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 December 31, 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 February 2, 2005 was 85,751,233.

ACXIOM CORPORATION AND SUBSIDIARIES
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REPORT ON FORM 10-Q
December 31, 2004

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

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

	December 31, 2004	March 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 21,894	$ 14,355
Trade accounts receivable, net	232,815	212,387
Deferred income taxes	14,316	14,032
Refundable income taxes	1,444	2,280
Other current assets	44,939	43,272
Total current assets	315,408	286,326
Property and equipment, net of accumulated depreciation and amortization	308,829	267,088
Software, net of accumulated amortization	58,010	64,553
Goodwill	339,986	282,971
Purchased software licenses, net of accumulated amortization	154,192	157,217
Unbilled and notes receivable, excluding current portions	18,864	13,030
Deferred costs, net	89,311	88,096
Data acquisition costs, net	48,681	36,557
Other assets, net	13,012	19,946
	$ 1,346,293	$ 1,215,784
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current installments of long-term obligations	$ 84,808	$ 73,245
Trade accounts payable	48,116	41,527
Accrued expenses:		
Restructuring	-	2,881
Payroll	25,948	23,979
Other	78,723	63,411
Deferred revenue	94,084	91,060
Total current liabilities	331,679	296,103
Long-term obligations:		
Long-term debt and capital leases, net of current installments	251,391	239,327
Software and data licenses, net of current installments	40,848	54,130
Total long-term obligations	292,239	293,457
Deferred income taxes	71,025	39,008
Commitments and contingencies (note 11)		
Stockholders' equity:		
Common stock	9,446	9,226
Additional paid-in capital	398,687	361,256
Retained earnings	352,988	308,487
Accumulated other comprehensive income	14,525	2,940
Treasury stock, at cost	(124,296)	(94,693)
Total stockholders' equity	651,350	587,216
	$ 1,346,293	$ 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 December 31, 2004	For the Three Months ended December 31, 2003
Revenue:		
Services	$ 225,811	$ 196,407
Data	86,594	58,800
Total revenue	312,405	255,207
Operating costs and expenses:		
Cost of revenue:		
Services	174,960	157,058
Data	52,199	36,714
Total cost of revenue	227,159	193,772
Selling, general and administrative	46,461	27,100
Gains, losses and nonrecurring items, net	(640)	(3,000)
Total operating costs and expenses	272,980	217,872
Income from operations	39,425	37,335
Other income (expense):		
Interest expense	(5,076)	(4,702)
Other, net	210	(456)
Total other income (expense)	(4,866)	(5,158)
Earnings before income taxes	34,559	32,177
Income taxes	11,079	12,233
Net earnings	$ 23,480	$ 19,944
Earnings per share:		
Basic	$ 0.27	$ 0.23
Diluted	$ 0.24	$ 0.22

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 Nine Months ended December 31,	
	2004	2003
Revenue:		
Services	$ 653,730	$ 579,019
Data	246,778	153,966
Total revenue	900,508	732,985
Operating costs and expenses:		
Cost of revenue:		
Services	507,459	470,242
Data	153,786	107,907
Total cost of revenue	661,245	578,149
Selling, general and administrative	141,010	87,559
Gains, losses and nonrecurring items, net	(984)	(4,008)
Total operating costs and expenses	801,271	661,700
Income from operations	99,237	71,285
Other income (expense):		
Interest expense	(14,889)	(14,356)
Other, net	824	430
Total other income (expense)	(14,065)	(13,926)
Earnings before income taxes	85,172	57,359
Income taxes	30,312	14,935
Net earnings	$ 54,860	$ 42,424
Earnings per share:		
Basic	$ 0.64	$ 0.50
Diluted	$ 0.58	$ 0.47

See accompanying notes to condensed consolidated financial statements.

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

	For the Nine Months ended December 31, 2004	2003
Cash flows from operating activities:		
Net earnings	$ 54,860	$ 42,424
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	139,916	107,745
Gain on disposal of assets, net	(50)	(1,008)
Deferred income taxes	30,933	16,676
Changes in operating assets and liabilities:		
Accounts receivable	(22,746)	(2,387)
Other assets	(2,531)	11,995
Accounts payable and other liabilities	(18,430)	2,455
Restructuring and impairment costs	(2,691)	(584)
Net cash provided by operating activities	179,261	177,316
Cash flows from investing activities:		
Proceeds received from the disposition of operations	1,636	7,684
Proceeds received from the disposition of assets	-	737
Payments received from investments	662	1,519
Capitalized software development costs	(14,534)	(20,141)
Capital expenditures	(9,768)	(12,261)
Deferral of costs	(36,225)	(15,344)
Investments in joint ventures and other investments	-	(5,000)
Net cash paid in acquisitions	(23,588)	-
Net cash used by investing activities	(81,817)	(42,806)
Cash flows from financing activities:		
Proceeds from debt	129,792	100,989
Payments of debt	(217,784)	(178,480)
Dividends paid	(10,359)	-
Sale of common stock	38,208	10,984
Acquisition of treasury stock	(30,208)	(56,047)
Net cash used by financing activities	(90,351)	(122,554)
Effect of exchange rate changes on cash	446	201
Net increase in cash and cash equivalents	7,539	12,157
Cash and cash equivalents at beginning of period	14,355	5,491
Cash and cash equivalents at end of period	$ 21,894	$ 17,648

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

	For the Nine Months ended December 31, 2004	2003
Supplemental cash flow information:		
Cash paid (received) during the period for:		
Interest	$ 13,409	$ 13,497
Income taxes	1,080	(986)
Noncash investing and financing activities:		
Issuance of warrants in acquisition	1,833	-
Acquisition of land in exchange for debt	-	2,698
Acquisition of data under long-term obligation	-	18,340
Software licenses acquired under software obligation	12,682	11,135
Acquisition of property and equipment under capital leases and installment payment arrangements	66,359	60,195
Construction of assets under construction loan	17,979	6,854

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 year's net earnings as previously reported.

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 nine months ended December 31, 2004 the Company recorded $0.5 million of additional restructuring charges for associate-related termination cost. During the quarter ended December 31, 2004, the remaining balance of $0.2 million was reversed through gains, losses and nonrecurring items and there are no further accruals remaining. The following table shows the balances that were accrued at March 31, 2004 as well as the changes in those balances during the nine months ending December 31, 2004 (dollars in thousands):

	Associate-related reserves	Other accruals	Total
Balance at March 31, 2004	$ 2,581	$ 300	$ 2,881
Additional charges	525	-	525
Reversal of accrual	(190)	-	(190)
Payments	(2,916)	(300)	(3,216)
December 31, 2004	$ -	$ -	$ -

3. ACQUISITIONS AND INVESTMENTS

Subsequent to December 31, 2004, the Company acquired SmartDM Holdings, Inc. ("SmartDM") and it's wholly-owned subsidiaries, Smart DM, Inc. and SmartReminders.com, Inc. SmartDM is a full-service direct marketing company based in Nashville, Tennessee that offers comprehensive direct marketing services and information management for mid-sized companies. The aggregate purchase price was approximately $21.5 million consisting of $19.8 million paid in cash and $1.7 million in Acxiom common stock. The acquired company's revenue is currently approximately $14 million per year. The operations of the acquired business will be included in the Company's operations beginning in January 2005. The pro forma effect of this acquisition is not material to the company's consolidated results for any of the periods presented.

On October 25, 2004, the Company acquired ChinaLOOP, a business intelligence, customer relationship management and data management company. ChinaLOOP provides data, database management and data services to a number of Asian and international clients from its headquarters in Shanghai and additional operations in Beijing. ChinaLOOP's clients include a number of China-based and multi-national companies. The purchase price was approximately $7.4 million consisting of $5.6 million paid in cash (net of cash acquired) and warrants with an estimated value of $1.8 million. The warrants provide for the purchase of 100,000 shares of the Company's stock at a price of $15 on or after November 1, 2007. Exercise of the warrants is contingent on certain performance criteria of the acquired business. The warrants also provide the warrant holders with certain rights to additional shares if the price of Acxiom stock upon exercise of the warrant is less than $30 per share. The warrants expire October 24, 2014. The operations of the acquired business are included in the Company's operations beginning November 1, 2004. The acquired company's revenue is currently approximately $2 million per year. The pro forma effect of this acquisition is not material to the company's consolidated results for any of the periods presented.

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 $26.9 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 5, 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 allocation for the Consodata acquisition is subject to adjustment as the Company makes the final determination of the fair values assigned to assets and liabilities acquired. In the nine months ending December 31, 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 $15.1 million.

Additionally, during the nine months ended December 31, 2004 the Company made additional payments in the amount of $8.7 million to the former owners of Claritas Europe, as a result of the preliminary determination of purchased working capital. Also, the Company has made a tender offer to the minority shareholders of Consodata France, under which it has paid approximately $2.8 million for the minority shareholders' interests. The tender offer has been completed and most of the minority interests have been acquired. The minority shareholders' interests which remain may yet be acquired during a final closing indemnity period. The Company expects to pay up to approximately $1.2 million for the remaining minority shareholders' interests. In addition, the Company has paid legal and other professional fees related to the two acquisitions of approximately $1.5 million since March 31, 2004. These additional purchase price payments have been and 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.

The following table shows the allocation of Consodata, Claritas Europe and ChinaLOOP purchase prices to assets acquired and liabilities assumed after adjustments and acquisitions made during the nine months ending December 31, 2004 (dollars in thousands):

	ChinaLOOP	Consodata	Claritas
Assets acquired:			
Cash	$ 503	$ 5,578	$ 12,097
Goodwill	6,807	44,059	52,965
Other intangible assets	-	1,734	8,677
Other current and noncurrent assets	931	21,569	40,371
	8,241	72,940	114,110
Accounts payable, accrued expenses and capital leases assumed	362	31,109	64,643
Net assets acquired	7,879	41,831	49,467
Less cash acquired	503	5,578	12,097
Less warrants issued	1,833	-	-
Net cash paid	$ 5,543	$ 36,253	$ 37,370

Other acquired intangible assets include the acquired companies' databases and customer relationships.

As a result of both the Claritas Europe and Consodata acquisitions, management has executed plans to consolidate certain facilities, eliminate duplicative operations, and terminate or relocate certain associates. In the fiscal year ended March 31, 2004, the Company recorded aggregate accruals in other accrued expenses 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 nine months ended December 31, 2004 the Company recorded additional accruals and adjustments of $14.2 million, partially associated with the April 2004 acquisition of the Consodata German operations, and made payments against the accruals of $10.7 million.

Further development and execution of the 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 included in other accrued expenses during the period (dollars in thousands):

	Contract Termination	Lease Termination	Associate Related Cost	Total
March 31, 2004	$ 1,334	$ 7,119	$ 6,082	$ 14,535
Additional accruals and adjustments	3,443	4,694	6,030	14,167
Payments	(1,657)	(2,075)	(6,978)	(10,710)
Translation adjustment	53	793	628	1,474
December 31, 2004	$ 3,173	$ 10,531	$ 5,762	$ 19,466

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 $11.6 million and $15.5 million at December 31, 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).

	December 31, 2004	March 31, 2004
Notes receivable from DMI, net of future credits of $2.4 million at December 31, 2004 and $2.7 million at March 31, 2004	$ 6,936	$ 8,271
Notes receivable from other divestitures, net of allowance for uncollectible note of $.9 million at December 31, 2004 and March 31, 2004	3,557	4,160
Notes receivable from divestitures	10,493	12,431
Less current portion	2,651	5,823
Long-term portion	7,842	6,608
Unbilled and notes receivable arising from operations	20,042	16,144
Less current portion	9,020	9,722
Long-term portion	11,022	6,422
Unbilled and notes receivable, excluding current portions	$ 18,864	$ 13,030

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

	December 31, 2004	March 31, 2004
Investments in joint ventures and other investments, net of unrealized gain or loss on available-for-sale marketable securities	$ 7,820	$ 8,181
Other, net	5,192	11,765
	$ 13,012	$ 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 presentation.

The changes in the carrying amount of goodwill, by business segment, for the nine months ended December 31, 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	-	33,264	-	33,264
Change in foreign currency translation adjustment	-	7,803	-	7,803
Adjustment of previously recorded goodwill	-	15,948	-	15,948
Balance at December 31, 2004	$ 126,565	$ 139,497	$ 73,924	$ 339,986

6. LONG-TERM OBLIGATIONS

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

	December 31, 2004	March 31, 2004
Convertible subordinated notes due February 2009; interest at 3.75%	$ 174,998	$ 175,000
Revolving credit agreement	-	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	96,162	79,448
Warrants (note 7)	1,973	-
Other debt and long-term liabilities	36,317	21,539
Total long-term debt and capital leases	309,450	292,190
Less current installments	58,059	52,863
Long-term debt, excluding current installments	$ 251,391	$ 239,327
Software license liabilities payable over terms up to seven years; effective interest rates at approximately 7%	$ 61,220	$ 62,437
Long-term data license agreement with related party, due over two years; interest at 6%	6,377	12,075
Total license liabilities	67,597	74,512
Less current installments	26,749	20,382
License liabilities, excluding current installments	$ 40,848	$ 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. There were no revolving credit facility borrowings at December 31, 2004. Revolving credit facility borrowings bear interest at LIBOR plus 1.25%, 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 March 31, 2004 borrowings under the revolving credit facility were 2.74%. Outstanding letters of credit at December 31, 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 December 31, 2004, the Company was in compliance with these covenants and restrictions. Accordingly, the Company has classified all portions of its debt obligations due after December 31, 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 December 31,		For the nine months ended December 31,	
	2004	2003	2004	2003
Basic earnings per share:				
Numerator - net earnings	$ 23,480	$ 19,944	$ 54,860	$ 42,424
Denominator - weighted-average shares outstanding	86,468	84,926	86,187	85,535
Basic earnings per share	$ 0.27	$ 0.23	$ 0.64	$ 0.50
Diluted earnings per share:				
Numerator:				
Net earnings	$ 23,480	$ 19,944	$ 54,860	$ 42,424
Interest expense on convertible debt (net of tax benefit)	1,017	1,026	3,051	3,076
	24,497	20,970	57,911	45,500
Denominator:				
Weighted-average shares outstanding	86,468	84,926	86,187	85,535
Dilutive effect of common stock options and warrants, as computed under the treasury stock method	4,191	2,082	3,870	1,874
Dilutive effect of convertible debt, as computed under the if-converted method	9,589	9,589	9,589	9,589
	100,248	96,597	99,646	96,998
Diluted earnings per share	$ 0.24	$ 0.22	$ 0.58	$ 0.47

At December 31, 2004, the Company had options and warrants outstanding providing for the purchase of approximately 19.6 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 December 31,		For the nine months ended December 31,	
	2004	2003	2004	2003
Excluded number of shares under options and warrants	2,998	9,214	6,268	11,846
Range of exercise prices	$25.98 - $62.06	$16.76- $62.06	$23.10 - $62.06	$14.82 - $62.06

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, 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 December 31,		For the nine months ended December 31,	
	2004	2003	2004	2003
Net earnings, as reported	$ 23,480	$ 19,944	$ 54,860	$ 42,424
Less: stock-based employee compensation expense under fair value based method, net of income tax benefit	3,182	3,349	22,319	9,554
Pro forma net earnings	$ 20,298	$ 16,595	$ 32,541	$ 32,870
Earnings per share:				
Basic – as reported	$ 0.27	$ 0.23	$ 0.64	$ 0.50
Basic – pro forma	$ 0.23	$ 0.20	$ 0.38	$ 0.38
Diluted – as reported	$ 0.24	$ 0.22	$ 0.58	$ 0.47
Diluted – pro forma	$ 0.22	$ 0.18	$ 0.36	$ 0.37

The per-share weighted-average fair value of stock options granted during the nine months ended December 31, 2004 was $10.30 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 4.27%; expected option life of 10 years and expected volatility of 31%. The per-share weighted-average fair value of stock options granted during the nine months ended December 31, 2003 was $10.05 on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: dividend yield of 0%; risk-free interest rate of 4.43%; expected option life of 10 years and expected volatility of 50%.

During the quarter ended September 30, 2004, the Company's compensation committee took several actions regarding the Company's stock option plan, including vesting out of the money options and significantly reducing the number of options to be issued as part of the Company's annual long term incentive (LTI) plan. Specifically, the committee voted to vest the unvested 2.1 million options which were out of the money with option prices greater than $22.33. This action caused the increase in pro forma compensation expense noted above under SFAS No. 123 for the nine months ended December 31, 2004. The compensation committee considered a number of factors in making their decision, including the anticipated issuance and implementation of the revision to SFAS No. 123, which was subsequently issued and will be effective for the Company on July 1, 2005. By vesting all options which were out of the money, the expense under SFAS No. 123 is reflected only in the footnote disclosure above, and therefore, the future expense to be recorded once the revised SFAS No. 123 is effective is reduced.

When the committee first began granting premium-priced options in 1993, the options had vesting periods of nine years and were granted one-fourth at market value, one-fourth at a 50% premium over market, and one-half at a 100% premium over market. In 1997, in order to make the plan more competitive, the committee changed the percentages so that one-half of all LTI grants were made at market, with one-fourth at a 50% premium over market, and with one-fourth at a 100% premium over market. In 1999, again to address the competitiveness of the plan, the committee changed the premium levels so that one-half of the LTI grants were made at market, with one-fourth being made at a 25% premium over market, and one-fourth at a 50% premium over market. Also in 1999, the Company changed the vesting period from nine to six years. The committee's intent in the original plan, as well as subsequent changes to the plan, is to design a plan that aligns the leaders' interests with stockholders' interests, as well as to motivate, retain and attract key leaders. As a result of the premium-priced options and long vesting periods inherent in the plan, a number of unvested options were well under water (including some with exercise prices at $62.06). The long vesting periods increase the amount of stock-based employee compensation expense to be recorded under the revised SFAS No. 123 because, even though many of those premium-priced options were issued over four years ago, the Company would still incur expense for these options for two to three more years. To help mitigate the expense associated with these stock options, the committee determined that vesting these underwater options was appropriate. As noted above, the compensation committee also modified the LTI compensation plan such that the Company expects to issue fewer options beginning in fiscal 2006.

The revised SFAS No. 123, Share-Based Payment, was issued in December 2004. The Company is evaluating the new standard and its equity compensation plans and has not yet determined whether there will be any further changes to these plans as a result of implementation of the revised standard. Therefore, the Company is unable to predict the ultimate impact on its financials of expensing stock options as the new standard requires.

In conjunction with the acquisition of ChinaLOOP (see note 3), the Company issued warrants to purchase 100,000 shares of Company stock. The exercise price for the warrants is $15 per share and the warrants may be exercised until October 24, 2014. Exercise of the warrants is only allowed after November 1, 2007, and only if certain contingencies relating to ChinaLOOP's operating results are met. The warrants also contain a put feature, which gives the holder the right to receive up to an additional $1.5 million in Acxiom common stock if the value of the common stock upon exercise is less than $30 per share. The put feature can only be exercised on or after November 1, 2009, and can only be exercised concurrently with the exercise of the warrant. If the warrant and the put feature were both exercised as of December 31, 2004, the put feature would require the Company to issue an additional 14,068 shares.

The fair value of the warrant upon issuance was determined to be $1.8 million. Due to the terms of the instrument and the fact that the warrant and put are to be settled by issuance of a variable number of shares, the fair value of the warrant is recorded as a liability, included in long-term debt (see note 6) and the fair value will be adjusted at each balance sheet date to its current fair value. At December 31, 2004, the fair value of the warrant had increased to $2.0 million. The corresponding expense of $0.2 million is recorded in other, net in the accompanying statement of earnings. In general, the value of the warrant will increase as the stock price increases and decrease as the stock price decreases. Other factors that influence the fair value of the warrant include the remaining term, the risk-free interest rate, the volatility of the Company's stock, the Company's dividend rate, and the Company's estimate of the probability the warrants will vest on November 1, 2007 based on ChinaLOOP's operating results. If the warrants do not vest due to ChinaLOOP's failure to meet the contingencies relating to operating results, the value of the warrant will be zero and any remaining recorded value will be reversed to income. If the warrants vest and are exercised, the recorded value will be transferred to equity.

8. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Trade accounts receivable are presented net of allowances for doubtful accounts, returns, and credits of $7.3 million and $6.3 million, respectively, at December 31, 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. Certain 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 December 31,		For the nine months ended December 31,	
	2004	2003	2004	2003
Revenue:				
US Services and Data	$ 182,606	$ 176,151	$ 544,927	$ 507,292
International Services and Data	58,507	15,547	159,842	44,167
IT Management	75,268	66,323	208,610	189,235
Intercompany eliminations	(3,976)	(2,814)	(12,871)	(7,709)
Total revenue	$ 312,405	$ 255,207	900,508	$ 732,985
Income from operations:				
US Services and Data	$ 23,641	$ 31,448	$ 68,586	$ 58,673
International Services and Data	6,259	531	8,649	1,072
IT Management	9,455	8,770	22,754	14,322
Intercompany eliminations	(530)	(815)	(1,696)	(1,189)
Corporate and other	600	(2,599)	944	(1,593)
Income from operations	$ 39,425	$ 37,335	$ 99,237	$ 71,285

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 $14.5 million at December 31, 2004 and $2.9 million at March 31, 2004. Total comprehensive income was $34.4 million and $24.1 million for the quarters ended December 31, 2004 and 2003 respectively and $66.4 million and $48.9 million for the nine months ended December 31, 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 its response to the incidents and its cooperation 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.

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 three to seven 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 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.

Since the inception of the facility, the total amount drawn under these synthetic operating lease facilities was $214.5 million and the Company has a future commitment for lease payments of $30.3 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 $8.7 million at December 31, 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 $3.5 million at December 31, 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 December 31, 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 ("CDI") technology and services, 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, China and Japan.

The Company is aligned 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 services 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 $312.4 million, up 22 percent from $255.2 million in the third quarter a year ago. Acquisitions contributed 15 percentage points of this 22 percentage-point growth in revenue.
- Income from operations of $39.4 million, an increase of 6 percent compared to $37.3 million in the third quarter a year ago.
- Pre-tax earnings of $34.6 million, an increase of 7 percent compared to $32.2 million in the third quarter a year ago.
- Diluted earnings per share of $0.24, up 9 percent from $0.22 the year before.
- Operating cash flow of $179.2 million and free cash flow of $118.7 million for the nine months ended December 31, 2004. The free cash flow of $118.7 million is a non-GAAP financial measure and a reconciliation to the comparable GAAP measure, operating cash flow, is provided in the discussion of Capital Resources and Liquidity - Working Capital and Cash Flow.
- New contracts that are expected to deliver $36 million in annual revenue and renewals that are expected to deliver a total of $45 million in annual revenue.
- The acquisition of ChinaLOOP, a business intelligence, customer relationship management and data management company based in Shanghai, China.

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 December 31, 2004. However, these highlights are not intended to be a full discussion of the Company's results for the quarter or the nine months ended December 31, 2004. 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 unaudited 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 December 31			For the nine months ended December 31,		
	2004	2003	% Change	2004	2003	% Change
Revenue						
Services	$ 225.8	$ 196.4	+ 15.0%	$ 653.7	$ 579.0	+ 12.9%
Data	86.6	58.8	+ 47.3	246.8	154.0	+ 60.3
	$ 312.4	$ 255.2	+ 22.4%	$ 900.5	$ 733.0	+ 22.9%
Total operating costs and expenses	273.0	217.9	+ 25.3	801.3	661.7	+ 21.1
Income from operations	39.4	37.3	+ 5.6	99.2	71.3	+ 39.2
Diluted earnings per share	0.24	0.22	+ 9.1	0.58	0.47	+ 23.4

Revenues

For the quarter ended December 31, 2004, the Company's revenue was $312.4 million, compared to revenue of $255.2 million in the quarter ended December 31, 2003, reflecting an increase of $57.2.million or 22.4%. The acquisitions of Claritas Europe and Consodata completed in the fourth quarter of fiscal 2004 and the first quarter of fiscal 2005 contributed 15 percentage points of the 22.4% increase while revenue from existing business accounted for the rest of the growth. Services revenue increased $29.4 million, or 15.0%, while data revenue increased $27.8 million, or 47.3%. The increase in services revenue is primarily attributable to increases in U.S. domestic revenue of $8.4 million from clients in the financial services, telecommunications, background screening and high tech industries, an increase of $8.9 million in IT Management revenue from U. S. domestic sources and an increase of $5.2 million related to the Claritas Europe and Consodata acquisitions. All other revenue combined resulted in a net $6.9 million increase. The industry revenue figures do not include revenue from the European acquisitions, as these revenues are not broken out by industry. The increase in data revenue is attributable to the acquisitions of Claritas Europe and Consodata, which together contributed $34.1 million of data revenue during the third quarter. The increase in data revenue from the European acquisitions was partially offset by decreases in data revenue related primarily to two items. First, due to a change of strategy related to the sale of real estate data, a contract with a fixed revenue stream was allowed to expire. Management believes that in the long term, the change in strategy will allow for an increase in data sales to this market, however the impact on the third quarter was a reduction in data revenue. Secondly, a telecommunications client did not renew its contract during the quarter ended December 31, 2004. Additionally, data revenue was particularly strong in the third quarter of last year.

For the nine months ended December 31, 2004, the Company's revenue of $900.5 million increased $167.5 million, or 22.9%, when compared to revenue of $733.0 million in the nine months ended December 31, 2003. Acquisitions, net of divestitures, contributed 14 percentage points of this 22.9% increase. Services revenue for the nine months ended December 31, 2004 increased $74.7 million, or 12.9%, while data revenue increased $92.8 million, or 60.3%. The increase in services revenue is primarily attributable to increases in revenue of $26.8 million from clients in the financial services, media and publishing, automotive, telecommunications, background screening and pharmaceutical health industries, an increase of $19.4 million in IT Management revenue and an increase of $13.0 million related to the Claritas Europe and Consodata acquisitions. All other industries combined resulted in a net $15.5 million increase. The increase in data revenue is primarily attributable to the acquisitions of Claritas Europe and Consodata, which together contributed $91.7 million of data revenue. The remaining $1.1 million increase in data revenue reflects increases from the Infobase suite of products and the Allstate Insurance Company offset by decreases in the third quarter as noted above.

During the quarter ended December 31, 2004 new contracts were signed which are expected to contribute annual revenue of $36 million and contract renewals are expected to generate $45 million in annual revenue.

The following table shows the Company's revenue by business segment for each of the periods presented below (dollars in millions):

	For the quarter ended December 31,			For the nine months ended December 31,		
	2004	2003	% Change	2004	2003	% Change
US Services and Data	$ 182.6	$ 176.2	3.6%	$ 544.9	$ 507.3	7.4%
International Services and Data	58.5	15.5	276.3	159.8	44.2	261.9
IT Management	75.3	66.3	13.5	208.6	189.2	10.2
Intercompany eliminations	(4.0)	(2.8)	41.3	(12.8)	(7.7)	67.0
Total Revenue	$ 312.4	$ 255.2	22.4%	$ 900.5	$ 733.0	22.9%

US Services and Data segment revenue for the quarter ended December 31, 2004 increased $6.5 million or 3.6% over the quarter ended December 31, 2003. The modest year-over-year increase reflects a strong comparable quarter in the year-earlier period. The increase relates principally to the following industries: financial services, media and publishing, background screening and travel and entertainment. US Services and Data segment revenue for the nine months ended December 31, 2004 increased $37.6 million or 7.4% over the nine months ended December 31, 2003 reflecting increases in financial services, media and publishing, automotive, background screening, pharmaceutical health and government-related industries.

International Services and Data segment revenue for the quarter ended December 31, 2004 increased $43.0 million or 276.3% over the quarter ended December 31, 2003. The increase is primarily attributable to the acquisitions of Claritas Europe and Consodata. International Services and Data segment revenue for the nine months ended December 31, 2004 increased $115.7 million or 261.9% over the nine months ended December 31, 2003. The increase is again primarily attributable to the acquisitions of Claritas Europe and Consodata.

IT Management segment revenue for the quarter ended December 31, 2004 increased $9.0 million or 13.5% over the quarter ended December 31, 2003. The IT Management segment increased revenue due to growth in existing accounts as well as new business including a significant new contract signed in the second quarter of this fiscal year. IT Management segment revenue for the nine months ended December 31, 2004 increased $19.4 million or 10.2% over the nine months ended December 31, 2003. The IT Management segment increased revenue for the nine-month period for the same reasons as for the quarter.

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 December 31,			For the nine months ended December 31,		
	2004	2003	% Change	2004	2003	% Change
Cost of revenue						
Services	$ 175.0	$ 157.1	11.4%	$ 507.5	$ 470.2	7.9%
Data	52.2	36.7	42.2	153.8	107.9	42.5
Total cost of revenue	227.2	193.8	17.2	661.3	578.1	14.4
Selling, general and administrative	46.4	27.1	71.4	141.0	87.6	61.0
Gains, losses and nonrecurring items, net	(.6)	(3.0)	(78.7)	(1.0)	(4.0)	(75.4)
Total operating costs and expenses	$ 273.0	$ 217.9	25.3%	$ 801.3	$ 661.7	21.1%

The cost of services for the quarter ended December 31, 2004 of $175.0 million increased $17.9 million or 11.4% over the quarter ended December 31, 2003. Cost of services as a percent of services revenue decreased to 77.5% in the quarter ended December 31, 2004 compared to 80.0% in the quarter ended December 31, 2003. Cost of services was up related to the increase in the IT Management segment revenue, and to new contracts in the US Services and Data segment and, to a lesser extent, the Claritas Europe and Consodata acquisitions. Cost of services for the nine months ended December 31, 2004 increased $37.2 million or 7.9% compared to the nine months ended December 31, 2003. Cost of services as a percent of services revenue decreased to 77.6% in the nine months ended December 31, 2004 compared to 81.2% in the nine months ended December 31, 2003. Cost of services was up related to the increase in the IT Management segment revenue, and to new contracts in the US Services and Data segment and, to a lesser extent, the Claritas Europe and Consodata acquisitions.

Cost of data includes acquired data, data royalties, compilation and processing costs and the costs of building the Company's various data products. The cost of data for the quarter ended December 31, 2004 of $52.2 million increased $15.5 million or 42.2% over the quarter ended December 31, 2003. Cost of data as a percent of data revenue was 60.3% and 62.4% in the quarters ended December 31, 2004 and 2003, respectively. The increase in these costs was primarily attributable to the acquisitions of Claritas Europe and Consodata, which accounted for $13.2 million of the increase. During the nine months ending December 31, 2004 cost of data increased $45.9 million or 42.5% as compared to the nine months ending December 31, 2003. Cost of data as a percent of data revenue was 62.3% and 70.1% in the nine months ending December 31, 2004 and 2003, respectively. The acquisitions of Claritas Europe and Consodata accounted for $39.6 million of the increase. Additionally, the cost of data to support the revenue from the Allstate Insurance Company increased by $3.1 million.

Gross profit margin for services improved to 22.5% in the quarter ended December 31, 2004 which compares with 20.0% for the quarter ended December 31, 2003. Gross profit margin for services was 22.4% for the nine months ended December 31, 2004 compared to 18.8% for the nine months ended December 31, 2003. The improvement in the gross margin is primarily attributable to revenue growth.

The gross profit margin for data was 39.7% in the quarter ended December 31, 2004 which compares with 37.6% for the quarter ended December 31, 2003. In the nine months ended December 31, 2004 the gross profit margin for data was 37.7% compared to 29.9% for the nine months ended December 31, 2003. The increase in the data gross profit margin is primarily due to the higher margin data business of the recently acquired operations of Claritas Europe and Consodata.

In the quarter ended December 31, 2004 total cost of revenue increased $33.4 million or 17.2% as compared to an increase of $57.2 million or 22.4% in total revenue. This resulted in a 27.3% total company gross profit margin for the quarter ended December 31, 2004 compared to a total company gross profit margin of 24.1% for the quarter ended December 31, 2003. For the nine months ending December 31, 2004 total cost of revenue increased $83.1 million or 14.4% as compared to an increase of $167.5 million or 22.9% in total revenue. The 26.6% total company gross profit margin for the nine months ended December 31, 2004 compared to a total company gross profit margin of 21.1% for the nine months ended December 31, 2003.

Selling, general and administrative expenses for the quarter ended December 31, 2004 of $46.5 million increased $19.4 million or 71.4% over the quarter ended December 31, 2003. In the quarters ended December 31, 2004 and 2003 selling, general and administrative expense as a percent of total revenue was 14.9% and 10.6%, respectively. In the nine months ended December 31, 2004 and 2003 selling, general and administrative expense as a percent of total revenue was 15.7% and 11.9%, respectively. The selling, general and administrative increase included $15.3 million and $40.9 million of expenses related to the Claritas Europe and Consodata acquisitions during the quarter and nine months ending December 31, 2004, respectively.

Gains, losses and nonrecurring items of $1.0 million for the nine months ended December 31, 2004 primarily related to bankruptcy recoveries from Montgomery Wards. Gains, losses and nonrecurring items of $4.0 million for the nine months ended December 31, 2003 consisted of the gain on disposal of the Company's Los Angeles outsourcing data center operations of $1.0 million and a recovery from the Montgomery Wards bankruptcy of $3.0 million.

Operating Margins

Operating margin for the quarter ended December 31, 2004 was 12.6% compared to 14.6% for the quarter ended December 31, 2003. The decrease in operating margins reflects the impacts of the nonrecurring gains that were significantly higher last year, higher selling, general and administrative expenses noted above and lower US data margins. Operating margins for the nine months ended December 31, 2004 and December 31, 2003 were 11.0% and 9.7%, respectively reflecting higher gross profit margins partially mitigated by higher selling, general and administrative expenses noted above and by lower nonrecurring gains.

Other Income (Expense), Income Taxes and Other Items
Interest expense for both the quarter and nine months ended December 31, 2004 were flat to the comparable period in the prior year. The Company's weighted-average interest rate on long-term debt was 4.8% at December 31, 2004 and 4.9% at December 31, 2003.

Other, net for both the quarter and nine months ended December 31, 2004 consists primarily of interest income on notes receivable. For the comparable periods in the prior year, other, net also includes interest income, but is offset by $1.0 million of equity pickup of losses on a joint venture.

The effective tax rate for the quarter and nine months ended December 31, 2004 was 32.1% and 35.6%, respectively. The tax rate for the quarter and nine months was impacted by adjustments due to filing the Company's fiscal 2004 tax returns. Tax expense for the nine months ended December 31, 2003 was also 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. Management expects the effective tax rate for the remainder of the 2005 fiscal year to approximate 38%.

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 liability to cover its potential exposure from these tax uncertainties.

Capital Resources and Liquidity

Working Capital and Cash Flow
Working capital at December 31, 2004 totaled a negative $16.3 million, compared to a negative $9.8 million at March 31, 2004. The decrease in working capital is due primarily to an increase in accounts payable, accrued expenses and current installments of long-term obligations, partially offset by increases in accounts receivable and cash and cash equivalents.

Cash provided by operating activities was $179.3 million in the nine months ended December 31, 2004 as compared to $177.3 million in the nine months ended December 31, 2003. Depreciation and amortization for the nine months ended December 31, 2004 was $139.9 million, compared to $107.7 million in the prior year. The current year includes $27.3 million in depreciation on equipment under capital leases, compared to $17.5 million in the comparable period in the prior year. Cash flow in the current year was reduced by $46.4 million due to changes in operating assets and liabilities, compared to an increase in cash flow in the prior year of $11.5 million.

Accounts receivable days sales outstanding ("DSO") was 69 days at December 31, 2004 and 70 days at March 31, 2004 and is calculated as follows (dollars in thousands):

	December 31, 2004	March 31, 2004
Numerator – trade accounts receivable, net	$ 232,815	$ 212,387
Denominator:		
Quarter revenue	312,405	277,837
Number of days in quarter	92	91
Average daily revenue	$ 3,396	$ 3,053
Days sales outstanding	69	70

Investing activities used $81.8 million in the nine months ended December 31, 2004 compared to $42.8 million in the corresponding prior period. Investing activities in the nine months ended December 31, 2004 included capital expenditures of $9.8 million compared to $12.3 million in the nine months ended December 31, 2003 and capitalized software development costs of $14.5 million compared to $20.1 million in the prior year. Cost deferrals were $36.2 million in the nine months ended December 31, 2004 compared to $15.3 million in the nine months ended December 31, 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 $20.9 million in fiscal 2005 primarily due to increases related to capitalization of data acquisition cost, including data acquisition costs of the Company's European operations.

Investing activities in the nine months ended December 31, 2004 reflected net cash paid for acquisitions of $5.6 million related to the acquisition in October 2004 of ChinaLOOP, $5.0 million related to the acquisition in April 2004 of the Consodata German operations, $8.7 million paid to the former owners of Claritas Europe as a result of the preliminary determination of purchased working capital, $2.8 million paid to acquire minority interests in Consodata France, and $1.5 million in fees related to the acquisitions. Proceeds received from the disposition of operations for the current year consist of collections on a note from the sale of the DMI operations in a prior year. Investing activities in the nine months ended December 31, 2003 also 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 nine months ended December 31, 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 ($7.7 million at December 31, 2004).

As shown below, during the nine months ending December 31, 2004 and 2003 the Company generated operating cash flow of $179.3 million and $177.3 million respectively and free cash flow was $118.7 million and $130.3 million respectively (dollars in thousands).

	For the quarter ended December 31,		For the nine months ended December 31,	
	2004	2003	2004	2003
Operating cash flow	$ 82,805	$ 79,282	$ 179,261	$ 177,316
Proceeds from the disposition of assets	-	39	-	736
Capitalized software development costs	(5,706)	(6,510)	(14,534)	(20,141)
Capital expenditures	(3,132)	(7,637)	(9,768)	(12,261)
Deferral of costs	(15,502)	(5,312)	(36,225)	(15,344)
Free cash flow	$ 58,465	$ 59,862	$ 118,734	$ 130,306

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 additional 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 nine months ended December 31, 2004 used $90.4 million as compared to $122.6 million in the nine months ending December 31, 2003 primarily due to reduced levels of treasury stock acquisition and increased sales of common stock. Proceeds from the sale of common stock through stock options and the employee stock purchase plan were $38.2 million during the current period compared to $11.0 million in the nine months ended December 31, 2003. The Company also paid dividends of $10.4 million during the current fiscal year. The Company recently announced it has raised its quarterly dividend from $0.04 per share to $0.05 per share. Debt payments for the nine months ended December 31, 2004 include $45.5 million in payments under capital leases and installment payment arrangements, compared to $16.9 million in the prior year.

The Company also incurred long-term obligations through non-cash investing and financing activities during the nine months ended December 31, 2004 of $66.4 million for the acquisition of property and equipment under capital leases and installment payment arrangements to service customers, $18.0 million for the construction of assets under construction loans, and $12.7 million for software licenses acquired under software obligations. The majority of property and equipment acquired under capital leases is tied to customers' contracts, matching the cash inflows from the customers with the cash outflows for the leases. For the nine months ended December 31, 2004 management estimates the Company has recognized approximately $20 million in revenue from customers related to these items.

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, for payments of dividends, and for other general corporate purposes. Subsequent to December 31, 2004, through February 3, 2005, the Company has purchased 1.4 million shares of its common stock.

Credit and Debt Facilities

The Company had available credit lines of $150 million with no outstanding borrowings at December 31, 2004 compared to $16.2 million at March 31, 2004. The Company's debt-to-capital ratio, as calculated below, was 31% at December 31, 2004 and 33% at March 31, 2004 (dollars in thousands).

	December 31, 2004	March 31, 2004
Numerator - long-term obligations, net of current installments	$ 292,239	$ 293,457
Denominator:		
Long-term obligations, net of current installments	292,239	293,457
Stockholders' equity	651,350	587,216
	$ 943,589	$ 880,673
Debt-to-capital ratio	31%	33%

The foregoing calculation of the debt-to-capital ratio excludes current maturities of long-term obligations in the amounts of $84.8 million and $73.2 million at December 31, 2004 and March 31, 2004, respectively.

Included in long-term obligations at December 31, 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 three to seven 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 $8.7 million at December 31, 2004. Since the inception of the facility, the total amount drawn under these synthetic operating lease facilities was $214.5 million, and as of December 31, 2004 the Company has a future commitment for lease payments of $30.3 million over the next ten years.

The Company has completed and occupied a new 97,000 sq. ft. office building and data center in Phoenix, Arizona. Total construction costs of this facility were approximately $15.5 million. 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 fiscal 2006. Total construction cost of this facility is expected to be $16 million to $17 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 December 31, 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 December 31, 2004 and $10.0 million at March 31, 2004.

Contractual Commitments

The following table presents Acxiom's contractual cash obligations and purchase commitments at December 31, 2004 (dollars in thousands). The column for 2005 represents the three 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	$ 11,981	$ 43,269	$ 21,470	$ 7,984	$ 2,864	$ 12,835	$ 100,403
Software and data license liabilities	4,586	23,341	14,820	13,797	6,932	-	63,476
Warrant liability	-	-	-	-	-	1,973	1,973
Other long-term debt	17,661	3,453	2,624	12,459	174,998	-	211,195
Total long-term obligations	34,228	70,063	38,914	34,240	184,794	14,808	377,047
Operating lease and software license obligations							
Synthetic aircraft leases	756	3,022	3,022	3,022	3,022	11,388	24,232
Synthetic equipment and furniture leases	1,674	3,001	964	402	-	-	6,041
Total synthetic operating leases	2,430	6,023	3,986	3,424	3,022	11,388	30,273
Equipment operating leases	5,054	12,521	5,054	1,050	169	-	23,848
Building operating leases	5,290	17,062	16,468	14,976	12,094	65,648	131,538
Partnerships building leases	537	2,123	2,134	2,144	2,155	46	9,139
Related party aircraft lease	226	902	376	-	-	-	1,504
Total operating lease payments	13,537	38,631	28,018	21,594	17,440	77,082	196,302
Operating software license obligations	2,199	4,995	3,561	3,515	3,515	3,515	21,300
Total operating lease and software license obligations	15,736	43,626	31,579	25,109	20,955	80,597	217,602
Total contractual cash obligations	$ 49,964	$ 113,689	$ 70,493	$ 59,349	$ 205,749	$ 95,405	$ 594,649

	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	1,793	2,154	464	1,862	-	-	6,273
Other purchase commitments	65,871	28,620	23,349	18,239	5,546	9,706	151,331
Total purchase commitments	$ 67,664	$ 30,774	$ 23,813	$ 20,101	$ 5,546	$ 28,103	$ 176,001

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 $3.5 million at December 31, 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 December 31, 2004 (dollars in thousands):

Residual value guarantee on the synthetic computer equipment and furniture lease	$	2,105
Residual value guarantee on synthetic aircraft lease		6,639
Residual value guarantee on related party aircraft lease		3,523
Guarantees on certain partnership and other loans		5,459
Outstanding letters of credit		2,663

The total of loans "on certain partnerships and other loans," of which the Company guarantees the portion noted in the above table, are $13.4 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 facilities 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 might use available borrowing capacity under its revolving credit agreement, followed by the issuance of other 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

Subsequent to December 31, 2004 the Company acquired SmartDM Holdings, Inc. ("SmartDM") and it's wholly-owned subsidiaries, Smart DM, Inc. and SmartReminders.com,Inc. SmartDM is a full-service direct marketing company based in Nashville, Tennessee that offers comprehensive direct marketing services and information management for mid-sized companies. The aggregate purchase price was approximately $21.5 million consisting of $19.8 million paid in cash and $1.7 million in Acxiom common stock. The acquired company's revenue is currently approximately $14 million per year. The operations of the acquired business will be included in the Company's operations beginning January 1, 2005.

On October 25, 2004 the Company acquired ChinaLOOP, a business intelligence, customer relationship management and data management company. ChinaLOOP provides data, database management and data services to a number of Asian and international clients from its headquarters in Shanghai and additional operations in Beijing. ChinaLOOP's clients include a number of China-based and multi-national companies. The purchase price was approximately $7.4 million consisting of $5.6 million paid in cash (net of cash acquired) and warrants with an estimated value of $1.8 million. The warrants provide for the purchase of 100,000 shares of the Company's stock at a price of $15 on or after November 1, 2007. Exercise of the warrants is contingent on certain performance criteria of the acquired business. The warrants also provide the warrant holders with certain rights to additional warrant shares if the price of Acxiom stock upon exercise of the warrant is less than $30 per share. The warrants expire October 24, 2014. The operations of the acquired business are included in the Company's operations beginning November 1, 2004. The acquired company's revenue is currently approximately $2 million per year.

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 $31.9 million, net of cash acquired.

On January 5, 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. 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 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 March 31, 2004 the Company has made additional payments in the amount of $8.7 million to the former owners of Claritas Europe, as a result of the preliminary determination of purchased working capital. In addition, the Company has made a tender offer to the minority shareholders of Consodata France, under which it has paid approximately $2.8 million for the minority shareholders' interests. The tender offer has been completed and most of the minority interests have been acquired. The minority shareholders' interests which remain may yet be acquired during a final closing indemnity period. The Company expects to pay up to approximately $1.2 million for the remaining minority shareholders' interests. In addition, the Company has paid legal and other professional fees related to the two acquisitions of $1.5 million since March 31, 2004. These additional purchase price payments have been and 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. During the quarter ended September 30, 2004, the agreement was extended to run through December 31, 2010. In conjunction with the latest amendment, Acxiom is now only required to use its best efforts to cause one designate by TransUnion to be elected to the board. Effective September 30, 2004 the Company amended a previous data supply agreement with TransUnion under which it will acquire data from TransUnion through December 31, 2010. The Company will pay TransUnion $5.5 million per year for data over the contract period. In addition to these agreements, the Company has other contracts with TransUnion related to data, software and other services. Acxiom recorded revenue from TransUnion of $68.5 million and $57.5 million for the nine months ending December 31, 2004 and December 31, 2003, respectively.

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, the Consodata acquisition, and the ChinaLOOP acquisition the Company now has a larger presence in the United Kingdom and France, and a new presence in The Netherlands, Germany, Spain, Portugal, Poland and China. 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.

Recently Issued Accounting Pronouncements and Tax Law Changes

In December 2004, the Financial Accounting Standards Board issued a revised Statement of Financial Accounting Standards No. 123, "Share-Based Payment" ("SFAS No. 123R"). SFAS No. 123R is required to be adopted by the Company in the second fiscal quarter of fiscal 2006, which is the quarter beginning July 1, 2005.

SFAS No. 123R requires the cost of employee services received in exchange for an award of equity instruments (including stock options) based on the grant-date fair value of the award to be recognized in the statement of earnings over the service period of the award. Prior to adoption of SFAS No. 123R, the Company has accounted for its stock-based compensation plans under Accounting Principles Board Opinion No. 25 and its related interpretations, under which no compensation cost has been recognized by the Company for any of its stock options. SFAS No. 123R supercedes Opinion No. 25 and eliminates the use of the intrinsic value method.

Under the provisions of SFAS No. 123 before its recent revision, the Company included footnote disclosures of the effects on the Company's earnings that would have occurred if SFAS No. 123 had been adopted by the Company. See note 7 to the condensed, consolidated financial statements for this disclosure.

During the quarter ended September 30, 2004, the Company's compensation committee took several actions regarding the Company's stock option plan, including vesting out of the money options and significantly reducing the number of options to be issued as part of the Company's annual long term incentive (LTI) plan. Specifically, the committee voted to vest the unvested 2.1 million options which were out of the money with options prices greater than $22.33. The compensation committee considered a number of factors in making their decision, including the anticipated issuance and implementation of the revision to SFAS No. 123. By vesting all options which were out of the money, the expense under SFAS No. 123 is reflected only in the footnote disclosure, and therefore, the future expense to be recorded once the revised SFAS No. 123 is effective is reduced.

When the committee first began granting premium-priced options in 1993, the options had vesting periods of nine years and were granted one-fourth at market value, one-fourth at a 50% premium over market, and one-half at a 100% premium over market. In 1997, in order to make the plan more competitive, the committee changed the percentages so that one-half of all LTI grants were made at market, with one-fourth at a 50% premium over market, and with one-fourth at a 100% premium over market. In 1999, again to address the competitiveness of the plan, the committee changed the premium levels so that one-half of the LTI grants were made at market, with one-fourth being made at a 25% premium over market, and one-fourth at a 50% premium over market. Also in 1999, the Company changed the vesting period from nine to six years. The committee's intent in the original plan, as well as subsequent changes to the plan, is to design a plan that aligns the leaders' interests with stockholders' interests, as well as to motivate, retain and attract key leaders. As a result of the premium-priced options and long vesting periods inherent in the plan, a number of unvested options were well under water (including some with exercise prices at $62.06). The long vesting periods increase the amount of stock-based employee compensation expense to be recorded under SFAS 123R because, even though many of those premium-priced options were issued over four years ago, the Company would still incur expense for these options for two to three more years. To help mitigate the expense associated with these stock options, the committee determined that vesting these underwater options was appropriate. As noted above, the compensation committee also modified the LTI compensation plan such that the Company expects to issue fewer options beginning in fiscal 2006.

The revised SFAS No. 123 was issued in December 2004. The Company is evaluating the new standard and has not yet determined whether there will be any further changes to these plans as a result of implementation of the revised standard. Therefore, the Company is unable to predict the ultimate impact on its financials of expensing stock options as the new standard requires.

On October 22, 2004, the American Jobs Creation Act ("the AJCA") was signed into law. The AJCA includes a deduction of 85% of certain foreign earnings that are repatriated, as defined in the AJCA. The Company may elect to apply this provision to qualifying earnings repatriations in either the balance of fiscal 2005 or in fiscal 2006. The Company has started an evaluation of the effects of the repatriation provision; however, the Company does not expect to be able to complete this evaluation until after Congress or the Treasury Department provide additional clarifying language on key elements of the provision. The company expects to complete its evaluation of the effects of the repatriation provision within a reasonable period of time following the publication of the additional clarifying language. If the Company does decide to repatriate earnings under this provision, the impact to the company will be to increase tax expense for the period of repatriation by some amount. The range of possible amounts that the Company is considering for repatriation under this provision is between zero and $20 million. The related potential range of income tax is between zero and $3.5 million.

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. Alternatively, 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 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 changes in accounting pronouncements (including the proposed accounting pronouncement changes which will require expensing of stock options grants and other equity compensation awards) may occur and may impact these projections;
- 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 we may experience failures or breaches of our network and data security systems, leading to potential adverse publicity, negative customer reaction, or liability to third parties;
- 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 we will not successfully complete customer contract requirements on time or meet the service levels specified in the contracts, which may result in contract penalties or lost revenue;
- the possibility that we experience processing errors which result in credits to customers, re-performance of services or payment of damages to customers;
- 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 increase 10% during the next four quarters compared to 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 December 31, 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, Consodata in March and April, 2004, and ChinaLOOP in October 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, Poland and China. 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. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) In connection with the Company's acquisition of ChinaLOOP on October 25, 2004, the Company issued warrants to purchase 100,000 shares of the Company's common stock at a price of $15 on or after November 1, 20007. Exercise of the warrants is contingent on certain performance criteria of the acquired business. The warrants also provide the warrant holders with certain rights to additional shares if the price of Acxiom stock upon exercise of the warrant is less than $30 per share. The warrants expire October 24, 2014 and were exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) thereof.

(b) Not Applicable

(c) 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
10/1/04 -- 10/31/04	10,000	$ 23.63	10,000	$ 81,188,831
11/1/04 -- 11/31/04	-	-	-	81,188,831
12/1/04 -- 12/31/04	100,000	26.04	100,000	78,584,698
Total	110,000	$ 25.82	110,000	$ 78,584,698

The repurchases listed above were made pursuant to a repurchase program adopted by the Board of Directors on October 30, 2002. Since that time, the Board and the Company's lenders have approved increases in the maximum dollar amount which may be repurchased from $50 million to $200 million. The repurchase program has no designated expiration date.

Item 6. Exhibits

(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

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: February 7, 2005

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: February 7, 2005

By: /s/ 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: February 7, 2005

By: /s/ 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 December 31, 2005 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.

/s/ Charles D. Morgan
Charles D. Morgan
Company Leader
(principal executive officer)
February 7, 2005

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 December 31, 2005 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.

/s/ Jefferson D. Stalnaker
Jefferson D. Stalnaker
Company Financial Operations Leader
(principal financial and accounting officer)
February 7, 2005