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UNITED STATES
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

Date of Report (Date of earliest event reported) July 24, 2006

FAIR ISAAC CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

0-16439

94-1499887

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

901 Marquette Avenue, Suite 3200
Minneapolis, Minnesota

55402-3232

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code 612-758-5200

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 2.02 Results of Operations and Financial Condition.

On July 26, 2006, Fair Isaac Corporation (the "Company") reported its financial results for the quarter and nine months ended June 30, 2006. See the Company's press release dated July 26, 2006, which is furnished as Exhibit 99.1 hereto and incorporated by reference in this Item 2.02.

Item 2.05 Costs Associated with Exit or Disposal Activities.

On July 24, 2006, the Company decided to vacate excess real estate located in San Rafael, California in the fourth quarter of fiscal 2006. As a result of this action, the Company expects to incur a charge of approximately \$8.4 million in the fourth quarter of fiscal 2006, which represents future cash lease obligations, net of anticipated sublease income. The company expects that the future lease obligations will be paid out over the next five years, which represents the remaining term of the lease.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press Release dated July 26, 2006

SIGNATURE

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 hereunto duly authorized.

FAIR ISAAC CORPORATION

By /s/ CHARLES M. OSBORNE

Charles M. Osborne
Vice President and Chief Financial Officer

Date: July 26, 2006

EXHIBIT INDEX

Exhibit Number	Description	Method of Filing
99.1	Press Release dated July 26, 2006	Filed Electronically

Fair Isaac Announces Third Quarter Fiscal 2006 Results

MINNEAPOLIS--(BUSINESS WIRE)--July 26, 2006--

Revenue of \$207.1 million; EPS of \$0.40 after \$0.15 from the SFAS 123(R) expense and costs related to the previously announced restructuring plan

Fair Isaac Corporation (NYSE:FIC), the leading provider of analytics and decision technology, today announced financial results for its third quarter ended June 30, 2006. In addition, the company announced that it expects to incur a fourth quarter charge of approximately \$8.4 million, after-tax, or \$0.13 per diluted share, related to vacating excess real estate.

The company adopted Statement of Financial Accounting Standards No. 123(R), Share-Based Payment (SFAS 123(R)) for fiscal 2006. As a result, effective October 1, 2005, the company began recording compensation expense for stock options and purchases under its Employee Stock Purchase Plan in the consolidated statement of income. Results for prior periods have not been restated.

Third Quarter Fiscal 2006 Results

The company reported third quarter revenues of \$207.1 million in fiscal 2006 versus \$203.8 million reported in the prior year period. Net income for the third quarter of fiscal 2006 totaled \$26.0 million, or \$0.40 per diluted share versus \$36.6 million, or \$0.53 per diluted share reported in the prior year period.

Third quarter fiscal 2006 results included share-based compensation expense of \$6.7 million after-tax, or \$0.10 per diluted share, due to the adoption of SFAS 123(R), and costs associated with the previously announced restructuring plan of \$3.4 million after-tax, or \$0.05 per diluted share.

Third quarter fiscal 2005 results included an increase to net income due to a reduction to income tax expense of \$4.4 million, or \$0.06 per diluted share, related to revisions made to estimates of prior years' tax liabilities.

Fiscal 2006 Year-to-date Results

The company reported year-to-date revenues of \$618.1 million versus \$595.4 million in the prior year period. Net income for year-to-date fiscal 2006 totaled \$81.4 million, or \$1.23 per diluted share versus \$98.8 million, or \$1.34 per diluted share reported in the prior year period.

Year-to-date fiscal 2006 results included share-based compensation expense of \$19.3 million after-tax, or \$0.29 per diluted share, due to the adoption of SFAS 123(R), and restructuring and acquisition-related costs of \$4.4 million after-tax, or \$0.07 per diluted share.

Year-to-date fiscal 2005 results included a decrease in diluted earnings per share of \$0.08 related to the adoption of EITF Issue No. 04-8, and an increase in diluted earnings per share of \$0.14 related to revisions made to tax liabilities.

Third Quarter Fiscal 2006 Revenues Highlights

Revenues for third quarter fiscal 2006 across each of the company's four operating segments were as follows:

- Strategy Machine(R) Solutions revenues were \$114.8 million in the third quarter compared to \$115.1 million in the prior year quarter, or a decrease of 0.2%, primarily due to a decline associated with marketing services and insurance solutions, offset by an increase in revenues derived from fraud solutions.
- Scoring Solutions revenues increased to \$43.7 million in the third quarter from \$40.7 million in the prior year quarter, or by 7.4%, primarily due to an increase in revenues derived from risk scoring services at the credit reporting agencies and PreScore(R) Service.
- Professional Services revenues increased to \$36.7 million in the third quarter from \$33.2 million in the prior year quarter, or by 10.6%, primarily due to an increase in revenues from strategic consulting services.
- Analytic Software Tools revenues were \$11.9 million in the

third quarter compared to \$14.8 million in the prior year quarter, or a decrease of 19.8%, due to a decline in revenues generated from sales of the Blaze Advisor(TM) product.

Fiscal 2006 Year-to-date Revenues Highlights

Year-to-date revenues for fiscal 2006 across each of the company's four operating segments were as follows:

- Strategy Machine Solutions revenues increased to \$345.7 million from \$344.2 million in the prior year period, or by 0.4%, primarily due to growth in consumer scoring products and fraud products, offset by a decline associated with marketing services and insurance solutions.
- Scoring Solutions revenues increased to \$131.7 million from \$119.5 million in the prior year period, or by 10.2%, primarily due to an increase in revenues derived from risk scoring services at the credit reporting agencies, and PreScore Service.
- Professional Services revenues increased to \$108.2 million from \$96.3 million in the prior year period, or by 12.4%, primarily due to increases in revenues from strategic consulting services and implementation services for EDM products, offset by a decline in consulting services related to precision marketing.
- Analytic Software Tools revenues were \$32.5 million compared to \$35.5 million in the prior year period, or a decrease of 8.3%, due to a decline in revenues generated from sales of the Blaze Advisor product.

Bookings Highlights

The bookings for the third quarter were \$94.5 million versus \$143.3 million in the same period last year. The company defines a "new booking" as estimated future contractual revenues, including agreements with perpetual, multi-year and annual terms. Management regards the volume of new bookings achieved, among other factors, as an important indicator of future revenues, but they are not comparable to, nor should they be substituted for, an analysis of the company's revenues.

Balance Sheet and Cash Flow Highlights

Cash and cash equivalents, and marketable security investments were \$353.2 million at June 30, 2006, as compared to \$288.1 million at September 30, 2005. Significant changes in cash and cash equivalents from September 30, 2005 include cash provided by operations of \$153.9 million for fiscal 2006 and \$56.2 million received from the exercise of stock options and stock issued under an employee stock purchase plan. Cash used during fiscal 2006 includes \$24.3 million related to purchases of property and equipment and \$124.1 million to repurchase company stock under the currently authorized share repurchase plan. The remaining balance of the existing share repurchase authorization is \$47.3 million.

Restructuring Activities

On June 15, 2006, the company announced the details of a restructuring plan designed to accelerate growth. As part of the restructuring, the company incurred severance and related costs of \$3.4 million after-tax, or \$0.05 per diluted share, in the third quarter of fiscal 2006.

Separate from the restructuring, the company has identified excess real estate that will be vacated in the fourth quarter of fiscal 2006. Vacating the excess real estate will result in a fourth quarter charge of approximately \$8.4 million, after-tax, or \$0.13 per diluted share, representing future cash obligations under the lease, net of sublease income. The company expects that the future lease obligations will be paid out over the next five years, which represents the remaining lease period. The company also expects to yield an annualized reduction of rent expense of approximately \$2.3 million to \$2.8 million, after-tax, through the remaining lease period.

Outlook

Fourth Quarter 2006

The company expects revenues for fourth quarter fiscal 2006 of

approximately \$207.0 million, of which Product (Scoring, Strategy Machines and Analytic Software Tools) revenues will account for approximately \$170.0 million and Professional Services revenues will account for approximately \$37.0 million. The company also expects earnings per diluted share for the quarter to be approximately \$0.33, which includes an expected after-tax compensation expense of approximately \$7.1 million, or \$0.11 per diluted share, related to SFAS 123(R) and approximately \$8.4 million, or \$0.13 per diluted share related to vacating excess real estate as noted above.

"We remain confident that our client-centric approach will accelerate our growth in new vertical and international markets," said Thomas Grudnowski, Fair Isaac's chief executive officer. "We also expect continued steady growth in core areas, including FICO(R) scores, our Falcon(TM) Fraud franchise and our TRIAD(TM) solutions. The ongoing demand for our EDM solutions is a testament to our customers' and prospects' growing appreciation of the unique value we can deliver."

Company to Host Conference Call

The company will host a conference call today at 5:00 p.m. Eastern Time (4:00 p.m. Central Time/2:00 p.m. Pacific Time) to discuss its third quarter fiscal 2006 results, and outlook for the remainder of fiscal 2006. The call can be accessed live on the Investor Relations section of the company's Web site at www.fairisaac.com, and a replay will be available approximately two hours after the completion of the call through August 23, 2006.

About Fair Isaac Corporation

Fair Isaac Corporation (NYSE:FIC) makes decisions smarter. The company's solutions and technologies for Enterprise Decision Management give businesses the power to automate more processes, and apply more intelligence to every customer interaction. Through increasing the precision, consistency and agility of their decisions, Fair Isaac clients worldwide increase sales, build customer value, cut fraud losses, manage credit risk, reduce operational costs, meet changing compliance demands and enter new markets more profitably. Founded in 1956, Fair Isaac powers hundreds of billions of decisions each year in financial services, insurance, telecommunications, retail, consumer branded goods, healthcare and the public sector. Fair Isaac also helps millions of individuals manage their credit health through the www.myfico.com website. Visit Fair Isaac online at www.fairisaac.com.

Statement Concerning Forward-Looking Information

Except for historical information contained herein, the statements contained in this news release that relate to Fair Isaac or its business are forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including the company's ability to recruit and retain key technical and managerial personnel, the maintenance of its existing relationships and ability to create new relationships with customers and key alliance partners, its ability to continue to develop new and enhanced products and services, competition, regulatory changes applicable to the use of consumer credit and other data, the possibility that the anticipated benefits of acquisitions, including expected synergies, will not be realized and other risks described from time to time in Fair Isaac's SEC reports, including its Annual Report on Form 10-K for the year ended September 30, 2005 and quarterly report on Form 10-Q for the period ended March 31, 2006. If any of these risks or uncertainties materialize, Fair Isaac's results could differ materially from its expectations. Fair Isaac disclaims any intent or obligation to update these forward-looking statements.

Fair Isaac, FICO, Falcon, Blaze Advisor, TRIAD, Strategy Machine and PreScore are trademarks or registered trademarks of Fair Isaac Corporation in the United States and in other countries. Other product and company names herein may be trademarks of their respective owners.

FAIR ISAAC CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

For the Quarters and Nine Months Ended June 30, 2006 and 2005

(In thousands, except per share data)

(Unaudited)

Quarter Ended

Nine Months Ended

	June 30,		June 30,	
	2006	2005	2006	2005
Revenues	\$207,129	\$203,807	\$618,076	\$595,374
Operating expenses:				
Cost of revenues	71,497	68,339	211,686	207,757
Research and development	21,370	21,176	65,794	60,297
Selling, general and administrative	66,338	59,126	193,878	167,779
Amortization of intangible assets	6,302	6,320	18,825	19,640
Restructuring and acquisition related	5,290	-	6,800	-
Total operating expenses	170,797	154,961	496,983	455,473
Operating income	36,332	48,846	121,093	139,901
Other income (expense), net	2,713	161	5,053	1
Income before income taxes	39,045	49,007	126,146	139,902
Provision for income taxes	13,042	12,395	44,713	41,102
Net income	\$26,003	\$36,612	\$81,433	\$98,800
Earnings per share:				
Basic	\$0.41	\$0.55	\$1.27	\$1.47
Diluted	\$0.40	\$0.53	\$1.23	\$1.34 (a)
Shares used in computing earnings per share:				
Basic	63,664	66,215	64,303	67,247
Diluted	64,973	68,531	66,003	75,661 (a)
Share-based compensation expense included in the above operating expense captions are as follows (b):				
Cost of revenues	\$2,722	\$79	\$8,265	\$190
Research and development	1,661	36	5,061	87
Selling, general and administrative	6,001	347	16,698	815
Total share-based compensation expense	\$10,384	\$462	\$30,024	\$1,092

(a) The computation of diluted earnings per share for the nine months ended June 30, 2005 includes 6.0 million shares of common stock issuable upon conversion of our senior convertible notes, along with a corresponding adjustment to net income to add back related interest expense, net of tax, of approximately \$2.5 million. On March 31, 2005, the company successfully completed an exchange offer for approximately 99.9% of the principal amount of its senior convertible notes for new senior convertible notes. The dilutive effect of the new senior convertible notes has been calculated using the treasury stock method since the effective date of the exchange.

(b) Effective October 1, 2005, the company adopted SFAS 123(R), "Share-Based Payment", which required the company to record compensation expense for all share-based awards. Results from prior periods have not been restated.

FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
June 30, 2006 and September 30, 2005
(In thousands)
(Unaudited)

	June 30, 2006	September 30, 2005

ASSETS:		
Current assets:		
Cash and cash equivalents	\$133,964	\$82,880
Marketable securities	182,170	146,088
Receivables, net	161,021	156,375
Prepaid expenses and other current assets	23,599	27,337

Total current assets	500,754	412,680
Marketable securities and investments	37,017	59,087
Property and equipment, net	55,433	48,436
Goodwill and intangible assets, net	788,800	803,306
Other noncurrent assets	30,222	27,552

	\$1,412,226	\$1,351,061
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LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable and other accrued liabilities	\$68,330	\$50,947
Accrued compensation and employee benefits	30,932	31,373
Deferred revenue	50,364	55,837

Total current liabilities	149,626	138,157
Senior convertible notes	400,000	400,000
Other noncurrent liabilities	5,339	7,810

Total liabilities	554,965	545,967
Stockholders' equity	857,261	805,094

	\$1,412,226	\$1,351,061
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FAIR ISAAC CORPORATION
REVENUES BY SEGMENT
For the Quarters and Nine Months Ended June 30, 2006 and 2005
(In thousands)
(Unaudited)

	Quarter Ended June 30,		Nine Months Ended June 30,	
	2006	2005	2006	2005

Strategy machine solutions	\$114,820	\$115,092	\$345,658	\$344,156
Scoring solutions	43,745	40,741	131,669	119,512
Professional services	36,714	33,203	108,236	96,253
Analytic software tools	11,850	14,771	32,513	35,453

Total revenues	\$207,129	\$203,807	\$618,076	\$595,374
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FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended June 30, 2006 and 2005
(In thousands)
(Unaudited)

	Nine Months Ended June 30,	
	2006	2005

Cash flows from operating activities:		
Net income	\$81,433	\$98,800
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	36,529	39,261
Changes in operating assets and liabilities, net of acquisitions	4,081	(12,304)
Other, net	31,868	24,395
Net cash provided by operating activities	153,911	150,152
Cash flows from investing activities:		
Purchases of property and equipment	(24,321)	(14,009)
Cash paid for acquisitions, net of cash acquired	-	(32,567)
Net activity from marketable securities	(13,565)	19,800
Other, net	500	22,572
Net cash provided by (used in) investing activities	(37,386)	(4,204)
Cash flows from financing activities:		
Proceeds from issuances of common stock	56,221	49,353
Repurchases of common stock	(124,107)	(231,834)
Other, net	2,221	(4,041)
Net cash provided by (used in) financing activities	(65,665)	(186,522)
Effect of exchange rate changes on cash	224	(370)
Increase in cash and cash equivalents	51,084	(40,944)
Cash and cash equivalents, beginning of period	82,880	134,070
Cash and cash equivalents, end of period	\$133,964	\$93,126

Fair Isaac Corporation
Baseline Revenue Analysis
(In thousands)

	BKG'05	Q1A	Q2A	Q3A	Q4A	FY05
Total Baseline						
Prior to '05	\$176,161	\$164,445	\$158,912	\$150,950	\$650,468	
Q1-2005A	\$115,363	19,385	12,916	9,120	7,622	49,043
Q2-2005A	136,560		18,660	12,402	8,312	39,374
Q3-2005A	143,318			23,373	16,259	39,632
Q4-2005A	109,728				20,154	20,154
Total FY05	504,969	19,385	31,576	44,895	52,347	148,203
Total Baseline						
Prior to '06	504,969	195,546	196,021	203,807	203,297	798,671
Q1-2006E						
Q2-2006E						
Q3-2006E						
Q4-2006E						
Total FY06						
Grand Total	\$504,969	\$195,546	\$196,021	\$203,807	\$203,297	\$798,671

	BKG'06	Q1A	Q2A	Q3A	Q4E	FY06E
Total Baseline						
Prior to '05	\$149,484	\$143,730	\$141,099	\$139,000	\$573,313	

Q1-2005A		6,205	4,261	3,765	2,500	16,731
Q2-2005A		6,194	5,975	5,238	4,500	21,907
Q3-2005A		7,404	7,198	5,478	5,000	25,080
Q4-2005A		11,482	10,521	8,339	6,000	36,342
Total FY05		31,285	27,955	22,820	18,000	100,060
Total Baseline Prior to '06		180,769	171,685	163,919	157,000	673,373
Q1-2006E	\$127,778	22,021	15,296	8,988	7,000	53,305
Q2-2006E	106,024		21,176	12,674	7,000	40,850
Q3-2006E	94,480			21,547	15,000	36,547
Q4-2006E	121,718				21,000	21,000
Total FY06	450,000	22,021	36,472	43,209	50,000	151,702
Grand Total	\$450,000	\$202,790	\$208,157	\$207,128	\$207,000	\$825,075

E = Estimate
A = Actual

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