

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported) April 28, 2010

FAIR ISAAC CORPORATION
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation) **1-11689** (Commission File Number) **94-1499887** (IRS Employer Identification No.)

901 Marquette Avenue, Suite 3200
Minneapolis, Minnesota (Address of principal executive offices) **55402-3232** (Zip Code)

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

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Exhibit 99.1

Item 2.02. Results of Operations and Financial Condition.

On April 28, 2010, Fair Isaac Corporation (the “Company”) reported its financial results for the quarter ended March 31, 2010. See the Company’s press release dated April 28, 2010, which is furnished as Exhibit 99.1 hereto and incorporated by reference in this Item 2.02.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit</u> | <u>Description</u> |
|----------------|------------------------------------|
| 99.1 | Press Release dated April 28, 2010 |

SIGNATURE

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

FAIR ISAAC CORPORATION

By: /s/ THOMAS A. BRADLEY

Thomas A. Bradley

Executive Vice President and Chief Financial
Officer

Date: April 28, 2010

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u> | <u>Manner of Filing</u> |
|---------------------------|------------------------------------|--------------------------------|
| 99.1 | Press Release dated April 28, 2010 | Filed Electronically |

FICO Announces Earnings of \$0.28 Per Share for Second Quarter 2010

Revenue of \$144 million and bookings \$54 million for the second quarter

MINNEAPOLIS--(BUSINESS WIRE)--April 28, 2010--FICO (NYSE:FICO), the leading provider of analytics and decision management technology, today announced financial results for its second fiscal quarter ended March 31, 2010.

Second Quarter Fiscal 2010 Results

Net income for the second quarter of fiscal 2010 totaled \$13.0 million, or \$0.28 per share. This compares with prior-year period net income of \$17.7 million, or \$0.36 per share.

Second Quarter Fiscal 2010 Revenue

The company reported second quarter revenues of \$143.7 million in fiscal 2010 versus \$159.3 million reported in the prior year period. The prior year period included \$5.2 million in revenue associated with the divested telecom product lines.

“Performance was mixed across the segments of our business,” said Mark Greene, chief executive officer. “Poor sales execution led to disappointing declines in our Applications and Tools segments, while our Scores business remained stable on a sequential-quarter basis. Our new sales leadership is working to sharpen sales execution so that we improve revenues going forward.”

Revenues for second quarter fiscal 2010 across each of the company’s three operating segments were as follows:

- *Applications* revenues, which include the company’s preconfigured Decision Management applications and associated professional services, were \$86.9 million in the second quarter compared to \$99.0 million in the prior year quarter, a decrease of 12%, primarily due to the divestiture of the telecom product lines, and reductions in revenue associated with the Originations, Customer Management and Collections and Recovery products. These declines were partially offset by an increase in revenue from Retail Action Manager, a component of Marketing Solutions.
- *Scores* revenues, which include the company’s business-to-business (B2B) scoring solutions and associated professional services, and the myFICO[®] business-to-consumer (B2C) service, were \$42.5 million in the second quarter compared to \$44.5 million in the prior year quarter, a decrease of 5%, primarily due to a decrease in revenues derived from declining volumes in the B2C service.
- *Tools* revenues, which include Blaze Advisor[®] and Xpress Optimization, and related professional services, decreased to \$14.3 million in the second quarter compared to \$15.7 million in the prior year quarter, a decrease of 9%, primarily due to decreases associated with the sale of the Blaze Advisor product.

Bookings

Bookings for the second quarter were \$54.3 million compared to \$46.8 million in the same period last year. The company defines a “new booking” as estimated future contractual revenues, including agreements with perpetual, multi-year and annual terms. Management regards new bookings as one indicator of future revenues, but they are not comparable to, nor should they be substituted for, an analysis of the company’s revenues.

Balance Sheet and Cash Flow

Cash and cash equivalents, and investments were \$393.1 million at March 31, 2010, as compared to \$390.3 million at September 30, 2009. Significant changes in cash and cash equivalents from September 30, 2009 include \$70.0 million of cash provided by operations, \$57.5 million of cash used to repurchase common stock, \$8.0 million related to purchase property and equipment and \$1.9 million of dividends paid.

Outlook

The company is updating the previously issued guidance to incorporate the reduction in net income in the second quarter. Given the decrease in common shares outstanding related to our stock repurchase program to date and continued expense management efforts, the Company continues to expect year-over-year GAAP earnings per share growth by a high single-digit percentage in fiscal 2010 compared to fiscal 2009.

Company to Host Conference Call

The company will host a webcast today at 5:00 p.m. Eastern Time (4:00 p.m. Central Time/2:00 p.m. Pacific Time) to report its second quarter fiscal 2010 results and provide various strategic and operational updates. The call can be accessed at FICO’s Web site at www.FICO.com (follow the instructions on the Investor Relations page). A replay of the webcast will be available through May 28, 2010.

The webcast will also be distributed through the Thomson StreetEvents Network to both institutional and individual investors. Individual investors can listen to the call at www.fulldisclosure.com, Thomson/CCBN’s individual investor portal, powered by StreetEvents. Institutional investors can access the call via Thomson’s password-protected event management site, StreetEvents (www.streetevents.com).

About FICO

FICO (NYSE:FICO; www.FICO.com) is the leader in decision management, transforming business by making every decision count. FICO combines trusted advice, world-class analytics, and innovative applications to help businesses automate, improve, and

connect decisions over customer lifecycles and across the enterprise. Clients in 80 countries work with FICO to increase customer loyalty and profitability, reduce fraud losses, manage credit risk, meet regulatory and competitive demands, and rapidly build market share. FICO also helps millions of individuals manage their credit health through its consumer website, www.myFICO.com.

Statement Concerning Forward-Looking Information

Except for historical information contained herein, the statements contained in this news release that relate to FICO or its business are forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including the success of the Company’s Decision Management strategy and reengineering initiative, the maintenance of its existing relationships and ability to create new relationships with customers and key alliance partners, its ability to continue to develop new and enhanced products and services, its ability to recruit and retain key technical and managerial personnel, competition, regulatory changes applicable to the use of consumer credit and other data, the failure to realize the anticipated benefits of any acquisitions, continuing material adverse developments in global economic conditions, and other risks described from time to time in FICO’s SEC reports, including its Annual Report on Form 10-K for the year ended September 30, 2009 and its last quarterly report on Form 10-Q for the period ended December 31, 2009. If any of these risks or uncertainties materializes, FICO’s results could differ materially from its expectations. FICO disclaims any intent or obligation to update these forward-looking statements.

FICO, myFICO and Blaze Advisor are all trademarks or registered trademarks of Fair Isaac Corporation in the United States and in other countries.

FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the Quarters and Six Months Ended March 31, 2010 and 2009
(In thousands, except per share data)
(Unaudited)

| | Quarter Ended March 31, | | Six Months Ended March 31, | |
|--|----------------------------|----------------|-------------------------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| Revenues: | | | | |
| Transactional and maintenance | \$ 113,701 | \$ 119,454 | \$ 228,807 | \$ 243,112 |
| Professional services | 23,926 | 31,312 | 50,163 | 59,392 |
| License | 6,093 | 8,569 | 16,246 | 20,291 |
| Total revenues | <u>143,720</u> | <u>159,335</u> | <u>295,216</u> | <u>322,795</u> |
| Operating expenses: | | | | |
| Cost of revenues | 44,641 | 53,476 | 87,160 | 112,495 |
| Research and development | 19,251 | 18,924 | 38,227 | 37,045 |
| Selling, general and administrative | 53,697 | 52,460 | 108,900 | 107,229 |
| Amortization of intangible assets | 3,070 | 3,156 | 6,235 | 6,403 |
| Restructuring | - | 870 | - | 8,948 |
| Total operating expenses | <u>120,659</u> | <u>128,886</u> | <u>240,522</u> | <u>272,120</u> |
| Operating income | 23,061 | 30,449 | 54,694 | 50,675 |
| Other expense, net | (3,889) | (5,580) | (9,139) | (9,637) |
| Income from operations before income taxes | 19,172 | 24,869 | 45,555 | 41,038 |
| Provision for income taxes | 6,180 | 6,761 | 14,877 | 10,820 |
| Income from continuing operations | 12,992 | 18,108 | 30,678 | 30,218 |
| Loss from discontinued operations | - | (363) | - | (363) |
| Net income | <u>12,992</u> | <u>17,745</u> | <u>30,678</u> | <u>29,855</u> |
| Basic earnings (loss) per share: | | | | |
| Continuing operations | \$ 0.28 | \$ 0.37 | \$ 0.65 | \$ 0.62 |
| Discontinued operations | - | (0.01) | - | (0.01) |
| Total | <u>\$ 0.28</u> | <u>\$ 0.36</u> | <u>\$ 0.65</u> | <u>\$ 0.61</u> |
| Diluted earnings (loss) per share: | | | | |
| Continuing operations | \$ 0.28 | \$ 0.37 | \$ 0.65 | \$ 0.62 |
| Discontinued operations | - | (0.01) | - | (0.01) |
| Total | <u>\$ 0.28</u> | <u>\$ 0.36</u> | <u>\$ 0.65</u> | <u>\$ 0.61</u> |
| Shares used in computing earnings (loss) per share: | | | | |
| Basic | <u>46,447</u> | <u>48,813</u> | <u>47,033</u> | <u>48,643</u> |
| Diluted | <u>46,870</u> | <u>48,828</u> | <u>47,399</u> | <u>48,673</u> |

FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
March 31, 2010 and September 30, 2009
(In thousands)
(Unaudited)

| | March 31, 2010 | September 30, 2009 |
|--|-------------------|-----------------------|
| ASSETS: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 190,910 | \$ 178,157 |
| Marketable securities | 151,609 | 139,673 |
| Accounts receivable, net | 88,412 | 101,742 |
| Prepaid expenses and other current assets | 24,872 | 22,986 |
| Total current assets | 455,803 | 442,558 |
| Marketable securities and investments | 50,558 | 72,445 |
| Property and equipment, net | 32,800 | 34,340 |
| Goodwill and intangible assets, net | 693,658 | 705,895 |
| Other assets | 44,560 | 48,650 |
| | \$ 1,277,379 | \$ 1,303,888 |
| LIABILITIES AND STOCKHOLDERS' EQUITY: | | |
| Current liabilities: | | |
| Accounts payable and other accrued liabilities | \$ 55,054 | \$ 46,776 |
| Accrued compensation and employee benefits | 24,918 | 28,139 |
| Deferred revenue | 40,805 | 39,673 |
| Total current liabilities | 120,777 | 114,588 |
| Revolving line of credit | 295,000 | 295,000 |
| Senior notes | 275,000 | 275,000 |
| Other liabilities | 16,152 | 19,031 |
| Total liabilities | 706,929 | 703,619 |
| Stockholders' equity | 570,450 | 600,269 |
| | \$ 1,277,379 | \$ 1,303,888 |

FAIR ISAAC CORPORATION
REVENUE BY SEGMENT
For the Quarters and Six Months Ended March 31, 2010 and 2009
(In thousands)
(Unaudited)

| | Quarter Ended March 31, | | Six Months Ended March 31, | |
|-------------------------------|----------------------------|-------------------|-------------------------------|-------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Applications revenues: | | | | |
| Transactional and maintenance | \$ 64,703 | \$ 69,102 | \$ 131,437 | \$ 138,692 |
| Professional services | 19,621 | 25,683 | 41,083 | 46,620 |
| License | 2,572 | 4,255 | 7,248 | 8,673 |
| Total applications revenues | <u>\$ 86,896</u> | <u>\$ 99,040</u> | <u>\$ 179,768</u> | <u>\$ 193,985</u> |
| Scores revenues: | | | | |
| Transactional and maintenance | \$ 41,885 | \$ 43,966 | \$ 83,028 | \$ 91,430 |
| Professional services | 649 | 580 | 1,059 | 757 |
| License | - | - | - | - |
| Total scores revenues | <u>\$ 42,534</u> | <u>\$ 44,546</u> | <u>\$ 84,087</u> | <u>\$ 92,187</u> |
| Tools revenues: | | | | |
| Transactional and maintenance | \$ 7,113 | \$ 6,386 | \$ 14,342 | \$ 12,990 |
| Professional services | 3,656 | 5,049 | 8,021 | 12,015 |
| License | 3,521 | 4,314 | 8,998 | 11,618 |
| Total tools revenues | <u>\$ 14,290</u> | <u>\$ 15,749</u> | <u>\$ 31,361</u> | <u>\$ 36,623</u> |
| Total revenues: | | | | |
| Transactional and maintenance | \$ 113,701 | \$ 119,454 | \$ 228,807 | \$ 243,112 |
| Professional services | 23,926 | 31,312 | 50,163 | 59,392 |
| License | 6,093 | 8,569 | 16,246 | 20,291 |
| Total revenues | <u>\$ 143,720</u> | <u>\$ 159,335</u> | <u>\$ 295,216</u> | <u>\$ 322,795</u> |

FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended March 31, 2010 and 2009
(In thousands)
(Unaudited)

| | Six Months Ended March 31, | |
|---|-------------------------------|-------------------|
| | 2010 | 2009 |
| Cash flows from operating activities: | | |
| Net income | \$ 30,678 | \$ 29,855 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 16,128 | 19,397 |
| Share-based compensation | 9,382 | 10,648 |
| Changes in operating assets and liabilities net of disposition effects: | | |
| Other, net | (4,151) | (864) |
| Net cash provided by operating activities | <u>69,965</u> | <u>86,316</u> |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (8,010) | (8,503) |
| Net activity from marketable securities | 8,917 | (1,922) |
| Other, net | 540 | 1,300 |
| Net cash provided by (used in) investing activities | <u>1,447</u> | <u>(9,125)</u> |
| Cash flows from financing activities: | | |
| Proceeds from issuances of common stock | 2,156 | 2,974 |
| Repurchases of common stock | (57,530) | - |
| Other, net | (839) | (1,825) |
| Net cash provided by (used in) financing activities | <u>(56,213)</u> | <u>1,149</u> |
| Effect of exchange rate changes on cash | <u>(2,446)</u> | <u>(6,732)</u> |
| Increase in cash and cash equivalents | 12,753 | 71,608 |
| Cash and cash equivalents, beginning of period | 178,157 | 129,678 |
| Cash and cash equivalents, end of period | <u>\$ 190,910</u> | <u>\$ 201,286</u> |

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