

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 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
(State or other jurisdiction of
incorporation or organization)

94-1499887
(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 No .

The number of shares of Common Stock, \$0.01 par value per share, outstanding on February 7, 2001, was 14,347,764.

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PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

FAIR, ISAAC AND COMPANY, INCORPORATED
CONSOLIDATED BALANCE SHEETS
December 31, 2000 and September 30, 2000
(in thousands)
(Unaudited)

	December 31, 2000	September 30, 2000
	-----	-----
Assets		
Current assets:		
Cash and cash equivalents	\$ 33,550	\$ 39,506
Short-term investments	39,740	19,109
Accounts receivable, net	44,743	41,625
Unbilled work in progress	24,946	26,484
Prepaid expenses and other current assets	5,078	4,769
Deferred income taxes	5,752	5,719
	-----	-----
Total current assets	153,809	137,212
Investments	28,924	34,502
Property and equipment, net	46,168	48,565
Intangibles, net	8,105	8,630
Deferred income taxes	8,778	8,778
Other assets	4,613	3,601
	-----	-----
	\$ 250,397	\$ 241,288
	=====	=====
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,470	\$ 1,606
Accrued compensation and employee benefits	15,799	15,581
Other accrued liabilities	14,033	8,863
Billings in excess of earned revenues	9,905	10,104
Capital lease obligations	253	364
	-----	-----
Total current liabilities	41,460	36,518
	-----	-----
Long-term liabilities:		
Accrued compensation and employee benefits	4,930	4,886
Other liabilities	877	883
	-----	-----
Total long-term liabilities	5,807	5,769
	-----	-----
Total liabilities	47,267	42,287
	-----	-----
Stockholders' equity:		
Preferred stock	--	--
Common stock	148	148
Paid in capital in excess of par value	54,929	52,269
Retained earnings	164,547	156,021
Less treasury stock, at cost	(15,926)	(8,793)
Accumulated other comprehensive loss	(568)	(644)
	-----	-----
Total stockholders' equity	203,130	199,001
	-----	-----
	\$ 250,397	\$ 241,288
	=====	=====

See accompanying notes to the consolidated financial statements.

FAIR, ISAAC AND COMPANY, INCORPORATED
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the three months ended December 31, 2000 and 1999
(in thousands, except per share data)
(Unaudited)

	Three Months Ended December 31,	
	2000	1999
Revenues	\$ 77,090	\$ 70,094
Costs and expenses:		
Cost of revenues	31,884	29,780
Research and development	6,899	9,612
Sales general and administrative	23,910	20,963
Amortization of intangibles	525	525
Restructuring charge	--	1,674
Total costs and expenses	63,218	62,554
Income from operations	13,872	7,540
Other income, net	1,148	866
Income before income taxes	15,020	8,406
Provision for income taxes	6,203	3,472
Net income	8,817	4,934
Net Income	8,817	4,934
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on investments	(48)	(150)
Foreign currency translation adjustments	124	(67)
Other comprehensive income (loss)	76	(217)
Comprehensive income	\$ 8,893	\$ 4,717
Earnings per share:		
Diluted	\$ 0.60	\$ 0.34
Basic	\$ 0.61	\$ 0.35
Shares used in computing earnings per share:		
Diluted	14,778,000	14,392,000
Basic	14,534,000	14,028,000

See accompanying notes to the consolidated financial statements.

FAIR, ISAAC AND COMPANY, INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended December 31, 2000 and 1999
(in thousands)
(Unaudited)

	Three Months Ended December 31,	
	2000	1999
Cash flows from operating activities		
Net income	\$ 8,817	\$ 4,934
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	5,936	4,624
Deferred compensation	249	122
Tax benefit from exercise of stock options	233	648
Other	169	135
Changes in operating assets and liabilities:		
Accounts receivable	(3,034)	(565)
Unbilled work in progress	1,538	1,903
Prepaid expenses and other assets	(1,084)	2,078
Accounts payable	5,744	(1,432)
Accrued compensation and employee benefits	1,294	(8,173)
Other accrued liabilities and other liabilities	(921)	(2,575)
Billings in excess of earned revenues	(199)	1,911
Net cash provided by operating activities	18,742	3,610
Cash flows from investing activities		
Purchases of property and equipment	(3,039)	(5,591)
Purchases of investments	(26,380)	(12,240)
Proceeds from maturities of investments	11,110	2,606
Net cash used in investing activities	(18,309)	(15,225)
Cash flows from financing activities		
Principal payments of capital lease obligations	(111)	(108)
Proceeds from the exercise of stock options and issuance of treasury stock	2,205	2,919
Dividends paid	(291)	(281)
Repurchase of company stock	(8,192)	--
Net cash provided by financing activities	(6,389)	2,530
Decrease in cash and cash equivalents	(5,956)	(9,085)
Cash and cash equivalents, beginning of period	39,506	20,715
Cash and cash equivalents, end of period	33,550	11,630

See accompanying notes to the consolidated financial statements.

FAIR, ISAAC AND COMPANY, INCORPORATED
Notes to Consolidated Financial Statements

Note 1 General

In management's opinion, the accompanying unaudited consolidated financial statements for Fair, Isaac & Company, Incorporated (the "Company") for the three months ended December 31, 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 unless otherwise stated) 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 financial statements do not contain all of the information and footnotes required by generally accepted accounting principles for complete financial statements. All such financial statements presented herein are unaudited, however, the September 30 balance sheet has been derived from audited financial statements. This report and the accompanying financial statements should be read in connection with the Company's audited financial statements and notes thereto presented in its Annual Report on Form 10-K for the fiscal year ended September 30, 2000. Notes that would substantially duplicate the disclosures in the Company's audited financial statements for the fiscal year ended September 30, 2000, contained in the 2000 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, 2001.

Note 2 Earnings Per Share

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

(in thousands, except per share data)	Three months ended December 31,	
	2000	1999
Numerator - Net income	\$ 8,817 =====	\$ 4,934 =====
Denominator - Shares:		
Diluted weighted-average shares and assumed conversion of stock options	14,778	14,392
Effect of dilutive securities - employee stock options	(244)	(364)
Basic weighted-average shares	----- 14,534 =====	----- 14,028 =====
Earnings per share:		
Diluted	\$ 0.60 =====	\$ 0.34 =====
Basic	\$ 0.61 =====	\$ 0.35 =====

The computation of diluted EPS at December 31, 2000 and 1999 respectively, excludes stock options to purchase 532,000 and 139,000 shares of common stock. 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 3 Cash Flow Statement

Supplemental disclosure of cash flow information:

(in thousands)	Three months ended December 31,	
	2000	1999
Income tax payments	\$ 99	\$ 196
Interest paid	100	14
Non-cash investing and financing activities:		
Issuance of treasury stock to ESOP and ESPP	\$1,032	--

Note 4 New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, as amended by SFAS No. 137 and SFAS No. 138. This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities. The Company adopted SFAS No. 133 for the fiscal year beginning October 1, 2000. The adoption of SFAS No. 133 did not have any material impact on the Company's consolidated financial position, results of operations or cash flows.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 101 regarding recognition, presentation and disclosure of revenue. SAB 101 is required to be implemented no later than the fourth quarter of fiscal year 2001. Management believes that the adoption of SAB No. 101 will not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

Note 5 Segment information

Effective October 1, 2000, the Company reorganized its operating structure. As a result, the Company changed to a global segment reporting structure to align closely with the Company's internal management reporting of its business operations. There are three reportable segments: Global Data Repositories & Processors, Global Financial Services and Other, which include Analytics, Liquid Credit, Retail, and Telecommunications. The segment information for the three months ended December 31, 1999 has been restated to conform with the fiscal year 2001 presentation.

The Company's Chief Executive Officer evaluates financial performance based on measures of business segment revenues and operating profit or loss. Unallocated other income consists mainly of interest revenues and equity share from investments. The Company does not evaluate the financial performance of each segment based on its assets or capital expenditures.

(in thousands)	Global Data Repositories & Processors	Global Financial Services	Other	Total

Three months ended December 31, 2000				

Revenue	\$37,313 =====	\$24,795 =====	\$14,982 =====	\$77,090 =====
Operating income	8,528	3,916	1,428	13,872
Unallocated other income, net				1,148 -----
Income before income taxes				15,020 =====
Three months ended December 31, 1999				

Revenue	35,902 =====	23,737 =====	10,455 =====	70,094 =====
Operating income	\$ 4,415	\$ 2,277	\$ 848	\$ 7,540
Unallocated other income, net				866 -----
Income before income taxes				\$ 8,406 =====

Note 6 Restructuring Charge

In October 1999, the Company announced discontinuance of its Healthcare Receivables Management System ("HRMS") product line. As a result of exiting the HRMS line of business, the Company recorded restructuring charges totaling \$1,674,000 in the first quarter ended December 31, 1999. The Company's restructuring actions were completed under the plan by June 30, 2000. At the fiscal year end of September 30, 2000, the Company had an outstanding provision of \$385,000 for restructuring charges included under other accrued liabilities. Through the first quarter ended December 31, 2000, the Company made cash payments of \$221,000 and wrote off operating assets of \$24,000, resulting in an outstanding provision of \$140,000 included under other accrued liabilities at December 31, 2000.

The following table depicts the restructuring activity:

(in thousands)	Payments to Employees Involuntarily Terminated	Write-down of Operating Assets to Be Sold	Payments on Cancelled Contracts	Total

Fiscal year 2000 provision	\$ 1,827	\$ 263	\$ 833	\$2,923
Cash payments	(1,806)		(633)	(2,439)
Write-down of operating assets		(99)		(99)
	-----	-----	-----	-----
Balance at September 30, 2000	21	164	200	385
Cash payments	(21)		(200)	(221)
Write-down of operating assets		(24)		(24)
	-----	-----	-----	-----
Balance at December 31, 2000	\$ -- =====	\$ 140 =====	\$ -- =====	\$ 140 =====

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

Forward Looking Statements

Certain statements contained in this Report which are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act (the "Act"). In addition, certain statements in our future filings with the Securities and Exchange Commission, in press releases, and in oral and written statements made by or with our approval which are not statements of historical fact constitute forward-looking statements within the meaning of the Act. Examples of forward-looking statements include, but are not limited to: (i) projections of revenue, income or loss, earnings or loss per share, the payment or nonpayment of dividends, capital structure and other financial items; (ii) statements of our plans and objectives or our management or Board of Directors, including those relating to products or services; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Words such as "believes," "anticipates," "expects," "intends," "targeted," and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements involve risks and uncertainties which may cause actual results to differ from those in such statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to, those described in the "Risk Factors" section of this discussion and analysis. Such forward-looking statements speak only as of the date on which statements are made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made to reflect the occurrence of unanticipated events or circumstances.

Business Overview

Fair, Isaac and Company, Incorporated is a global provider of analytics and decision technology. In this Report, Fair, Isaac and Company, Inc. is referred to as "we," "our," and "the Company". We provide 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. In fiscal 2000 we powered more than 12 billion decisions. Widely recognized for our pioneering work in predictive technology, we develop, produce, market and distribute advanced decision-making solutions to the financial services, retail, telecommunications, e-business, insurance and other industries.

Our 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. We also provide a range of credit scoring and credit account management services to credit bureaus and credit card processing agencies, as well as data processing and database management services to businesses engaged in direct marketing activities, many of which are in the financial services and insurance industries.

RESULTS OF OPERATIONS

Revenues

Effective October 1, 2000, we reorganized the operating structure of our business segments. As a result, we changed to a global segment reporting structure to align closely with our internal management reporting of our business operations. There are three reportable segments: Global Data Repositories and Processors, Global Financial Services and Other, which are described below:

- o Global Data Repositories and Processors. This segment consists of our former Alliance Products and Services products, expanded beyond the United States and Canadian markets to include these products worldwide. This segment includes our credit scoring services distributed through major credit bureaus, including the three major credit bureaus in the United States--Trans Union Corporation, Experian Information Solutions, Inc. and Equifax Inc., our credit account management services distributed through third-party bankcard processors worldwide, our ScoreNet and PreScore services, insurance bureau scores, and other related products. The majority of these services generate usage revenues.
- o Global Financial Services. This segment is comprised principally of the former Targeting and Prospecting products (data processing and database management services for companies and organizations involved in direct marketing), on a global basis, together with our Fair, Isaac MarketSmart Decision System(TM), ClickPremium(TM), StrategyWare(R) and TRIAD(TM) products. We are migrating some of our existing database clients to the Fair, Isaac MarketSmart Decision System. Our Fair, Isaac MarketSmart Decision System and ClickPremium products are sold on a usage basis and the TRIAD and StrategyWare products are generally sold to a single user on a fixed-price basis. Other Global Financial Services products are sold under a combination of fixed-fee and usage-based pricing.
- o Other. This segment covers Analytics, LiquidCredit(TM), Retail, and Telecommunications on a worldwide basis. Analytics products include our 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. Our LiquidCredit products automate the processing of credit applications including the implementation of our credit application scoring models and include both our traditional products such as CreditDesk(R) and one of our new products, LiquidCredit. Retail products include the Fair, Isaac MarketSmart Decision System for the retail market. Products in the Other segment are priced in various ways. Our products developed specifically for a single user such as our application and behavior scoring models (also known as "Analytic Products," "scorecards" or "models") are generally sold on a fixed-price basis. Software systems usually also have a component of ongoing maintenance revenue, and CreditDesk and LiquidCredit systems are sold under time or volume-based price arrangements.

Comparative segment revenues, operating income and related financial information for this quarter and the corresponding period in fiscal 2000 are set forth in Note 5 to the Consolidated Financial Statements.

The following table displays (a) the percentage of revenues by segment and (b) the percentage change in revenues within each segment from the prior fiscal year.

	Percentage of Revenue		Period-to-Period
	Quarter Ended December 31, 2000	Quarter Ended December 31, 1999	Percentage Changes Quarter Ended 12/31/00 Compared to 12/31/99
Global Data Repositories and Processors	48%	51%	4%
Global Financial Services	32%	34%	4%
Other	20%	15%	43%
Total Revenues	100%	100%	10%

The growth in Global Data Repositories and Processors revenues in the current quarter compared to the same period in the prior fiscal year was primarily due to increased revenues from services provided through bankcard processors and the PreScore service. Revenues from services provided through bankcard processors increased by approximately 26% compared to the same period in the prior fiscal year. We believe this increase in revenues is due to increases in the number of accounts at these processors attributable to increased outsourcing of processing services by banks. These increases were partially offset by decreased revenues derived from risk scoring services at the credit bureaus. The slight decline in revenues for risk scoring services at the credit bureaus primarily reflects the inclusion in the first quarter of the prior fiscal year of certain revenues on a one-time basis that related to past periods.

Revenues derived from alliances with credit bureaus and credit card processors have accounted for most of our revenue growth in the last three years. Revenues from services produced through credit bureaus increased 13% in fiscal 2000 and 14% in fiscal 1999 and accounted for approximately 37% of revenues in fiscal 2000 and 36% in fiscal 1999. 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 we have been successful in extending or renewing our agreements with credit bureaus and credit card processors in the past, and believe we will likely 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. In fiscal 2000, Trans Union Corporation accounted for approximately 12% of our revenues and Equifax, Inc., approximately 10%. Revenues generated through our alliances with Equifax, Experian and Trans Union each accounted for approximately 8% to 10% in fiscal 1999.

The increases in revenues derived from Global Financial Services segment in the current quarter compared with same period in fiscal 2000 were due primarily to increased sales of StrategyWare and TRIAD products and sales of the new ClickPremium product.

Percentage of revenues by principal product units in the Other segment are as follows: Retail, Analytics, LiquidCredit, and Telecommunications. Increases in revenues for the Other segment in the current quarter compared to the same period in the prior fiscal year are primarily due to increases in sales of the LiquidCredit category of products.

Expenses

The following table sets forth for the fiscal periods indicated (a) the percentage of revenues represented by certain line items in our Consolidated Statements of Income and Comprehensive Income and (b) the percentage change in the amount of each such line item from the prior fiscal year.

	Percentage of Revenue		Period-to-Period
	-----		Percentage Changes
	Quarter Ended		Quarter Ended
	December 31,		12/31/00
	2000	1999	Compared
	-----	-----	to Quarter Ended
			12/31/99
	-----	-----	-----
Revenues	100%	100%	10%
Costs and expenses:			
Cost of revenues	41%	42%	7%
Research and development	9%	14%	(28)%
Sales, general and administrative	31%	30%	14%
Amortization of intangibles	1%	1%	1%
Restructuring charge	0%	2%	100%
	-----	-----	
Total costs and expenses	82%	89%	1%
	-----	-----	
Income from operations	18%	11%	84%
Other income, net	1%	1%	33%
	-----	-----	
Income before income taxes	19%	12%	79%
Provision for income taxes	8%	5%	79%
	-----	-----	
Net income	11%	7%	79%
	=====	=====	

Cost of revenues

Cost of revenues consists primarily of personnel directly involved in creating revenue, travel and related overhead costs; costs of computer services and the amounts paid to credit bureaus for scores and related information in connection with the ScoreNet Service. As compared with the same quarter a year earlier, the cost of revenues, as a percentage of revenues, decreased slightly in the current quarter primarily due to elimination of costs relating to our former Healthcare Receivables Management System ("HRMS") product line.

Research and development

Research and development expenses include the personnel and related overhead costs incurred in new and existing product development, researching mathematical and statistical models and developing software aimed at improving productivity, profitability and management control. Research and development expenditures in the current quarter, as a percentage of revenues, were down as compared with the corresponding quarter of fiscal 2000, due primarily to redeployment of research and development personnel to support roles for our new products.

Sales, general and administrative

Sales, general and administrative expenses consist principally of employee salaries and benefits, sales commissions, travel, overhead, advertising and other promotional expenses, corporate facilities expenses, the costs of administering certain benefit plans, legal expenses, business development, the costs of operating administrative functions, such as finance and computer information systems and compensation expenses for certain senior management. As a percentage of revenues, these expenses for the current quarter increased compared to the corresponding period of fiscal 2000, due primarily to increases in personnel and software and hardware expenses.

Amortization of intangibles

We are amortizing the intangible assets arising from various acquisitions over periods ranging from four to fifteen years.

Restructuring charge

In October 1999, we announced discontinuance of our HRMS product line. As a result of exiting the HRMS line of business, we recorded restructuring charges totaling \$1,674,000 in the first quarter ended December 31, 1999. Our restructuring actions were completed under the plan by June 30, 2000. At the fiscal year end of September 30, 2000, we had an outstanding provision of \$385,000 for restructuring charges included under other accrued liabilities. Through the first quarter ended December 31, 2000, we made cash payments of \$221,000 and wrote off operating assets of \$24,000, resulting in an outstanding provision of \$140,000 included under other accrued liabilities at December 31, 2000. See Note 6 to the Consolidated Financial Statements for additional information.

Other income and expense

Other income and expense consists mainly of interest income from investments, interest expense, exchange rate gains/losses from holding foreign currencies in bank accounts, and other non-operating items. Interest income, derived from the investment of funds surplus to our immediate operating requirements, increased significantly in the current quarter compared with the corresponding period a year earlier due to higher balances invested in interest bearing instruments, partially offset by interest expense related to a state tax audit, our share of operating losses in an early stage development company that is accounted for using the equity method and minimal foreign currency losses.

Provision for income taxes

The Company's effective tax rate was unchanged from 41.3% for the current quarter compared to the same period in fiscal 2000.

Financial Condition

Working capital increased to \$112,349,000 at December 31, 2000 from \$100,694,000 at September 30, 2000. Cash and marketable investments increased to \$102,214,000 at December 31, 2000 from \$93,117,000 at September 30, 2000. The Company's long-term obligations are mainly related to employee incentive and benefit obligations.

In fiscal 1999, we initiated a stock repurchase program to purchase up to one million shares of our common stock, to be funded by cash on hand. During fiscal 2001, we repurchased approximately 425,000 shares at a cost of \$19.8 million. Since the program was initiated we have purchased a total of 785,000 shares at an aggregate cost of \$32.1 million. We intend to continue to evaluate opportunities to repurchase shares under the program.

We believe that our current cash and cash equivalents, short-term cash investments and cash expected to be generated from operations will be sufficient to meet our working capital, capital expenditure, and investment needs for both the current fiscal year and the foreseeable future.

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. We believe that our computer systems and programs are euro-compliant and have experienced no material disruptions to date. We also believe the conversion to the euro will not have a material impact on our consolidated financial results.

Risk Factors

Our revenues are dependent, to a great extent, upon general economic conditions and more particularly, upon conditions in the consumer credit and the financial services industries.

The majority of our revenues are derived from sales to the consumer credit industry. In addition, during fiscal 2000, 24% of our revenues were derived from financial services related products. A downturn in the consumer credit industry or the financial services industry caused by increases in interest rates or a tightening of credit, among other factors could harm our results of operations. The revenue growth and profitability of our business depends on the overall demand for our existing and new products, particularly in the product segments in which we compete. Because our sales are primarily to major corporations, our business also depends on general economic and business conditions. A softening of demand for our decisioning solutions caused by a weakening of the economy may result in decreased revenues or lower growth rates. In particular, one of the challenges we face in promoting future growth in revenues is the successful refocusing of our marketing and sales efforts to our new initiatives. There can be no assurances that we will be able to effectively promote future revenue growth in our business. Since 1990, while the rate of account growth in the U S bankcard industry has been slowing and many of our largest institutional clients have merged and consolidated, we have generated most of our revenue growth from our bankcard-related scoring and account management business by cross-selling our products and services to large banks and other credit issuers. As this industry continues to consolidate, we may have fewer opportunities for revenue growth.

Quarterly operating results have varied significantly in the past and this unpredictability will likely continue in the future.

Our revenues and operating results have varied significantly in the past. We expect fluctuations in our operating results to continue for the foreseeable future. Consequently, we believe that period-to-period comparisons of our financial results should not be relied upon as an indication of future performance. It is possible that in some future periods our operating results may fall below the expectations of market analysts and investors, and in this event the market price of our common stock would likely fall. Factors that affect our revenues and operating results include the following:

- o Decrease in recurring revenues
- o The lengthy sales cycle of many of our products
- o Failure of our target markets and customers to accept our new products
- o Our ability to successfully and timely develop, introduce and market new products and product enhancements
- o The timing of our new product announcements and introductions in comparison with our competitors
- o Changes in the level of our operating expenses
- o Competitive conditions in the consumer credit industry
- o Competitive conditions in the financial services industry
- o Domestic and international economic conditions
- o Changes in prevailing technologies
- o Acquisition-related expenses and charges
- o Timing of orders for and deliveries of certain software systems
- o Increased operating expenses related to the development of products for the Internet and
- o Other factors unique to our product lines

With the exception of the cost of ScoreNet data purchased by us, most of our 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.

Our ability to increase our revenues is highly dependent upon the introduction of new products and services and if our products and services are not accepted by the marketplace, our business may be harmed.

We have a significant share of the available market for our traditional products and services, such as the products and services included in our Global Data Repositories and Processors segment. To increase our revenues, we must enhance and improve existing products and continue to introduce new products and new versions of existing products that keep pace with technological developments, satisfy increasingly sophisticated customer requirements and achieve market acceptance. We believe much of our future growth prospects will rest on our ability to expand into newer markets for our products and services, such as direct marketing, insurance, small business lending, retail and telecommunications. If our current or potential customers are not willing to switch to or adopt our electronic commerce solution, our growth and revenues will be limited. The failure to generate a large customer base for our new products would harm our ability to grow and increase revenues. This failure could occur for several reasons. Some of our business-to-business electronic commerce competitors charge their customers large fees upon the execution of customer agreements. Businesses that have made substantial up-front payments to our competitors for electronic commerce solutions may be reluctant to replace their current solution and adopt our solution. As a result, our efforts to create a larger customer base may be more difficult than expected even if we are deemed to offer products and services superior to those of our competitors. Further, because the business-to-business electronic commerce market is new and underdeveloped, potential customers in this market may be confused or uncertain about the relative merits of each electronic commerce solution or which electronic commerce solution to adopt, if any. Confusion and uncertainty in the marketplace may inhibit current or potential customers from adopting our solution, which could harm our business, operating results and financial condition.

There are significant risks associated with the introduction of new products.

Significant undetected errors or delays in new products or new versions of a product, especially in the area of customer relationship management, may affect market acceptance of our products and could harm our business, results of operations or financial position. If we were to experience delays in the commercialization and introduction of new or enhanced products, if customers were to experience significant problems with the implementation and installation of products, or if customers were dissatisfied with product functionality or performance, our business, results of operations or financial position could be harmed.

There can be no assurance that our new products will achieve significant market acceptance or will generate significant revenue. Additional products that we plan to directly or indirectly market in the future are in various stages of development. We are expanding our technology into a number of new business areas to foster long-term growth, including exchanges for a number of business procurement needs, Internet/electronic commerce, online business services and Internet computing. These areas are relatively new to our product development and sales and marketing personnel. There is no assurance that we will compete effectively or will generate significant revenues in these new areas. The success of Internet computing and, in particular, our current Internet computing software products is difficult to predict because Internet computing represents a method of computing that is relatively new to the computer industry. The successful introduction of Internet computing to the market will depend in large measure on (i) the lower cost of ownership of Internet computing relative to client/server architecture, (ii) the ease of use and administration relative to client/server architecture, and (iii) the means by which hardware and software vendors choose to compete in this market. There can be no assurances that sufficient numbers of vendors will undertake this commitment, that the market will accept Internet computing or that Internet computing will generate significant revenues for us.

Failure to obtain data from our clients to update and redevelop or to create new models could harm our business.

Updates of models and development of new and enhanced models depend to a significant extent on availability of statistically relevant data. Such data is usually obtained under agreements with our clients. Refusals by clients to provide such data or to obtain permission of their customers to provide such data, and privacy and data protection restrictions, could result in loss of access to required data.

Our business and the business of our clients is subject to government regulation and changes in regulation.

Our current and prospective clients, which primarily consist of credit bureaus, credit card processors, state and federally chartered banks, savings and loan associations, credit unions, consumer finance companies and other consumer lenders, as well as customers in the industries that we may target in the future, operate in markets that are subject to extensive and complex federal and state regulations. While we may not be directly subject to such regulations, our products and services must be designed to work within the extensive and evolving regulatory constraints in which our clients operate and to meet our client expectations with respect to handling data in conformity with applicable data protection laws. These constraints include federal and state truth-in-lending disclosure rules, state usury laws, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Community Reinvestment Act and the Financial Services Modernization Act of 1999.

Amendments to the federal Fair Credit Reporting Act (which became law in September 1997) 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. These amendments impose a seven-year moratorium on new state legislation on certain issues; however, score disclosure regulation by states is not pre-empted under this legislation and the states remain free to regulate the use of credit bureau data in connection with insurance underwriting.

On September 30, 2000, the Score Disclosure Statute was signed into law in California and is the first legislation to require the disclosure of credit risk scores. The Score Disclosure Statute becomes effective July 1, 2001, and imposes significant new requirements on credit reporting agencies and residential creditors and brokers to disclose credit risk scores. In addition, there are several pending federal score disclosure bills and other states may follow California's lead and pass score disclosure legislation. In September 2000, we initiated the FICO Guide service which delivers to lenders and brokers a personalized explanation of the factors considered in a given consumer's FICO score, and suggestions on how to improve the score over time.

We believe enacted or proposed state regulation of the insurance industry has had some detrimental impact on our efforts to sell insurance risk scores through credit reporting, but state regulation has not prevented growth of such sales. Examples of recent legislation include legislation pending in Missouri that would prohibit sole use of credit information in the issuance, renewal, and cancellation of policies covering private passenger automobiles and a Connecticut law that will not allow use of credit inquiries in a model used in insurance underwriting.

Providing an individual with control over what personal information a business collects and uses is a growing, global trend. The recent Financial Services Modernization Act of 1999 (Gramm-Leach-Bliley Act) includes several privacy provisions and introduces new controls over the transfer and use of individual data by financial institutions. Additional federal legislation is proposed. In addition over 400 state privacy bills are pending. On the International front, in the European Union (EU), the Data Protection Directive became effective October 1998 and places strict controls on the collection, use and transfer of personal data. We have registered under the US Safe Harbor provisions in the UK, pledging to meet the EU level of adequate protection for personal data, have another registration pending in Spain and are evaluating the desirability of registering in other countries. We expect increased costs of compliance with these regulations but such costs are not expected to have a material impact on our results of operation or financial condition.

Furthermore, some consumer groups have expressed concern regarding the privacy and security of automated credit processing, the use of automated credit scoring tools in credit underwriting and whether electronic lending is a desirable technological development in light of the current level of consumer debt.

The failure of our products and services to support customers' compliance with current regulations and to address changes in customers' regulatory environment, or our failure to comply with current regulations or adapt to changes in regulatory environment, in an efficient and cost-effective manner, could harm our business, results of operations and financial condition.

Our operations outside the United States subject us to unique risks that may harm our results of operations.

A growing portion of our revenues is derived from international sales. During the last fiscal year, we received approximately 19% of our revenues from business outside the United States. As part of our growth strategy, we plan to continue to pursue opportunities outside the United States. Accordingly, our future operating results could be negatively affected by a variety of factors, some of which are beyond our control. These factors include:

- o The general economic conditions in each country
- o Incongruent tax structures
- o Difficulty in managing an organization spread over various countries
- o Compliance with a variety of foreign laws and regulations
- o Import and export licensing requirements
- o Trade restrictions and tariffs
- o Longer payment cycles and
- o Volatile exchange rates for foreign currencies

There can be no assurances that we will be able to successfully address each of these challenges in the near term. Although some of our business is conducted in currencies other than the US dollar, foreign currency translation gains and losses are not currently material to our position, results of operations or cash flows. However, an increase in our foreign revenues could subject us to foreign currency translation risks in the future. We have found it to be impractical to hedge all foreign currencies in which we conduct business. As a result, we have experienced non-material foreign currency gains and losses and may continue to do so.

If we do not recruit and retain qualified personnel, our business could be harmed.

Our continued growth and success depend to a significant extent on the continued service of our senior management and other key research, development, sales and marketing personnel and the hiring of new qualified personnel. Competition for highly skilled business, product development, technical and other personnel is becoming more intense due to lower overall unemployment rates, the dramatic increase in information technology spending and private companies that can offer equity incentives that provide the potential for greater compensation in connection with an initial public offering. Accordingly, we expect to experience increased compensation costs that may not be offset through either improved productivity or higher prices. There can be no assurances that we will be successful in continually recruiting new personnel and in retaining existing personnel. In general, we do not have long-term employment or non-competition agreements with our employees. The loss of one or more key employees or our inability to attract additional qualified employees or retain other employees could harm our continued growth.

Over the long term, our rate of revenue growth is likely to be limited by the rate at which we can recruit and absorb additional professional staff. We believe this constraint will continue to exist indefinitely. At times we may forego short-term revenue growth in order to devote limited resources to opportunities that we believe have exceptional long-term potential. This is the basis for our strategic focus of becoming an e-business company and implementing new growth initiatives targeted at the retail and telecommunications markets.

We rely upon our proprietary technology rights and if we are unable to protect them, our business could be harmed.

Because the protection of our proprietary technology is limited, our proprietary technology could be used by others without our consent. Our success depends, in part, upon our proprietary technology and other intellectual property rights. To date, we have relied primarily on a combination of copyright, patent, trade secret, and trademark laws, and nondisclosure and other contractual restrictions on copying and distribution to protect our proprietary technology. We have only seven patent applications and no issued patents to date. We cannot assure you that our means of protecting our intellectual property rights in the United States or abroad will be adequate or that others, including our competitors, will not use our proprietary technology without our consent. Furthermore, litigation may be necessary to enforce our intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement or invalidity. Such litigation could result in substantial costs and diversion of resources and could harm our business, operating results and financial condition.

We may be subject to possible infringement claims that could harm our business.

With recent developments in the law that permit patentability of business methods, we expect that products in the industry segments in which we compete will increasingly be subject to such claims as the number of products and competitors in our industry segments grow and the functionality of products overlaps. In addition, we expect to receive more patent infringement claims as companies increasingly seek to patent their software, also in light of recent developments in the law that extend the ability to patent software. Regardless of the merits, responding to any such claim could be time-consuming, result in costly litigation and require us to enter into royalty and licensing agreements which may not be offered or available on terms acceptable to us. If a successful claim is made against us and we fail to develop or license a substitute technology, our business, results of operations or financial position could be harmed.

Security is important to our business, and breaches of security, or the perception that e-commerce is not secure could harm our business.

Internet-based, business-to-business electronic commerce requires the secure transmission of confidential information over public networks. Security breaches of networks on which netsourced products are used or well-publicized security breaches affecting the Internet in general, could significantly harm our business, operating results and financial condition. We cannot be certain that advances in computer capabilities, new discoveries in the field of cryptography, or other developments will not result in a compromise or breach of the models we use to protect content and transactions on the networks on which the netsourced products or proprietary information in our databases. Anyone who is able to circumvent our security measures could misappropriate proprietary, confidential customer information or cause interruptions in our operations. We may be required to incur significant costs to protect against security breaches or to alleviate problems caused by such breaches. Further, a well-publicized compromise of security could deter people from using the Internet to conduct transactions that involve transmitting confidential information.

We are dependent upon major contracts with credit bureaus.

A substantial portion of our revenues is derived from contracts with the three major credit bureaus with usual terms of five years or less. In the last fiscal year, these contracts accounted for approximately 30% of our revenues. If we are unable to renew any of these contracts on the same or similar terms with one or more of these credit bureaus, our revenues and results of operations may be harmed.

We may incur risks related to acquisitions or significant investment in businesses.

As part of our business strategy, we have made in the past and may make in the future acquisitions of, or significant investments in, businesses that offer complementary products, services and technologies. Although we do not currently have plans to do so, any acquisitions or investments will be accompanied by the risks commonly encountered in acquisitions of businesses. Such risks include, among other things, the possibility that we will pay much more than the acquired company or assets are worth, the difficulty of assimilating the operations and personnel of the acquired businesses, the potential product liability associated with the sale of the acquired company's products, the potential disruption of our ongoing business, the distraction of management from our business, the inability of management to maximize our financial and strategic position, the maintenance of uniform standards, controls, procedures and policies and the impairment of relationships with employees and clients as a result of any integration of new management personnel. These factors could harm our business, results of operations or financial position, particularly in the case of a larger acquisition. Consideration paid for future acquisitions, if any, could be in the form of cash, stock, rights to purchase stock or a combination thereof. Dilution to existing stockholders and to earnings per share may result in connection with any such future acquisitions.

Backlog orders may be cancelled or delayed.

There is no assurance that backlog will result in revenues. We believe that increased revenue growth in fiscal 2001 and later years will depend to a significant extent on sales of newly developed products.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rate Sensitivity. We maintain 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. We have the ability to hold our fixed income investments until maturity, and therefore we 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. We believe foreign currency and equity risk is not material.

The following table presents the principal amounts and related weighted-average yields for our fixed rate investment portfolio at December 31, 2000:

	Carrying Amounts -----	Average Yield -----
Cash and cash equivalents:		
Commercial paper	\$25,024,200	6.34%
Money market funds	2,367,704	6.30%

	27,391,904	6.34%

Short-term investments:		
US government obligations	39,739,000	6.06%
Long-term investments:		
US government obligations	21,773,224	5.53%

Total	\$88,904,777	
	=====	

PART II - OTHER INFORMATION

ITEM 4. Submission of Matters to a Vote of Security Holders.

Set forth below is information concerning each matter submitted to a vote at the Annual Meeting of Stockholders held on February 6, 2001.

Election of Directors

Matter	For	Withheld	Against	Abstain	Broker Non-votes
A. George Battle	12,496,084	822,772	N/A	N/A	0
Tony J. Christianson	12,782,022	536,834	N/A	N/A	0
Thomas G. Grudnowski	12,483,659	835,197	N/A	N/A	0
Philip G. Heasley	12,425,052	893,804	N/A	N/A	0
Guy R. Henshaw	12,808,359	510,497	N/A	N/A	0
David S.P. Hopkins	12,848,906	469,950	N/A	N/A	0
Robert M. Oliver	12,890,831	428,025	N/A	N/A	0
Robert D. Sanderson	12,483,154	835,702	N/A	N/A	0
Margaret L. Taylor	12,819,316	499,540	N/A	N/A	0

Amendment to the Restated Certificate of Incorporation, as amended, to Eliminate Cumulative Voting in the Election of Directors

The stockholders did not approve the Amendment to the Restated Certificate of Incorporation, as amended, to eliminate cumulative voting in the election of directors (with 5,826,573 affirmative votes, 5,506,426 negative votes, 30,811 votes abstaining, and 1,955,046 broker non-votes). Approval required a vote of the majority of the stockholders.

Ratification of Auditors

The stockholders ratified the appointment of KPMG LLP as the Company's independent auditors for the fiscal year ended December 31, 2001 (with 12,586,776 affirmative votes, 723,855 negative votes, and 8,225 votes abstaining).

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

(a) Exhibits:

3.1 Amended and Restated Bylaws

(b) Reports on Form 8-K:

One report on Form 8-K was filed during the quarter ended December 31, 2000 which stated the date, time and location of the Annual Meeting of Stockholders of the Company in fiscal 2001.

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: February 14, 2001

By /s/ Henk J. Evenhuis

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

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EXHIBIT INDEX
TO FAIR, ISAAC AND COMPANY, INCORPORATED
REPORT ON FORM 10-Q FOR THE QUARTER ENDED DECEMBER 31, 2000

Exhibit No. -----	Exhibit -----
3.1	Amended and Restated Bylaws

BY-LAWS
OF
FAIR, ISAAC AND COMPANY, INCORPORATED

(as amended and restated effective February 6, 2001)

ARTICLE I

Offices

1.1 Registered Office. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

1.2 Additional Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II
Stockholders

2.1 Annual Meetings. An annual meeting of stockholders shall be held for the election of directors and scheduled for the first Tuesday of February of each year, at 10:00 A.M. or, should such day fall upon a legal holiday, at the same time on the next business day thereafter that is not a legal holiday, or at such other date and time as may be designated by the Board of Directors from time to time. The annual meeting of stockholders may be held at such place either within or without the State of Delaware, or by means of remote communication, as may be designated by the Board of Directors from time to time; in the absence of any such designation, the annual meeting shall be held at the principal executive offices of the Corporation. At such meeting, the stockholders shall elect directors and transact such other business as may be properly brought before the meeting.

To be properly brought before the annual meeting, business must be either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a stockholder of record. In addition to any other applicable requirements, for business to be properly brought before the annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered by a nationally recognized courier service or mailed by first class United States mail, postage or delivery charges prepaid, and received at the principal executive offices of the Corporation, addressed to the attention of the Secretary of the Corporation, not less than 60 days nor more than 90 days prior to the scheduled date of the meeting (regardless of any postponements, deferrals or adjournments of that meeting to a later date); provided, however, that in the event that the annual meeting is held at a date other than the first Tuesday of February, or the next business day if such Tuesday is a legal holiday and less than 70 days' notice or prior public disclosure of the date of the scheduled meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the earlier of (a) the close of business on the 10th day following the day on which such notice of the date of the scheduled annual meeting was mailed or such public disclosure was made, whichever first occurs, and (b) two days prior to the date of the scheduled meeting. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class, series and number of shares of the Corporation that are owned beneficially by the stockholder, and

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(iv) any material interest of the stockholder in such business. Notwithstanding anything in these by-laws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Section 2.1; provided, however, that nothing in this Section 2.1 shall be deemed to preclude discussion by any stockholder of any business properly brought before the annual meeting.

The Chairman of the Board of Directors (or such other person presiding at the meeting in accordance with Section 2.7 of these by-laws) shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 2.1, and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

2.2 Special Meetings. Special meetings of stockholders may be called at any

time only by the Chairman of the Board of Directors, if any, the Vice Chairman of the Board of Directors, if any, the President or the Board of Directors, to be held at such date, time and place (if any) as may be stated in the notice of the meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice of the meeting.

2.3 Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, notice of the meeting shall be given in accordance with Section 2.4 which shall state the place (if any), date and hour of the meeting, the means of remote communication (if any) by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the notice of any meeting shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting.

2.4 Manner Of Giving Notice. Notice of any meeting of stockholders shall be given personally, by mail, by electronic transmission or by other written communication, addressed to the stockholder at the address, number, electronic mail address or other location of that stockholder appearing on the books of the Corporation or given by the stockholder to the Corporation for the purpose of notice. If no such address, number, email address or other location appears on the Corporation's books or is given, notice shall be deemed to have been given if sent to that stockholder by mail or telegraphic or other written communication to the Corporation's principal executive office, or if published at least once in a newspaper of general circulation in the county where that office is located. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or, if sent by electronic transmission, as follows: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice, (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice, (iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (a) such posting and (b) the giving of such separate notice, and (iv) if by any other form of electronic transmission, when directed to the stockholder.

An affidavit of mailing or of electronic transmission of any notice or report in accordance with the provisions of this Section 2.4, executed by the Secretary, Assistant Secretary or any transfer agent or other agent, shall be prima facie evidence of the giving of the notice.

2.5 Adjournments. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place (if any), and notice need not be given of any such adjourned meeting if the time and place (if any) thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

2.6 Quorum. At each meeting of stockholders, except where otherwise provided by law or the certificate of incorporation or these by-laws, the holders of a majority of the outstanding shares of each class of stock entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum. For purposes of the foregoing, two or more classes or series of stock shall be considered a single class if the holders thereof are entitled to vote together as a single class at the meeting. In the absence of a quorum the stockholders so present may, by majority vote, adjourn the meeting

from time to time in the manner provided by Section 2.5 of these by-laws until a quorum shall attend. Shares of its own capital stock belonging on the record date for the meeting to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication:

(1) participate in a meeting of stockholders; and

(2) be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

2.7 Organization. Meetings of stockholders shall be presided over by the Chairman of the Board of Directors, if any, or in the absence of the Chairman of the Board of Directors by the President, or in the absence of the President by a Vice President, or in the absence of the foregoing persons by a chairman designated by the Board of Directors, or in the absence of such designation by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, or in the absence of the Secretary by an Assistant Secretary, or in their absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

2.8 Voting; Proxies. Unless otherwise provided in the certificate of incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by such stockholder which has voting power upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting, whether in person or by other means provided for in these by-laws or the certificate of incorporation, and voting or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the Corporation. Voting at meetings of stockholders need not be by written ballot and need not be conducted by inspectors unless the holders of a majority of the outstanding shares of all classes of stock entitled to vote thereon present in person or by proxy at such meeting shall so determine. If authorized by the Board of Directors, votes may be submitted by electronic transmission, provided that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder or proxyholder. At all meetings of stockholders for the election of directors a plurality of the votes cast shall be sufficient to elect. With respect to other matters, unless otherwise provided by law or by the certificate of incorporation or these by-laws, the affirmative vote of the holders of a majority of the shares of all classes of stock present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders, provided that (except as otherwise required by law or by the certificate of incorporation) the Board of Directors may require a larger vote upon any such matter. Where a separate vote by class is required, the affirmative vote of the holders of a majority of the shares of each class present in person or represented by proxy at the meeting shall be the act of such class, except as otherwise provided by law or by the certificate of incorporation or these by-laws.

2.9 Fixing Date for Determination of Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. If no record date is fixed: (1) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; (2) the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed; and (3) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

2.10 List of Stockholders Entitled To Vote. The Secretary shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Nothing contained herein shall require the Corporation to include electronic mail address or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours at the principal place of business of the Corporation. In the event the meeting is to be held at a place, the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

2.11 Consent of Stockholders in Lieu of Meeting. Unless otherwise provided in the certificate of incorporation, any action required by law to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE III Board of Directors

3.1 Powers; Number; Qualifications. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, except as may be otherwise provided by law or in the certificate of incorporation. The number of directors which shall constitute the Board of Directors shall be nine (9). Directors need not be stockholders.

3.2 Election; Term of Office; Resignation; Removal; Vacancies; Nominations. Each director shall hold office until the annual meeting of stockholders next succeeding his or her election and until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any director may resign at any time upon notice in writing or electronic transmission to the Board of Directors or to the President or the Secretary of the Corporation. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein no acceptance of such resignation shall be necessary

to make it effective. Any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors. Unless otherwise provided in the certificate of incorporation or these by-laws, vacancies and newly created directorships resulting from any increase in the authorized number of directors or from any other cause may be filled by a majority of the directors then in office, although less than a quorum, or by the sole remaining director.

Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to the Board of Directors at the annual meeting, by or at the direction of the Board of Directors, may be made by any Nominating Committee or person appointed by the Board of Directors; nominations may also be made by any stockholder of record of the Corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 3.2. Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered by a nationally recognized courier service or mailed by first class United States mail, postage or delivery charges prepaid, and received at the principal executive offices of the Corporation addressed to the attention of the Secretary of the Corporation not less than 60 days nor more than 90 days prior to the scheduled date of the meeting (regardless of any postponements, deferrals or adjournments of that meeting to a later date); provided, however, that, in the case of an annual meeting and in the event that the annual meeting is held at a date other than the first Tuesday of February, or the next business day if such Tuesday is a legal holiday and less than 70 days' notice or prior public disclosure of the date of the scheduled meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the earlier of (a) the close of business on the 10th day following the day on which such notice of the date of the scheduled meeting was mailed or such public disclosure was made, whichever first occurs, or (b) two days prior to the date of the scheduled meeting. Such stockholder's notice to the Secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class, series and number of shares of capital stock of the Corporation that are owned beneficially by the person, (iv) a statement as to the person's citizenship, and (v) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice, (i) the name and record address of the stockholder and (ii) the class, series and number of shares of capital stock of the Corporation that are owned beneficially by the stockholder. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as director of the Corporation. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth herein.

In connection with any annual meeting, the Chairman of the Board of Directors (or such other person presiding at such meeting in accordance with Section 2.7 of these by-laws) shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he or she should so determine, he or she shall so declare to the meeting and the defective nomination shall be disregarded.

3.3 Regular meetings. Regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board of Directors may from time to time determine, and if so determined notice thereof need not be given.

3.4 Special Meetings. Special meetings of the Board of Directors may be held at any time or place within or without the State of Delaware whenever called by the Chairman of the Board of Directors, if any, by the Vice Chairman of the Board of Directors, if any, by the President or by any two directors. Reasonable notice thereof shall be given by the person or persons calling the meeting.

3.5 Participation in Meetings by Conference Telephone Permitted. Unless otherwise restricted by the certificate of incorporation or these by-laws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or of such committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the

meeting can hear each other, and participation in a meeting pursuant to this by-law shall constitute presence in person at such meeting.

3.6 Quorum; Vote Required for Action. At all meetings of the Board of Directors one third of the entire Board of Directors, but not less than two shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless the certificate of incorporation or these by-laws shall require a vote of a greater number. In case at any meeting of the Board of Directors a quorum shall not be present, the members of the Board of Directors present may adjourn the meeting from time to time until a quorum shall attend.

3.7 Organization. Meetings of the Board of Directors shall be presided over by the Chairman of the Board of Directors, if any, or in the absence of the Chairman of the Board of Directors by the Vice Chairman of the Board of Directors, if any, or in the absence of the Vice Chairman of the Board of Directors by the President, or in their absence by a chairman chosen at the meeting. The Secretary, or in the absence of the Secretary an Assistant Secretary, shall act as secretary of the meeting, but in the absence of the Secretary and any Assistant Secretary the chairman of the meeting may appoint any person to act as secretary of the meeting.

3.8 Action by Directors Without a Meeting. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or of such committee, as the case may be, consent thereto in writing or electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. All such actions by written consent or electronic transmission shall have the same force and effect as a unanimous vote of such directors.

3.9 Compensation of Directors. The Board of Directors shall have the authority to fix the compensation of directors.

ARTICLE IV Committees

4.1 Executive Committee. The Board of Directors may, by resolution approved by at least a majority of the authorized number of directors, establish and appoint one or more members of the Board of Directors to constitute an Executive Committee (the "Executive Committee"), with such powers as may be expressly delegated to it by resolution of the Board of Directors. The Executive Committee shall act only in the intervals between meetings of the Board of Directors and shall be subject at all times to the control of the Board of Directors.

4.2 Committees. In addition to the Executive Committee, the Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more other committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have power or authority in reference to amending the certificate of incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board

of Directors as provided in Section 151(a) of the General Corporation Law of Delaware fix any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation), adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of dissolution, removing or indemnifying directors or amending these by-laws; and, unless the resolution expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock or adopt a certificate of ownership and merger.

4.3 Committee Rules. Unless the Board of Directors otherwise provides, the committee designated by the Board of Directors may adopt, amend and repeal rules for the conduct of its business. In the absence of a provision by the Board of Directors or a provision in the rules of such committee to the contrary, a majority of the entire authorized number of members of such committee shall constitute a quorum for the transaction of business, the vote of a majority of the members present at a meeting at the time of such vote if a quorum is then present shall be the act of such committee, and in other respects each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article III of these by-laws.

ARTICLE V Officers

5.1 Officers; Election. As soon as practicable after the annual meeting of stockholders in each year, the Board of Directors shall elect a President and a Secretary, and it may, if it so determines, elect from among its members a Chairman of the Board of Directors. The Board of Directors may also elect one or more Vice Presidents, one or more Assistant Vice Presidents, one or more Assistant Secretaries, a Treasurer and one or more Assistant Treasurers and such other officers as the Board of Directors may deem desirable or appropriate and may give any of them such further designations or alternate titles as it considers desirable. Any number of offices may be held by the same person; provided, however, that the offices of President and Secretary shall not be held by the same person.

5.2 Term of Office; Resignation; Removal; Vacancies. Except as otherwise provided in the resolution of the Board of Directors electing any officer, each officer shall hold office until the first meeting of the Board of Directors after the annual meeting of stockholders next succeeding his or her election, and until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any officer may resign at any time upon written notice to the Board of Directors or to the President or the Secretary of the Corporation. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein no acceptance of such resignation shall be necessary to make it effective. The Board of Directors may remove any officer with or without cause at any time. Any such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation, but the election of an officer shall not of itself create contractual rights. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting.

5.3 Powers and Duties. The officers of the Corporation shall have such powers and duties in the management of the Corporation as shall be stated in these by-laws or in a resolution of the Board of Directors which is not inconsistent with these by-laws and, to the extent not so stated, as generally pertain to their respective offices, subject to the control of the Board of Directors. The Board of Directors may require any officer, agent or employee to give security for the faithful performance of his or her duties.

5.4 Chairman of the Board of Directors. The Chairman of the Board of Directors, if there shall be such an officer, shall, if present, preside at all meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors or prescribed by the by-laws.

5.5 President. The President shall be the chief executive officer of the Corporation. Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board of Directors, if there be such an officer, and subject to the provisions of these by-laws and to the direction of the Board of Directors, the President shall have supervision over and may exercise general executive powers of the business and affairs of the Corporation and shall perform all duties and have all powers which are commonly incident to the office of chief executive or which are delegated to him by the Board of

Directors. He shall have power to sign all stock certificates, contracts and other instruments of the Corporation which are authorized and shall have general supervision and direction of all of the other officers, employees and agents of the Corporation. The President shall be ex officio, a member of all the standing committees, including the Executive Committee. In the absence of the Chairman of the Board of Directors, the President shall preside at all meetings of the Board of Directors.

5.6 Vice President. In the absence of the President or in his inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated by the directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

5.7 Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the Corporation and he, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

5.8 Assistant Secretary. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

5.9 Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

5.10 Assistant Treasurer. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the Treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE VI Stock

6.1 Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman or Vice Chairman of the Board of Directors, if any, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the Corporation, certifying the number of shares owned by such holder in the Corporation. If such certificate is manually signed by one officer or manually countersigned by a transfer agent or

by a registrar, any other signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Upon the face or back of each stock certificate issued to represent any partly paid shares, or upon the books and records of the Corporation in the case of uncertificated partly paid shares, shall be set forth the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualification, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the General Corporation Law of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

6.2 Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

6.3 Transfer of Stock. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Upon receipt of proper transfer instructions from the registered owner of uncertified shares such uncertified shares shall be canceled and issuance of new equivalent uncertificated shares or certificated shares shall be made to the person entitled thereto and the transaction shall be recorded upon the books of the Corporation.

6.4 Fixing Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

6.5 Registered Stockholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII Miscellaneous

7.1 Fiscal Year. The fiscal year of the Corporation shall be determined by the Board of Directors.

7.2 Seal. The Corporation may have a corporate seal which shall have the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors. The corporate seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

7.3 Waiver of Notice of Meetings of Stockholders, Directors and Committees. Whenever notice is required to be given by law or under any provision of the certificate of incorporation or these by-laws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice unless so required by the certificate of incorporation or these by-laws.

7.4 Interested Directors; Quorum. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or her or their votes are counted for such purpose, if: (1) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (2) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (3) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

7.5 Amendment of By-Laws. These by-laws may be amended or repealed, and new by-laws adopted, by the Board of Directors, but the stockholders entitled to vote may adopt additional by-laws and may amend or repeal any by-law whether or not adopted by them.

CERTIFICATE OF SECRETARY

I hereby certify that:

I am the duly elected and acting Secretary of Fair, Isaac and Company, Incorporated, a Delaware corporation (the "Corporation"); and

Attached hereto is a complete and accurate copy of the by-laws of the Corporation as duly adopted by the Board of Directors at a meeting held on February 6, 2001 and said by-laws are presently in effect.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Corporation this 6th day of February, 2001.

/s/ Henk J. Evenhuis

Henk J. Evenhuis
Secretary