SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2000

[ ] 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
0-16439

FAIR, ISAAC AND COMPANY, INCORPORATED
(Exact name of registrant as specified in its charter)

DELAWARE	94-1499887
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

200 Smith Ranch Road, San Rafael, California 94903
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (415) 472-2211

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

The number of shares of Common Stock, $0.01 par value per share, outstanding on August 9, 2000, was 14,435,343.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements.

FAIR, ISAAC AND COMPANY, INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
June 30, 2000 and September 30, 1999
(dollars in thousands)

(Unaudited)

	June 30, 2000	September 30, 1999
Assets		
Current assets:		
Cash and cash equivalents	$ 21,938	$ 20,715
Short-term investments	20,301	5,216
Accounts receivable, net	37,666	36,007
Unbilled work in progress	26,659	26,859
Prepaid expenses and other current assets	10,856	6,509
Deferred income taxes	6,312	6,021
Total current assets	123,732	101,327
Investments	35,419	43,934
Property and equipment, net	42,496	39,353
Intangibles, net	9,169	10,730
Deferred income taxes	5,932	5,932
Other assets	9,200	9,077
	$ 225,948	$ 210,353
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 1,978	$ 3,340
Accrued compensation and employee benefits	14,464	23,436
Other accrued liabilities	6,427	9,339
Billings in excess of earned revenues	11,864	8,898
Capital lease obligations	447	429
Total current liabilities	35,180	45,442
Long-term liabilities:		
Accrued compensation and employee benefits	4,553	6,104
Other liabilities	1,634	1,944
Capital lease obligations	26	364
	6,213	8,412
Total liabilities	41,393	53,854
Stockholders' equity:		
Preferred stock	--	--
Common stock	147	143
Paid in capital in excess of par value	46,359	38,287
Retained earnings	148,472	129,530
Less treasury stock	(9,573)	(11,290)
Accumulated other comprehensive loss	(850)	(171)
Total stockholders' equity	184,555	156,499
	$ 225,948	$ 210,353

See accompanying notes to the condensed consolidated financial statements.

FAIR, ISAAC AND COMPANY, INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the nine months and three months ended June 30, 2000 and 1999
(in thousands, except per share data)
(Unaudited)

	Nine Months Ended June 30,		Three Months Ended June 30,	
	2000	1999	2000	1999
Revenues	$ 219,297	$ 204,092	$ 75,903	$ 67,241
Costs and expenses:				
Cost of revenues	93,935	77,208	33,867	25,196
Research and development	23,273	22,961	6,343	7,401
Sales, general and administrative	66,601	68,467	22,781	23,088
Amortization of intangibles	1,560	1,287	510	445
Restructuring charge	2,878	--	216	--
Total costs and expenses	188,247	169,923	63,717	56,130
Income from operations	31,050	34,169	12,186	11,111
Other income, net	2,669	2,557	953	595
Income before income taxes	33,719	36,726	13,139	11,706
Provision for income taxes	13,926	15,241	5,427	4,733
Net income	$ 19,793	$ 21,485	$ 7,712	$ 6,973
Net income	$ 19,793	$ 21,485	$ 7,712	$ 6,973
Other comprehensive loss, net of tax:				
Unrealized loss (gain) on investments	(418)	(550)	3	(284)
Foreign currency translation adjustments	(261)	(286)	(118)	(65)
Other comprehensive loss	(679)	(836)	(115)	(349)
Comprehensive income	$ 19,114	$ 20,649	$ 7,597	$ 6,624
Earnings per share:				
Diluted	$ 1.36	$ 1.49	$ .53	$ .49
Basic	$ 1.40	$ 1.52	$ .54	$ .50
Shares used in computing earnings per share:				
Diluted	14,543,000	14,423,000	14,601,000	14,301,000
Basic	14,172,000	14,090,000	14,338,000	14,081,000

See accompanying notes to the condensed consolidated financial statements.

FAIR, ISAAC AND COMPANY, INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months ended June 30, 2000 and 1999
(dollars in thousands)
(Unaudited)

	Nine Months Ended June 30	
	2000	1999
Cash flows from operating activities		
Net income	$ 19,793	$ 21,485
Adjustments to reconcile net income to cash provided by Operating activities:		
Depreciation and amortization	14,971	12,637
Deferred compensation	621	200
Tax benefit from employee stock plans	1,003	1,306
Gain on sale of investments	--	(483)
Equity loss in investments	13	--
Other	208	162
Changes in operating assets and liabilities:		
Accounts receivable	(1,797)	(1,285)
Unbilled work in progress	200	(4,012)
Prepaid expenses and other assets	(4,345)	(5,642)
Other assets	(121)	19
Accounts payable	(1,289)	(2,215)
Accrued compensation and employee benefits	(8,815)	246
Other accrued liabilities	(2,832)	(1,166)
Billings in excess of earned revenues	2,966	(141)
Other liabilities	(1,263)	(1,563)
Net cash provided by operating activities	19,313	19,548
Cash flows from investing activities		
Purchases of property and equipment	(15,887)	(9,428)
Payment for acquisition of subsidiary	--	(1,455)
Purchases of investments	(13,099)	(69,472)
Proceeds from sale of investments	--	46,647
Proceeds from maturities of investments	5,606	21,710
Net cash used in investing activities	(23,380)	(11,998)
Cash flows from financing activities		
Principal payments of capital lease obligations	(320)	(306)
Proceeds from the exercise of stock options and issuance of treasury stock	6,500	2,475
Dividends paid	(851)	(847)
Repurchase of company stock	(39)	(10,289)
Net cash provided by (used in) financing activities	5,290	(8,967)
Increase (decrease) in cash and cash equivalents	1,223	(1,417)
Cash and cash equivalents, beginning of period	20,715	14,242
Cash and cash equivalents, end of period	$ 21,938	$ 12,825

See accompanying notes to the condensed consolidated financial statements.

FAIR, ISAAC AND COMPANY, INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS AND THREE MONTHS ENDED JUNE 30, 2000 AND 1999

Note 1 General

In management's opinion, the accompanying unaudited condensed consolidated financial statements for Fair, Isaac & Company, Incorporated (the "Company") for the nine months ended June 30, 2000 and 1999 have been prepared in accordance with generally accepted accounting principles for interim financial statements and include all adjustments (consisting only of normal recurring accruals) that the Company considers necessary for a fair presentation of its financial position, results of operations, and cash flows for such periods. However, the accompanying condensed consolidated financial statements do not contain all of the information and notes required by generally accepted accounting principles for complete financial statements. This report and the accompanying condensed consolidated financial statements should be read in connection with the Company's audited consolidated financial statements and notes thereto presented in its Annual Report on Form 10-K for the fiscal year ended September 30, 1999. Notes that would substantially duplicate the disclosures in the Company's audited consolidated financial statements for the fiscal year ended September 30, 1999, contained in the 1999 Form 10-K have been omitted. The interim financial information contained in this Report is not necessarily indicative of the results to be expected for any other interim period or for the full fiscal year ending September 30, 2000.

Note 2 Reclassification

Certain amounts in the accompanying condensed consolidated financial statements have been reclassified in order to conform the presentation.

Note 3 Earnings Per Share

The following reconciles the numerators and denominators of diluted and basic earnings per share (EPS):

	Nine months ended June 30		Three months ended June 30	
(in thousands, except per share data)	2000	1999	2000	1999
Numerator - Net income	$ 19,793	$ 21,485	$ 7,712	$ 6,973
Denominator - Shares:				
Diluted weighted-average shares and assumed conversions of stock options	14,543	14,423	14,601	14,301
Effect of dilutive securities - employee stock options	(371)	(333)	(263)	(220)
Basic weighted-average shares	14,172	14,090	14,338	14,081
Earnings per share:				
Diluted	$ 1.36	$ 1.49	$ .53	$ .49
Basic	$ 1.40	$ 1.52	$ .54	$ .50

The computation of diluted EPS for the nine months ended June 30, 2000 and 1999, excludes stock options to purchase 173,000 and 177,000 shares of common stock, respectively. The computation of diluted EPS for the three-months ended June 30, 2000 and 1999 excludes stock options to purchase 296,000 and 1,462,000 shares of common stock, respectively. The shares were excluded because the exercise prices for the options were greater than the respective average market price of the common shares and their inclusion would be antidilutive.

Note 4 Cash Flow Statement

Supplemental disclosure of cash flow information:

(dollars in thousands)	Nine months ended June 30, 2000	1999
Income tax payments	$19,884	$20,781
Interest paid	$ 54	$ 98
Non-cash investing and financing activities:		
Issuance of treasury stock to ESOP	$ 1,706	$ 1,455
Assets acquired through capital lease financing	$ 953	$ 1,641
Purchase of CRMA with Common Stock	$ --	$ 654
Cancellation of restricted stock	$ 353	$ --

Note 5 New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 is effective for all quarters of fiscal years beginning after June 15, 1999. SFAS No. 133 requires the recognition of all derivatives on the balance sheet at fair value. In July 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133, An Amendment of FASB Statement No.133." SFAS No. 137 defers the effective date of SFAS No. 133 by one year. SFAS No. 133 is now effective for all fiscal quarters of all fiscal years beginning after June 15, 2000. Because the Company currently holds no derivative instruments and its hedging activities are immaterial, management expects that the adoption of SFAS No. 133 will have no material impact on the Company's financial position, results of operations or cash flows. Management intends to conform its consolidated financial statements to this pronouncement beginning July 1, 2000.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 101 regarding recognition, presentation and disclosure of revenue. Interpretative guidance for the SAB is expected to be issued soon. Management has not determined the impact that adoption of SAB No. 101 will have on the Company's financial position or results of operations.

In March 2000, the Financial Accounting Standards Board issued Interpretation No. 44 (FIN No. 44), "Accounting for Certain Transactions Involving Stock Compensation, an Interpretation of APB Opinion No. 25." FIN No. 44 will be effective July 1, 2000. This interpretation provides guidance for applying APB Opinion No. 25, "Accounting for Stock Issued to Employees." Management believes that FIN No. 44 will not have any material impact on the Company's financial position, results of operations or cash flows.

Note 6 Employee Stock Purchase Plan

In November 1999, the Board of Directors adopted the 1999 Employee Stock Purchase Plan (the "Purchase Plan"), which was approved by the Company's shareholders on February 1, 2000. Under the Purchase Plan employees can purchase shares of the Company's common stock based on a percentage of their compensation. The purchase price per share must be equal to at least 85% of the market value on the date offered or the date purchased. A maximum of 1,500,000 shares of common stock can be sold under the Purchase Plan. As of June 30, 2000, a total of 22,283 shares had been issued under the Purchase Plan.

Note 7 Segment Information

Effective October 1, 1999, the Company reorganized the operating structure of the business segments. As a result, the Company changed its segment reporting structure to more closely match management's internal reporting of business operations. Significant changes included moving end-user software for clients in the U. S. and Canada from the former Credit and other segments and combining this business with the former DynaMark business to form the Netsourced Services segment, and establishing two new segments named North American Financial Services and Other International, which are comprised primarily of businesses formerly included in the Credit segment. The segment information for the three and nine months ended June 30, 1999 has been restated to conform to the fiscal year 2000 presentation.

The Company's Chief Executive and Operating Officers evaluate financial performance based on measures of business segment revenues and operating profit or loss. Unallocated other income consists mainly of interest income and an equity loss in an investment. The Company does not evaluate the financial performance of each segment based on its assets or capital expenditures.

	Nine months ended June 30, 2000			
(dollars in thousands)	North American Financial Services	Other International	Netsourced Services	Total
Revenues:				
Segment	$ 117,237	$ 28,533	$ 74,076	$ 219,846
Healthcare receivables management	--	--	(549)	(549)
	$ 117,237	$ 28,533	$ 73,527	$ 219,297
Segment income from operations	$ 27,825	$ 3,485	$ (10)	$ 31,300
Unallocated other income, net				2,669
Income before Income Taxes				$ 33,969

	Nine months ended June 30, 1999			
(dollars in thousands)	North American Financial Services	Other International	Netsourced Services	Total
Revenues:				
Segment	$ 117,237	$ 28,533	$ 74,076	$ 219,846
Revenues:				
Segment	$ 101,001	$ 21,841	$ 79,947	$ 202,789
Healthcare receivables management	--	--	1,303	1,303
	$ 101,001	$ 21,841	$ 81,250	$ 204,092
Segment income for operations	$ 32,159	$ 2,106	$ (96)	$ 34,169
Unallocated other income, net				2,557
Income before Income Taxes				$ 36,726

(dollars in thousands)	Three months ended June 30, 2000 North American Financial Services	Other International	Netsourced Services	Total
Revenues:				
Segment	$ 41,202	$ 11,394	$ 23,929	$ 76,525
Healthcare receivables management	--	--	(622)	(622)
	$ 41,202	$ 11,394	$ 23,307	$ 75,903
Segment income from operations	$ 10,283	$ 1,882	$ 271	$ 12,436
Unallocated other income, net				953
Income before Income Taxes				$ 13,389

(dollars in thousands)	Three months ended June 30, 1999 North American Financial Services	Other International	Netsourced Services	Total
Revenues:				
Segment	$ 33,097	$ 7,731	$ 26,301	$ 67,129
Healthcare receivables management	--	--	112	112
	$ 33,097	$ 7,731	$ 26,413	$ 67,241
Segment income for operations	$ 10,742	$ 789	$ (420)	$ 11,111
Unallocated other income, net				595
Income before Income Taxes				$ 11,706

Due to minor reclassifications, the revenues and income for the nine months ended June 30, 2000 are slightly different than the combination of the first three quarters.

Note 8 Restructuring Charge

In October 1999, the Company announced a restructuring plan to discontinue its Healthcare Receivables Management System ("HRMS") product line beginning December 1999. The restructuring plan was necessitated by disappointing market acceptance and the prospect of continuing losses in fiscal 2000, and the Company's adoption of a new strategic direction. These actions resulted in a net charge during the first quarter of $1,674,000. The restructuring actions consist of terminating approximately 30 full-time employees who were terminated before the end of January 2000; canceling certain facility leases and other operating leases supporting the HRMS product line; and writing down computer hardware and leasehold improvements due to the abandonment of the HRMS facility. Restructuring actions were completed under the plan by June 30, 2000. An additional charge of $174,000 for payments on canceled contracts related to the HRMS product line was recorded in the three months ended June 30, 2000.

During the second quarter the Company announced and began to implement supplemental restructuring actions aimed at reducing costs. The Company recognized a $988,000 charge for the estimated costs of those actions. The restructuring action consisted of terminating approximately 40 full-time employees, of whom approximately 25 were terminated during the second quarter. Restructuring actions were completed under the plan by June 30, 2000. Additional charges of $42,000 for payments to terminated employees was recorded in the three months ended June 30, 2000.

The combined restructuring actions have resulted in cash expenditures of $2,167,000 and a non-cash asset write-down of $70,000 through June 30, 2000.

The following table depicts the restructuring activity through June 30, 2000.

(dollars in thousands)	Payments to Employees Involuntarily Terminated (A)	Write-Down of Operating Assets To Be Sold (B)	Payments on Canceled Contracts (A)	Total
Net Additions	$ 823	$ 263	$ 588	$ 1,674
Expenditures	(217)	--	(50)	(267)
Balance as of December 31,1999	606	263	538	1,407
Net Additions	962	--	26	988
Expenditures and decreases	(1,145)	(36)	(203)	(1,384)
Balance as of March 31, 2000	423	227	361	1,011
Net Additions	42	--	174	216
Expenditures and decreases	(308)	(34)	(244)	(586)
Balance as of June 30, 2000	$ 157	$ 193	$ 291	$ 641

(A): Cash; (B): Noncash

Note 9 Commitments and Contingencies

In fiscal 1998, the Company entered into a synthetic lease arrangement to construct an office complex intended to accommodate future growth. On May 15, 2000 the Company announced its intention to sell the office complex project to a real estate development firm and has decided not to occupy any part of the project. The Company expects that the sale will close in the fourth quarter of fiscal 2000 and estimates that it will result in a loss of approximately $2 million.

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

General

Fair, Isaac and Company, Incorporated, provides products and services designed to help a variety of businesses use data to make faster, more profitable decisions on their marketing, customers, operations and portfolios. Widely recognized for its pioneering work in predictive technology, the Company provides advanced decision-making solutions to the financial services, retail, telecommunications, healthcare, eBusiness and other industries.

The Company's products include statistically derived, rule-based analytical tools; software that automates strategy design and implementation; and consulting services to help clients use and track the performance of those tools. The Company also provides a range of credit scoring and credit account management services in conjunction with credit bureaus and credit card processing agencies, and data processing and database management services to businesses engaged in direct marketing activities, many of which are in the financial services and insurance industries.

The Company is implementing its initiatives targeting growth opportunities in the retail and telecommunications markets, becoming a Web-based "analytic application service provider" or "ASP" and the business-to-business e-credit marketplace. The Company already delivers certain of its capabilities through secure Web sites and it will adopt this delivery mode whenever feasible in the future. Although not Web-based, certain other services--such as credit scores delivered through credit reporting agencies and account management services delivered through credit card processors--fall within the broader definition of an ASP. The Company is actively looking for more opportunities to deliver its Web-based capabilities in service bureau mode rather than as discrete component deliverables.

This discussion and analysis should be read in conjunction with the Company's Consolidated Financial Statements and Notes which was previously filed with the Securities Exchange Commission. In addition to historical information, this report includes certain forward-looking statements regarding events and trends that may affect the Company's future results. Such statements are subject to risks and uncertainties that could cause the Company's actual results to differ materially. Such factors include, but are not limited to, those described in this discussion and analysis.

RESULTS OF OPERATIONS

Revenues

The business segments of the Company are North American Financial Services, Other International and NetSourced Services business units. Additional information about these segments appears in Note 6 to the Condensed Consolidated Financial Statements.

The majority of the Company's revenues are derived from its North American Financial Services business unit. This unit primarily markets Alliance Products and Services and Analytic Products and Services in the United States and Canadian markets. The majority of these products generate usage revenues through third-party alliances with credit bureaus and third-party credit card processors. The NetSourced Services business unit principally markets Targeting and Prospecting products, together with Origination and Underwriting, Account and Customer Management products and Standalone Consulting services in the North American market.

The following table displays (a) the percentage of total revenue by products and (b) the percentage change in revenues within each category of products from the corresponding period in the prior fiscal year.

	Percentage of Revenue Three Months Ended June 30, 2000	1999	Percentage Change	Percentage of Revenue Nine Months Ended June 30, 2000	1999	Percentage Change
Alliance Products and Services	48%	48%	11%	51%	48%	13%
Targeting and Prospecting	24%	26%	6%	25%	23%	14%
Analytic Products & Services	8%	8%	4%	7%	8%	(6%)
Origination and Underwriting	10%	8%	48%	8%	9%	(2%)
Account & Customer Management	8%	5%	90%	6%	5%	19%
Standalone Consulting	2%	3%	(19%)	2%	4%	(23%)
Other	--	2%	(80%)	1%	3%	(69%)
Total revenues	100%	100%	13%	100%	100%	7%

The revenues of Alliance Products and Services are generated primarily by usage-priced credit scoring services distributed through major credit bureaus and credit account management services distributed through third-party bankcard processors in the United States and Canada. Alliance Products and Services also include the Company's ScoreNet(R) and PreScore(R) services, insurance bureau scores, and other related products. In the most recent quarter and the nine-months ended June 30, 2000, the growth in Alliance Products and Services revenues was primarily due to a strong demand for scoring services at the credit bureaus and increased revenues from services provided through bankcard processors and from the Company's insurance bureau scores at the credit bureaus. These increases were partially offset by decreased revenues derived from the ScoreNet(R) services. The Company believes that the decline in ScoreNet(R) services revenues primarily reflects a shift in the purchasing patterns of customers from these products to credit scoring services obtained directly from the credit bureaus.

Revenues derived from alliances with credit bureaus and credit card processors have accounted for much of the Company's revenue growth in the last three years. Revenues from credit bureau-related services increased 14% in fiscal 1999 compared with fiscal 1998, and accounted for approximately 35% and 36% of revenues in fiscal 1998 and 1999, respectively. Revenues from services provided through bankcard processors also increased in each of these years, primarily due to increases in the number of accounts at each of the major processors.

While the Company has been very successful in extending or renewing its agreements with credit bureaus and credit card processors in the past, and believes it will generally be able to do so in the future, the loss of one or more such alliances or an adverse change in terms could have a material adverse effect on revenues and operating margin. Revenues generated through the Company's alliances with Equifax, Inc.;

Experian Information Solutions, Inc. (formerly TRW Information Systems & Services); and Trans Union Corporation each accounted for approximately 8% to 10% of the Company's total revenues in fiscal 1997, approximately 7% to 10% in fiscal 1998 and approximately 8% to 10% in fiscal 1999.

Targeting and Prospecting Services, formerly the DynaMark business unit, include a variety of data processing and database management services provided to companies and organizations involved in direct marketing. Revenues from Targeting and Prospecting products are generated from a combination of fixed fee and usage-based pricing. The increases in revenues from Targeting and Prospecting products in the three and nine months ended June 30, 2000, compared with the same periods in the prior fiscal year, were due primarily to increased demand for services from customers in the financial services industry.

Analytic Products and Services include all revenues from the Company's custom models, custom software and related consulting projects used for screening lists of prospective customers, evaluating applicants for credit or insurance and managing existing credit accounts. Revenues increased slightly in the most recent quarter compared with the same period in fiscal 1999. The Company believes that this increase in purchases by customers was due to a shift in focus away from Year 2000 issues. The decrease in revenues in the nine months ended June 30, 2000 primarily reflects the impact of bank consolidations and customers' focus on the Year 2000 issue in the first half of fiscal 2000.

Origination and Underwriting products automate the processing of credit applications and are primarily comprised of products which were formerly referred to as ASAP (Automated Strategic Application Processing) products. Revenues from Origination and Underwriting products increased in the quarter due primarily to increased sales of CreditDesk and sales of StrategyWare(R) decision engine systems resulting from increases in purchases by customers due to a shift in focus away from Year 2000 issues, compared to the same period in the prior fiscal year. Revenues decreased slightly in the nine months ended June 30, 2000, compared to the same period in the prior fiscal year, primarily due to reduced sales of CreditDesk and StrategyWare(R) decision engine systems, and the impact of adoption of SOP 98-9. In May 2000, the Company released a new line of products, LiquidCredit(TM), which provides real-time credit decisions over the Internet. Management intends that the LiquidCredit line of products will, over time, replace its CreditDesk product offerings.

Account and Customer Management products include the Company's revenues from sales of credit account management systems (TRIAD) sold to end-users, and its fraud control systems products. The increase in revenues in the three- and nine-month periods ended June 30, 2000, compared to the same periods in the prior fiscal year, was primarily due to the release of the new version of TRIAD (6.0). With respect to TRIAD, the Company's high degree of success in penetrating the U.S. bankcard industry with these products has limited, and may continue to limit, the revenue growth in that market. However, the Company has added functionality for the existing base of TRIAD users and is actively marketing TRIAD for other types of credit products and in overseas markets.

Standalone Consulting Services, comprised principally of the services offered by the Company's former Credit and Risk Management Associates subsidiary, consist of credit risk management consulting services. Compared to the same periods in fiscal 1999, revenues declined in the three- and nine-month periods ended June 30, 2000 due to redeployment of personnel to implement the Company's new focus and initiatives.

Other products include the Company's smaller, discrete product lines, the discontinued HRMS division and revenues of Risk Management Technologies, Inc. (RMT). The revenues of RMT were down significantly in the quarter and nine months ended June 30, 2000, compared with the same periods in the prior fiscal year. The decline in RMT's revenues was due principally to the cessation of sales of RADAR RiskManager products announced in January, 2000. In the current quarter RMT revenues were primarily derived from maintenance fees for existing installations of such RMT products.

Revenues from software maintenance and consulting services each accounted for less than 10% of revenues in each of the three years in the period ended September 30, 1999, and the Company does not expect revenues from either of these sources to exceed 10% of revenues in the foreseeable future.

The Other International business unit covers all of the Company's operations outside of the United States and Canadian markets. Total revenues derived from outside of the United States including Canada represented approximately 15% and 20% of total revenues in the quarters ended June 30, 1999 and June 30, 2000, respectively. Gains or losses due to fluctuations in currency exchange rates have not been significant to date, but may become more important if, as expected, the proportion of the Company's revenues denominated in foreign currencies increases in the future.

During the period since 1990, while the rate of account growth in the U.S. bankcard industry has been slowing and many of the Company's largest institutional clients have merged and consolidated, the Company has generated most of its revenue growth from its bankcard-related scoring and account management business by deepening its penetration of large banks and other credit issuers. The Company believes much of its future growth prospects will rest on its ability to (a) develop new, high-value products, (b) increase its penetration of established or emerging credit markets outside the U.S. and Canada and (c) expand--either directly or through further acquisitions--into relatively undeveloped or underdeveloped markets for its products and services, such as direct marketing, insurance, small business lending, retail, telecommunications and eBusiness. During fiscal 1998, the Company's backlog of orders for fixed-priced products declined slightly, and in fiscal 1999 this backlog declined an additional $7.3 million. Most usage based revenues do not appear as part of the backlog. During the quarters ended December 31, 1999, March 31, 2000 and June 30, 2000, this backlog increased by $2.7 million, $17.5 million and $2.6 million, respectively. At June 30, 2000, the backlog was $78.8 million which represents a 37% increase compared with the same period in the prior fiscal year. Backlog orders may be cancelled or delayed. There is no assurance that backlog will result in revenues. Management believes that increased revenue growth in fiscal 2000 and later years will depend to a large extent on sales of newly developed products. The Company's efforts to develop new products is expected to result in increased expenses. There can be no assurance that the Company will be successful in developing new products or that any new products will generate additional revenue necessary to justify the additional expenses the Company will incur.

Over the long term, in addition to the factors discussed above, the Company's rate of revenue growth--excluding growth due to acquisitions--is limited by the rate at which it can recruit and absorb additional professional staff. Management believes this constraint will continue to exist indefinitely. On the other hand, despite the high penetration the Company has already achieved in certain markets, the opportunities for application of its core competencies are much greater than it can pursue. Thus, the Company believes it can continue to grow revenues, within the personnel constraint, for the foreseeable future. At times management may forego short-term revenue growth in order to devote limited resources to opportunities that it believes have exceptional long-term potential. This is the basis for the Company's new strategic focus on becoming an eBusiness company and implementing new growth initiatives targeted at the retail and telecommunications markets. A similar longer-range strategic initiative occurred during the period from 1988 through 1990, when the Company devoted significant resources to developing the usage-priced services that it distributes through credit bureaus and third-party processors.

On September 30, 1997, amendments to the federal Fair Credit Reporting Act became effective. The Company believes these changes to the federal law regulating credit reporting have been favorable to the Company and its clients. Among other things, the new law expressly permits the use of credit bureau data to prescreen consumers for offers of credit and insurance and allows affiliated companies to share consumer information with each other subject to certain conditions. There is also a seven-year moratorium on new state legislation on certain issues. However, the states remain free to regulate the use of credit bureau data in connection with insurance underwriting. The Company believes enacted or proposed state regulation of the insurance industry has had a negative impact on its efforts to sell insurance risk scores through credit reporting agencies.

The Financial Services Modernization Act of 1999 was enacted and signed into law on November 12, 1999. The statute contains several privacy provisions. The legislation also allows banks, securities firms, and insurance companies to affiliate and enter new business activities. The Company believes that this legislation will not have a material impact on its operations or revenues.

Expenses

The following table sets forth for the periods indicated (a) the percentage of revenues represented by certain line items in the Company's consolidated statements of income and (b) the percentage change in such items from the same quarter in the prior fiscal year.

	Nine Months Ended June 30, 2000	Nine Months Ended June 30, 1999	Percentage Change	Three Months Ended June 30, 2000	Three Months Ended June 30, 1999	Percentage Change
Revenues	100%	100%	7%	100%	100%	13%
Costs and expenses:						
Cost of revenues	43	38	22%	45	37	34%
Research and development	11	11	1%	8	11	(14%)
Sales, general and administrative	30	33	3%	30	34	(1%)
Amortization of intangibles	1	1	21%	1	1	15%
Restructuring Charge	1	--	NM	--	--	NM
Total costs and expenses	86	83	11%	84	83	14%
Income from operations	14	17	(9%)	16	17	10%
Other income and expense	1	1	4%	1	--	60%
Income before income taxes	15	18	(8%)	17	17	12%
Provision for income taxes	6	7	(9%)	7	7	15%
Net income	9%	11%	(8%)	10%	10%	11%

NM = Not meaningful

Cost of revenues

Cost of revenues consists primarily of personnel, travel, and related overhead costs; costs of computer service bureaus; and the amounts paid by the Company to credit bureaus for scores and related information in connection with the ScoreNet(R) service. The cost of revenues, as a percentage of revenues, increased in the nine-and three-months ended June 30, 2000, compared with the corresponding periods in fiscal 1999, primarily due to increases in personnel and computing costs related to building ASP delivery capacity for new products.

Research and development

Research and development expenses include the personnel and related overhead costs incurred in product development, researching mathematical and statistical algorithms and developing software tools that are aimed at improving productivity, profitability and management control.

Research and development expenses as a percentage of revenues were essentially unchanged in the nine-months ended June 30, 2000 over the corresponding nine month period of fiscal 1999. Research and development expenditures in the three-month period ending June 30, 2000, as a percentage of revenues, were down as compared with the corresponding period of fiscal 1999, due primarily to redeployment of personnel to focus on increasing ASP delivery capacity for new products. The Company is continuing to emphasize development of new technologies and new products and expects that research and development expenses will increase as a percentage of revenues in future periods for development of new products targeted for the telecommunications and retail markets and to implement its strategic focus on becoming an eBusiness company.

Sales, general and administrative

Sales, general and administrative expenses consist principally of personnel, travel, overhead, advertising and other promotional expenses, compensation expenses for certain senior management, corporate facilities expenses, the costs of administering certain benefit plans, legal expenses, expenses associated with the exploration of new business opportunities and the costs of operating administrative functions, such as finance and computer information systems. As a percentage of revenues, these expenses for the nine-month and three-month periods ended June 30, 2000, were lower than in the corresponding period of fiscal 1999, due primarily to a reduction in consulting expenses. In the nine-month and three-month periods in the prior fiscal year, the Company incurred consulting fees related to its reorganization and changes in its employee benefit plans, and incurred significantly less such fees in the corresponding periods of the current fiscal year.

Amortization of intangibles

The Company is amortizing the intangible assets arising from various acquisitions over periods ranging from four to fifteen years.

Restructuring charge

In the quarter ended December 31, 1999, the Company announced discontinuance of its HRMS line and recorded restructuring charges totaling $1,674,000. During the second quarter the Company announced and began to implement supplemental restructuring actions aimed at reducing costs. The Company recognized a $988,000 charge for the estimated costs of those actions. The restructuring action consisted of terminating approximately 40 full-time employees, of whom approximately 25 were terminated during the second quarter. Restructuring actions were completed under the plan by June 30, 2000. Additional charges of $42,000 for payments to terminated employees and $174,000 for payments on canceled contracts related to the HRMS product line were recorded in the three months ended June 30, 2000. The combined restructuring actions have resulted in cash expenditures of $2,167,000 and a non-cash asset write-down of $70,000 through June 30, 2000.

Other income and expense

Interest income, derived from the investment of funds surplus to the Company's immediate operating requirements, increased in the nine- and three-months periods ended June 30, 2000, compared with the corresponding periods a year earlier due to higher balances invested in interest bearing instruments and improved interest rates. In the second quarter of the prior fiscal year, the Company recorded a one-time gain of approximately $484,000 on the sale of investment securities.

Provision for income taxes

The Company's effective tax rate decreased from 41.5% to 41.3% in the nine- and three- month periods ended June 30, 2000, compared to June 30, 1999. The decrease was due primarily to the use of a higher estimated state tax rate in fiscal 1999 than used in the current fiscal year.

Financial Condition

Working capital increased from $55,885,000 at September 30, 1999 to $88,552,000 at June 30, 2000. Cash and marketable investments increased from $69,865,000 at September 30, 1999, to $77,658,000 at June 30, 2000. The Company's long-term obligations are mainly due to employee incentive and benefit obligations. The Company believes that the cash and marketable securities on hand, along with cash expected to be generated by operations, will be adequate to meet its capital and liquidity needs for both the current year and the foreseeable future.

In fiscal 1998, the Company entered into a synthetic lease arrangement to construct an office complex intended to accommodate future growth. On May 15, 2000, the Company announced its intention to sell the office complex project to a real estate development firm and has decided not to occupy any part of the project. The Company expects that the sale will close in the fourth quarter of fiscal 2000 and estimates that it will result in a loss in the approximate amount of $2 million.

In fiscal 1999, the Company initiated a stock repurchase program under which the Company was authorized to purchase up to one million shares of its common stock, to be funded by cash on hand. Through June 30, 2000, the Company had repurchased 360,004 shares at a cost of approximately $12.2 million.

Year 2000

In the current quarter the Company has experienced no significant disruption of its revenues or operations from Year 2000 issues. Cumulative costs expended to date for Year 2000 remediation (including readiness testing) of products and internal systems and contingency planning to date remain at approximately $4.9 million and the Company expects to incur no additional significant costs. These costs were expensed by the Company during the period they were incurred.

European Economic and Monetary Union (EMU)

Under the European Union's plan for Economic and Monetary Union (EMU), the euro becomes the sole accounting currency of EMU countries on January 1, 2002. Its initial phase went into effect on January 1, 1999, in 11 participating countries: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. In this initial phase the EMU mandated that key financial systems be able to triangulate conversion rates so that any amount booked will be logged and processed simultaneously in both the local currency and euros. The Company believes that its computer systems and programs are euro-compliant. Costs associated with compliance were not material and were expensed by the Company as they were incurred. The Company also believes the conversion to the euro will not have a material impact on the Company's consolidated financial results.

Interim Periods

Quarterly results may be affected by fluctuations in revenues associated with credit card solicitations, by the timing of orders for and deliveries of certain Origination and Underwriting products and TRIAD systems, and by the seasonality of ScoreNet purchases. With the exception of the cost of ScoreNet data purchased by the Company, most of its operating expenses are not affected by short-term fluctuations in revenues; thus short-term fluctuations in revenues may have a significant impact on operating results. However, in recent years, these fluctuations were generally offset by the strong growth in revenues from services delivered through credit bureaus and third-party bankcard processors. Management believes that neither the quarterly variation in revenues and net income, nor the results of operations for any particular quarter, are necessarily indicative of results of operations for full fiscal years. Accordingly, management believes that the Company's results should be evaluated on an annual basis.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk Disclosures. The following discussion about the Company's market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. The Company is exposed to market risk related to changes in interest rates, foreign currency exchange rates and equity security price risk. The Company does not use derivative financial instruments for speculative or trading purposes.

Interest Rate Sensitivity. The Company maintains an investment portfolio consisting mainly of income securities with an average maturity of less than five years. These available-for-sale securities are subject to interest rate risk and will fall in value if market interest rates increase. The Company has the ability to hold its fixed income investments until maturity, and therefore the Company would not expect its operating results or cash flows to be affected to any significant degree by the effect of a sudden change in market interest rates on its securities portfolio. The Company believes foreign currency and equity risk is not material.

The following table presents the principal amounts and related weighted-average yields for the Company's fixed rate investment portfolio at June 30, 2000:

	Carrying Amounts	Average Yield
Cash and cash equivalents:		
Commercial paper	$17,336,000	6.8%
Money market funds	3,120,000	6.2%
	20,456,000	6.7%
Short-term investments:		
U.S. government obligations	20,301,000	6.6%
Long-term investments:		
U.S. government obligations	30,430,000	7.2%
Total	$71,187,000	

PART II - OTHER INFORMATION

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

(a) Exhibits:

27 Financial Data Schedule

(b) Reports on Form 8-K:

No reports on Form 8-K were filed during the quarter ended June 30, 2000.

SIGNATURES

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

FAIR, ISAAC AND COMPANY, INCORPORATED

DATE: August 11, 2000

By /s/ Henk J. Evenhuis

Henk J. Evenhuis
Executive Vice President,
Finance and Chief Financial Officer

EXHIBIT INDEX

TO FAIR, ISAAC AND COMPANY, INCORPORATED

REPORT ON FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2000

Exhibit No.	Exhibit
27	Financial Data Schedule

5

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

1,000

9-MOS
SEP-30-2000
OCT-01-1999
JUN-30-2000
21,938
20,301
38,632
966
0
123,732
102,419
59,923
225,948
35,180
26
0
0
147
184,408
225,948
0
219,297
0
93,935
94,312
(47)
54
33,719
13,926
19,793
0
0
0
19,793
1.40
1.36