ACXIOM CORP
Form 8-K
May 21, 2001

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

May 15, 2001
Date of Report (Date of earliest event reported)

Acxiom Corporation
(Exact name of registrant as specified in its charter)

Delaware	0-13163	71-05
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS E Identific

P.O. Box 8180, 1 Information Way, Little Rock, Arkansas	72203
(Address of principal executive offices)	(Zip

Registrant's telephone number, including area code: (501) 342-1

ITEM 5. OTHER EVENTS AND REGULATION FD DISCLOSURE

On May 15, 2001, Acxiom Corporation (the "Company") issued a press release announcing i quarter and fiscal 2001 and provided certain forward-looking information ("Press Release"). A co on Wednesday, May 16, 2001 wherein the Company's management provided information about the compan questions. The text of the Press Release, its attachments, a transcript of the conference call a attached as Exhibits to this report and are incorporated herein by reference.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits.

99(a) Press Release.

99(b) Transcript of May 16, 2001 Conference Call

99(c) Pro Forma Revenue by Segment

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has d
on its behalf by the undersigned hereunto duly authorized.

Acxiom Corporation

Date: May 18, 2001

/s/ Catherine L. Hughes

Catherine L. Hughes
Secretary and Corporate Counsel

For more information, contact
Robert S. Bloom
Company Financial Relations Leader
Acxiom Corporation
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ACXIOM(R)ANNOUNCES FOURTH QUARTER AND FISCAL YEAR RESULTS IN LINE WITH EXPECTATIO
Subscription revenue recognition policy adopted for AbiliTec(TM)

LITTLE ROCK, Ark--May 15, 2001--Acxiom(R)Corporation (Nasdaq: ACXM) today reported revenue an fourth quarter and for the full fiscal year ended March 31, 2001 that met expectations the Compa March 30, 2001. Acxiom also reported that effective April 1, 2001, it would begin recogniz revenue on a subscription basis, a change that company leaders say will yield many long-term bene

"We have changed the contract terms of AbiliTec in a manner that we believe will better su needs. These changes mean that we will now book all AbiliTec revenue on a monthly basis ov contract. We will continue to sell AbiliTec under long-term contracts with the software l front. This will help improve cash flow and make Acxiom's business performance easier to p Company Leader Charles Morgan said. "We have decided that in the current environment the right is to forego the big up-front revenue hits in favor of measured revenue over time. "

As projected in the Company's March 30, 2001, press release, Acxiom met its fourth quarter re forecasts before the effect of the announced SAB 101 restatement and the effects of certain wri before restating for SAB 101 and the non-recurring items were $250 million and earnings per s the quarter. For the full year, revenues before restating for SAB 101 and the non-recurring billion and earnings per share were $0.94.

Fiscal 2001 was a true breakout year for AbiliTec, with 37 contracts signed and $110 million in "AbiliTec is quickly becoming established as the industry standard for Customer Data Integrati "With our strong and growing customer base and our list of top-tier strategic alliance partners, that AbiliTec will continue to drive Acxiom's long-term success as users realize the CDI speed will make their customer relationship management programs succeed."

Fourth Quarter Financial Highlights:

Fourth quarter revenues, after SAB 101 adjustments, were $244 million and 16% greater than Q4 year, after adjusting the prior year for SAB 101 and for divested operations on a pro forma bas the impact of SAB 101 and the non-recurring write-offs in the fourth quarter, the Company $0.29 per share for the quarter.

AbiliTec revenues for Q4 exceeded $35 million. During Q4 the Company's strategic alliance AbiliTec-related contracts, and PricewaterhouseCoopers was added as a new alliance partner.

Segment revenues for the quarter grew 22% for the Services Segment, 154% for the Data and Segment and were up slightly for the I.T. Management Segment versus the prior year, adjuste divested operations.

As previously announced, the Company took a $34.6 million charge in the fourth quarter related Ward bankruptcy proceedings. The future cash payments associated with this charge are approximately $3 million. Also, the Company wrote off $12.7 million in investments (princ Bigfoot) and $5.1 million in other non-recurring charges.

Cash flow was strong for the quarter, with $62.4 million generated from operating cash flows an free cash flows. The Company reduced DSO's to 70 days at March 31 from 79 days reported for Dec reduced its line of credit by $26 million from the previous quarter end.

"While the quarter met our revised expectations, we are taking significant expense savings act that we are able to achieve our future projected results in a difficult economy," said Rodger Operations Leader. "These expense actions include mandatory and voluntary pay reductions, capital expenditures, advertising, marketing and computer related spending, and reduced travel costs, among other items," continued Kline. "We expect to lower our previously planned spending over $70 million."

Fiscal 2001 Financial Highlights:

- Revenue for the year surpassed $1 billion for the first time in Company history and re surpassed $110 million.

- Revenues of $1.01 billion increased 27% compared to the prior year, as adjusted for SA operations.

- Diluted earnings per share, after restating fiscal 2001 for SAB 101 and rec non-recurring write-offs, but prior to the cumulative effect of implementing SAB 1 financial statements were $0.47. After the cumulative effect of SAB 101 on prio earnings per share were $0.07.

- Segment revenues for the year grew 29% for the Services segment, 141% for the Data and segment and 21% for the I.T. Management segment compared to the prior year, adjuste divested operations.

- A number of blue-chip corporations licensed AbiliTec, including CitiGroup, GE Capital, One, American Express, USA Networks, JP Morgan Chase, Mercedes- Benz USA, Nissan N Meredith Corporation and BMC Software.

- Strong progress was made with business partners' adoption of AbiliTec as their Custome standard. Channel partner agreements were completed with Oracle, Siebel, IBM, Com Compaq, Lockheed Martin, and AZ Bertelsmann (Germany), The Polk Co., USADATA, E.piphany,

- Internationally, GE Capital has signed on as the first AbiliTec UK customer. The AbiliTec Australia and has signed several major Australian companies to beta test th Germany the Company is continuing to work with AZ Bertelsmann to roll out AbiliTec.

- In December, Fortune magazine named Acxiom as one of the "100 Best Companies to Wor This marks the third time in the last four years that Acxiom has been included on list. Earlier in the year, Acxiom was named by Computerworld magazine as one of Places to Work in Information Technology."

- Company Leader Charles Morgan, as the newly elected Chairman of the Direct Marketing A continues to lead the DMA toward endorsing more proactive consumer privacy poli responsible, appropriate uses of consumer information.

"We have made tremendous progress towards achieving our goal of AbiliTec becoming the de f Customer Data Integration," commented Morgan. "Our customers and partners are recognizing the and we have built a robust infrastructure to support this sizable opportunity. Despite the situation, we remain committed to our strategy more than ever. And we have taken signifi measures to better manage expenses through these more difficult times. It is important to rem tough times, companies must still grow their revenue base, satisfy their customers and control c a tool that can add tremendous value in each of these areas."

The Company will hold a conference call at 9:00 a.m. CDT on Wednesday, May 16, 2001 to discuss results and the outlook. We invite you to listen to the call, which will be broadcast via www.acxiom.com.

Looking Forward
The opportunities for AbiliTec continue to grow as companies implement their customer relati (CRM) strategies. These CRM efforts are putting focus on the need to aggregate customer info enterprise, with the ability to do so in real time. Acxiom's AbiliTec software provides t Integration that can accurately and quickly aggregate all records about an individual or a b Data Integration is the foundational data management process for every use of CRM.

The financial projections stated today are based on current expectations. It is anticipated economic situation may slightly improve through the fiscal year, and our guidance is struct These projections are forward looking and actual results may differ materially. These projecti the potential impact of any mergers, acquisitions, divestitures or other business combina completed after March 31, 2001.

Our outlook is updated as follows:

So that fiscal 2002 financial performance can be properly compared to the previous year's Company has provided a supplementary schedule to this news release that reflects the fiscal 2001 presented on a quarterly basis for results as adjusted for non-recurring unusual gains and loss the year, stated on a pro forma basis as if SAB 101 was adopted effective April 2000 and sta basis as if AbiliTec revenues were recognized on a subscription basis effective April 2000.

The Company expects that revenue for fiscal 2002 will exceed $1 billion. This expectat implementation of SAB 101 and a subscription model for AbiliTec revenue recognition beginni Fiscal 2002 projected revenue represents approximately a 10% increase over the fiscal 2001 pr herein and without the benefit of subscription revenues which would have rolled into fisca 2001. The Company expects that fiscal 2002 earnings per share will be approximately $.60.

With a subscription model we expect AbiliTec revenue to start low and grow as new contracts Company expects AbiliTec revenue for fiscal 2002 in the range of $20 million to $25 million.

For the first quarter ended June 30, 2001, the Company expects revenue in the range of $22 million and earnings per share of $.04 to $.06. Historically, the first quarter is the lo earnings quarter of the year.

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

The Company expects that the effective tax rate for fiscal 2002 and 2003 will be 38.5%.

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

About Acxiom Corp.
Acxiom Corporation, a global leader in Customer Data Integration (CDI) and customer recognitio enables businesses to develop and deepen customer relationships by creating a single, accur customers across the enterprise. Acxiom achieves this by providing Customer Data Integration s management services, and premier customer data content through its AbiliTecTM, Solvitur(R)and while also offering a broad range of information technology outsourcing services. Founded

(Nasdaq: ACXM) is based in Little Rock, Arkansas, with locations throughout the United States a in the United Kingdom, France, Spain and Australia. For more information, please visit www.acxio

Acxiom, InfoBase and Solvitur are registered trademarks of Acxiom, RTC, Inc. AbiliTec is a t Corporation.

This press release contains forward-looking statements that are subject to certain risks and u could cause actual results to differ materially; such statements include but are not necessari following: 1) that sales of AbiliTec will continue to be strong; 2) that there will cont customer demand for AbiliTec; 3) that AbiliTec will continue to drive the long term success o that the Company is quickly accomplishing its goal of AbiliTec becoming the de facto standard Integration; 5) that AbiliTec can provide tremendous value to companies that seek to grow customers and control costs; 6) that the adoption of subscription revenue recognition for Abil the right choice for the Company and such adoption will have the expected impact and effect including, but not limited to, many long term benefits, a better matching of cash flow to earni the business of Acxiom to be more predictable and transparent; 7) that the range of the writ related to Montgomery Wards and other situations will be within the indicated ranges; 8) tha the investments in certain business partners will be within the indicated ranges; 9) that earnings projections will be within the indicated ranges; 10) that the adoption of SAB indicated impact; 11) that the Company will be able to effectively continue its expense reductio the indicated ranges; 12) that the Company's cash flow will be within the indicated range; 13) revenue, earnings per share, cash flow, tax rate, depreciation, amortization, capital expen development and the indicated growth rates for future periods will be within the indicated amou that the economic environment and business conditions will remain difficult to predict. T important factors, among others, that could cause actual results to differ materially from thes statements: with regard to all statements regarding AbiliTec: the complexity and uncertai development of new software and high technologies; the difficulties associated with develo products and AbiliTec Enabled Services; the loss of market share through competition or the a or other Company offerings on a less rapid basis than expected; changes in the length of s introduction of competent, competitive products or technologies by other companies; changes in t business information industries and markets; the Company's ability to protect proprietary technology or to obtain necessary licenses on commercially reasonable terms; the impact of chan accounting, regulatory and consumer environments in the geographies in which AbiliTec will regard to the statements that generally relate to the business of the Company: all of the above that the financial numbers listed herein are estimates and ranges that are based on the Compan of current facts and circumstances; the possibility that certain contracts may not be closed that economic or other conditions might lead to a reduction in demand for the Company's prod the possibility that the current economic slowdown may worsen and/or persist for an unpredictabl the possibility that significant customers may experience extreme, severe economic difficul ability to attract and retain qualified technical and leadership associates and the possible to other organizations; the ability to properly motivate the sales force and other associates o ability to achieve cost reductions and avoid unanticipated costs; changes in the legisla regulatory and consumer environments affecting the Company's business including but not limi legislation, regulations and customs relating to the Company's ability to collect, manage, data; data suppliers might withdraw data from the Company, leading to the Company's inability products and services; short-term contracts affect the predictability of the Company's revenu loss of data center capacity or interruption of telecommunication links; postal rate increases reduced volumes of business; customers that may cancel or modify their agreements with successful integration of any acquired businesses and other competitive factors. With respect t products or services outside the Company's primary base of operations in the U.S.: all of the the difficulty of doing business in numerous sovereign jurisdictions due to differences in regulations. Other factors are detailed from time to time in the Company's periodic reports statements filed with the United States Securities and Exchange Commission. Acxiom believe product and technology offerings, facilities, associates and competitive and financial resou business success, but future revenues, costs, margins and profits are all influenced by a including those discussed above, all of which are inherently difficult to forecast. Acxi obligation to update the information contained in this press release or any other forward-looking

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ACXIOM CORPORATION AND SUBSIDIARIES

PRO FORMA STATEMENTS OF EARNINGS
(Unaudited)
(Dollars in thousands, except per share amounts)

	For the Fiscal Year March 3		
	Q1	Q2	Q3
Revenue	236,948	224,922	244,416
Operating costs and expenses:			
Salaries and benefits	87,445	93,018	88,102
Computer, communications and other	41,670	48,642	47,729
Data costs	26,080	27,917	28,045
Other operating costs and expenses	53,252	48,505	54,537
Total operating costs and expenses	208,447	218,082	218,413
Income from operations	28,501	6,840	26,003
Other income (expense):			
Interest expense	(5,467)	(6,025)	(6,954)
Other, net	2,003	(931)	1,153
	(3,464)	(6,956)	(5,801)
Earnings before income taxes	25,037	(116)	20,202
Income taxes	9,638	(44)	7,781
Net earnings	15,399	(72)	12,421
Diluted EPS	0.17	0.00	0.13
Net AbiliTec Investment	11,153	11,010	16,202
Diluted EPS before Net AbiliTec Investment	0.24	0.08	0.23

Note: This schedule presents quarterly results for the fiscal year ended March 31, 200

1. A $9.3 million in net gains, losses and non recurring items recorded in the a gain on the sale of Dataquick, a loss on the sale of CIMS, a writedown of and other accruals and writedowns. In addition the pro forma excludes the recorded in the fourth quarter reflecting the Montgomery Wards charge toget miscellaneous writedowns.

2. The impact of SAB 101.
3. The impact of recording AbiliTec revenue an the subscription basis beginning

Note: The AbiliTec investment reflects the expenses associated with AbiliTec incurred

Note: Had Acxiom been on a subscription basis for fiscal 2001, the backlog generated f

AbiliTec sales would have resulted in an additional $33.6 million in revenue and
fiscal 2002.

ACXIOM

Moderator: Rodger Kline
May 16, 2001
8:00 a.m. MT

Operator:
Rodger Kline: Good morning. With us this morning are Charles Morgan, Bob Bloom, Caroline Roo other Acxiom leaders. As you know, we released our fourth quarter and full-year financial result close yesterday, and the results were within the range of the guidance that we had provided in ou release.

This morning we hope to present a simple, clear picture of the new Acxiom, and our new o deliver consistent growth with outstanding cash flow. Bob will talk more about our financial res now I will turn it over to Charles Morgan, our company leader.

Charles Morgan: Thank you very much, Rodger. Good morning, and I appreciate you all being with and fiscal year 2001 were certainly not business as usual times at Acxiom, as all of you are well

The fiscal year was filled with ups and downs. We made great progress with AbiliTec in of general availability. We signed up many blue chip customers, and our strategic partners are m of our AbiliTec technology, also. We built infrastructure. We've done the branding work to assu long-term success. And, of course, there are a number of other highlights I'll go over throughou

Q4 and fiscal 2001 represented the first earnings miss in our business in almost a decad assure you that we are making changes in our business, starting with the way that we report reven performance is going to be more predictable and our business more easily understood.

In addition, we're continuing to take actions to deal with this current economic climate the pay cuts that we already talked about and other expense cuts, as well as focusing on the sale improve our revenue picture. And I can tell you, you have our commitment that we're going to co very hard on these issues in the future.

Today, I'm going to talk primarily about the decisions we've made and the actions we're finish, I hope that you have a better understanding of the reasons behind some of these decisions results that we expect to get.

On March 30 we said that we were generally going to recognize AbiliTec revenue and subsc [?] As fees were due. At that point, we thought we would reserve up-front revenue recognition fo where the payment was due at the beginning of the contract term.

Well, yesterday, we announced that beginning with the first quarter of fiscal 2002, in o right now, all future AbiliTec revenue will be recognized ratably [?].

Now, I'm going to repeat this for emphasis. We have decided to change AbiliTec contract all, and I repeat, all future AbiliTec revenue for this quarter and beyond will be booked on a su over the life of the contract.

Last year, the most profound changes occurred in our business in its 30-year history. D months, our AbiliTec revenue offset a lot of AbiliTec investment related to products, people, edu training, infrastructure. Switching to the subscription model, of course, reduces this offset.

demonstrated success of AbiliTec for our customers and partners shows us that dramatically cuttin
investment would be a very imprudent decision.

So it's apparent that we must aggressively manage the expense side of our business. We
expense-control initiative already mentioned that will have a significant impact. It covers payr
capital expenditures, travel, entertainment, all supplies -- hey, even cell phone policies.

In our current plan, and we've already announced this, we expect to spend 70 million les
than we had in our original budget for the fiscal year. A big percentage of that reduction comes
savings, and we're going to continue, as I've said, to invest in AbiliTec and AbiliTec-related pr
slightly reduce levels from last year.

We will, however, cut more in the areas of advertising, but not the core development. Y
that most of our U.S.-based associates have had their base pay cut by 5%. And that was offset wi
options. We also gave them a chance to get even more options by reducing the pay up to 20%.

As we previously reported, 38% of them took us up on the extra cut. As a matter of fact
the people who didn't have to take a pay cut at all, that was the people that made less than $25,
some of our overseas locations, 20% of them took a voluntary cut.

Well, we believe that expense managements have attitude [?], and we certainly seem to ha
motivated. I have never gotten better response from our associates. I've had literally hundreds
coming in to me and virtually all of them positive. I actually know of no person that has left A
result of these pay cuts.

Effective payroll cost management is a key item, and the actions that we have already ta
our payroll base run rate by over 7%. Now we're executing plans to keep our payroll costs low fo
year through a variety of methods.

We are redeploying associates from lower-return endeavors to higher-return assignments.
improved the efficiency of many of our processes so fewer people are required. As a matter of fa
very formal process for reviewing each and every customer of Acxiom, to be sure that we are achie
efficiency and return from that relationship from an Acxiom standpoint.

Also, we're using our new global AbiliTec product to completely redesign our data integr
for global customers so we have one system. Where we've added different technology for customers
country, soon we're going to have one system. It's a standard and repeatable that requires no sp
and modification to service customers in 40 different countries, and it's going to be broadly ava
year-end. In fact, it will have live customers up by the end of this quarter. It's just one exa
of things we're going to improve our overall effectiveness in delivering our value to our custome

Of course, the revenue side of the business is an equally critical part of the plan. We
for strategies to tap new sources of revenue. For instance, cross-selling of existing customers.
examples of that, and we're examining how we write our contracts, and be sure that we're getting
our customers that we deserve. And we continue to improve our products and services that we sell

Today in Little Rock, we're holding our annual sales rally, where we're focused on how t
our products and services and how to sell them more effectively and faster.

We know that we're in a different economic climate, and we clearly understand that the v
delivers this year is more critical right now to many clients than this long-term CRM [sp] Soluti
Our message is now matching the times, and we're fully poised to help our clients realize the sho
as the long-term success from their relationship with Acxiom.

The goal for everyone at Acxiom is to build a subscription revenue base this year and co
broaden AbiliTec description [subscription?]. We've taken a tremendous amount of pressure off th
revenue performance and put a lot of pressure on expense-management. That focus, along with the
recognition for AbiliTec actually makes it easier for us, and I think you -- as a matter of fact
get a clear, straightforward look at our business performance, particularly when analyzing busine
patterns.

And of course, as everybody knows who follows software companies, it also takes away som our customers, because they've traditionally known the importance of Acxiom of signing these quar We're convinced that we have made the right decision for Acxiom. We're recognizing all AbiliTec subscription model, and when we do that, starting now, it's going to foster better long-term busi and it's also going to drastically reduce -- as I just mentioned, this end-of-quarter deal pressu performance much easier to track, measure and analyze, both inside and outside. And another clea it's going to improve cash flows relative to earnings performance.

As a matter of fact, bringing AbiliTec revenue recognition in line with [unintelligible] revenue now that we've adopted SAB 101 [sp]. In the short-term, of course, going to ratable Abil recognition means you're seeing a 2002 fiscal year EPS projection you're not used to seeing from cents. We're confident of that number and are assuming only a very slight improvement in the eco end of this fiscal year.

In addition to the impact of the economy, our reported numbers are, of course, being imp 101. We see 2002 as a building year in which the economic climate gives us an opportunity to foc that will help us in subsequent years to build margin.

You've seen, also, our 2003 projections. We expect AbiliTec and Acxiom to continue a go curve. The very positive long-term impact of the subscription model is evidenced by our footnote forma to indicate the earnings in this year, or in 2002 would be 20 cents higher, or 80 cents, in cents if we had adopted the subscription model last year.

That compounding, of course, carries forward in 2003 and beyond. AbiliTec, which is dri compounding, is still the biggest news around Acxiom. It's -- continues to be more and more -- c as more and more customers adopt it, and our strategic partners continue to imbed in the CRM solu selling.

The leaders of Acxiom remain very excited about the way Acxiom AbiliTec's story is being about who's doing the receiving. AbiliTec has taken Acxiom into the boardrooms and also some top executives who really didn't have a reason to know anything about Acxiom when we only did databas work for them.

I want to share a little bit about some of the recent results of these efforts. As you had a long relationship with Allstate, but it settled into a status quo situation where we contin data for their underwriting and policy renewal efforts, but little more.

Well, Allstate has recently engaged us to build and maintain an enterprise prospect data manage their enterprise customer relationship management issues. We've also completed an enterpr data license with Allstate, and just yesterday, the CEO of another Allstate partner called me to CIO of Allstate to talk about more opportunities with Allstate.

We've recently completed a very successful marketing services program at HSBC [sp] That' of incremental revenue dollars to their bottom line, and this has had nothing to do with credit c acquisition. These were cross-sale and up-sale opportunities in their current customer base, usi consolidate all of the customer relationships and identify the best opportunities to grow these r

At J.P. Morgan Chase, we just finished -- has just finished its first year of using Abil acquisition environment, and they have reported to us that their acquisition rates and response r recent-all-time high in their Q4.

We've closed a database contract with Western Union, which is a true global customer acq campaign management system, using AbiliTec to help Western Union increase the persistence of use wire services worldwide and to better identify attrition situations.

And we're finalizing a new solution and leveraging AbiliTec to provide an end-to-end mar that links auto manufacturers to our dealer networks. Quite frankly, nobody's ever been able to and even though it'll be July before we get it fully rolled out, one of the top-ten largest auto groups in the country is already verbally committed to purchase it, and I think we're also gettin positive reaction from both the manufacture and dealing sides of the equation. This solution clo it has never been closed before, again, thanks to AbiliTec.

First USA recently signed a 3-year extension to our prospect database agreement, a 7-fig revenue stream that will be significant for us and provides another example of the long-term natu customers' commitment to Acxiom. We now have no fewer than six different business segments relat Bank One, First USA, including a total AbiliTec-enabled solution we're providing to the retail ba for daily updating and tracking.

In the last year, we've had similar bonding and deepening in our relationship with Ameri began using AbiliTec to manage information at one of their databases, and like many other AbiliTe soon came back to us in side deals to use AbiliTec on additional database in different parts of t

And another trend and annex [?] That is playing out elsewhere is the move from that peri processing to real-time decision support, again, should I mention, thanks to AbiliTec.

And that is simply a representative sampling of what is going on across Acxiom. AbiliTe more doors and helping us to accelerate the transformation of Acxiom from vendor to strategic par actually have a number of other -- at least two other major deals that we are not able to mentio name that are in process of being implemented right now.

So we're really beginning to get leverage for the success of AbiliTec, and it's helping create more value for their customers. And the database deals that we've completed with Allstate Western Union, I think show that our core services business continues to be very strong even in t economic times.

AbiliTec has helped Acxiom to find the CDI space in the marketplace and dominate, and th Acxiom to deliver more value than ever in making CRF happen. We've had a very promising meeting senior leaders, as well as Seeble [sp] Senior leaders, as well as senior leader from IBM, and wo AbiliTec into all their product lines continues apace.

As we've mentioned in our news release, we don't foresee a quick turnaround in the econo recovery for our business in fiscal year 2002. Our FY 2002 reflects that, and our 2003 outlook r can see, nice growth, but does not even then see a dramatic improvement in economy.

But I'm confident that with the growing AbiliTec momentum, our solid services, IT manage data businesses, along with the stabilizing influence that ratable revenue recognition will deliv building a very strong and stable foundation for Acxiom's long-term success.

Thank you very much, and thank you specifically for your continued interest in Acxiom, a turn it over to Bob Bloom.

Robert Bloom: Thank you, Charles. Before I get started, I'd like to mention at this time th conference call contains forward-looking statements that involve risk and uncertainties, includin about future growth. Actual results could differ based upon market conditions and other risk det to time in the company's SEC filings. We've included a comprehensive statement concerning the fo nature of this disclosure in our press release. So that each of you have access to that press re incorporated that statement in its entirety without reading it to you at this time.

Man: Go ahead, Bob, read it.

R. Bloom: First, I'd like to point out that in addition to the usual financial statement have included with the press release, we have also enclosed a pro forma income statement which ho useful in establishing a baseline upon which fiscal '02 can be measured.

Let me explain the pro forma. This statement has adjusted our as-reported fiscal 2001 i for three items. First, this statement excludes nonrecurring adjustments booked during the year, Montgomery Wards [I think it's actually "Montgomery Ward," but this is what he said] charge. The at the bottom of the pro forma which provides details of these nonrecurring adjustments.

Second, SAB 101 has been reflected for each of the quarters. SAB 101 was adopted in thi quarter, and the impact of the prior quarter numbers has been made here.

Third, the pro forma has restated fiscal 2001 for AbiliTec revenue recognized on a subsc if it had been adopted April 1, 2000. And at the bottom of this schedule is a caption labelled " investment." that line reflects the tax expense charged in income in 2001 related to AbiliTec. A last line is diluted earnings per share before the AbiliTec investment.

Also, please note the footnote, but in particular the last footnote, which, as Charles m indicates that the backlog that would have been recorded in fiscal 2002 had AbiliTec been account subscription method as of April 2000 would have added 20 cents to our guidance for fiscal 2002.

Looking at the fourth quarter results, revenue for the quarter of 243.7 million compared for the quarter reflects a 7% decrease. Adjusting the fourth quarter for fiscal 2000 for SAB 101 basis, results in the current year increased 3% over the prior year.

As we reported all year, the prior year includes revenue from operations disposed of sub prior year. Adjusting the prior year for these dispositions yields a 16% increase in revenue for year versus the prior year.

Looking at the revenue by segment, services revenue of 176.9 million for the quarter inc the prior year, but after normalizing the prior year fourth quarter for SAB 101 and disposition s grew 22% from the prior year.

Data and software products revenue of 71.1 million for the quarter increased 30% for the increased 150% after allowing for SAB 101 in dispositions to adjust the prior year results.

On a post-SAB 101 basis, info-based revenue increased 14% over the prior year. IT manag 52.6 million for the quarter decreased 6% for the prior year, but was slightly up compared to the after adjusting for SAB 101 and dispositions.

The current quarter was impacted somewhat from the loss of revenues related to the wind- Montgomery Wards business. For the fiscal year, revenue of 1 billion increased 5% over the 965 m in the prior year. Again, adjusting the prior year for SAB 101 results in the prior year increas over the prior year, and further adjusting the year for dispositions yields a 27% year-over-year

On a segment basis, fiscal year revenue for the -- fiscal full-year revenue for the serv increased 29%. Data and software products increased 140%, and IT management segment increased 21 adjusting the prior year for the items noted earlier.

Moving to expenses, salaries and benefits of 94.9 million for the quarter increased 5% f year, primarily reflecting higher head count and merit increases partially offset by the impact o and a lower incentive accrual in the prior year.

Computer and other commitment expenses of 47.9 million for the quarter increased 12% fro year, reflecting the impact of capital and software expenditures in the current year to support t business.

Data costs of 30 million for the quarter decreased 8% from the prior year, and other ope expenses of 55.2 million increases 14% over the prior year. In addition, the company incurred 38 special charges taken in the quarter. These charges relate primarily to the write-downs and expe with the Montgomery Wards business, and Rodger will comment on those briefly later.

Interest expense for the quarter was higher than the prior year as a result of higher de other expense was 13.4 million higher in the current quarter, primarily as a result of a 12.7 mil taken to write down investments, most notably, our investment in the Big Foot [sp] Operation.

The income tax rate of 38 1/2% for the quarter was higher than the 37 1/2% in the year e After reversing the impact of the nonrecurring charges in SAB 101, EPS was 10 cents for the quart our March 30 guidance.

Basic outstanding shares were 89.3 million and 86.9 million for the quarter this year an respectively. Diluted outstanding shares were 89.3 million and 96.7 million for the quarter this year respectively. And for the full year, basic shares were 88.6 million and 85.1 million for th year respectively. And finally, diluted shares for the full year were 92.5 million and 94.5 mill respectively.

Turning to the balance sheet, and cash flow date [?] Receivables of 196 million were dow

March a year ago and down over 30 million from December. Date sales outstanding at March was 70 compares favorably to the December DSO of 79 days.

During the quarter the company generated 62.4 million in operating cash flow, and 31.4 m cash flow.

Man: Bob, why don't you repeat that?

R. Bloom: Debt to capital at March 31 was 37%, which compares to 35% and 33% at December respectively. It should be noted that included in the debt is a convertible debenture of $115 mi this facility would have converted to equity, debt to capital at March 31 is 26%. At March 31, t $166 million available on its revolving line of credit.

I'd also point out that the company is updating the forward-looking guidance as we provi release. I'll now turn it over to Rodger Kline for more comments.

R. Kline: Thanks, Bob. Charles and Bob have presented extensive information about our r quarter and our changes for the future, and I hope you will agree with us that these changes will achieve our goals for fiscal 2002 and beyond. Bob and Charles have covered most of the informati present this morning. I will give you a brief update on a few other matters, and then we will ta questions.

In the quarter as Bob mentioned, we wrote out 34.6 million associated with the Montgomer bankruptcy. This write-off was in line with the guidance from the March 30 press release, and as most of these write-offs relate to non-cash items. We have now essentially completed the wind-do Montgomery Wards data center operation.

The second update item relates to the asset securitization facility that we have been wo past several months. We have decided to defer the completion of this facility indefinitely due t reasons.

First with the changes we announced today, we no longer have a strong need for this faci our new vendor-financing arrangement with IBM Global finance gives our customers a very good vehi financing AbiliTec server equipment and the third-party software portions of our data warehousing Frankly, we now have no reason to complete this facility at this time.

The third item I want to address is the write-down of approximately 13 million in invest completed this write-down exactly as we announced in our March 30 press release and conference ca repeat the details here today.

I would also like to briefly address the equity forwards which we discussed in our April call. The equity forward was originally put in place as a vehicle associated with our December 1 stock buy-back program. This agreement has now been modified with a settlement date of December have made a prepayment to reduce the [unintelligible] Amount by $20 million.

The agreement now allows Acxiom to purchase approximately 3.7 million shares at approxim share and retire those shares, reducing dilution, or to chose other forms of settlement. This co in force, although it has been modified as a result of mandated accounting changes in October of

In conclusion, the changes we have made with the adoption of SAB 101 and subscription re recognition for AbiliTec have put our business on a solid foundation for the future.

The business products and solutions Acxiom has to offer its customer has never been stro competitive position in the marketplace has never been stronger. Obviously, we can't predict wha may do, so we have adopted the most conservative accounting available and have focused very stron controls and cost management.

With these new cost controls in place, we hope to be able to manage the business to prod and predictable growth in revenue and earnings.

That completes our prepared remarks, and we'll now open the floor for a brief question a period.

Operator: Ladies and gentlemen, if you do have a question, you will need to press the 1 f on your push-button phone. You will hear a 3-tone prompt acknowledging your request. If your qu answered and you do wish to withdraw your polling request, you may do so by pressing the 1 follow you are using a speaker phone, please pick up your handset before entering your request. One mom before the first question.

The first question will come from Michael Russell from Morgan Stanley. Please go ahead question.

Michael Russel: Thank you. I was wondering if you could give us a little insight into how Abili been spread out on a quarterly basis in the restated year, and also just maybe some details along the revenue as they are restated for the quarters of last year.

Man Yeah, Mike, just give me a second to pull the schedule out --

M. Russel: Maybe just as you do that, I'm trying to understand the 20-25 million that you next year's AbiliTec revenues. Is that including -- just kind of on a restated basis, or is tha forecast of additional contracts to be signed?

Man: That is exclusively -- well not exclusively, but primarily additional contracts to be s -- look at the subscription model, and assuming that -- one way to estimate that is if you assume 3-year contracts were signed during the fiscal year spread evenly over the 2002 fiscal year, then subscription model would yield about 25 million in revenue recognition with that assumption. So those numbers.

Man: Yeah, Mike, let me give you this information, see if this is what you're looking for. A AbiliTec reported revenues under the up-front license recognition that we gave for fiscal '01, th model would have reduced by quarter revenue $3 million in Q1, $39 million in Q2, $18 million in Q million in Q4. It should come to about $84 million for the full year, would have come out of the if we were to recognize it on a subscription model.

M. Russel: Okay. And then most of the changes occurred second, third and fourth quarter mostly out of the data products area, or could you give us an idea of the breakdown? It sounds l from data products; i.e., AbiliTec, but were there other parts of data products and IT managemen to reduce? Do you have those kind of a similar restated basis?

Man: Yeah. There's the SAB 101 adjustment that impacted data dramatically. Let me just giv numbers, and what we planned to do subsequent to this call is to build a pro forma by segment, an making this schedule, so that should be available in a day or two.

But let me give the total impact from the SAB 101 change. The reduction of revenue asso 101 was about $42 million. That -- decrease revenue of $6 million in Q1, $12 million in Q2, $17 and $7 million in Q4, it should come to about $42 million.

M. Russel: And that's all in data.

Man: Substantially all in data, but there were other impacts in our services business as the merger -- migration fees associated with outsourcing and designabilities [?] Associated with serv you'll see that when we import this new schedule by segment. I can only give you the totals toda

M. Russel: Understood. And then just one final detail, just trying to understand the shar you're using in pro forma numbers and in your guidance.

Man: Yes. The guidance per share numbers -- I tell you what. Why don't we go to the ne then I'll report back to this in a second.

M. Russel: Thank you.

Operator: The next question will come from Fred Searby from J.P. Morgan. Please go ahea

Fred Searby: Good morning, gentlemen. I have a couple quick questions. First, Charles, y last conference call about a number of big-ticket contracts being pulled at the last minute at th quarter, and that resulting in a shortfall. I wondered whether -- is the assumption now that goi those have been mothballed or shelved and those are not baked into your forecast? Is there some can you give us on update on that?

C. Morgan: Let me kind of give you a sense of what's going on. If we look at the busines segment, in some segments these mothballed or pulled deals have come to pass in this quarter. Yo Union is one we've announced, for example. We have HSBC and some other deals that were actually the end of last quarter, but have been signed subsequently. So we've actually had a couple of pr GE Capital [sp] In the U.K. We had it all forecast in the last quarter, and it came in this quar

So we've had in one segment, seasonal services, a general loosening. But as you know, t services guys that are dealing with the consumers are really not hurting; they just got scared of just said, well, we're just going to wait and see.

Now, other segments like high-tech and the telecom businesses are still hurting, and the hold and wait-and-see mode. Deals that we had with some of the big shippers and others are also

The financial services segment is -- has broken free, and we've seen a number of these d happen. And I've talked to leadership who are managing those segments of our business, and they' optimistic right now.

The guys in the high-tech segment are still saying they've got kind of a wait-and-see at stuff. So if the economy does turn around, clearly there is some significant upside in all segme primarily outside of financial services, I think they're beginning to free up a little bit.

Man: Fred, let me just interrupt you in case you have another question. I want to get back The diluted shares on the pro forma are, by quarter: Q1 is 97.5 million shares; Q2, 92.6; Q3, 99 and full year, 92.5.

The reason it's a little hard to get at is the way the antidilutive impact of the Mansba old Mansbay convertibles, working on the earnings per share number, you'd have to exclude it if i antidilutive. So in Q2 and Q4, you actually have to exclude the impact of the convertibles. So are a little hard to get at. But those are the numbers that we've used, and if anybody wants to that, why don't you call me after the call.

C. Morgan: And I should also comment that it is not a total accident that we're having our sales meeting today so that we can, in fact, talk about the subscription model that will dramatic sales process and virtually all of our customers.

So we've scheduled this enterprise-wide sales meeting to coincide with this announcement been doing a lot of work internally on bringing that message to the sales force, so they are in t yesterday afternoon and today, of understanding how their sales process is going to be modified w subscription model. Other questions?

F. Searby: One quick question, Charles. When I look at the guidance you've given us for quarter ending June 30, my question is, it looks like it's a pretty strong revenue number, but th looks fairly low. And I guess baked into that or incorporated is some fairly substantial margin relative particularly to where you've been historically, if you could just shed some light on tha finally if you could -- my understanding is there's been no repricing of options at all. If you

C. Morgan: No, there's been no repricing.

R. Bloom: I think, Fred -- it's Bob Bloom -- I think what I would point out is that the actually -- our June 30 quarter tends to be our weakest quarter seasonally anyway. But I would s issue is the revenue line, not the expense line, because we've taken so many expense actions alre mentioned as part of our $70 million effort including the pay cuts, which is already impacting.

It's just as we've talked about. Our fixed cost level in our business is [unintelligibl revenue quarter tends to be lower in terms of profit. I think what you see also is the impact of subscription model, and in particular the AbiliTec impact on the revenue line, which is -- opera software, with very, very high margins now being recognized on a subscription model. And the sam licenses beings recognized on a subscription model. The huge implication in that margin being fl the subscription model [?].

So I don't -- it's not really an expense issue. It's really just a mix of business comb really the most dramatic impact is this subscription model.

F. Searby: Okay.

C. Morgan: Can we take somebody else's questions if you don't mind, please?

Operator: The next question will come from Thatcher Thompson from Merrill Lynch. Pleas

Thatcher Thompson: Morning, guys.

Man: Morning.

Man: Hey, Thatcher.

T. Thompson: Just so I'm clear, now, when you sell an AbiliTec license, you'll sell a 3-year is due up front, but the revenue comes in over the next three years?

Man: That is our standard way that we're planning to sell AbiliTec, exactly right.

T. Thompson: Okay. So your projections of 20-25 million in subscription revenue in this ne is based on 150 million in contracts with an average 3-year period spread evenly, and kind of a m convention?

Man: Correct.

Man: Right.

T. Thompson Okay --

Man: Now, obviously they'll be some 1-year contracts and then they'll be probably some longe contracts in the mix. But that's a reasonable assumption for an average.

T. Thompson: Okay. So that cash should be paid right up front. All things equal, we'd ex deferred revenue balance at the end of the next fiscal year.

C. Morgan: Well, Thatcher, you gotta be careful of that, because what we're doing is -- model, we're really offering discounts if they pay up front. They don't have to pay up front. S opening up that flexibility. We don't yet know what that mix is going to be. I think you would assume that a significant portion will still pay up front. But you know, maybe as much as half n want to go on the monthly route and pay a higher rate.

T. Thompson: Okay. Well, I guess my question is, you provided some cash flow from operati the release.

Man: Right.

T. Thompson: And you said it should be better than 150 million. But if we're projecting 60 shares at 60 million in net income, plus 120 million in depreciation and amortization, plus whate of AbiliTec customers pay up front, it seems like an awful lot better of 150 million in cash flow

Man: Well, we tried to be conservative in that, Thatcher, extremely conservative. Hopefull we're -- we just opened up this new cash convention for AbiliTec just a couple months ago, so we' figure out how this will play out in the marketplace. So we're trying not to lead with our chin flow. We should -- again, hopefully that's a very conservative cash flow estimate.

C. Morgan: I agree with you, and I've looked at those models. And you know, as Bob, Jack others have put them together, both on the business [unintelligible] And outperformance of those perform at -- Caroline Rook has been shepherding all of this, and we are trying to be extreme to side without dramatically misstating. But in all cases, I think we're leaning towards the conser our forecasting.

T. Thompson: Okay. And one last question. We're halfway into Q1. Have you been selling c
April 1st under the subscription method?

Man: No. It's announced today.

T. Thompson: So, anything sold in the last 45 days is under the license method?

Man: No, no, no. That's in April 1, we'll recognize it on a subscription basis.

Man: We're modifying all contracts that, you know, are in process right now. We've had an i
to go forward with that.

T. Thompson: All right. Thanks.

Man: Thanks, Thatcher.

Operator: The next question will come from David Doft from ABN Amro. Please go ahead.

David Doft: Good morning. A couple of questions. One, can -- Charles, you talked about h
services sector has continued to do well and purchase AbiliTec. Are you starting to see the Gree
[??] As a key driver there, and how have sales been of that specific AbiliTec base service?

C. Morgan: I think -- you know, that's one area that we've probably been a little bit dis
though we have, you know, three major solutions that are privacy-enabling solutions, and others o
were using for that. We have really seen a very low-tech approach been taken by a lot of our ban
They're using statement-stuffers and other things for that. And even though it's not a very effi
effective tool, they've been at least slow to adopt a much more advanced AbiliTec-enabled approac
there's still a considerable amount of activity going on in that area, but it's certainly been a
thought it was going to be.

Man: I'd also point out, David, that this -- July 1 is really not a Y2K event. This is an on
responsibility for these financial institutions. So to the extent we don't pick up a dramatic am
like we hopefully anticipated several months ago, that the banks have to have an ongoing responsi
this. So we're going to continue to push in this area, and hopefully we'll pick up some througho
this fiscal year.

C. Morgan: There are banks with a tremendous amount of interest in this and we're -- vir
working on solutions for customer situations in this area. But as you know, the banks are relati
conservative in looking at -- this whole area is one where they're moving very cautiously in.

David Doft: Okay. And my second question, can you comment on the recent court ruling about
header data from credit bureaus, and how that will impact you?

C. Morgan: Well, it's sort of one of those good-news, bad-news stories in that the credit
which contains social security number as well as name and address on one side, will reduce some o
available to us as well as to our customers like Transunion, [sp] Who are marketing that informat
probably have a minor impact on our services business, and is a minor impact on our data business
minor. The flipside of that is that without the availability of social security number, that cre
-- sort of an interesting flip of that is that AbiliTec links become much more valuable in the eq

So it's kind of one of those things, it's a, you know, bad-news, good-news story. And t
we're going to lose some business. We're also going to gain some. It is not -- it's not a major
or the other. Probably in the next 12 months I would guess the impact would be virtually neutral

D. Doft: Right. But that header data was not one of the components of determining the
links?

C. Morgan: We use it. It's one of our -- you know, hundred or so sources that we use and
process. But we -- we have so many sources now in that knowledge base process that no single sou

D. Doft: Okay. Thank you.

Operator: The next question will come from Troy Mastin from William Blair and Company.

Troy Mastin: Hi, good morning. Hoping you would help me reconcile AbiliTec revenues as I ca
looks like you would have recognized 26 million in 2001, and you're estimating 20-25 million in 2
think that I'm hearing that under the old methodology, 110 million is the appropriate number for
million is the appropriate number for 2002. Where's the disconnect between these?

Man: Well, the -- the 150 million is just a sample example mix if all the contracts were 3-ye
So I think the mix is -- was different in 2001 than that assumption that we're making for 2002.
of the way we recognize revenue in fiscal 2001 was that we recognized the net present value of th
and the -- so with the delayed payments, a lot of the AbiliTec revenue was recognized in the othe
a computed interest.

Man: Troy, maybe you can catch me offline and we can reconcile that [crosstalk] --

Man: -- AbiliTec until second, you know, quarter last year, so you -- you got some difference
there.

T. Mastin: Okay. Are you telling me that there will be a significant shift in the mix, do
between 1 and 3-year contracts from 2001 to 2002?

Man: No, we don't, we don't --

T. Mastin: Okay .

Man: -- have any information that would indicate that, [crosstalk] One way or the other.

Man: -- to sell 3-5 year contracts [inaudible].

T. Mastin: So, by looking at what you would have reported in 2001 of 26 million, and what
expecting in 2002 of 20-25, does this suggest a slow-down in AbiliTec activity, or is there somet
missing?

Man: No, it's 110-150.

Man: No. It doesn't project a slow-down at all.

T. Mastin: Okay. I'll just have to circle back with you, I guess.

Man: It's just an estimate of the mix of one, two, three, you know, four, five-year contract
determine the number that you're trying to compare on there.

Man: I think part of it also, Troy, in our Q2 we sold $40 million worth of business in Q2, w
not providing any guidance for Q1, but that's a pretty aggressive number right out of the box in
quarter. So we'll see -- see how it shakes out. But why don't you call me after this call?

T. Mastin: Okay. Next question has to do with your plans on pay levels and the options
issued, I guess -- I'm trying to understand what the dilutional effect could be going forward, be
this year it's [unintelligible] Following years. Do you have commitments under either of the agr
the mandatory 5% decline in pay or the option to return those pay levels, or is that at the discr
management? How do you expect that to play out? Thanks.

C. Morgan: The only -- this is Charles -- the only commitment we have is voluntary pay cu
to a little over 2%, will end at the end of this fiscal year. The involuntary cuts -- we have ma
of that. As soon as a practical, then, we will reinstate those in a phased-in approach. So we h
everybody to expect that pay cuts, both voluntary and involuntary, will last at least through thi
then during next year, we will first reinstate, the involuntary -- or the voluntary, and then beg
the others.

T. Mastin: Okay. Thank you.

Operator: The next question will come from Tracy Luber from Robert Baird. Please go ah

Tracy Luber: Good morning. Couple questions, clarifications -- you indicated you're going all of the AbiliTec contracts that were signed last year?

Man: No, we didn't say that. What Charles said is any contracts that might have been comple April 1st and today would be modified so that they will yield the subscription revenue recognitio the contracts completed last year fiscal '01 will remain in force as is, and will not be modified

T. Luber: Okay. And what's the customer reaction been, whether it's with contracts as of just new contracts that you're looking at right now? What is the customer reaction to doing this model?

Man: I don't think they care.

Man: No, -- we really don't have a reaction yet. We just announced it late yesterday with release.

T. Luber: Okay.

Man: Nobody knows it yet. You're the first to know.

T. Luber: Okay. Can you tell us how many contracts were signed in the March quarter?

Man: We had as we have previously announced that we had 20 contracts which were AbiliTec-re included ten contracts through channel partners. Some of those contracts were AbiliTec data -ena AbiliTec best address [?], rather than AbiliTec licenses. But the total was 20, as we previously

T. Luber: Okay. And how much transaction fee revenue did you get in the quarter from Ab also, can we still look for the 60% license, 40% transaction fee, in terms of a total value of a

Man: The -- we've made a few changes in the components, but the total fees for AbiliTec have made any material changes in the total fees associated with AbiliTec. And of course on a go-forw the subscription model, it really doesn't matter whether it's transactions or license revenues, b be recognized -- the timing of the recognition of the revenue will be same.

T. Luber: Okay. And then last question -- just the global AbiliTec process that Charles you just elaborate a little bit on that? I know you've talked about building this AbiliTec knowl Europe with Bertlesman, [sp] And is there some technology where you're linking the two together a done -- kind of run separately by geographic location?

C. Morgan: It is one consistent technology that uses, you know, links which have the same global basis. The difference in Europe is that we are now able to understand and interpret addre links in more than just the U.S., U.K., Australia, and Germany, and Canada, I guess.

So what we're doing is building the link-creation capability that will be available in 4 in some of those geographic areas that we're expanding to, it will not have the exactly the same the same technology behind it. But the links are all exactly the same.

So we have one consistent CDI or customer data integration technology that could be used applications, whether it be an Acxiom application or a Seeble or an IBM application, and all thos for managing customer data. And that's really the -- the big hit. It's consistent technology ac geographies. From the user standpoint, they don't see any different at all.

T. Luber: Okay. Thank you.

Operator: The next question will come from Cynthia Christian from CS First Boston. Plea

Cynthia Christian: Yes, hi. It's Cynthia Christian. Two -- couple questions actually, your cu way I interpret it, your customers basically have already had a subscription model. We're just a accounting. So -- and to test that thought, if the $100 million that you sold last year -- I mea

million, how much did you collect, and how much should we expect that you'll collect of that this
next year? And then the channel partners have a kind of a different deal with those -- the sales
through the channel. They get a commission. So what's the difference in the level of profitabil
sales through the channel, versus a direct sales force?

And, I'm sorry, the last question -- you're basically going from 20 cents in '01 to 60
If what Charles said about investment spending kind of levels not being flexible regarding AbiliT
think about the growth? 10% in earnings growth and the rest is cost reduction -- I mean 10% top
the rest is cost reduction to get you that 300% growth?

Man: Okay. That was a lot of stuff. Let me see what I can see do, here. Regarding the cas
of AbiliTec, you know, up to $110 million or so of AbiliTec were recorded last year. I don't hav
number, Cynthia, but I would tell you that we've virtually collected everybody that was due. The
substantial payments that are due. I would also tell you that --

C. Christian: How much was on the balance sheet versus actually billed and due?

Man: How much was on the balance sheet versus actually billed and due..?

C. Christian: Right. You collected what was due, but what did you never bill for? I mean,

Man: Well, well -- you didn't let me finish the answer. Basically when we sold the $40 mill
in the second quarter last year, we reported and contained a talk about the fact that there was a
different payment terms since that was our first quarter of selling AbiliTec. Not all of the pay
under the current structure for paying for AbiliTec.

So some of those were payments that were drawn out. I don't have those exact numbers.
detailed question. Why don't you catch me offline? But I'll tell you that everything that was d
much paid, for all practical purposes.

C. Christian: Okay. Channel sales?

Man: Channel sales -- effectively, the only difference in margin implication on channel sales
a commission to the channel partner. In Oracle's and Seeble's cases, it's a 20% commission, and
other channel partners it's 10%-15% generally. So it's as high as 20%, and as low as 10% upon co
sale. So it's straight off the margins. So it's software, and the only thing you really have as
costs associated with a normal sale is sales commission, you just have a higher sales commission.

C. Christian: You pay the cash to them when you get the cash from the customer, or might you
up front and getting the cash from the customer over time?

Man: No. We pay when we get paid. And some of the arrangements actually that we're moving
channel partners will bill and collect, and for AbiliTec as part of their software solution, whic
model, and then they'll remit to us the cash that they've collected from the customer.

C. Christian: Okay.

C. Morgan: It's very -- this is Charles -- very important to make it as easy as possible
partners to deliver their products and have the Acxiom, AbiliTec, and info-base enhancements to t
as easy as possible to buy. And we're -- with some of the new products we've offered recently, t
up-front nature of the cost has gone away. It's going to make it a lot easier for customers and
partners to sell to their customers.

Man: And I guess you're last question, Cynthia, is '02 is relative to '01? I think in our gu
had reflected was a 10% increase in revenue on an apples-to-apples basis. Now, assuming the mix
exactly the same, I would agree with you that the 10% would come from revenue and the rest of the
would come from expense cuts.

C. Christian: But the mix isn't the same, or it is?

Man: Well, we could expect that the mix for the business is basically -- we expect all growth
relatively the same. So I don't think the mix is going to be a big issue. It's more the expense

the 10% revenue growth.

C. Christian So the base that I should think about is really 21 cents?

Man: Yes. That would be our contention.

C. Christian: Okay. Thank you.

Man: Thank you.

Operator: The next question will come from Brett Manderfeld from US Bankcorp Piper Jaff
ahead.

Brett Manderfeld: Good morning. Can you give us a sense for what the 60 cents guidance would l
SAB 101 and the change in revenue recognition for AbiliTec?

Man: We really -- I don't think we have developed that number at all, because we've completel
-- the SAB 101 has been adopted now, and that's the only way we can look at the business on a go-

Man: I don't think we want to go there. Obviously, this is a little confusing just migratin
accounting. I don't think we want to be talking how we would have been prior to going this way.
talk about post-SAB 101, we're going to talk about subscription model, and hopefully everybody ge
with the '01 model. I don't think it's relevant to talk about --

R. Kline: Other than we mentioned in the footnote that Bob mentioned earlier that -- th
forma scheduled attached to the press release that there would have been 20 cents more in earning
fiscal '02 just from backlog carry-through if we had had the subscription model adopted during fi
AbiliTec.

Man: That's a good point, Rodger. I'd just point out also that '02 footnote the very last da
forma page, it says '01. It should reflect '02. I'll just point that out.

B. Manderfeld: Yes, okay. Good.

Man: Yeah.

Man: That's confused everybody thoroughly.

B. Manderfeld: And do you see any kind of change in your assumptions for DSO's going forward, g
ratable recognition for AbiliTec?

Man: Certainly should help. I think you're seeing some of that right now in our 70 days. I
-- we committed a year ago that we were going to move that number down, and this should certainly
that. Our projections and our case load [?] Models, I think, is for it to stay about the same.

Man: Yeah, that's right. [crosstalk] -- 70 days.

Man: I think we're going 70 to 66, and so we're not assuming a dramatic increase, but just l
areas I think we do have some upside potential there, also.

B. Manderfeld: Okay. Thank you.

Man: We'll take one more question.

Operator: And that question will come from Alexia Quacrani from Bear Stearns. Please g

Alexia Quacrani: Good morning. You may have said this, and I may have missed it, but could you
dollar amount of AbiliTec investment spending you're planning for fiscal 2002?

Man: We had 58 million last year, and I think we've got an estimate [crosstalk] Well --

Man: It should be slightly down, Alexia, is what we're planning right now.

A. Quacrani: So, about 54 million?

Man: Down from 54 million, yeah.

A. Quacrani: Okay. And if you could just give us some more detail in what's in the 5.1 mill
one-time charge that you've listed "other" on the press release, and do you expect any other one-
this coming quarter?

Man: The primary item in that 5.1 is -- largest item is a software that's no longer being ut
company that we've written off. And there's a few other dogs and cats in there, none of which ar
individually. I'd also point out that we -- at this point know no other write-offs that are pend

Man: Right.

A. Quacrani: So we shouldn't expect any one-time charges at all in the first quarter?

Man: We would hope not.

Man: Not unless we're really stupid.

A. Quacrani: Okay. And just lastly, are you changing your strategy on potentially laying of
employees given the more moderate growth assumptions for that year?

Man: No. We haven't made any change in that strategy at this time, although there are no gu
will have layoffs in the future should the economic situation change.

C. Morgan: Under the current economic -- this is Charles -- I want to be very clear about
business plan that we proposed internally and the numbers that we're giving you in guidance assum
Acxiom. The only way we would have layoffs is if we had a substantial downturn in the economy in
that are unexpected at this time. If we maintain pretty much the status quo in the economy, then
layoffs.

Our expense management has been extremely effective, and the fact that we have done stoc
created a tremendous focus as a shareholder focus inside of Acxiom. We're -- we've seen our T an
alone be under even our forecasted number by enough to generate a penny of earnings in this quart

So all across the company, we're seeing very diligent efforts on the expense-management
think we feel very, very good about our expense levels right now being able to create the busines
you're looking at without any other major changes.

Man: Thank you. With that, we will close the question and answer period and the conference c
very much for your interest in Acxiom. Bob Bloom and the rest of us will be available to answer
questions the rest of the day. Thank you very much.

ACXIOM CORPORATION AND SUBSIDIARIES
PRO FORMA REVENUE BY SEGMENT
(Unaudited)
(Dollars in thousands)

	For the Fiscal Year March 31,		
	Q1	Q2	Q3
Services	168,435	162,502	173,402

Data and Software Products	27,777	33,711	39,827
I. T. Management	55,802	51,438	57,642
Intercompany eliminations	(15,066)	(22,729)	(26,455)
Total Revenue	236,948	224,922	244,416

EXHIBIT 99(a)