility that the services of the United States Postal Service, their global counterparts and other delivery systems may be disrupted;
- the possibility that the integration of any recently acquired businesses may not be successful;
- with respect to the provision of products or services outside the Company's primary base of operations in the U. S., all of the above factors apply, along with fluctuations in currency exchange rates and the difficulty of doing business in numerous sovereign jurisdictions due to differences in culture, laws and regulations;
- the other risks described under the caption "Risk Factors" in the "Business" section of the Company's Annual Report on Form 10-K; and
- the possibility that the Company may be affected by other competitive factors.

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

Item 3. Quantitative and Qualitative Disclosure about Market Risk

Acxiom's earnings are affected by changes in short-term interest rates primarily as a result of its revolving credit agreement, which bears interest at a floating rate. Acxiom does not use derivative or other financial instruments to mitigate the interest rate risk. Risk can be estimated by measuring the impact of a near-term adverse movement of 10% in short-term market interest rates. If short-term market interest rates average 10% more during the next four quarters than during the previous four quarters, there would be no material adverse impact on Acxiom's results of operations. Acxiom has no material future earnings or cash flow expenses from changes in interest rates related to its other long-term debt obligations as substantially all of Acxiom's remaining long-term debt instruments have fixed rates. At both June 30, 2004 and March 31, 2004, the fair value of Acxiom's fixed rate long-term obligations approximated carrying value.

As noted in note 3 to the condensed, consolidated financial statements, the Company completed the acquisition of Claritas Europe in January 2004 and Consodata in March and April, 2004. As a result of these acquisitions, the Company now has a larger presence in the United Kingdom and France and new presence in The Netherlands, Germany, Spain, Portugal and Poland. In general, each of the foreign locations is expected to fund its own operations and cash flows, although funds may be loaned or invested from the U.S. to the foreign subsidiaries. Therefore, exchange rate movements of foreign currencies may have an impact on Acxiom's future costs or on future cash flows from foreign investments. Acxiom has not entered into any foreign currency forward exchange contracts or other derivative instruments to hedge the effects of adverse fluctuations in foreign currency exchange rates.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures.

An evaluation as of the end of the period covered by this quarterly report was carried out under the supervision and with the participation of the Company's management, including the Company Leader (Chief Executive Officer) and Financial Operations Leader (Chief Financial Officer), of the effectiveness of the design and operation of the Company's "disclosure controls and procedures," which are defined under SEC rules as controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within required time periods. Based upon that evaluation, the Company Leader and Financial Operations Leader concluded that the Company's disclosure controls and procedures were effective.

(b) Changes in Internal Control over Financial Reporting

The Company's management, including the Company Leader (Chief Executive Officer) and the Financial Operations Leader (Chief Financial Officer), has evaluated any changes in the Company's internal control over financial reporting that occurred during the quarterly period covered by this report, and has concluded that there was no change during the quarterly period covered by this report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

The table below provides information regarding purchases by Acxiom of its Common Stock during the periods indicated.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
4/1/01 -- 4/30/04	147,500	$ 23.29	147,500	$ 30,359,866
5/1/04 -- 5/31/04	330,000	22.84	330,000	22,823,176
6/1/04 -- 6/30/04	-	-	-	22,823,176
Total	477,500	$ 22.98	477,500	$ 22,823,176

The repurchases listed above were made pursuant to a repurchase program adopted by the Board of Directors on October 30, 2002, at which time the Board authorized the repurchase of up to $50 million worth of shares of Acxiom's Common Stock. On February 5, 2003 the Board increased the cap to $75 million; on May 21, 2003 the Board increased the cap to $125 million; and on May 26, 2004 the Board increased the cap to $200 million, subject to lender approvals. Lender approval currently limits repurchases to $125 million, which is the amount used in the table above to calculate the value of stock that may yet be purchased. The repurchase program has no designated expiration date.

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits are filed with this Report:

31.1 Certification of Company Leader (principal executive officer) pursuant to SEC Rule 13a-14(a)/15d-14(a), as adopted pursuant to Sections 302 and 404 of the Sarbanes-Oxley Act of 2002

31.2 Certification of Company Financial Operations Leader (principal financial and accounting officer) pursuant to SEC Rule 13a-14(a)/15d-14(a), as adopted pursuant to Sections 302 and 404 of the Sarbanes-Oxley Act of 2002

32.1 Certification of Company Leader (principal executive officer) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of Company Financial Operations Leader (principal financial and accounting officer) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K

A report was furnished on May 12, 2004, which reported the results of the Company's financial performance for the fourth quarter and fiscal year ending March 31, 2004.

A report was furnished on June 23, 2004, which reported reclassifications of the Company's statement of operations format to provide consolidated revenue along with revenue and cost of revenue for services and data. Such reclassifications had no effect on net earnings as previously reported in the Company's 10-K filed on June 14, 2004.

ACXIOM CORPORATION AND SUBSIDIARIES

SIGNATURE

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

Acxiom Corporation

Dated: August 6, 2004

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

EXHIBIT 31.1

CERTIFICATION

I, Charles D. Morgan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Acxiom Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 6, 2004

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

EXHIBIT 31.2

CERTIFICATION

I, Jefferson D. Stalnaker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Acxiom Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 6, 2004

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

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report of Acxiom Corporation (the Company) on Form 10-Q for the period ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Charles D. Morgan, Company Leader (principal executive officer) of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Charles D. Morgan
Company Leader
(principal executive officer)
August 10, 2004

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report of Acxiom Corporation (the Company) on Form 10-Q for the period ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Jefferson D. Stalnaker, Company Financial Operations Leader (principal financial and accounting officer), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Jefferson D. Stalnaker

Jefferson D. Stalnaker
Company Financial Operations Leader
(principal financial and accounting officer)
August 6, 2004