

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

FORM 10-K

(Mark One)

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

For the fiscal year ended September 30, 2001

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
[NO FEE REQUIRED]

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

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, \$0.01 par value per share	New York Stock Exchange, Inc.
Preferred Stock Purchase Rights	New York Stock Exchange, Inc.
(Title of Class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act:
None

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

As of November 30, 2001 the aggregate market value of the Registrant's common stock held by nonaffiliates of the Registrant was \$829,492,495 based on the last transaction price as reported on the New York Stock Exchange. This calculation does not reflect a determination that certain persons are affiliates of the Registrant for any other purposes.

The number of shares of common stock outstanding on November 30, 2001 was 22,809,408 (excluding 942,512 shares held by the Company as treasury stock).

Items 10, 11, 12 and 13 of Part III incorporate information by reference from the definitive proxy statement for the Annual Meeting of Stockholders to be held on February 5, 2002.

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Forward Looking Statements

Certain statements contained in this Report that 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 us or with our approval that 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 by 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 that 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 Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations-Risk Factors, below. 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. Readers should carefully review the risk factors described in this and other documents the Company files from time to time with the Securities and Exchange Commission, including the Quarterly Reports on Form 10-Q to be filed by the Company in fiscal year 2002.

PART I

ITEM 1. BUSINESS

GENERAL

Fair, Isaac and Company, Incorporated (NYSE: FIC) (the "Company", which may be referred to as we, us or our) is the preeminent provider of creative analytics that unlock value for people, businesses and industries. Our predictive modeling, decision analysis, intelligence management and decision engine systems power more than 14 billion decisions a year. Founded in 1956, we help thousands of companies in over 60 countries acquire customers more efficiently, increase customer value, reduce risk and credit losses, lower operating expenses and enter new markets more profitably. Most leading banks and credit card issuers rely on our analytic solutions, as do many insurers, retailers, telecommunications providers and other customer-oriented companies. Through the www.myFICO.com Web site, consumers use our FICO(R) scores, the standard measure of credit risk, to understand and manage their credit risk profile. Our home page on the Internet is at www.fairisaac.com. You can learn more about us by visiting that site. The information on these Web sites is not incorporated by reference into this Report.

As of October 1, 2000, we reorganized the operating structure of our business into three reportable segments on a worldwide basis. Our segments consist of the following: Global Data Repositories and Processors, Global Financial Services and Other, which are described below. You can find financial information with respect to our segments in Note 12 to the consolidated financial statements.

Note that throughout this 2001 10-K report, we "incorporate by reference" certain information from other documents filed with the Securities and Exchange Commission (SEC). The SEC allows us to disclose important information by incorporating by reference. Please refer to such information.

OUR PRODUCTS AND SERVICES

Fair, Isaac helps companies solve business problems related to customer acquisition, customer management and business process management. Our solutions automate and improve business strategies: the sequence of decisions and actions a company takes to improve results. We help our clients:

- o Increase sales and product or service utilization;
- o Increase response to product offers;
- o Increase customer value and loyalty;
- o Reduce credit losses and fraud losses;
- o Manage customer relationships across channels, product lines, and organizational boundaries;
- o Integrate their Web sites into their marketing and customer management strategies;
- o Reduce operating expenses;
- o Make business decisions based on a comprehensive view of customers; and
- o Increase their return on customer relationship management investments.

We operate and manage our three worldwide segments, Global Data Repositories and Processors, Global Financial Services and Other, as strategic business units. Products and services marketed by each of our business segments are described below.

Global Data Repositories and Processors

In fiscal 2001, approximately 51% of our revenues were derived from our Global Data Repositories and Processors products and services. Most of these products and services generate revenues based on usage. The principal products and services offered through our Global Data Repositories and Processors segment include:

- o Credit scoring services and insurance bureau scores distributed through major credit bureaus, including our FICO scores sold through the three major credit bureaus in the United States--TransUnion LLC, Experian Information Solutions, Inc. and Equifax Inc.;
- o Our credit account management services which are distributed through third-party bankcard processors worldwide;
- o Our ScoreNet(R)services sold directly to credit grantors;
- o Our PreScore(R)services sold by us and delivered through credit bureaus; and
- o The Score Power(TM) service, offered jointly with Equifax, providing online delivery of FICO scores directly to consumers, along with Equifax credit reports and explanatory information to help consumers manage their credit.

Credit Scoring Services And Insurance Bureau Scores. Our FICO scores include general risk scores, industry-specific risk scores, bankruptcy scores, revenue scores, and attrition scores. Credit grantors using these services pay the credit bureau based on usage, and the credit bureau shares these usage revenues with us.

We provide scoring models to each of the three major credit bureaus in the United States--TransUnion, Experian and Equifax--for calculating our proprietary FICO scores. FICO scores are widely used by North American lenders managing credit cards, installment loans, mortgage loans and other products. Customers of the credit bureaus use the FICO scores derived from these models to prescreen solicitation candidates, to evaluate applicants for new credit and to review existing accounts.

In fiscal 2001 we introduced our new U.S. credit bureau product, NextGen credit bureau risk scores, at Experian, making them available at all three major credit bureaus. The NextGen risk scores are risk assessment tools designed to rank-order consumer applicants, prospects and customers according to the likelihood of future default on credit obligations. NextGen risk scores provide a more refined risk assessment making them an alternative to the classic FICO

risk scores. By using the NextGen risk scores, credit grantors in many industries are able to more accurately and confidently design strategies for prospects, applicants, and customers across the entire risk spectrum.

We have also developed scoring systems for insurance underwriters and marketers. Such systems use the same underlying statistical technology as our FICO risk scores but are designed to predict claim frequency or applicant profitability for automobile or homeowners' coverage. Our insurance scores are available through TransUnion, Experian, Equifax and Choicepoint, Inc.

Account Management Services at Credit Card Processors. We also provide account management products and services through First Data Resources, Inc. (FDR) and Total System Services, Inc. (TSYS), the two largest third-party credit card processors in the United States. FDR and TSYS provide processing and related services to financial institutions issuing credit cards and debit cards and to issuers of private label cards. Our adaptive control system is recognized as the "industry standard" by North American lenders in managing their credit card accounts. Customers of the credit card processors can use the adaptive control system products and services to reduce losses, increase profitability, and improve customer service on their existing accounts. The adaptive control system product offerings include behavior scoring, automated decision strategy software, and a consulting service to help our clients enhance the value of their customer relationships. Customers using our adaptive control system pay the processors based on usage, and we share in these usage revenues.

PreScore Services. Our PreScore Service offered through credit bureaus combines a license to use the technology that generates certain of our FICO scores for prescreening solicitation candidates with tracking and our consulting services. The service is generally priced on a usage basis and may include time-based pricing for consulting. Clients of the service receive FICO scores from a credit bureau or bureaus but pay us directly for the FICO scores.

ScoreNet Services. Our ScoreNet Service allows credit grantors to obtain our credit bureau scores and related data on their existing accounts on a regular basis and in a format convenient for use in their account management system or for integration with the services of a credit card processor. We obtain the data from the credit bureaus selected by each subscriber and deliver it to the subscriber in a format compatible with the subscriber's account management system.

Score Power Online FICO Score Delivery Service. In March 2001 we launched the Score Power service jointly with Equifax. The Score Power service is the online credit score delivery service for consumers that delivers Fair, Isaac's FICO credit risk score. Consumers also receive their Equifax Credit Profile(TM) (on which the FICO score is based) and a personalized analysis of the score that includes suggestions for improving and maintaining it. This service represents a nationwide first, providing consumers immediate, on-demand access to FICO scores via the Internet. Our goal is to become the preeminent provider of online consumer tools for managing personal credit.

Global Financial Services

Our Global Financial Services business segment serves our direct clients in banking, credit and personal lines insurance worldwide. The principal products and services offered to these clients directly by Fair, Isaac include:

- o Fair, Isaac MarketSmart Decision System(R)("MarketSmart") products;
- o StrategyWare(R)decision engine for credit account origination;
- o TRIAD(TM)adaptive control systems for credit account management;
- o Fair, Isaac Decision System(TM) products; and
- o Strategy Science service.

Global Financial Services products are sold under a combination of fixed-fee and usage-based pricing. MarketSmart and ClickPremium are sold on a usage basis and the TRIAD and StrategyWare products are generally sold to single users on a fixed-price basis. CLSO may be sold on a usage or fixed priced basis, or a combination of these.

Fair, Isaac MarketSmart Decision System. Our MarketSmart Decision System is a multi-channel, Web-enabled marketing solution with campaign management, data warehousing, analytic and other capabilities. It helps financial

institutions, retailers and telecommunications companies determine where, when and how to interact with their prospects and customers to build stronger relationships.

StrategyWare Decision Engine. Our StrategyWare product is a comprehensive and flexible decision strategy management software system that processes decision requests by applying user-defined decision strategies and generates decision responses with respect to processing applications for new credit accounts.

TRIAD Adaptive Control System. Our TRIAD product is an adaptive control system for account and customer management composed of behavior scoring models, software, and account management strategies which address one or more aspects of the management of a consumer credit or similar portfolio. TRIAD is used in various markets including credit card, debit card, revolving credit, installment lending, mail order, and retail, among others. We generally provide TRIAD for customers with multi-year software maintenance, strategy design and evaluation, and consulting services.

Fair, Isaac Decision System. Our Fair, Isaac Decision System allows Fair, Isaac, its clients or partners to design and implement analytically-driven strategies that can be executed in real time to consistently and automatically make decisions that lead to improved business performance, such as improving account management decisions on credit limit increase, customer pre-approval, and collection strategy implementation.

Strategy Science Services. Strategy Science is our new line of existing and anticipated product offerings for optimizing business strategy design. Strategy Science brings an empirical approach to business strategy design through the use of decision models and optimization technology that map mathematical relationships between hundreds of variables that influence desired business outcomes. In the third quarter of fiscal 2001, we introduced the first offering in this product line, our Credit Line Strategy Optimization(TM) (CLS0) service. CLS0 helps credit card issuers improve account profitability through optimal credit line assignments. In November 2001 we introduced the second offering in this product line, Customer Acquisition Strategy Optimization service, designed to assist credit card issuers in customer acquisition efforts.

Other

This segment includes our smaller business units, which are focused on various offering types or vertical markets. All of these units have global responsibility for the solutions they market. The principal products and services marketed by units included in the Other segment are:

- o Custom Analytics offerings;
- o LiquidCredit(R)services;
- o Retail market offerings; and
- o Telecommunications product offerings.

Products and services in the Other segment are priced in various ways. Products developed specifically for a single user, such as our custom 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 LiquidCredit systems are sold under time or volume-based pricing arrangements. MarketSmart products, marketed to retail and telecommunications clients, are sold on a usage basis.

Custom Analytics. Custom analytic products include our custom models, custom software and related consulting projects which are sold directly to credit grantors and other businesses. These products are used for screening lists of prospective customers, evaluating applicants for credit or insurance and managing existing credit accounts.

LiquidCredit Service. LiquidCredit is a Web-based credit decisioning service that enables click-and-mortar financial institutions, Internet financing marketplaces and Web-based retailers to offer immediate credit to consumers and small businesses at the point of contact. The LiquidCredit line has three solutions:

- o LiquidCredit application engine allows traditional Web-enabled credit grantors to make instant credit decisions by providing complete credit application processing capabilities for consumer and small business credit products.
- o LiquidCredit decision engine provides e-tailers, click-and-mortar financial institutions and retailers with the ability to determine the right product or products for a credit applicant based on that credit grantor's product matching and decisioning criteria, so the applicant receives a tailored selection of credit offers from the credit grantor.

- o LiquidCredit broker engine delivers to Internet brokers and e-marketmakers a tool that sits behind their own Web sites and matches scored applicants to credit grantors' criteria, to present applicants with a variety of credit options within minutes. Applicants receive a list of credit offers with multiple terms, while participating lenders receive exposure to additional borrowers.

Retail. Retail products include Fair, Isaac MarketSmart Decision System, as well as data processing, database management services, Internet delivery services, and custom analytics. These products are offered to retailers, catalogers and manufacturers selling directly to consumers. Credit account management solutions are offered to those merchandisers and catalogers that have proprietary credit card programs or otherwise offer the direct financing of merchandise to their customers. Fair, Isaac also offers its Fair, Isaac MarketSmart Decision System solution, as well as the Fair, Isaac Decision System, in the pharmaceuticals market to enable manufactures to manage their increasing sophisticated DTC (direct to customer) marketing and patient education programs. Our solutions are generally sold on a fixed price plus maintenance basis; Fair, Isaac MarketSmart Decision System is sold on a usage basis.

Telecommunications. Telecommunications offerings include end user product solutions such as analytics, Decision System, and TRIAD. The associated netsourced solution offerings are TelAdaptive and Fair, Isaac MarketSmart Decision System for telecommunications. Our TelAdaptive solution is a Web-delivered account management solution designed for collection of delinquent accounts in the telecommunications service industry. The fundamental component of TelAdaptive is TRIAD and is complemented with a sophisticated analytical data warehouse.

CONSULTING

Consulting services are offered to our clients in the financial services, insurance, retail and communications markets through our same three business segments--Global Data Repositories and Processors, Global Financial Services and Other. We generate revenues from analytics, custom applications, data warehousing, integration, and risk management consulting services. We undertake consulting engagements primarily with companies that are users of our analytics, software and netsourced solutions, and with companies deemed to be attractive prospective clients for those solutions. Consulting services include advising clients on how to develop and implement sound analytic solutions, providing expert analysis of model development and assisting with successful implementation or repositioning of predictive modeling within the business for greater effectiveness.

INTERNATIONAL

Our operations outside the United States are conducted primarily through our subsidiaries, distributors and through distribution channel partners, and are organized under the same business segments, Global Data Repositories and Processors, Global Financial Services and Other, described above.

We have offices throughout the world to deliver products and services that cover our core competencies in analytics, software and consulting. Our foreign offices are primarily sales and customer service offices acting as agents on behalf of the U. S. production operations. The information set forth under the caption "Segment Information" in Note 12 to the Consolidated Financial Statements is incorporated herein by reference. Net identifiable assets, capital expenditures and depreciation associated with foreign offices are not material.

Revenues derived from clients outside the United States were \$60.0 million in fiscal 2001, \$57.1 million in fiscal 2000 and \$41.5 million in fiscal 1999. In fiscal 1999, 2000 and 2001, the Canadian and European markets collectively generated over half of our international revenues. Currently the principal products marketed internationally are custom analytics, TRIAD, StrategyWare and scoring models for account origination and account management. As noted above, we establish and maintain alliance relationships through which our products, chiefly scores and account management services are sold. These include third-party credit card processors and credit bureaus.

MARKETS AND CUSTOMERS

We serve clients in multiple industries, including financial services, insurance, retail, telecommunications and pharmaceuticals. We have more than 1,000 end-users of our products who purchase directly from us. These include about 75 of the 100 largest banks in the United States; several of the largest banks in Canada; approximately 40 banks in the United Kingdom; over 300 insurers; more than 70 retailers; seven oil companies; major travel and entertainment card companies; and more than 40 finance companies. The scoring, application processing and account management services offered through credit bureaus and third-party processors extend usage of our technology to smaller credit issuers.

We market our services to a wide variety of businesses engaged in direct marketing. These include banks, insurance companies and retailers, among others. Most of our Global Financial Services product revenues come from direct sales to the end user of our services, but in some cases we act as a subcontractor to others managing a particular project for the end user. We market our consumer services to an estimated 190 million U.S. consumers whose credit relationships are reported to the three major credit bureaus.

In fiscal 2001, TransUnion accounted for approximately 9% of our revenues; Equifax, approximately 11%; and Experian, approximately 8%. In fiscal 2000, TransUnion, Equifax, and Experian accounted for approximately 12%, 10% and 7% of revenues, respectively.

The United Kingdom and Canada are our largest market segments outside the United States. Mexico, South Africa, a number of countries in South America and almost all of the Western European countries are represented in our user base. We have delivered products to users in approximately 60 countries.

We are actively pursuing new users and markets for our products. We enjoy good relations with the majority of our clients and a substantial portion of our revenues is derived from repeat clients.

COMPETITION

Our competitors include scoring model builders, providers of credit reports and credit scores, providers of automated application processing services, data vendors, neural network developers and artificial intelligence system builders. In-house analytic and systems developers are also a significant source of competition for our products and services. We believe that none of our competitors offer the same mix of products as we do, or have the same expertise in predictive analytics. However certain competitors may have larger shares of particular geographic or product markets.

We compete with both outside suppliers and in-house computer systems departments for scoring business. Major competitors among outside suppliers of scoring models include the three major credit bureaus. In the consumer market we compete with companies that provide consumers with their credit reports, credit scores other than FICO scores, and related monitoring and score analysis services. Homestore.com, Inc. offers such services through several consumer Web sites it maintains, including iPlace.com, consumerinfo.com, and Qspace.com. Experian and TransUnion offer similar services through their Web sites. In addition to offering similar services, TrueLink, Inc. provides a consolidated credit report representing information from all three national credit reporting agencies. Only Fair, Isaac and Equifax offer consumers access to their FICO scores and associated services. FICO scores are used by the overwhelming majority of financial institutions to make the credit decisions that impact consumers and we believe that this provides us an advantage over our competition in this market.

Both American Management Systems, Incorporated ("AMS") and Experian offer products intended to perform some of the same functions as our TRIAD, StrategyWare and LiquidCredit products and services. We believe that our customers using these systems, in both custom end-user form and through third-party processors, significantly outnumber users of the competing AMS and Experian products. We believe that the principal factors affecting competition in the market for LiquidCredit are the same as those affecting scoring models, together with experience in developing computer software products. Competitors in this area include outside computer service providers and in-house computer systems departments. There are regional risk management, marketing, systems integration, and data warehousing competitors that have recently emerged for consulting services comparable to ours, but we believe that few offer the comprehensive business and technical expertise found within our consulting offerings.

Several companies provide data processing and database management services in competition with our MarketSmart products, some of which are larger than us. We believe the market for such services will continue to expand rapidly for the foreseeable future. Competition in this area is based on price, service, and, in some cases, the ability of the processor to perform specialized tasks. Principal competitors in this area are Acxiom Corporation and Harte-Hanks Inc.

PRODUCT PROTECTION AND TRADEMARKS

We have generally relied upon the laws protecting trade secrets and upon contractual non-disclosure safeguards and restrictions on transferability in our client agreements to protect our software and proprietary interests in our product methodology and know-how. We retain title to, and protect the suite of models and software used to develop scoring models, as a trade secret. We also claim copyright protection for certain proprietary software and documentation. In addition, we are seeking to protect certain of our technologies through the filing of patent applications due to favorable developments in the past few years in the case law and Patent and Trademark Office Guidelines for patentability of software, models and "methods of doing business." We do not otherwise have patent protection for our proprietary software.

Despite our precautions, it may be possible for competitors or users to copy or reproduce aspects of our software or to obtain information that we regard as trade secrets. In addition, the laws of some foreign countries do not protect proprietary rights to the same extent as do the laws of the United States. Patents and other protections for our intellectual property are important, but we believe our success and growth will depend principally on such factors as the knowledge,

ability, experience and creative skills of our personnel, new products, frequent product enhancements, and name recognition.

We have used, registered and/or applied to register certain trademarks and service marks for our technologies, products and services.

RESEARCH AND DEVELOPMENT

At present we are concentrating our efforts on both new versions and next generations of our decision engines, data management and analytics, and cutting-edge work on Strategy Science optimization. In addition, we have ongoing projects for improving our fundamental knowledge in the areas of both predictive and decision technology.

We will continue to invest in research and product development that is market-oriented and supports our focus areas. We believe that timely development of new products and enhancements to our existing products is essential to maintain our leadership position in our market and to address the increasingly sophisticated needs of our clients. We anticipate that certain new products and services will be developed internally but we have and may, based on timing and cost considerations, acquire or license technology or software from third parties when appropriate. The information set forth in the line entitled "Research and development" in the Consolidated Statement of Income and the information set forth under the caption "Software costs" in Note 1 to the Consolidated Financial Statements is incorporated herein by reference.

PERSONNEL

As of September 30, 2001, we employed 1,470 persons worldwide. Of these, 606 full-time employees were located in our San Rafael offices and 516 full-time employees in our offices in Arden Hills, Minnesota. None of our employees are covered by a collective bargaining agreement and no work stoppages have been experienced.

Information regarding our officers is included in "Executive Officers of The Registrant" at the end of Part I of this report.

ITEM 2. PROPERTIES

Our properties consist primarily of leased office facilities for sales, data processing, research and development, consulting and administrative personnel. Our principal office is located in San Rafael, California, approximately 15 miles north of San Francisco. We lease approximately 270,000 square feet of office space in four buildings at that location under leases expiring in 2011 or later. We also lease approximately 5,000 square feet of warehouse space in San Rafael for hardware operations and for storage under month-to-month leases and have a 2,400 square foot telecommute center in Petaluma, California.

Our leased properties also include

- o Approximately 167,000 square feet of office and data processing space in four buildings in Arden Hills, Minnesota, under leases expiring in 2005 or later.
- o An aggregate of approximately 135,000 square feet of office space in Baltimore, Maryland; Emeryville, California; Wilmington, Delaware; New York City, New York; Atlanta, Georgia; Chicago, Illinois; Brookings, South Dakota; Shoreview, Minnesota; Toronto, Ontario; Birmingham, England; Tokyo, Japan; Paris, France; Sao Paulo, Brazil; Johannesburg, South Africa; Madrid, Spain; Vienna, Austria; and Wiesbaden, Germany.

See Notes 4 and 11 in the Consolidated Financial Statements for information regarding our obligations under leases. We believe that suitable additional space will be available to accommodate future needs.

ITEM 3. LEGAL PROCEEDINGS

We are currently party to various legal proceedings arising in the ordinary course of business. While the outcome of these proceedings and claims cannot be predicted with certainty, we do not believe that the outcome of any of these proceedings or claims will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

Our executive officers as of December 10, 2001 were as follows:

Name -----	Positions Held -----	Age ---
Thomas G. Grudnowski	President and Chief Executive Officer since joining the Company in December 1999. Became a Director of the Company in December 1999. Partner at Andersen Consulting from 1983-1999. Joined Andersen Consulting in 1972.	51
Chad L. Becker	Vice President, Global Financial Services since October 2000. Since joining the Company in 1991, held various senior and executive positions in the Company.	33
Jonathan R. Bond	Vice President and Controller since joining the Company in May 2000. Chief Financial Officer of Altitude Software from August 1999 to May 2000. Chief Financial Officer of Versata from March 1999 to August 1999. Chief Financial Officer of Intrepid Systems from September 1996 to December 1998.	52
Douglas O. Clare	Vice President, Global Retail since October 2000. Joined the Company (DynaMark) in 1987 and was first named an officer in February 2000.	34
Richard S. Deal	Vice President, Human Resources since joining the Company in January 2001. Top HR role at Arcadia Financial, Ltd. from 1998 to 2001. Managed HR function for corporate trust and mortgage business at U.S. Bancorp from 1993 to 1998.	34
Eric J. Educate	Vice President, Worldwide Sales since July 2000. Vice President of Global Sales for Imation Corporation, 1999-2000. Key sales executive at EMC Corporation, 1997-1999. Silicon Graphics, 1987-1997.	49
Henk J. Evenhuis	Vice President and Chief Financial Officer since joining the Company in October 1999. Executive Vice President and Chief Financial Officer of Lam Research Corporation 1987-1998.	58
Andrea M. Fike	Vice President and General Counsel since February 2001. Senior Counsel from October 1999 to February 2001. Partner at Faegre & Benson, LLP since January 1998. Associate at Faegre & Benson from 1989 to 1998.	41
Michael A. Gandolfo	Vice President, Global Telecom since joining the Company in April 2000. Associate Partner at Andersen Consulting from 1999 to 2000 and Worldwide Business Development Director from 1996 to 1999.	43

Raffi M. Kassarjian	Vice President and General Manager, Liquid Credit since joining the Company in October 1999. Senior Manager at Andersen Consulting from 1997-1999. Joined Andersen Consulting in 1995.	34
W. Thomas McEnergy	Vice President, Strategic Marketing since joining the Company in 2001. Group Director at Fallon Worldwide from 1993 to 2001.	39
Daniel J. Mulvaney	Vice President, Business Operations since joining the Company in October 2001. President and CEO, Mulvaney & Associates from January through October 2001. COO, North American Heritage Brands, Inc. in 2000. CFO, Space Center, Inc. from 1994 to 1999.	41
Mark P. Pautsch	Vice President and Chief Information Officer since August 2000. Managing Partner for the CIO Technology Services Organization of Andersen Consulting. 21 years at Anderson Consulting.	45
Larry E. Rosenberger	Vice President, Research & Development/ Analytics since December 1999. President and Chief Executive Officer from March 1991 to December 1999. First named an officer in 1983. A Director from 1983-1999. Joined the Company in 1974.	55
Steven A. Sjoblad	Vice President, Corporate Development since joining the Company in May, 2001. Managing Director and President of Fallon McElligott from 1981 to 2001.	52

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock began trading on the New York Stock Exchange as of May 6, 1996, under the symbol: FIC. Prior to that date, it was traded over-the-counter on the NASDAQ Stock Market under the symbol: FICI. According to records of our transfer agent, at November 30, 2001, we had 432 shareholders of record of our common stock.

The high and low sales prices for our stock, based on the last sale, for each full quarterly period within the two most recent fiscal years as reported on the New York Stock Exchange are:

Fiscal 2000

	High	Low
	----	---
October 1 - December 31, 1999	\$55.63	\$28.00
January 1 - March 31, 2000	\$55.38	\$38.00
April 1 - June 30, 2000	\$46.13	\$36.56
July 1 - September 30, 2000	\$51.13	\$39.81

Fiscal 2001

	High	Low
	----	---
October 1 - December 31, 2000	\$51.00	\$38.19
January 1 - March 31, 2001	\$65.55	\$46.00
April 1 - June 30, 2001	\$77.00	\$51.30
July 1 - September 30, 2001	\$69.90	\$46.40

Dividends

We paid quarterly dividends of 2 cents per share or 8 cents per year during the 1999, 2000 and 2001 fiscal years. There are no current plans to change the amount of the cash dividends. On June 4, 2001, the Company effected a three-for-two common stock dividend. Unless specifically noted, all stock numbers in this Form 10-K report reflect this stock dividend.

ITEM 6. SELECTED FINANCIAL DATA

(in thousands, except per share data)

Fiscal years ended September 30,	2001	2000	1999	1998	1997
Revenues	\$329,148	\$298,630	\$277,041	\$245,545	\$199,009
Income from operations	72,107	44,614	46,375	40,432	37,756
Income before income taxes	76,853	47,070	50,600	42,105	35,546
Net income	46,112	27,631	29,980	24,327	20,686
Earnings per share:					
Diluted	\$2.00	\$1.26	\$1.39	\$1.12	\$0.97
Basic	\$2.10	\$1.29	\$1.42	\$1.18	\$1.03
Dividends per share	\$.08	\$.08	\$.08	\$.08	\$.08
At September 30,	2001	2000	1999	1998	1997
Working capital	\$ 94,624	\$100,694	\$ 55,885	\$ 54,852	\$ 47,727
Total assets	317,013	241,288	210,353	189,614	145,228
Long-term capital lease obligations	--	--	364	789	1,183
Stockholders' equity	271,772	199,001	156,499	133,451	103,189

Due to certain reclassification of foreign exchange gain (loss) in fiscal 2001, revenues of prior years are restated to conform to 2001 classification.

In May 2001, the Company's Board of Directors authorized a three-for-two stock split effected in the form of a 50% stock dividend with cash payment in lieu of fractional shares, payable on June 4, 2001 to holders of common stock of the Company on record at the close of business on May 14, 2001. All share and earnings per share amounts are restated.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Revenues

Our reportable business segments consist of three segments on a worldwide basis: Global Data Repositories and Processors, Global Financial Services and Other. Comparative segment revenues, operating income, and related financial information in fiscal 2001, 2000 and 1999 are set forth in Note 12 to the Consolidated Financial Statements.

The following table displays (a) the percentage of revenues by segment and (b) the percentage change in revenues from the prior fiscal year for the fiscal periods indicated. Prior year information has been reclassified to conform to the current year financial presentation for comparability.

	Percentage of Revenues Years Ended September 30,			Period-to-Period Percentage Change	
	2001	2000	1999	2001 to 2000	2000 to 1999
Global Data Repositories And Processors	51%	50%	49%	11%	11%
Global Financial Services	29%	32%	30%	-	14%
Other	20%	18%	21%	26%	(10)%
Total Revenues	100%	100%	100%	10%	8%

The growth in revenues from the Global Data Repositories and Processors segment in fiscal 2001 was primarily due to a strong demand for risk scoring services at the credit bureaus. This growth was fueled in part by increased marketing efforts of credit card issuers, a strong market for mortgage re-financings and revenues from the Score Power service. Increased revenues from services provided through bankcard processors and from our insurance bureau scores at the credit bureaus also contributed to the growth of revenues in this segment in fiscal 2001 compared to fiscal 2000. Similarly, in fiscal 2000 the revenues of the Global Data Repositories segment increased primarily due to a strong demand for risk scoring services at the credit bureaus, increased revenues from services provided through bankcard processors and from our insurance bureau scores at the credit bureaus. These increases were partially offset by decreased revenues derived from the ScoreNet Service in fiscal 2000.

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 14% in fiscal 2001, 13% in fiscal 2000 and 14% in fiscal 1999, and accounted for approximately 38% of revenues in fiscal 2001, 37% 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 2001, revenues generated from our alliances with TransUnion, Equifax, and Experian accounted for approximately 9%, 11% and 7% of revenues, respectively. In fiscal 2000, TransUnion accounted for approximately 12% of our revenues; Equifax, approximately 10%; and Experian, approximately 7%. TransUnion, Equifax, and Experian accounted for approximately 10%, 9% and 7% of revenues, respectively, in fiscal 1999.

Revenues derived from the Global Financial Services segment in fiscal 2001 were essentially unchanged compared to fiscal 2000. Global Financial Services revenues increased in fiscal 2000 compared with fiscal 1999 due principally to increased sales of StrategyWare products and sales of Fair, Isaac MarketSmart, ClickPremium and Fair, Isaac Decision System products.

The increase of 26% in the Other segment revenues in fiscal 2001 compared to fiscal 2000 reflected growth in sales of all product categories in this segment. Revenues from the LiquidCredit products grew strongly in 2001, increasing 86%, and were the largest contributor to the overall increase in revenues in this segment. In addition, revenues from Analytics products increased 9%, Retail increased 3% and Telecommunication products increased 20%, compared to fiscal 2000.

The decrease in Other segment revenues from fiscal 1999 to fiscal 2000 was primarily due to the impact of bank consolidations and external marketing forces related to the Year 2000 issue.

Cutting across all reportable segments, revenues derived from clients outside the United States were \$60.0 million in fiscal 2001, \$57.1 million in fiscal 2000 and \$41.5 million in fiscal 1999. Increases in international revenues in fiscal 2001 reflected growth in sales of products from the Other segment, primarily Retail and Telecommunications products. In fiscal 2000, increases were due primarily to increased sales of software products, including TRIAD, increased usage of credit bureau scores and the number of accounts using our account management services at credit card processors in Europe. Fluctuations in currency exchange rates have not had a significant effect on revenues to date. In October 2001 we initiated a hedging program to reduce our exposure to fluctuations in certain foreign currency translation rates resulting from holding net assets denominated in foreign currencies.

Revenues from consulting services were 11% of revenues in fiscal 2001 and less than 10% of revenues in each of fiscal 2000 and 1999. Revenues from software maintenance accounted for less than 10% of revenues in each of the three years ended September 30, 2001. We do not expect revenues from software maintenance to exceed 10% of revenues in the foreseeable future.

Costs and 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 revenues			Period-to-period percentage change	
	2001	Years ended September 30, 2000	1999	2001 to 2000	2000 to 1999
Revenues	100	100	100	10	8
Costs and expenses:					
Cost of revenues	44	43	38	15	22
Research and development	9	10	11	(5)	---
Sales, general and administrative	24	30	33	(13)	(4)
Amortization of intangibles	1	1	1	---	16
Restructuring charge	--	1	--	(100)	---
Total costs and expenses	78	85	83	1	10
Income from operations	22	15	17	62	(4)
Other income, net	1	1	1	93	(42)
Income before income taxes	23	16	18	63	(7)
Provision for income taxes	9	7	7	58	(6)
Net income	14	9	11	67	(8)

Cost of revenues consists primarily of personnel directly involved in creating, installing and supporting revenue products; travel and related overhead costs; costs of computer service bureaus; and our payments made to credit bureaus for scores and for related outside support in connection with the ScoreNet Service.

Cost of revenues, as a percentage of revenues, increased in each of fiscal 2001 and 2000 over the prior fiscal year. In fiscal 2001, the increase was primarily due to greater operating costs incurred for telecommunications services, planning and compliance functions and software and consulting services related to the North American market. In fiscal 2000, the increase was principally due to costs related to the discontinued Healthcare Receivables Management System (HRMS) line of business; increased revenues coming from Global Financial Services products and services, all of which generally have a lower gross margin than our other products and services; and an increase in personnel costs because of a change in policy for accrued vacation and sick leave.

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

Research and development expenses decreased in fiscal 2001 as a percentage of revenues compared to the prior period, due primarily to the redeployment of research and development personnel to support roles for our new products,

such as Strategy Science line including Credit Line Strategy Optimization. The decrease in research and development expenses, as a percentage of revenues, in fiscal 2000 was due principally to the redeployment of personnel to focus on increasing netsourced delivery capacity for new software application products.

Sales, general and administrative expenses consist principally of employee salaries and benefits, travel, overhead, advertising and other promotional expenses, corporate facilities expenses, the costs of administering certain benefit plans, legal expenses, business development expenses, and the cost of operating the computer systems. As a percentage of revenues, sales, general and administrative expenses for fiscal 2001 were lower in fiscal 2000, due primarily to reductions in personnel costs, consulting costs, and travel expenses as a result of our cost containment efforts. Sales, general and administrative expenses for fiscal 2000, as a percentage of revenues, was lower in fiscal 1999, due primarily to non-recurring consulting fees related to our reorganization incurred in fiscal 1999.

We are amortizing the intangible assets arising from various acquisitions over periods ranging from four to fifteen years. Also see Notes 1 and 5 to the Consolidated Financial Statements for additional information.

In October 1999, the Company announced the discontinuance of its Healthcare Receivables Management System product line, and as a result of exiting this business, recorded a restructuring charge totaling \$1,935,000 for the year ended September 30, 2000. The Company further recorded a restructuring charge totaling \$988,000 related to a reduction in staff during fiscal year 2000. The Company's restructuring actions were completed under the plan by June 30, 2000, and the combined restructuring charges for fiscal year 2000 totaled \$2,923,000, of which \$263,000 was related to write-down of operating assets. At September 30, 2000, the Company had an outstanding provision of \$385,000 for restructuring charges included under other accrued liabilities. During fiscal year 2001, the Company made cash payments of \$221,000 and wrote off operating assets of \$164,000, leaving no outstanding provision at September 30, 2001. See Note 7 to the Consolidated Financial Statements for additional information.

Other income, net

Other income, net 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. At September 30, 2001, we had approximately \$141,000,000 invested in U.S. treasury securities and other interest-bearing instruments. See Note 13 to the Consolidated Financial Statements for additional information.

Interest income increased 41% in fiscal 2001 compared to fiscal 2000, and increased 31% in fiscal 2000 compared to fiscal 1999. Interest income is derived from the investment of funds in excess of our immediate operating requirements. Interest income increased in both fiscal 2001 and 2000 due to higher average cash balances in interest-bearing accounts and instruments. In fiscal 2001, interest income was partially offset by our share of operating losses in an early stage development company accounted for using the equity method, interest expense and foreign currency losses.

In fiscal 1998, the Company entered into a lease arrangement to construct an office complex located at Second and Lindaro Streets in downtown San Rafael to accommodate future growth. During fiscal 2000, the Company decided not to build out the site as planned following a five-month study of its options. Under an agreement with the San Rafael City Government, the Company was released from its obligation to occupy buildings on the site, and a real estate development firm agreed to continue with the development of the site. As a result of the transaction concluded in the fourth quarter of fiscal year 2000, the Company recorded a loss of approximately \$1.4 million in other income in fiscal 2000.

In fiscal 1999, we realized a one-time gain of \$0.7 million due to the curtailment of our pension plan, as described in Note 8 to the Consolidated Financial Statements, and realized a gain of \$483,000 from the sale of marketable securities.

Provision for income taxes

Our effective tax rate was 40%, 41.3%, and 40.8% in fiscal 2001, 2000 and 1999, respectively. The decrease in fiscal 2001 compared to fiscal 2000 was due primarily to revision of state tax rates to reflect increased activities in states with lower tax rates. The increase to 41.3% in fiscal 2000 compared to fiscal 1999 was due primarily to the increased goodwill amortization in fiscal 2000 resulting from the earnout paid to former stockholders of Credit Risk Management Associates, a consulting company acquired in 1996.

Capital Resources and Liquidity

Working capital at September 30, 2001, September 30, 2000 and September 30, 1999 was \$94,624,000, \$100,694,000 and \$55,885,000, respectively. The decrease in working capital in fiscal 2001 was due primarily to decreases in cash and cash equivalents, short-term investments, and increases in accrued compensation and employee benefits, the total of which was more than offset by increases in accounts receivable, unbilled work in progress, and prepaid expenses and other current assets. The increase in fiscal 2000 was due primarily to increases in cash and cash equivalents, a higher proportion of investments in short-term investments, a lower accrual for compensation and employee benefits expenses, and increases in accounts receivable and billings in excess of earned revenues.

Our exposure to collection risks is comprised of the sum of accounts receivable plus unbilled work in progress, less billings in excess of earned revenues. Changes in contract terms and product offerings, along with variations in timing, may cause fluctuations in any or all of these items. Accounts receivable at September 30, 2001 were 24% higher than at September 30, 2000, primarily due to the resolution of usage fees on a large client account in the last quarter of fiscal 2001; unbilled work-in-progress increased by 7%, primarily due to the increase in revenues from Global Data Repositories and Processors; and the total of billings in excess of earned revenue had only minimal change. Comparing fiscal 2000 with 1999, increases in accounts receivable by 15% and increases in billings in excess of earned revenues by 14% were proportional, with minimal change in unbilled work in progress.

Our primary method for funding operations and growth has been cash flows generated from operations and occasional lease financing. Net operating cash flows in fiscal 2001 increased by \$33,887,000 compared to fiscal 2000, primarily due to an increase in net income and non-cash adjustments, partially offset by net working capital changes. Net operating cash flows in fiscal 2000 decreased by \$5,832,000 compared to fiscal 1999, primarily due to a decrease in net income, non-cash adjustment for deferred income tax, and net working capital changes, partially offset by an increase in non-cash adjustments for depreciation.

The \$70,541,000 increase of net cash used in investing activities during fiscal 2001 primarily reflected increased purchases of marketable securities and a moderate increase in purchase of property and equipment. The \$2,092,000 increase in investment activities spending during fiscal 2000 compared to 1999 was primarily due to the purchase of property and equipment. We expect to continue to invest in capital and other assets to support our growth.

Our financing activities include principal payments for capital lease obligations, proceeds from stock option exercises, share repurchases under the Board-authorized program described below and dividend payments. The \$2,965,000 increase of net cash provided by financing activities in fiscal 2001 was due primarily to increased proceeds from stock option exercises and issuance of treasury stock totaling \$34,283,000, partially offset by higher stock repurchases totaling \$19,864,000. Net cash provided by financing activities in fiscal 2000 was primarily attributable to proceeds of \$11,329,000 received from the exercise of stock options and the issuance of treasury stock partially offset by principal payments for capital lease obligations and cash dividends. The negative cash flows from financing activities in fiscal 1999 were due primarily to stock repurchases and dividends paid, partially offset by proceeds from the exercise of stock options and issuance of treasury stock.

Future cash flows will continue to be affected by operating results, contractual billing terms and collections, investment decisions and dividend payments, if any. At September 30, 2001, we had no significant capital commitments other than those obligations described in Notes 4 and 11 to the Consolidated Financial Statements.

On June 4, 2001, the Company effected a three-for-two stock split in the form of a 50% stock dividend, with cash payments in lieu of fractional shares. The cash payments in lieu of fractional shares totaled \$49,000. All share amounts have been restated to reflect the retroactive effect of the stock split.

In fiscal 1999, we initiated a stock repurchase program to purchase up to 1.5 million shares of our common stock, to be funded by cash on hand. During fiscal 2001, we repurchased approximately 638,000 shares at a cost of \$19.9 million. Since the program was initiated, we have purchased a total of 1,177,500 shares at an aggregate cost of \$32.1 million. We expect to continue to evaluate opportunities to repurchase shares under the program.

In the normal course of business we enter into leases for new or expanded facilities in both domestic and global locations. We also evaluate, on an ongoing basis, the merits of acquiring technology or businesses, or establishing strategic relationships with or investing in these businesses. We may decide to use cash and cash equivalents to fund such activities in the future. We believe that the cash, cash equivalents and short-term investments will be adequate to meet our capital and liquidity 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. The euro initially went into effect on January 1, 1999, and is now in 12 participating countries: Austria, Belgium, Finland, France, Greece, 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. Our costs associated with compliance were not material and were expensed as they were incurred. 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 2001, approximately 29% of our revenues were derived from products in our Global Financial Services segment. 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. A softening of demand for our decisioning solutions caused by a weakening of the economy generally may result in decreased revenues or lower growth rates. There can be no assurance 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. For example, consolidation in the financial services industry could change the demand for our products and services that support our clients' customer acquisitions programs. There can be no assurance that we will be able to effectively promote future revenue growth in our business. In addition, recent terrorist attacks upon the U.S. have added (or exacerbated) economic, political and other uncertainties, which could adversely affect the Company's revenue growth.

Quarterly revenues and 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 period 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. In addition, with the exception of the cost of ScoreNet service 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. Factors that affect our revenues and operating results include the following:

- o Variability in demand from our existing customers, particularly within our Global Data Repositories and Processor segment;
- o The lengthy sales cycle of many of our products;
- o Consumer dissatisfaction with, or problems caused by, the performance of our personal credit management 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 The level of our operating expenses;
- o Changes in competitive conditions in the consumer credit and financial services industries;
- o Fluctuations in domestic and international economic conditions;
- o Acquisition-related expenses and charges;
- o Timing of orders for and deliveries of certain software systems; and
- o Other factors unique to our product lines.

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 continue to expand into newer markets for our products and services, such as direct marketing, insurance, small business lending, retail, telecommunications and our newest market, personal credit management. If our current or potential customers are not willing to switch to or adopt our new products and services, our revenues will be harmed.

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. 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 consumer services and the design of business strategies using our new Strategy Science technology. 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.

Failure to obtain data from our clients to update and re-develop 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. Any interruption of our supply of data could have a material adverse effect on our business, financial condition or results of operations.

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

Legislation and governmental regulation inform how our business is conducted. Both our core businesses and our newer consumer initiatives are affected by regulation. In both arenas, significant regulatory areas include: federal and state regulation of consumer report data and consumer reporting agencies, like the Fair Credit Reporting Act (the "FCRA"); regulation designed to insure that lending practices are fair and non-discriminatory, like the Equal Credit Opportunity Act; and privacy law, like provisions of the Financial Services Modernization Act of 1999. A variety of other consumer protection laws affect our business such as federal and state statutes governing the use of the Internet and telemarketing. In addition, many foreign jurisdictions relevant to our business have regulation in one or more of these general areas. For example, in the European Union (EU) the Privacy Directive (Directive 95/46/EC) creates minimum standards for the protection of personal data. In addition, some EU member states have enacted protections, which go beyond the requirements of the Privacy Directive.

In connection with our core business-to-business activities, these statutes govern our operations directly to some degree. For example, the Financial Services Modernization Act's restrictions on the use and transmittal of nonpublic personal information govern some of our activities. However, governmental regulation has a significant indirect effect on such activities because such regulation influences our clients' expectations and needs vis-a-vis our products and services. Our current and prospective clients' activities are closely governed by the regulations outlined above and by other regulations. For example, our clients include credit bureaus, credit card processors, state and federally chartered banks, savings and loan associations, credit unions, consumer finance companies, and other consumer lenders and insurers, all of which are subject to extensive and complex federal and state regulations, and often international regulations. The products and services we sell to such clients must be appropriately designed to function in these regulated industries. Moreover, industries we may target in the future may also be subject to extensive regulations.

In connection with our Score Power service, many of the same regulations are pertinent. In this arena, however, our activities are more directly affected by regulation. For example, the Fair Credit Reporting Act governs when and how we may deliver the Score Power service to consumers. The Financial Services Modernization Act of 1999 requires us to make certain disclosure to consumers regarding our collection and use of personal information and grants consumers certain opt out rights. This type of regulation creates risk associated with compliance, such as possible regulatory enforcement action.

Changes to existing regulation or legislation, or new regulation or legislation, or more restrictive interpretation of existing regulation by enforcement agencies, could harm our business, results of operations and financial condition. Examples of possible regulatory developments that could affect our business include restrictions on the sharing of information by affiliated entities, narrowing of the permitted uses of consumer report data, and mandates to provide credit scores to consumers. The permitted uses of consumer report data in connection with certain customer acquisition efforts are governed primarily by the FCRA. The relevant federal preemption provisions effectively sunset in 2004. Unless extended, the sunset of preemption could lead to greater state regulation, increasing the cost of customer acquisition activity. Such state legislation could cause financial institutions to pursue new strategies, negatively affecting the demand for our existing offerings.

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 fiscal 2001 and 2000, we received approximately 18% 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 arising out of international commerce, some of which are beyond our control. These factors include:

- o The general economic and political conditions in countries where we sell our products and services;
- o Incongruent tax structures;
- o Difficulty in staffing and managing our organization's operations in various countries;
- o The effects of a variety of foreign laws and regulations;
- o Import and export licensing requirements;
- o Longer payment cycles;
- o Currency fluctuations and changes in tariffs and other trade barriers; and
- o Difficulties and delays in translating products and related documentation into foreign languages.

There can be no assurance that we will be able to successfully address each of these challenges in the near term. Some of our business is conducted in currencies other than the U.S. dollar. Foreign currency translation gains and losses are not currently material to our financial position, results of operations or cash flows. Foreign currency translation losses were \$532,000 for fiscal 2001 compared to \$645,000 in fiscal 2000. An increase in our foreign revenues could subject us to increased foreign currency translation risks in the future.

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 highly qualified 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 intense. There can be no assurance 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 revenues and results of operations.

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 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

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 patenting of business methods, we expect that products in the industry segments in which we compete will increasingly be subject to claims of patent infringement as the number of products and competitors in our industry segments grow and the functionality of products overlaps. Similarly, we expect more software products will be subject to patent infringement claims in light of recent developments in the law that extend the ability to patent software. Regardless of the merits, responding to any such claim made against us could be time-consuming, result in costly litigation and require us to enter into royalty and licensing agreements on terms unfavorable 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. Several of our products, including our new personal credit management product, are accessed through the Internet. Consumers using the Internet to access their personal information will demand the secure transmission of such data. Security breaches in connection with the delivery of our products and services, including our netsourced products and Score Power service, 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 technology we use to protect content and transactions on the networks on which the netsourced products and the proprietary information in our databases are accessed or on which the Score Power service is made available. Anyone who is able to circumvent our security measures or the security measures of our business partners 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 and businesses 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. These contracts, which normally have a term of five years or less, accounted for approximately 38%, 37% and 36% of our revenues in fiscal 2001, 2000 and 1999, respectively. If we are unable to renew any of these contracts on the same or similar terms, our revenues and results of operations would 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. 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 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, 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, and 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 2002 and later years will depend to a significant extent on sales of newly developed products.

ITEM 7A. 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 our operating results or cash flows to be affected to any significant degree by the effect of a sudden change in market interest rates on our securities portfolio. We believe that our foreign currency and equity risks are not material.

The following table presents the principal amounts and related weighted-average yields for our fixed rate investment portfolio at September 30, 2001 and 2000:

(in thousands)	September 30, 2001			September 30, 2000		
	Cost Basis	Carrying Amounts	Average Yield	Cost Basis	Carrying Amounts	Average Yield
Cash and cash equivalents	\$ 16,918	\$ 16,918	2.87%	\$ 35,759	\$ 35,759	6.70%
Short-term investments	13,800	13,800	2.57%	19,109	19,109	6.50%
Long-term investments	110,709	110,709	3.78%	27,600	27,600	6.40%
	<u>\$141,427</u>	<u>\$141,427</u>	3.55%	<u>\$ 82,468</u>	<u>\$ 82,468</u>	6.55%
	=====	=====		=====	=====	

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Independent Auditors' Report

The Board of Directors and Stockholders
Fair, Isaac and Company, Incorporated

We have audited the accompanying consolidated balance sheets of Fair, Isaac and Company, Incorporated, and subsidiaries as of September 30, 2001 and 2000, and the related consolidated statements of income and comprehensive income, stockholders' equity and cash flows for each of the years in the three-year period ended September 30, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fair, Isaac and Company, Incorporated, and subsidiaries as of September 30, 2001 and 2000, and the results of their operations and their cash flows for each of the years in the three-year period ended September 30, 2001, in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP
San Francisco, California
October 24, 2001, except as to note 17, which is as of December 17, 2001

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Years ended September 30,	(in thousands, except per share data and number of shares)		
	2001	2000	1999
Revenues	\$ 329,148	\$ 298,630	\$ 277,041
Costs and expenses:			
Cost of revenues	148,559	128,961	105,564
Research and development	28,321	29,817	29,720
Sales, general and administrative	78,061	90,215	93,569
Amortization of intangibles	2,100	2,100	1,813
Restructuring charge	--	2,923	--
Total costs and expenses	257,041	254,016	230,666
Income from operations	72,107	44,614	46,375
Other income, net	4,746	2,456	4,225
Income before income taxes	76,853	47,070	50,600
Provision for income taxes	30,741	19,439	20,620
Net income	\$ 46,112	\$ 27,631	\$ 29,980
Net Income	46,112	27,631	29,980
Other comprehensive income (loss), net of tax:			
Unrealized gains (losses) on investments:			
Unrealized holding gains (losses) arising during period	1,954	(84)	(293)
Less: reclassification adjustment	--	--	(281)
Net unrealized gains (losses)	1,954	(84)	(574)
Foreign currency translation adjustments	63	(389)	(127)
Other comprehensive income (loss)	2,017	(473)	(701)
Comprehensive income	\$ 48,129	\$ 27,158	\$ 29,279
Earnings per share:			
Diluted	\$ 2.00	\$ 1.26	\$ 1.39
Basic	\$ 2.10	\$ 1.29	\$ 1.42
Shares used in computing earnings per share:			
Diluted	23,059,000	21,952,000	21,594,000
Basic	21,986,000	21,390,000	21,109,000

See accompanying notes to the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

September 30,	(in thousands)	
	2001	2000

Assets		
Current assets:		
Cash and cash equivalents	\$ 24,608	\$ 39,506
Short-term investments	13,800	19,109
Accounts receivable, net of allowance (\$2,514 in 2001 and \$1,130 in 2000)	51,619	41,625
Unbilled work in progress	28,452	26,484
Prepaid expenses and other current assets	10,565	4,769
Deferred income taxes	5,217	5,719
	-----	-----
Total current assets	134,261	137,212
Investments	116,143	34,502
Property and equipment, net	49,383	48,565
Intangibles, net	6,530	8,630
Deferred income taxes	5,504	8,778
Other assets	5,192	3,601
	-----	-----
	\$ 317,013	\$ 241,288
	=====	=====
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,415	\$ 1,606
Accrued compensation and employee benefits	18,233	15,581
Other accrued liabilities	9,959	8,863
Billings in excess of earned revenues	10,030	10,104
Capital lease obligations	--	364
	-----	-----
Total current liabilities	39,637	36,518
Long-term liabilities:		
Accrued compensation and employee benefits	4,755	4,886
Other liabilities	849	883
	-----	-----
Total long-term liabilities	5,604	5,769
	-----	-----
Total liabilities	45,241	42,287
	-----	-----
Stockholders' equity:		
Preferred stock (\$0.01 par value; 1,000,000 authorized; none issued and outstanding)		
Common stock (\$0.01 par value; 35,000,000 shares authorized; 23,253,218 and 22,196,766 shares issued, and 22,637,669 and 21,808,589 shares outstanding at September 30, 2001 and 2000, respectively)	233	222
Paid in capital in excess of par value	95,875	52,269
Retained earnings	200,737	155,947
Less treasury stock, at cost	(26,446)	(8,793)
Accumulated other comprehensive income (loss)	1,373	(644)
	-----	-----
Total stockholders' equity	271,772	199,001
	-----	-----
	\$ 317,013	\$ 241,288
	=====	=====

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the years ended September 30, 1999, 2000 and 2001

(in thousands)

	Common stock		Paid in capital in excess of par value	Retained earnings	Treasury stock	Accumulated other comprehensive income (loss)	Total stockholders' equity
	Shares	Par value					
Balance at September 30, 1998	20,973	\$ 210	\$ 32,454	\$ 100,678	\$ (351)	\$ 530	\$ 133,451
Issuance of common stock	66	--	1,455	--	--	--	1,455
Vesting of restricted stock	--	--	17	--	--	--	17
Exercise of stock options	416	5	3,203	(2)	--	--	3,206
Tax benefit of exercised stock options	--	--	1,285	--	--	--	1,285
Deferred compensation	--	--	255	--	--	--	255
Repurchase of company stock	(542)	--	--	--	(12,232)	--	(12,232)
Issuance of treasury stock	57	--	(382)	--	1,293	--	911
Net income	--	--	--	29,980	--	--	29,980
Dividends paid	--	--	--	(1,128)	--	--	(1,128)
Unrealized losses on investments	--	--	--	--	--	(574)	(574)
Cumulative translation adjustments	--	--	--	--	--	(127)	(127)
Balance at September 30, 1999	20,970	215	38,287	129,458	(11,290)	(171)	156,499
Exercise of stock options	726	7	11,229	(2)	--	--	11,234
Tax benefit of exercised stock options	--	--	1,786	--	--	--	1,786
Deferred compensation	--	--	870	--	--	--	870
Repurchase of company stock	--	--	--	--	(41)	--	(41)
Issuance of treasury stock	113	--	97	--	2,538	--	2,635
Net income	--	--	--	27,631	--	--	27,631
Dividends paid	--	--	--	(1,140)	--	--	(1,140)
Unrealized losses on investments	--	--	--	--	--	(84)	(84)
Cumulative translation adjustments	--	--	--	--	--	(389)	(389)
Balance at September 30, 2000	21,809	222	52,269	155,947	(8,793)	(644)	199,001
Cash payment in lieu of fractional shares	--	--	(49)	--	--	--	(49)
Exercise of stock options	1,385	11	34,234	--	--	--	34,245
Tax benefit of exercised stock options	--	--	8,449	--	--	--	8,449
Deferred compensation	--	--	998	--	--	--	998
Repurchase of company stock	(638)	--	--	--	(19,864)	--	(19,864)
Issuance of treasury stock	82	--	(26)	--	2,211	--	2,185
Net income	--	--	--	46,112	--	--	46,112
Dividends paid	--	--	--	(1,322)	--	--	(1,322)
Unrealized gains on investments	--	--	--	--	--	1,954	1,954
Cumulative translation adjustments	--	--	--	--	--	63	63
Balance at September 30, 2001	22,638	\$ 233	\$ 95,875	\$ 200,737	\$ (26,446)	\$ 1,373	\$ 271,772

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended September 30,	2001	2000	(in thousands) 1999
<hr/>			
Cash flows from operating activities			
Net income	\$ 46,112	\$ 27,631	\$ 29,980
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	25,074	21,461	17,431
Restructuring charge	--	2,923	--
Gain on sale of investments	(54)	--	(483)
Deferred compensation	998	870	255
Deferred income taxes	2,428	(2,487)	(134)
Tax benefit from exercise of stock options	8,449	1,786	1,285
Other	1,334	376	223
Changes in operating assets and liabilities:			
Accounts receivable	(9,964)	(5,805)	3,024
Unbilled work in progress	(1,968)	375	(4,855)
Prepaid expenses and other assets	(7,149)	1,857	(2,407)
Accounts payable	1,182	(1,707)	(2,883)
Accrued compensation and employee benefits	4,668	(6,531)	3,140
Other accrued liabilities and other liabilities	(497)	(5,303)	(3,128)
Billings in excess of earned revenues	(74)	1,206	1,036
Net cash provided by operating activities	70,539	36,652	42,484
<hr/>			
Cash flows from investing activities			
Purchases of property and equipment	(24,004)	(22,595)	(16,799)
Payments for acquisition of subsidiaries	--	--	(1,454)
Purchases of investments	(125,169)	(14,432)	(80,319)
Proceeds from sale of investments	27,083	--	46,647
Proceeds from maturities of investments	23,969	9,447	26,437
Net cash used in investing activities	(98,121)	(27,580)	(25,488)
<hr/>			
Cash flows from financing activities			
Principal payments of capital lease obligations	(364)	(429)	(413)
Proceeds from the exercise of stock options and issuance of treasury stock	34,283	11,329	3,250
Dividends paid	(1,322)	(1,140)	(1,128)
Repurchase of company stock	(19,864)	(41)	(12,232)
Cash paid in lieu of stock for stock-split	(49)	--	--
Net cash provided by (used in) financing activities	12,684	9,719	(10,523)
<hr/>			
(Decrease) increase in cash and cash equivalents	(14,898)	18,791	6,473
Cash and cash equivalents, beginning of year	39,506	20,715	14,242
Cash and cash equivalents, end of year	\$ 24,608	\$ 39,506	\$ 20,715
	=====	=====	=====

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business and Summary of Significant Accounting Policies

Nature of business

Fair, Isaac and Company, Incorporated (the "Company") is incorporated under the laws of the State of Delaware. The Company provides products and services designed to help a variety of businesses use data to make faster, more profitable decisions on their marketing, customers, operations and portfolios. Our products include analytical tools; software that automates strategy design and implementation; and consulting services to help clients use and track the performance of those tools. We 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.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated from the consolidated financial statements.

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the financial statements and notes thereto have been reclassified to conform to 2001 classifications.

Cash and cash equivalents

Cash and cash equivalents consist of cash in banks and investments with an original maturity of 90 days or less at time of purchase.

Fair value of financial instruments

The fair values of cash and cash equivalents, accounts receivable and accounts payable are approximately equal to their carrying amounts because of the short-term maturity of these instruments. The fair values of the Company's investments are disclosed in Note 3.

Investments

Investments in US government obligations and marketable equity securities are classified as "available-for-sale" and are carried at market value. Other investments are carried at the lower of cost or net realizable value. Investments with remaining maturities over one year are classified as long-term investments. Realized gains and losses are included in Other income, net. The cost of investments sold is based on the specific identification method.

Credit and market risk

The Company invests a portion of its excess cash in U.S. government obligations and has established guidelines relative to diversification and maturities for maintaining safety and liquidity. In addition, an allowance for doubtful accounts is maintained at a level which management believes is sufficient to cover potential credit losses for accounts receivable.

Depreciation and amortization

Depreciation and amortization on property and equipment including leasehold improvements and capitalized leases are provided using the straight-line method over estimated useful lives ranging from three to seven years or the term of the respective leases.

Intangibles

The intangible assets consisting of goodwill arose principally from business acquisitions and are amortized on a straight-line basis over the periods of expected benefit, which range from 4 to 15 years.

Revenue Recognition

The Company recognizes software revenue in accordance with the American Institute of Certified Public Accountants' ("AICPA") Statement of Position 97-2 ("SOP 97-2"), "Software Revenue Recognition" as modified by SOP 98-9. The Company recognized other non-software revenue in accordance with the guidance provided by SAB 101.

In most cases, the Company recognizes software license revenue upon delivery, provided all significant obligations have been met, persuasive evidence of an arrangement exists, fees are fixed and determinable, collections are probable, and the Company is not involved in significant production, customization, or modification of the software or services that are essential to the functionality of the software.

If the arrangement involves (1) development of custom scoring systems or (2) significant production, customization, or modification of software or services essential to the functionality of the software, the revenue is generally recognized under the percentage-of-completion method of contract accounting. Progress toward completion is generally measured by achieving certain standard and objectively verifiable milestones present in each project.

Revenues from multiple element arrangements are allocated to each element based on the relative fair values of the elements. The determination of fair value is based on objective evidence that is specific to the Company. If such evidence of fair value for each element of the arrangement does not exist, all revenue from the arrangement is deferred until such time that evidence of fair value for each element does exist or until all elements of the arrangement are delivered. If in a multiple element arrangement, fair value does not exist for one or more of the delivered elements in the arrangement, but fair value does exist for all of the undelivered elements, then the residual method of accounting is applied. Under the residual method, the fair value of the undelivered elements is deferred, and the remaining portion of the arrangement fee is recognized as revenue.

Revenue determined by the percentage-of-completion method in excess of contract billings is recorded as unbilled work in progress. Such amounts are generally billable upon reaching certain performance milestones as defined by individual contracts. Billings received in advance of performance under contracts are recorded as billings in excess of earned revenues.

Revenues recognized from the Company's credit scoring, data processing, data management, internet delivery services and consulting are generally recognized as these services are performed, provided all significant obligations have been met, persuasive evidence of an arrangement exists, fees are fixed and determinable, and collections are probable.

Revenues from post-contract customer support, such as maintenance, are recognized on a straight-line basis over the term of the contract.

Software costs

The Company may either create a detailed program design when introducing new technology or a working model for the modification to existing technologies. All costs incurred prior to the resolution of unproven functionality and features, including new technologies, are expensed as research and development. After the uncertainties have been tested and the development issues have been resolved and technological feasibility is achieved, subsequent costs such as coding, debugging and testing are capitalized. See Note 4 for further discussion.

Income taxes

Income taxes are recognized during the year in which transactions enter into the determination of financial statement income, with deferred taxes being provided for temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws.

Foreign currency

The Company has determined that the functional currency of each foreign operation is the local currency. Assets and liabilities denominated in foreign currencies are translated into US dollars at the exchange rate on the balance sheet date, while revenues and expenses are translated at average rates of exchange prevailing during the period. Translation adjustments are accumulated as a separate component of stockholders' equity.

Earnings per share

Diluted earnings per share are based on the weighted-average number of common shares outstanding and common stock equivalent shares. Common stock equivalent shares result from the assumed exercise of outstanding stock options that have a dilutive effect when applying the treasury stock method. Basic earnings per share are computed on the basis of the weighted average number of common stock shares outstanding.

Impairment of long-lived assets

The Company accounts for long-lived assets in accordance with the provisions of SFAS No. 121, Accounting for the Impairment of Long-lived Assets and for Long-lived Assets To Be Disposed Of. This Statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Fair value is determined by discounting the estimated future cash flow. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

New accounting pronouncements

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 101 regarding recognition, presentation and disclosure of revenue. SAB No. 101 provides revenue recognition guidelines in the absence of authoritative literature addressing a specific arrangement or a specific industry. The Company implemented SAB 101 in its fourth quarter of fiscal year 2001, which did not have any material impact on the Company's consolidated financial position, results of operations or cash flows.

In June 2001, the FASB issued SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 141 requires business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting. It also specifies the types of acquired intangible assets that are required to be recognized and reported separately from goodwill. SFAS No. 142 requires that goodwill and certain intangibles with indefinite lives are no longer amortized, but instead be tested for impairment at least annually or more frequently if impairment circumstances arise. SFAS No. 142 is required to be applied starting with fiscal years beginning after December 15, 2001, with early application permitted in certain circumstances. The Company is currently evaluating the impact that the adoption of SFAS No. 142 will have on its financial position, and results of its operations. Annual goodwill amortization was approximately \$2,100,000 for fiscal years 2001 and 2000.

In August 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations, which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The standard applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and (or) normal use of the asset. SFAS No. 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The fair value of the liability is added to the carrying amount of the associated asset and this additional carrying amount is depreciated over the life of the asset. The liability is accreted at the end of each period through charges to operating expense. If the obligation is settled for other than the carrying amount of the liability, the Company will recognize a gain or loss on settlement. SFAS 143 is effective for fiscal years beginning after June 15, 2002, and early application is encouraged. Beginning with fiscal year 2002, the Company intends to adopt SFAS 143, and it believes that the adoption of SFAS No. 143 will not have any material impact on the Company's consolidated financial position, results of operations or cash flows.

In October 2001, the FASB issued SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS 144 supersedes SFAS 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. The SFAS 144 establishes the accounting model for long-lived assets to be disposed of by sale applies to all long-lived assets, including discontinued operations, and replaces the provisions of APB opinion No. 30, Reporting Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, for the disposal of segments of a business.

SFAS 144 is effective for fiscal years beginning after December 15, 2001, and early application is encouraged. The Company believes that the adoption of SFAS No. 144 will not have any material impact on the Company's consolidated financial position, results of operations or cash flows.

2. Cash Flow Statement

Supplemental disclosure of cash flow information:

(in thousands)	Years ended September 30,		
	2001	2000	1999
Income tax payments	\$18,490	\$17,518	\$24,323
Interest paid	122	75	184
Non-cash investing and financing activities:			
Issuance of treasury stock to ESOP and ESPP	2,147	\$ --	\$ 1,455
Reclassification of other assets to property and Equipment	--	5,362	--
Assets acquired through capital lease financing	--	953	1,641
Purchase of CRMA with common/treasury stock	--	--	631
Contributions of treasury stock to ESOP and ESPP	--	2,820	236
Vesting of restricted stock	--	--	17

3. Investments

The following is a summary of available-for-sale debt and equity securities and other investments at September 30, 2001 and 2000:

(in thousands)	2001				2000			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair Value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair Value
Short-term investments:								
U.S. government obligations	\$ 13,646	\$ 154	\$-	\$ 13,800	\$ 19,168	\$-	\$ (59)	\$ 19,109
Long-term investments:								
U.S. government obligations	106,861	3,847	--	110,708	28,159	--	(559)	27,600
Marketable equity securities	5,088	--	(628)	4,460	5,219	691	--	5,910
Other	975	--	--	975	992	--	--	992
	\$ 112,924	\$ 3,847	\$ (628)	\$ 116,143	\$ 34,370	\$ 691	\$ (559)	\$ 34,502

The long-term US government obligations mature in one to five years.

The long-term marketable equity securities represent securities held under a salary deferral plan for high salary employees, which are distributed upon termination or retirement from the Company.

On June 1, 2000, the Company entered into a joint venture with MarketSwitch Corporation (MKSW) to form a new limited liability company, which was converted to a C Corporation during fiscal year 2001. The Company and MKSW, being Class A Members, each hold a 50% voting interest in the joint venture and agree to fund capital calls by the joint venture at an maximum of \$2,000,000 each. The Company and MKSW each contributed \$1,000,000 in

fiscal year 2000, and another \$1,000,000 each during fiscal year 2001. The joint venture adopted the calendar year as its fiscal year. The Company accounts for the investment on an equity basis, and recorded its equity share of the operating loss of the joint venture at approximately \$854,000 and \$70,000 in Other income, net for the twelve-month periods ended September 30, 2001 and 2000, respectively. At September 30, 2001 the investment is valued at \$1,076,000 and classified as long-term.

4. Property and Equipment

Property and equipment at September 30, 2001 and 2000, consist of the following:

(in thousands)	2001	2000
Data processing equipment and software	\$ 89,166	\$ 70,978
Office furniture, vehicles and equipment	21,649	20,812
Leasehold improvements	19,836	18,032
Capitalized leases	2,841	2,841
Less accumulated depreciation and amortization	(84,109)	(64,098)
Net property and equipment	<u>\$ 49,383</u>	<u>\$ 48,565</u>

When developing software using existing technology, the costs incurred prior to completion of the product design are expensed. Upon completion of the product design and with technological feasibility established, subsequent expenses, including coding and testing, if any, are capitalized. The Company capitalized approximately \$2,910,000 and \$2,775,000 of software costs for fiscal years 2001 and 2000, respectively, which was included within data processing equipment and software. Such capitalized costs are amortized over a two-year period.

Total amount of depreciation and amortization charged to operations was \$22,972,000, \$19,361,000, and \$15,618,000 for fiscal years 2001, 2000 and 1999, respectively, of which approximately \$3,060,000, \$301,000 and \$0 were related to the amortization of capitalized software costs for the respective fiscal years of 2001, 2000 and 1999.

The Company had one capital lease bearing an interest rate of 7% that matured in June 2001. Amortization of assets held under capital lease is included with depreciation expense, and amounted to \$237,000 and \$2,604,000 for the years ended 2001 and 2000, respectively. The amount of accumulated amortization of the assets under capital lease was \$2,841,000 and \$2,604,000 at September 30, 2001 and 2000, respectively.

5. Intangible Assets

Intangibles at September 30, 2001 and 2000, consist of the following:

(in thousands)	2000	2001
Goodwill	\$ 15,515	\$15,515
Other	2,670	2,470
Less write-off of fully amortized other intangible asset	(2,470)	--
Less accumulated amortization	(9,185)	(9,355)
Net intangibles	<u>\$ 6,530</u>	<u>\$ 8,630</u>

Amortization charged to operations was \$2,100,000, \$2,100,000, and \$1,813,000 for the years ended September 30, 2001, 2000, and 1999, respectively.

6. Income Taxes

The provision for income taxes consists of the following:

(in thousands)	Years ended September 30,		
	2001	2000	1999
Current:			
Federal	\$ 22,638	\$ 17,755	\$ 16,832
State	5,310	3,954	3,695
Foreign	364	217	227
	-----	-----	-----
	28,312	21,926	20,754
	-----	-----	-----
Deferred:			
Federal	2,150	(2,188)	(112)
State	279	(299)	(22)
	-----	-----	-----
	2,429	(2,487)	(134)
	-----	-----	-----
	\$ 30,741	\$ 19,439	\$ 20,620
	=====	=====	=====

Included in current tax expense is the tax benefit of stock option deduction charged directly to additional paid-in capital.

Amounts for the current year are based upon estimates and assumptions as of the date of this report and could vary significantly from amounts shown on the tax returns as filed.

The tax effects of significant temporary differences resulting in deferred tax assets and liabilities at September 30, 2001 and 2000 are as follows:

(in thousands)	2001	2000
Deferred tax assets:		
Depreciation and amortization	\$ 1,543	\$ 5,515
Compensated absences	2,767	2,733
Employee benefit plans	1,838	1,766
State taxes	1,364	1,284
Customer advances	2,131	1,213
Deferred compensation	536	527
Bad debt provision	1,005	446
Other	1,136	1,257
	-----	-----
	12,320	14,741
Less valuation allowance	(222)	(214)
	-----	-----
	12,098	14,527
	-----	-----
Deferred tax liabilities:		
Tax on net unrealized gains on available-for-sale securities	(1,376)	(30)
	-----	-----
Deferred tax assets, net	\$ 10,722	\$ 14,497
	=====	=====

Based upon the level of historical taxable income and projections for future taxable income over the periods that the deferred tax assets are deductible, management believes it is more likely than not the Company will realize the benefits of these deductible differences, net of the existing valuation allowances at September 30, 2001.

The reconciliation between the federal statutory income tax rate of 35% and the Company's effective tax rate is shown below:

(in thousands)	Years ended September 30,		
	2001	2000	1999
Income tax provision at federal statutory rates	\$ 26,898	\$ 16,475	\$ 17,710
State income taxes, net of federal benefit	3,633	2,376	2,387
Increase (decrease) in valuation allowance	8	(196)	(236)
Other	202	784	759
	<u>\$ 30,741</u>	<u>\$ 19,439</u>	<u>\$ 20,620</u>

7. Restructuring Charge

In October 1999, the Company announced the discontinuance of its Healthcare Receivables Management System (HRMS) product line, and as a result of exiting this business, recorded a restructuring charge totaling \$1,935,000 for the year ended September 30, 2000. The Company further recorded a restructuring charge totaling \$988,000 related to a reduction in staff during fiscal year 2000. The Company's restructuring actions were completed under the plan by June 30, 2000, and the combined restructuring charges for fiscal year 2000 totaled \$2,923,000, of which \$263,000 was related to write-down of operating assets. At September 30, 2000, the Company had an outstanding provision of \$385,000 for restructuring charges included under other accrued liabilities. During fiscal year 2001, the Company made cash payments of \$221,000 and wrote off operating assets of \$164,000, leaving no outstanding provision at September 30, 2001.

The following table summarizes the restructuring activity for fiscal years 2000 and 2001:

(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	--	(164)	--	(164)
Balance at September 30, 2001	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

8. Employee Benefit Plans

Pension plan

The Company had a defined benefit pension plan that covered eligible full-time employees. The benefits were based on years of service and the employee's compensation during employment. Contributions were intended to provide for benefits attributed to service to date plus those expected to be earned in the future.

In September 1999, the Company curtailed the pension plan so that no new participants would be eligible for the plan, and no additional benefits would accrue to participants after October 1, 1999. The curtailment resulted in a gain of \$720,000 in 1999. The pension plan was settled during fiscal year 2000 after receiving governmental approval. At September 30, 2000, the plan's funding status consisted of vested benefit obligation of \$73,000 against a fair value of plan assets at \$64,000, resulting in an accrued pension cost of \$9,000. During October 2000, the Company made a contribution of \$9,000 to settle the outstanding vested benefit obligation.

The net pension cost for the fiscal year ended September 30, 2000 was \$104,000, which was comprised of interest cost on projected benefit obligation of \$666,000, reduced by actual return, and net amortization and deferral of \$257,000 and \$305,000 on plan assets, respectively.

Employee stock ownership plan

The Company had an Employee Stock Ownership Plan (ESOP) that covered eligible full-time employees. Contributions to the ESOP were determined annually by the Company's Board of Directors. Effective October 1, 1999, the Company no longer accepted new participants, and made no provisions for contributions to the ESOP in fiscal years 2001 and 2000. Provisions for contributions to the ESOP were \$0, \$0, and \$1,585,000 for the years ended September 30, 2001, 2000, and 1999, respectively.

At September 30, 2001 and 2000, the ESOP held 730,000 and 646,000 shares of Company stock, respectively. The amounts of dividends on ESOP shares were \$49,000, \$58,000, and \$67,000 for the years ended September 30, 2001, 2000, and 1999, respectively.

The Company is currently in the process of communicating to the Internal Revenue Service and the participants its intent to terminate the ESOP and effect distribution of the ESOP assets to its participants in January 2002.

Defined contribution plans

The Company offers 401(k) plans for eligible employees. Eligible employees may contribute up to 15% of compensation or the statutory limit. The Company also provides a matching contribution. The Company contributions to 401(k) plans were \$3,799,000, \$3,618,000, and \$1,357,000 for the years ended September 30, 2001, 2000, and 1999, respectively. Fair, Isaac merged the old Fair, Isaac 401(k) Plan and the old DynaMark 401(k) Plan during fiscal 2000 resulting in one active plan that we are administering. Effective October 1, 1999, the 401(k) plan does not require a minimum service period, and all Company matching contributions will vest 100% immediately. Also, all Company contributions made prior to October 1, 1999 vested 100% at October 1, 1999. Fair, Isaac is still maintaining a legacy 401(k) Plan from the merger with RMT. This plan is frozen and no additional contributions are being made to the plan.

The Company maintained a supplemental retirement and savings plan for certain officers and senior management employees, to which the Company may make contributions at its discretion. Company contributions to that plan were \$0, \$0, and \$298,000 for the years ended September 30, 2001, 2000 and 1999, respectively.

Discretionary profit sharing plan

On October 1, 1999, the Company established a discretionary profit sharing plan that covered eligible employees after six months of continuous employment. Contributions to the plan are determined annually by the Company's Board of Directors based on the Company's performance. Participants vest at varying rates over a five-year period until fully vested. There were no contributions made to this plan during fiscal years 2001 and 2000.

Officers' incentive plan

The Company had an executive compensation plan for the benefit of officers. Benefits were payable based on the achievement of financial and performance objectives set annually by the Board of Directors, and the market value of the Company's stock. Total expenses under the plan were \$0, \$1,348,000, and \$1,391,000 for the years ended September 30, 2001, 2000, and 1999, respectively. Fifty percent of the incentive earned each year will be paid in that year, and the balance would be payable over a four-year period, subject to certain adjustments, as defined in the plan, based on employment status and the market value of the Company's common stock. The officers' incentive plan was consolidated with the employee incentive plan during fiscal year 2000. At September 30, 2001 and 2000, there were no long-term officers' incentive plan payables.

Employee incentive plans

The Company has incentive plans for eligible employees not covered under the officers' incentive plan. Awards under these plans were calculated and paid annually for 1999 and 2000, and paid quarterly in 2001. Awards are based on the achievement of certain financial and performance objectives. The officers' incentive plan was consolidated with the employee incentive plan during fiscal 2000. Total expenses under the employee incentive plans were \$4,841,000, \$1,661,000, and \$8,263,000 for the years ended September 30, 2001, 2000, and 1999, respectively.

Employee Stock Purchase Plan

At the Company's Annual Meeting held on February 1, 2000, the shareholders approved the adoption of the Company's 1999 Employee Stock Purchase Plan (the Purchase Plan) which was unanimously adopted by the Board of Directors on November 19, 1999. Under the Purchase Plan, the Company is authorized to issue up to 1,500,000 shares of common stock to eligible employees of the Company and its subsidiaries. Eligible employees can enter on the start date of any offering period or on any subsequent semi-annual entry date. Employees may have up to 10% of their base salary withheld through payroll deductions to purchase common stock of the Company. The purchase price of the stock is the lower of 85% of 1) the fair market value of the common stock on the enrollment date (the first day of the next offering period) or 2) the fair market value on the exercise date (the last day of each offering period). Offering period means approximately six-month periods commencing (a) on the first trading day on or after January 1 and terminating on the last trading day in the following June, and (b) on the first trading day on or after July 1 and terminating on the last trading day in the following December.

A total of 67,429 and 22,283 shares of common stock with a weighted average fair value of \$31.63 and \$37.40 per share were issued under the Purchase Plan in fiscal year 2001 and 2000, respectively. With respect to the shares issued during fiscal year 2001, 27,659 were issued prior to the stock-split payable on June 4, 2001 (see Note 9 for details), and 39,770 were issued post stock-split. The number of shares remaining available for issuance on June 4, 2001 was 1,450,058, which was adjusted to 2,175,087 to reflect the stock-split in accordance with the terms of the Purchase Plan. At September 30, 2001, 2,135,317 shares remained available for issuance.

9. Common Stock

Common shares outstanding

A total of 943,152 and 388,177 shares of treasury stock were included in the number of common shares outstanding at September 30, 2001 and 2000, respectively.

Stock split

On May 1, 2001 the Company's Board of Directors authorized a three-for-two stock split effected in the form of a 50% stock dividend with cash payment in lieu of fractional shares, payable on June 4, 2001 to holders of common stock of the Company on record on May 14, 2001 at the close of business. The par value of the Company's common stock remains unchanged after the stock split. As a result of the stock dividend, the accompanying consolidated financial statements reflect an increase of 7,408,000 and 328,000 issued shares of common stock to the existing stockholders and the treasury stock, respectively and the transfer of the par value of the additional shares issued to the existing stockholders of \$74,000 from retained earnings, as well as cash payments totaling \$49,000 in lieu of 1,004 fractional shares from the paid-in capital. All share and per share amounts are restated.

10. Stock Option Plans

The Company has a stock option plan approved by the stockholders for granting stock options, stock appreciation rights, restricted stock and common stock pursuant to which shares of common stock are reserved for issuance to officers, key employees and non-employee directors. Under this plan, a number of shares equal to 4% of the number of shares of the Company's common stock outstanding on the last day of the preceding fiscal year is added to the shares available under the plan each fiscal year, provided that the number of shares for grants of incentive stock options for the remaining term of the plan shall not exceed 1,500,000 shares (adjusted to 2,250,000 shares as a result of the stock split announced by the Company during May 2001 in accordance with the stock plan terms). Additionally the Company has individual stock option plans for certain of its officers. The Company has elected to continue to apply the provisions of APB No. 25, and provide the pro forma disclosures of SFAS No. 123, "Accounting for Stock-Based Compensation." Granted awards generally have a maximum term of ten years and vest over one to five years. The Company also has a plan limited to the former employees of RMT, who, as of the merger date, held unexpired and unexercised stock option grants under the RMT stock option plans. Granted awards have a maximum term of ten years and vest over three years. The total number of issuable shares under the plan is 650,800. As of September 30, 2001, there were no options outstanding under the RMT plan as all options were either exercised or expired under the plan during fiscal year 2001.

During fiscal 2000, the Company granted 630,000 stock options to an employee for which it recorded deferred compensation of \$3,951,000. The deferred compensation is being amortized on a straight-line basis over a 4-year vesting period for which the Company recorded \$998,000 and \$831,000 in sales, general and administrative expense during fiscal years ended September 30, 2001 and 2000, respectively.

The fair value of options at the date of grant was estimated using the Black-Scholes model with the following weighted-average assumptions for the years ended September 30:

	Years ended September 30,		
	2001	2000	1999
Expected life (years)	5	5	5
Interest rate	5.1%	6.4%	5.3%
Volatility	49%	41%	42%
Dividend yield	0%	0%	0%

The following information regarding these option plans for the years ended September 30 is as follows:

	2001		2000		1999	
	Option	Weighted-average exercise price	Option	Weighted-average exercise price	Option	Weighted-average exercise price
Outstanding at beginning of year	4,398,000	\$ 24.71	3,555,000	\$ 22.14	2,694,000	\$ 19.41
Granted	1,524,000	\$ 38.04	2,288,000	\$ 25.91	1,514,000	\$ 23.59
Exercised	(1,385,000)	\$ 24.73	(726,000)	\$ 15.47	(416,000)	\$ 7.69
Forfeited	(256,000)	\$ 25.51	(719,000)	\$ 25.20	(237,000)	\$ 25.77
Outstanding at end of year	4,281,000	\$ 29.40	4,398,000	\$ 24.71	3,555,000	\$ 22.14
Options exercisable at year end	926,000	\$ 25.34	836,000	\$ 23.86	921,000	\$ 15.75

The weighted-average fair value of options granted for the years ended September 30, 2001, 2000 and 1999, was \$15.96, \$11.82, and \$10.50, respectively.

The following table summarizes information about significant fixed-price stock option groups outstanding at September 30, 2001:

	Options outstanding			Options exercisable	
	Number Outstanding	Weighted-average remaining Contractual Life	Weighted-average exercise price	Number Outstanding	Weighted-average exercise price
\$10.25 to \$24.50	1,627,000	6.85	\$ 22.50	353,000	\$ 21.15
\$24.63 to \$28.13	1,139,000	6.73	\$ 26.74	371,000	\$ 25.75
\$28.29 to \$40.67	1,273,000	8.94	\$ 36.62	202,000	\$ 31.94
\$46.28 to \$64.75	242,000	9.52	\$ 50.30	--	\$ --
\$10.25 to \$64.75	4,281,000	7.59	\$ 29.40	926,000	\$ 25.34

Stock-based compensation under SFAS No. 123 would have had the following pro forma effects for the years ended September 30:

(in thousands except per share data)	Years ended September 30,		
	2001	2000	1999
Net income, as reported	\$46,112	\$27,631	\$ 29,980
Pro forma net income	\$33,573	\$19,010	\$ 25,440
Earnings per share, as reported:			
Diluted	\$ 2.00	\$ 1.26	\$ 1.39
Basic	\$ 2.10	\$ 1.29	\$ 1.42
Pro forma earnings per share:			
Diluted	\$ 1.46	\$ 0.87	\$ 1.18
Basic	\$ 1.53	\$ 0.89	\$ 1.21

The pro forma effect on net income for each of the years ended September 30, 2001, 2000, and 1999, may not be representative of the effects on reported net income in future years.

11. Commitments and Contingencies

The Company conducts certain of its operations in facilities occupied under non-cancelable operating leases with lease terms in excess of one year. The leases generally provide for annual increases based upon the Consumer Price Index or fixed increments.

Minimum future rental commitments under operating leases are as follows:

Years ending September 30,	(in thousands)
2002	\$ 13,087
2003	12,976
2004	11,840
2005	11,539
2006	9,999
Thereafter	69,218
	\$ 128,659

Rent expense under operating leases, including month-to-month leases, was \$17,181,000, \$9,135,000, and \$9,161,000 for the years ended September 30, 2001, 2000 and 1999, respectively.

The Company entered into a fixed-price mainframe service contract in excess of one year in August 2001. Commitments to such services are as follows:

Years ending September 30,	in thousands)
2002	\$ 12,498
2003	12,498
2004	12,498
2005	1,042
	\$ 38,536

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial condition.

12. Segment Information

Effective October 1, 2000, the Company reorganized its reportable segments based on a combination of two factors: industry and product. The reportable segments include Global Data Repositories & Processors (Alliance products and services which previously were included in the North American Financial Services and in Other International segments), Global Financial Services (bank and insurance industries excluding Analytic and LiquidCredit products, which was previously included in NetSourced Services and Other International segments), and Other (an aggregation of Analytic products, LiquidCredit products, the retail industry and telecommunications industry), each of which represented less than 10% and in aggregate represented 20%, 18% and 21% of the Company's total revenue for the years ended September 30, 2001, 2000 and 1999, respectively. Analytic and LiquidCredit products, included in the "Other" segment, were previously in the North American Financial Services and Other International segments and the retail industry and telecommunications industry, also included in "Other", were previously included in the NetSourced Services and Other International segments. Each of these segments are managed and reported on separately within the organization.

Significant changes include classifying all related international revenues and expenses within each reportable segment, separating Alliance products from Analytic products and classifying segments by major industries or products. The segment information for fiscal years 2000 and 1999 has been restated to conform to the fiscal year 2001 presentation.

The Company's Chief Executive and Operating Officers evaluate segment financial performance based on segment revenues and operating income. Operating income is calculated as revenue less expenses such as personnel, facilities, consulting and travel. Unallocated other income consists mainly of interest income and net gain on sales of investments. The Company does not evaluate the financial performance of each segment based on its assets or capital expenditures.

(in thousands)	Year ended September 30, 2001			
	Global Data Repositories & Processors	Global Financial Services	Other	Total
Revenues	\$167,284	\$ 96,020	\$ 65,844	\$329,148
Operating income	\$ 54,698	\$ 10,075	\$ 7,334	\$ 72,107
Unallocated other income, net				\$ 4,746
Income before income taxes				\$ 76,853
Depreciation and amortization	\$ 16,686	\$ 3,683	\$ 4,705	\$ 25,074
(in thousands)	Year ended September 30, 2000			
	Global Data Repositories & Processors	Global Financial Services	Other	Total
Revenues	\$150,129	\$ 96,168	\$ 52,333	\$298,630
Operating income	\$ 34,640	\$ 6,571	\$ 3,403	\$ 44,614
Unallocated other income, net				\$ 2,456
Income before income taxes				\$ 47,070
Depreciation and amortization	\$ 15,380	\$ 3,502	\$ 2,579	\$ 21,461

Year ended September 30, 1999

(in thousands)	Global Data Repositories & Processors	Global Financial Services	Other	Total
Revenues	\$134,889	\$ 84,113	\$ 58,039	\$277,041
Operating income	\$ 32,107	\$ 6,304	\$ 7,964	\$ 46,375
Unallocated other income, net				\$ 4,225
Income before income taxes				\$ 50,600
Depreciation and amortization	\$ 11,347	\$ 2,684	\$ 3,400	\$ 17,431

In addition, the Company's revenue and percentage of revenue by significant specific product groups within each segment are as follows:

Years ended September 30,	2001		2000		(in thousands) 1999	
Global Data Repository & Processors						
Scoring Products	\$127,878	39%	\$112,675	37%	\$ 95,028	34%
Processor Products	34,800	11%	32,117	11%	23,826	9%
Other	4,606	1%	5,337	2%	16,035	6%
	167,284	51%	150,129	50%	134,889	49%
Global Financial Services						
Marketing Products	58,203	18%	56,342	19%	53,969	19%
Other	37,817	11%	39,826	13%	30,144	11%
	96,020	29%	96,168	32%	84,113	30%
Other						
Marketing Products	14,754	4%	14,971	5%	9,986	4%
Credit Products	16,446	5%	8,072	3%	9,397	3%
Other	34,644	11%	29,290	10%	38,656	14%
	65,844	20%	52,333	18%	58,039	21%
	\$329,148	100%	\$298,630	100%	\$277,041	100%

Significant customer information is as follows. Amounts not presented were less than 10%.

	Percent of Revenue Years ended September 30,		
	2001	2000	1999
Customer A	--	12%	10%
Customer B	11%	10%	--

No geographic area other than the United States accounted for more than 10% of total revenue for fiscal years 2001, 2000, and 1999, and in aggregate international revenues accounted for 18%, 19% and 15% of the Company's total revenue for fiscal years 2001, 2000 and 1999, respectively.

13. Other Income, Net

Other income, net consists of the following:

(in thousands)	Years ended September 30,		
	2001	2000	1999
Interest income	\$ 5,785	\$ 4,110	\$ 3,145
Loss on termination of the development right of the Lindaro property	--	(1,373)	--
Pension plan curtailment gain	--	--	720
Gain on sale of investments	54	--	483
Share of loss on equity investments	(855)	(70)	--
Interest expense	(123)	(75)	(184)
Foreign currency loss	(174)	(122)	(183)
Other	59	(14)	244
	-----	-----	-----
	\$ 4,746	\$ 2,456	\$ 4,225
	=====	=====	=====

In fiscal year 1998, the Company entered into a lease arrangement to construct an office complex located at Second and Lindaro Streets in downtown San Rafael to accommodate future growth. During fiscal 2000, the Company decided not to build out the site as planned following a five-month study of its options. Under a plan approved by the San Rafael City Government, the Company was released from its obligation to occupy buildings on the site. As a result of the transaction concluded in the fourth quarter of fiscal year 2000, the Company recorded a loss of approximately \$1,373,000 in other income in fiscal year 2000.

14. Other Comprehensive Income (Loss) and Accumulated Other Comprehensive Income (Loss) Balance

SFAS No. 130, "Reporting Comprehensive Income", establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains and losses) in financial statements. SFAS No. 130 requires classification of other comprehensive income (loss) in a financial statement and display of accumulated other comprehensive income (loss) separately from retained earnings and additional paid-in capital. Other comprehensive income (loss) includes unrealized gains (losses) on investments and foreign currency translation adjustments.

Supplemental disclosure of other comprehensive income (loss) information:

(in thousands)	Year ended September 30, 2001		
	Before-tax amount	Tax amount	Net-of-tax amount
Unrealized gains on investments	\$3,300	\$1,346	\$1,954
Foreign currency translation adjustments	105	42	\$ 63
Other comprehensive income	\$3,405	1,388	2,017
	=====	=====	=====

(in thousands)	Year ended September 30, 2000		
	Before-tax amount	Tax amount	Net-of-tax amount
Unrealized losses on investments	\$(143)	\$ 59	\$ (84)
Foreign currency translation adjustments	(663)	274	(389)
Other comprehensive loss	\$(806)	\$ 333	\$(473)
	=====	=====	=====

(in thousands)	Year ended September 30, 1999		
	Before-tax amount	Tax amount	Net-of-tax amount
Unrealized losses on investments			
Unrealized holding losses arising during period	\$ (494)	\$ 201	\$ (293)
Less: reclassification adjustment	(474)	193	(281)
Net unrealized loss	(968)	394	(574)
Foreign currency translation adjustments	(214)	87	(127)
Other comprehensive loss	<u>\$ (1,182)</u>	<u>\$ 481</u>	<u>\$ (701)</u>

Supplemental disclosure of accumulated comprehensive income (loss) balance:

(in thousands)	Unrealized gains (losses) on investments	Foreign currency translation adjustments	Accumulated other comprehensive income (loss)
Balance at September 30, 1999	\$ 126	\$ (297)	\$ (171)
Current period change	(84)	(389)	(473)
Balance at September 30, 2000	42	(686)	(644)
Current period change	1,954	63	2,017
Balance at September 30, 2001	<u>1,996</u>	<u>(623)</u>	<u>1,373</u>

15. Earnings Per Share

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

(in thousands except per share data)	Years ended September 30,		
	2001	2000	1999
Numerator - Net income	<u>\$ 46,112</u>	<u>\$ 27,631</u>	<u>\$ 29,980</u>
Denominator - Shares:			
Diluted weighted-average shares	23,059	21,952	21,594
Effect of dilutive securities - employee stock options	(1,073)	(562)	(485)
Basic weighted-average shares	<u>21,986</u>	<u>21,390</u>	<u>21,109</u>
Earnings per share			
Diluted	<u>\$ 2.00</u>	<u>\$ 1.26</u>	<u>\$ 1.39</u>
Basic	<u>\$ 2.10</u>	<u>\$ 1.29</u>	<u>\$ 1.42</u>

The computation of diluted EPS for the years ended September 30, 2001, 2000, and 1999, respectively, excludes stock options to purchase 76,000, 189,000, and 813,000 shares of common stock. The shares were excluded because the exercise prices for the options were greater than the respective average market prices of the common shares and their inclusion would be antidilutive.

16. Related Party Transaction

In June 2001, the Company signed a consulting service agreement with Cherry Tree Development (CTD), under which CTD provides consulting services to the Company at a service fee of \$30,000 plus reimbursement of \$3,000 for normal business expenses each month for a term of six months. Tony J. Christianson, a director of the Company, has a 50% beneficial equity interest in CTD. During fiscal 2001, the Company recorded \$159,000 in sales, general and administrative expenses related to the aforementioned agreement.

17. Subsequent Event

On December 11, 2001, the Company announced that it was acquiring substantially all of the assets of Nykamp Consulting Group, Inc. (Nykamp), a privately held company. Nykamp provides customer relationship management strategy and implementation services. The agreement was signed on December 10, 2001 and the acquisition was effective on December 17, 2001. Under the acquisition agreement, the Company will pay total consideration of approximately \$5.8 million over the next three years. The assets acquired and liabilities assumed will be recorded at estimated fair values as determined by the Company's management based on information currently available and on current assumptions as to future operations.

18. Supplementary Financial Data (Unaudited)

The following table presents selected unaudited consolidated financial results for each of the eight quarters in the two-year period ended September 30, 2001. In the Company's opinion, this unaudited information has been prepared on the same basis as the audited information and includes all adjustments (consisting of only normal recurring adjustments) necessary for a fair statement of the consolidated financial information for the period presented.

(in thousands, except per share data)	Dec. 31, 2000	Mar. 31, 2001	Jun. 30, 2001	Sept. 30, 2001
Revenues	\$77,123	\$81,331	\$84,233	\$86,461
Cost of revenues	35,265	37,458	37,991	37,845
Gross profit	\$41,858	\$43,873	\$46,242	\$48,616
Net income	\$ 8,817	\$10,659	\$12,352	\$14,284
Earnings per share:				
Diluted	\$ 0.40	\$ 0.47	\$ 0.53	\$ 0.60
Basic	\$ 0.40	\$ 0.49	\$ 0.56	\$ 0.65
Shares used in computing earnings per share:				
Diluted	22,168	22,444	23,304	23,862
Basic	21,801	21,544	22,128	22,465

(in thousands, except per share data)	Dec. 31, 1999	Mar. 31, 2000	Jun. 30, 2000	Sept. 30, 2000
Revenue	\$70,251	\$73,393	\$76,140	\$78,846
Cost of revenues	29,937	30,381	34,104	34,539
Gross profit	\$40,314	\$43,012	\$42,036	\$44,307
Net income	\$ 4,934	\$ 7,147	\$ 7,712	\$ 7,838
Earnings per share:				
Diluted	\$ 0.23	\$ 0.32	\$ 0.35	\$ 0.36
Basic	\$ 0.23	\$ 0.34	\$ 0.36	\$ 0.36
Shares used in computing earnings per share:				
Diluted	21,587	22,020	21,902	22,275
Basic	21,042	21,321	21,507	21,689

During the fourth quarter of fiscal 2001, the Company recognized \$6.2 million of revenue related to the resolution of usage fees on a large client account. The cost of sales related to this revenue was insignificant.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND
FINANCIAL DISCLOSURES

Not Applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The required information regarding our Directors is incorporated by reference from the information under the caption "Election of Directors - Nominees" in our definitive proxy statement for the Annual Meeting of Stockholders to be held on February 5 2002.

The required information regarding our Executive Officers is contained in Part I of this Form 10-K.

The required information regarding compliance with Section 16(a) of the Securities Exchange Act is incorporated by reference from the information under the caption "Section 16(a) Beneficial Ownership Reporting Employer Compliance" in our definitive proxy statement for the Annual Meeting of Stockholders to be held on February 5, 2002.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference from the information under the captions "Directors Compensation," "Executive Compensation," "Compensation Committee Interlocks and Insider Participation," and "Certain Relationships And Related Transactions" in our definitive proxy statement for the Annual Meeting of Stockholders to be held on February 5, 2002.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated by reference from the information under the caption "Security Ownership Of Certain Beneficial Owners And Management" in our definitive proxy statement for the Annual Meeting of Stockholders to be held on February 5, 2002.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated by reference from the information under the captions "Certain Relationships And Related Transactions" and "Compensation Committee Interlocks and Insider Participation" in our definitive proxy statement for the Annual Meeting of Stockholders to be held on February 5, 2002.

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2.	Financial statement schedule:	
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	Schedule II Valuation and qualifying accounts at September 30, 2001, 2000 and 1999	54
3.	Exhibits:	
2.1	Rights Agreement dated as of August 8, 2001 between Fair, Isaac and Company, Incorporated and Mellon Investor Services LLC, which includes as Exhibit B the form of Rights Certificate and as Exhibit C the Summary of Rights. (Incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form 8-A relating to the Series A Participating Preferred Stock Purchase Rights filed August 10, 2001.)	
3.1	Restated Certificate of Incorporation of the Company, filed as Exhibit 3.1 to the Company's report on Form 10-K for the fiscal year ended September 30, 1997, and incorporated herein by reference.	
3.2	Restated By-laws of the Company (as amended and restated effective February 6, 2001) filed as Exhibit 3.1 to the Company's report on Form 10-Q for the fiscal quarter ended December 31, 2001, and incorporated by reference.	
3.3	Amendment to By-laws of the Company (as amended and restated effective February 6, 2001) filed as Exhibit 3.1 to the Company's report on Form 10-Q for the fiscal quarter ended March 31, 2001, and incorporated by reference.	
10.1	Certificate of Resolution Changing Officers' Incentive Plan, Exempt Employees Bonus Plan and other Company Plan Parameters filed as Exhibit 10.1 to the Company's report on Form 10-K for the fiscal year ended September 30, 1999, and incorporated herein by reference. *	
10.2	Fair, Isaac and Company, Inc. 1999 Employee Stock Purchase Plan filed as Exhibit 10.2 to the Company's report on Form 10-K for the fiscal year ended September 30, 1999, and incorporated herein by reference.*	
10.3	Lease dated April 28, 1995, between CSM Investors, Inc., and DynaMark, Inc. originally filed as Exhibit 10.3 to the Company's report on Form 10-K for the fiscal year ended September 30, 1995.	
10.4	Lease dated June 1, 2001 by and between The Prudential Assurance Company Limited and Fair, Isaac International UK Corporation.	

- 10.5 Lease, dated October 20, 1983 (originally reported date of October 30, 1983), between S.R.P. Limited Partnership and the Company, as amended, originally filed as Exhibit 10.7 to the Registration Statement, refiled as Exhibit 10.5 to the Company's report on Form 10-K for the fiscal year ended September 30, 1998, and incorporated herein by reference.
- 10.6 Stock Option Plan for Non-Employee Directors, originally filed as Exhibit 10.8 to the Company's report on Form 10-K for the fiscal year ended September 30, 1988, refiled as Exhibit 10.6 to the Company's report on Form 10-K for the fiscal year ended September 30, 1998, and incorporated herein by reference.*
- 10.7 Lease dated July 1, 1993, between The Joseph and Eda Pell Revocable Trust and the Company and the First Addendum thereto originally filed as Exhibit 10.7 to the Company's report on Form 10-K for the fiscal year ended September 30, 1995.
- 10.8 The Company's Long Term Incentive Plan as amended and restated effective November 16, 2001.*
- 10.9 First Amendment to the Company's Stock Option Plan for Non-Employee Directors, originally filed as Exhibit 10.12 to the Company's report on Form 10-K for the fiscal year ended September 30, 1989 and refiled as Exhibit 10.9 to the Company's report on Form 10-K for the fiscal year ended September 30, 1998, and incorporated herein by reference. *
- 10.10 Addendum Number Seven to Lease between S.R.P. Limited Partnership and the Company, originally filed as Exhibit 10.15 to the Company's report on Form 10-K for the fiscal year ended September 30, 1990 and refiled as Exhibit 10.11 to the Company's report on Form 10-K for the fiscal year ended September 30, 1998, and incorporated herein by reference.
- 10.11 Office Building Lease, Regency Center, by and between The Joseph and Eda Pell Revocable Trust and the Company dated June 13, 2001.
- 10.12 Lease, dated September 5, 1991, between 111 Partners, a California general partnership, and the Company originally filed as Exhibit 10.20 to the Company's report on Form 10-K for the fiscal year ended September 30, 1991 and re-filed as Exhibit 10.13 to the Company's report on Form 10-K for the fiscal year ended September 30, 1998, and incorporated herein by reference.
- 10.13 First Amendment to Lease by and between 111 Partners and the Company, effective as of July 1, 2001.
- 10.14 The Company's 1992 Long-Term Incentive Plan as amended and restated effective November 21, 1995, filed as Exhibit 10.16 to the Company's report on Form 10-K for the fiscal year ended September 30, 1996, and incorporated herein by reference. *
- 10.15 Lease dated May 1, 1995, between Control Data Corporation and DynaMark, Inc. filed as Exhibit 10.18 to the Company's report on Form 10-K for the fiscal year ended September 30, 1995.
- 10.16 Fair, Isaac Supplemental Retirement and Savings Plan and Trust Agreement effective November 1, 1994, originally filed as Exhibit 10.20 to the Company's report on Form 10-K for the fiscal year ended September 30, 1994.
- 10.17 Lease dated July 10, 1993, between the Joseph and Eda Pell Revocable Trust and the Company originally filed as Exhibit 10.21 to the Company's report on Form 10-K for the fiscal year ended September 30, 1995.
- 10.18 Lease dated October 11, 1993, between the Joseph and Eda Pell Revocable Trust and the Company and the First Addendum thereto filed as Exhibit 10.22 to the Company's report on Form 10-K for the fiscal year ended September 30, 1995.
- 10.19 Second Amendment to Lease dated December 2, 1998, between CSM Corporation and DynaMark, Inc. amending lease between the parties dated March 11, 1997 filed as Exhibit 10.23 to the Company's report on Form 10-K for the fiscal year ended September 30, 1998, and incorporated herein by reference.

- 10.20 Lease dated December 2, 1998, by and between DynaMark, Inc., and CSM Corporation filed as Exhibit 2.1 to the Company's report on Form 10-K for the fiscal year ended September 30, 1998, and incorporated herein by reference.
- 10.21 Amendment To Lease, dated December 2, 1998, by and between CSM Corporation (assignee) and DynaMark, Inc. amending lease dated May 1, 1995 between DynaMark, Inc. and Control Data Systems Inc. filed as Exhibit 2.4 to the Company's report on Form 10-K for the fiscal year ended September 30, 1998, and incorporated herein by reference.
- 10.22 Contract between the Company and Dr. Robert M. Oliver, dated April 2, 1996, filed as Exhibit 10.26 to the Company's report on Form 10-K for the fiscal year ended September 30, 1996, and incorporated herein by reference. *
- 10.23 Office Building Lease, dated November 14, 1996, between the Company and Regency Center, filed as Exhibit 10.28 to the Company's report on Form 10-K for the fiscal year ended September 30, 1996, and incorporated herein by reference.
- 10.24 First Addendum to Lease, dated August 13, 1997, by and between the Company and Regency Center, filed as Exhibit 10.32 to the Company's report on Form 10-K for the fiscal year ended September 30, 1997, and incorporated herein by reference.
- 10.25 Lease, dated March 11, 1997, by and between DynaMark, Inc. and CSM, filed as Exhibit 10.35 to the Company's report on Form 10-K for the fiscal year ended September 30, 1997, and incorporated herein by reference.
- 10.26 First Amendment to Lease, dated September 24, 1997, by and between DynaMark, Inc. and CSM, filed as Exhibit 10.36 to the Company's report on Form 10-K for the fiscal year ended September 30, 1997, and incorporated herein by reference.
- 10.27 Chase Database Agreement, dated October 29, 1997, by and among DynaMark, Inc. and Chase Manhattan Bank USA, National Association, filed as Exhibit 10.37 to the Company's report on Form 10-K for the fiscal year ended September 30, 1997, and incorporated herein by reference. Confidential treatment has been requested for certain portions of this document. Such portions have been omitted from the filing and have been filed separately with the Commission.
- 10.28 Third Amendment to Lease dated December 2, 1998, by and between CSM Corporation and DynaMark, Inc. amending lease between the parties dated April 28, 1995 filed as Exhibit 10.41 to the Company's report on Form 10-K for the fiscal year ended September 30, 1998, and incorporated herein by reference.
- 10.29 Employment Agreement entered into effective as of August 23, 1999, by and between Fair, Isaac and Company, Inc. and Thomas G. Grudnowski filed as Exhibit 10.42 to the Company's report on Form 10-K for the fiscal year ended September 30, 1999, and incorporated herein by reference. *
- 10.30 First Amendment to Employment Agreement entered into effective as of December 3, 1999, by and between Fair, Isaac and Company, Inc. and Thomas G. Grudnowski filed as Exhibit 10.43 to the Company's report on Form 10-K for the fiscal year ended September 30, 1999, and incorporated herein by reference. *
- 10.31 Second Amendment to Employment Agreement entered into effective as of December 26, 2001, by and between Fair, Isaac and Company, Inc. and Thomas G. Grudnowski.*
- 21.1 Subsidiaries of the Company.
- 23.1 Consent of KPMG, LLP (see page 55 of this Form 10-K).
- 24.1 Power of Attorney (see page 52 of this Form 10-K).

*Management contract or compensatory plan or arrangement

(b) Reports on Form 8-K:

None.

INDEPENDENT AUDITORS' REPORT ON
FINANCIAL STATEMENT SCHEDULE

The Board of Directors and Stockholders
Fair, Isaac and Company, Incorporated:

Under date of October 24, 2001, except as to note 17, which is as of December 17, 2001, we reported on the consolidated balance sheets of Fair, Isaac and Company, Incorporated, and subsidiaries as of September 30, 2001 and 2000, and the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended September 30, 2001, which are included in the 2001 annual report on Form 10-K. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule in the 2001 annual report on form 10-K. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP
San Francisco, California
October 24, 2001

SCHEDULE II

Fair, Isaac and Company, Incorporated
 VALUATION AND QUALIFYING ACCOUNTS
 September 30, 2001, 2000 and 1999

Description	(in thousands)				
	Balance at Beginning of Year	Charged to Expense	Charged to Revenue	Write-off	Balance at End of Year

September 30, 2001					
Allowance for doubtful accounts	\$ 1,130	\$ 2,542	\$ --	\$(1,158)	\$ 2,514
September 30, 2000					
Allowance for doubtful accounts	\$ 1,274	\$ 218	\$ 86	\$ (448)	\$ 1,130
September 30, 1999					
Allowance for doubtful accounts	\$ 1,163	\$ 123	\$ 441	\$ (453)	\$ 1,274

CONSENT OF KPMG LLP

The Board of Directors and Stockholders
Fair, Isaac and Company, Incorporated:

We consent to incorporation by reference in the registration statements (Nos. 33-63426, 333-02121, 333-32309, 333-65179, 333-83905, 333-95889, 333-32396, 333-32398, 333-66348 and 333-66332) on Form S-8 and the registration statements (Nos. 333-20537 and 333-42473) on Form S-3 of Fair, Isaac and Company, Incorporated, and subsidiaries of our reports dated October 24, 2001, except as to note 17, which is as of December 17, 2001, relating to the consolidated balance sheets of Fair, Isaac and Company, Incorporated, and subsidiaries as of September 30, 2001 and 2000, and the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended September 30, 2001 and related financial statement schedule, which reports appear in the September 30, 2001 annual report on Form 10-K of Fair, Isaac and Company, Incorporated, and subsidiaries.

/s/ KPMG LLP
San Francisco, California
December 28, 2001

EXHIBIT INDEX

TO FAIR, ISAAC AND COMPANY, INCORPORATED
 REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

Exhibit No. Exhibit Name

- 2.1 Rights Agreement dated as of August 8, 2001 between Fair, Isaac and Company, Incorporated and Mellon Investor Services LLC, which includes as Exhibit B the form of Rights Certificate and as Exhibit C the Summary of Rights. (Incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form 8-A relating to the Series A Participating Preferred Stock Purchase Rights filed August 10, 2001.)
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- 10.18 Lease dated October 11, 1993, between the Joseph and Eda Pell Revocable Trust and the Company and the First Addendum thereto originally filed as Exhibit 10.22 to the Company's report on Form 10-K for the fiscal year ended September 30, 1995.
- 10.31 Second Amendment to Employment Agreement entered into effective as of December 26, 2001, by and between Fair, Isaac and Company, Inc. and Thomas G. Grudnowski.

- 21.1 Subsidiaries of the Company.
- 23.1 Consent of KPMG, LLP.
- 24.1 Power of Attorney.

LEASE

ARTICLE 1. LEASE TERMS

1.1 LANDLORD AND TENANT. This lease ("Lease") is entered into this 28th day of April, 1995 by and between CSM INVESTORS, INC., a Minnesota corporation, ("Landlord") and DYNAMARK, INC., a Minnesota corporation, ("Tenant").

1.2 PREMISES. Landlord hereby rents, leases, lets and demises to Tenant the premises and building ("Premises" and "Building") illustrated on the site plan attached hereto as EXHIBIT A. The Premises and Building are located on the real property legally described on attached EXHIBIT B. The parties acknowledge that the Tenant is leasing the entire Building, and that the Building and Premises consist of approximately 33,000 square feet.

1.3 IMPROVEMENTS. Landlord shall construct the Building, improvements to the Premises, and site improvements pursuant to plans and specifications agreed to by Landlord and Tenant pursuant to Section 6.1 of this Lease. Architectural plans and specifications for the Building and the Premises, and a description of the improvements to be constructed therein, are attached hereto as EXHIBITS C and D.

1.4 EXCESS LAND. Landlord and Tenant acknowledge and agree that Landlord is acquiring more property than is necessary for the development and construction of the Building, and that development and construction of a second building on the easterly portion of the property, and site improvements related solely thereto, will be subject to the terms and conditions set forth in Section 14.13 of this Lease.

1.5 LEASE TERM. The term of this Lease shall commence on September 1, 1995 ("Commencement Date") and shall terminate one hundred twenty (120) months thereafter on August 31, 2005, unless sooner terminated as hereinafter provided. In the event that Tenant does not vacate the Premises upon the expiration or termination of this Lease, Tenant shall be a tenant at will for the holdover period and all of the terms and provisions of this Lease shall be applicable during that period, except that Tenant shall pay Landlord as base rental for the period of such holdover an amount equal to one and one-quarter (1.25) times the base rent which would have been payable by Tenant had the holdover period been a part of the original term of this Lease, together with all additional rent as provided in this Lease. During any such holdover period, Tenant agrees to vacate and deliver the Premises to Landlord upon Tenant's receipt of notice from Landlord to vacate. The rental payable during the holdover period shall be payable to Landlord on demand. No holding over by Tenant, whether with or without the consent of Landlord, shall operate to extend the term of this Lease.

1.6 BASE RENT.

A. Initial Base Rent.	Months	Monthly Base Rent	Per Sq. Ft.
-----	-----	-----	-----
Initial Term:	1-60	\$23,375.00	\$8.50
-----	61-120	\$24,750.00	\$9.00
Option Terms:	121-180	\$27,500.00	\$10.00
-----	181-240	\$29,562.50	\$10.75

B. Adjustment of Base Rent. The initial base rent set forth above has been computed at the per square foot rates set forth above, assuming that the Premises consist of 33,000 square feet. The actual number of square feet in the Premises shall be determined by Landlord from "As Built" measurements of the Building and Premises, and shall be accomplished by measuring from the exterior face of the exterior walls of the Building. Once such measurements are accomplished, Landlord and Tenant shall execute an addendum to lease to confirm the actual square footage of the Premises and to establish the monthly base rent for the Premises by multiplying the actual square footage of the Premises times the per square foot rent set forth above.

1.7 PERMITTED USE: General office.

1.8 PRO-RATA SHARE: One hundred and no/100 percent (100%) subject to adjustment as provided in Section 2.2 hereof.

1.9 ADDRESSES.	LANDLORD'S ADDRESS:	TENANT'S ADDRESS:
	-----	-----
	CSM INVESTORS, INC. 2561 TERRITORIAL ROAD ST. PAUL, MN 55114-1500 (612) 646-1717	DYNAMARK, INC. 4290 FERNWOOD STREET ST. PAUL, MN 55112 ATTN: JIM SCHOELLER SENIOR VICE PRESIDENT

ARTICLE 2. RENT, OPERATING EXPENSES AND SECURITY DEPOSIT

2.1 BASE RENT. Tenant agrees to pay monthly as base rent during the term of this Lease the sum of money set forth in Section 1.6 of this Lease, which amount shall be payable to Landlord at the address shown above. One monthly installment shall be due and payable on or before the first day of each calendar month succeeding the Commencement Date during the term of this Lease; provided, if the Commencement Date should be a date other than the first day of a calendar month, the monthly rental set forth above shall be prorated to the end of that calendar month, and all succeeding installments of rent shall be payable on or before the first day of each succeeding calendar month during the term of this Lease. Tenant shall pay, as additional rent, all other sums due under this Lease. Notwithstanding anything in this Lease to the contrary, if Landlord, for any reason whatsoever (other than Tenant's default), cannot deliver possession of the Premises to the Tenant on the Commencement Date, substantially complete and ready for Tenant's occupancy, this Lease shall not be void or voidable, nor shall Landlord be liable for any loss or damage resulting therefrom, nor shall the expiration of the term be extended, but all rent and additional rent shall be abated until Landlord delivers possession; provided that if the Premises are not substantially complete and ready for Tenant's occupancy by the later of: (i) September 1, 1995, or (ii) the date one hundred twenty (120) days after Landlord secures a building permit from the City of Arden Hills, which Landlord shall

diligently pursue, (except by reason of force majeure or Tenant caused delays, including failure to approve plans and specifications for the Premises by April 12, 1995, in which case such date shall be extended by the number of days equal to the delays caused by Tenant), Landlord shall pay to Tenant, as a credit against the first installments of rent and additional rent payable hereunder, an amount equal to \$500.00 for each day thereafter until the Premises are substantially complete and ready for Tenant's occupancy; and provided that if the Premises are not substantially complete and ready for Tenant's occupancy on or before October 1, 1995 (except by reason of force majeure or Tenant caused delays, in which case such date shall be extended by the number of days equal to the delays caused by Tenant), Tenant shall have the option, in its absolute and unfettered discretion, to terminate this Lease by written notice to Landlord given at any time prior to substantial completion of the Premises and Tenant taking occupancy of the Premises. In the event Landlord, despite due diligence, is unable to secure a building permit by May 15, 1995, Landlord shall so notify Tenant, and either Landlord or Tenant may thereafter terminate this Lease by written notice to the other, given on or before May 25, 1995.

2.2 OPERATING EXPENSES. Tenant shall also pay as additional rent Tenant's pro rata share of the operating expenses of Landlord for the Building. Landlord may invoice Tenant monthly for Tenant's pro rata share of the estimated operating expenses for each calendar year, which amount shall be adjusted from time-to-time by Landlord based upon reasonably anticipated operating expense. Within six (6) months following the close of each calendar year, Landlord shall provide Tenant an accounting showing in reasonable detail the computations of additional rent due under this Section. In the event the accounting shows that the total of the monthly payments made by Tenant exceeds the amount of additional rent due by Tenant under this Section, the accounting shall be accompanied by evidence of a credit to Tenant's account. In any event the accounting shows that the total of the monthly payments made by Tenant is less than the amount of additional rent due by Tenant under this Section, the accounting shall be accompanied by an invoice for the additional rent. If this Lease shall terminate on a day other than the last day of a calendar year, the amount of any additional rent payable by Tenant applicable to the year in which the termination shall occur shall be prorated on the ratio that the number of days from the commencement of the calendar year to and including such termination date bears to 365. Tenant agrees to pay any additional rent due under this Section within ten (10) days following receipt of the invoice or accounting showing additional rent due. Following development and construction of a second building on the property, as described in Subsection 1.4 above, Tenant's pro rata share set forth in Section 1.9 shall, subject to reasonable adjustment by Landlord, be equal to a percentage based upon a fraction, the numerator of which is the total area of the Premises as set forth in Article 1 and the denominator of which shall be the net rentable area of both the Tenant's Building and the second building, as the same may change from time to time.

2.3 DEFINITION OF OPERATING EXPENSES. The term "operating expenses" includes all expenses incurred by Landlord with respect to the maintenance and operation of the Building, including, but not limited to, the following: maintenance, repair and replacement costs; electricity, fuel, water, sewer, gas and other common Building utility charges; equipment used for maintenance and operation of the Building; operational expenses; exterior window washing and janitorial services; trash and snow removal; landscaping and pest control; management fees, wages and benefits payable to employees of Landlord whose duties are

directly connected with the operation and maintenance of the Building; all services, supplies, repairs, replacements or other expenses for maintaining and operating the Building or project including parking and common areas; improvements made to the Building which are required under any governmental law or regulation that was not applicable to the Building at the time it was constructed; installation of any device or other equipment which improves the operating efficiency of any system within the Premises and there by reduces operating expense; all other expense which would generally be regarded as operating, repair, replacement and maintenance expenses; all real property taxes and installments of special assessments, including dues and assessments by means of deed restrictions and/or owners' associations which accrue against the Building during the term of this Lease and legal fees incurred in connection with actions to reduce the same, and all insurance premiums Landlord is required to pay or deems necessary to pay, including fire and extended coverage, and rent loss and public liability insurance, with respect to the Building.

Notwithstanding the foregoing, operating expenses shall not include any expenditure which must be capitalized for federal income tax purposes, except that operating expenses shall include the amortization of any such capital expenditures (except capital expenditures for improvements made to the Building without the consent of Tenant, or for restoration or repair of damage to the Building caused by casualty) on a straight-line basis over the reasonably estimated useful life, at an amortization rate equal to the rate of Treasury Securities of comparable term, plus two percent (2%).

Further, operating expenses shall not include:

- A. Taxes payable by reason of any "minimum assessment": or similar agreement to the extent exceeding the taxes which otherwise would be payable with respect to the property of which the Premises are a part; or
- B. Special assessments levied or pending on the date of this Lease or levied for public improvements constructed in connection with the initial construction of the Building or any additional building; or
- C. Expenses of contesting taxes or the assessed value of the property of which the Premises are a part in excess of the savings achieved in such contest; or
- D. Operating expenses including taxes and installments of special assessments, insurance premiums and maintenance expenses attributable to the unimproved portion of the property of which the Premises are a part after the earlier of: (i) the completion of construction of a second building thereon by Landlord and reduction of Tenant's proportionate share pursuant to the last sentence of Section 2.2 above (which shall be determined by reference to assessors worksheets, insurance carrier rate calculations and other available data); or (ii) the termination or expiration of the Holding Period as described in Section 14.13 hereof;
- E. Management fees exceeding fifteen percent (15%) of other operating expenses except taxes and special assessments; or

F. Expenses incurred by Landlord in satisfying its obligations under Section 14.15 hereof.

2.4 INCREASE IN INSURANCE PREMIUMS. If an increase in any insurance premiums paid by Landlord for the Building is caused by Tenant's use of the Premises or if Tenant vacates the Premises and causes an increase in such premiums, then Tenant shall pay as additional rent the amount of such increase to Landlord.

ARTICLE 3. OCCUPANCY AND USE

3.1 USE. Tenant warrants and represents to Landlord that the Premises shall be used and occupied only for the purpose as set forth in Section 1.7. Tenant shall occupy the Premises, conduct its business and control its agents, employees, invitees and visitors in such a manner as is lawful, reputable and will not create a nuisance. Tenant shall not permit any operation which emits any odor or matter which intrudes into other portions of the Building or otherwise interfere with, annoy or disturb any other lessee in its normal business operations or Landlord in its management of the Building. Tenant shall not permit any waste on the Premises to be used in any way which would, in the opinion of Landlord, be extra hazardous on account of fire or which would, in any way, increase or render void the fire insurance on the Building.

3.2 SIGNS. No sign of any type or description shall be erected, placed or painted in or about the Premises or Building which are visible from the exterior of the Premises, except those signs submitted to Landlord in writing, and which signs are in conformance with Landlord's sign criteria, if any, established for the Building.

3.3 COMPLIANCE WITH LAWS, RULES AND REGULATIONS. Tenant, at Tenant's sole cost and expense, shall comply with all laws, ordinances, orders, rules and regulations of state, federal, municipal or other agencies or bodies having jurisdiction over the use, condition or occupancy of the Premises, provided that Tenant shall not be obligated to make any material capital improvements required by such laws, ordinances, orders, rules and regulations, (nor shall Landlord have such obligation). For purposes of this clause, a "material capital improvement" shall mean any capital improvement or series of capital improvements within any calendar year costing in excess of \$1,500.00. Tenant will comply with the reasonable rules and regulations of the Building adopted by Landlord. Landlord shall have the right at all times to change and amend the rules and regulations in any reasonable manner as may be deemed advisable for the safety, care, cleanliness, preservation of good order and operation or use of the Building or the Premises. All rules and regulations of the Building will be sent by Landlord to Tenant in writing and shall thereafter be carried out and observed by Tenant.

3.4 WARRANTY OF POSSESSION. Landlord warrants that it has the right and authority to execute this Lease, and Tenant, upon payment of the required rents and subject to the terms, conditions, covenants and agreements contained in this Lease, shall have possession of the Premises during the full term of this Lease as well as any extension or renewal thereof. Landlord shall not be responsible for the acts or omissions of any other lessee or third party that may interfere with Tenant's use and enjoyment of the Premises.

3.5 RIGHT OF ACCESS. Landlord or its authorized agents shall, at any and all reasonable times and upon reasonable notice, have the right to enter the Premises to inspect the same, to show the Premises to prospective purchasers, lessees, mortgagees, insurers or other interested parties, and to alter, improve or repair the Premises or any other portion of the Building. Tenant hereby waives any claim for damages for injury or inconvenience to or interference with Tenant's business, any loss of occupancy or use of the Premises, and any other loss occasioned thereby, except as may result from the negligent or willful misconduct of Landlord. Tenant shall not change Landlord's lock system or in any other manner prohibit Landlord from entering the Premises. Landlord shall have the right to use any and all means which Landlord may deem proper to open any door in an emergency without liability therefor. Tenant shall permit Landlord to erect, use, maintain and repair pipes, cables, conduits, plumbing, vents and wires in, to and through the Premises as often and to the extent that Landlord may now or hereafter deem to be necessary or appropriate for the proper use, operation and maintenance of the Building; provided that Landlord does not thereby materially interfere with the use and enjoyment of the Premises by Tenant for general office purposes.

ARTICLE 4. UTILITIES AND ACTS OF OTHERS

4.1 BUILDING SERVICES. Tenant shall pay when due, all charges for utilities furnished to or for the use or benefit of Tenant or the Premises. Tenant shall have no claim for rebate of rent on account of any interruption in service.

4.2 THEFT OR BURGLARY. Landlord shall not be liable to Tenant for losses to Tenant's property or personal injury caused by criminal acts or entry by unauthorized persons into the Premises or the Building.

ARTICLE 5. REPAIRS AND MAINTENANCE

5.1. LANDLORD REPAIRS. Landlord shall not be required to make any improvements, replacements or repairs of any kind or character to the Premises or the Building during the term of this Lease except as are set forth in this Section. Landlord shall maintain only the roof, foundation, parking and common areas, the structural soundness of the exterior walls, doors, corridors, and other structures serving the Premises in good order and repair, provided, that Landlord's cost of maintaining, replacing and repairing the items set forth in this Section are operating expenses subject to the additional rent provisions in Section 2.2 and 2.3. Landlord shall correct any deficiencies in maintenance within thirty (30) days after written notice from Tenant; provided that for work that cannot be completed within thirty (30) days, Landlord shall not be in default hereunder if Landlord commences the work within such thirty (30) day period and diligently proceeds to complete such work; and provided that in the case of an emergency, Landlord shall take action to correct deficiencies as promptly as practicable. Landlord shall not be liable to Tenant, except as expressly provided in this Lease, for any damage or inconvenience, and Tenant shall not be entitled to any abatement or reduction of rent by reason of any repairs, alterations or additions made; by Landlord under this Lease; provided that Landlord does not thereby materially interfere with the use and enjoyment of the Premises by Tenant for general office purposes.

5.2 TENANT REPAIRS. Tenant shall, at all times throughout the term of this Lease, including renewals and extensions, and at its sole expense, keep and maintain the Premises in a clean, safe, sanitary and first class condition and in compliance with all applicable laws, codes, ordinances, rules and regulations, provided that Tenant shall not be obligated to make any material capital improvements required by such laws, ordinances, orders, rules and regulations, (nor shall Landlord have such obligation). For purposes of this clause, a "material capital improvement" shall mean any capital improvement or series of capital improvements within any calendar year, costing in excess of \$1,500.00. Tenant's obligations hereunder shall include, but not be limited to, the maintenance, repair and replacement, if necessary, of all heating, ventilation, air conditioning, lighting and plumbing fixtures and equipment, fixtures, motors and machinery, all interior walls, partitions, doors and windows, including the regular painting thereof, all exterior entrances, windows, doors and docks and the replacement of all broken glass. When used in this provision, the term "repairs" shall include replacements or renewals when necessary, and aft such repairs made by the Tenant shall be equal in quality and class to the original work. Notwithstanding the foregoing, Tenant shall not be responsible for major non-recurring repairs of or replacements to the HVAC system, except where caused by Tenant's failure to properly utilize, maintain and secure said system; Tenant, however, shall pay the amortization (utilizing the amortization method for capital expenditures described in Section 2.3) of the costs of such major repairs or replacements performed after the five (5) year anniversary of the Commencement Date. For purposes of this paragraph, "major repairs or replacement of the HVAC system" shall mean expenditures for major repairs to or replacement of compressors or exchangers. The Tenant shall keep and maintain all portions of the Premises and the sidewalk and areas adjoining the same in a clean and orderly condition, free of accumulation of dirt, rubbish, snow and ice. If Tenant fails, refuses or neglects to maintain or repair the Premises as required in this Lease after notice shall have been given Tenant, in accordance with this Lease, Landlord may make such repairs without liability to Tenant for any loss or damage that may accrue to Tenant's merchandise, fixtures or other property or to Tenant's business by reason thereof, and upon completion thereof, Tenant shall pay to Landlord all costs plus fifteen percent (15%) for overhead incurred by Landlord in making such repairs upon presentation to Tenant of bill therefor.

5.3 TENANT DAMAGES. Tenant shall not allow any damage to be committed on any portion of the Premises or Building or common areas, and at the termination of this lease, by lapse of time or otherwise, Tenant shall deliver the Premises to Landlord in as good condition as existed at the Commencement Date of this Lease, ordinary wear and tear and damage by casualty excepted. The cost and expense of repairs necessary to restore the condition of the Premises shall be borne by Tenant.

ARTICLE 6. ALTERATIONS AND IMPROVEMENTS

6.1 LANDLORD IMPROVEMENTS. Landlord will complete construction of the improvements to the Premises in accordance with the architectural plans and specifications attached hereto as EXHIBITS C and D. Any changes or modifications to the said plans and specifications shall be accomplished by written change order executed by both Landlord and Tenant. In the event the net cost of all approved change orders (i.e., change orders which create savings will be applied against change orders which increase costs) exceeds \$10,000.00, the Tenant shall: i) reimburse Landlord in equal monthly installments on the first day of each

month during the initial five (5) year term in an amount necessary to fully amortize such excess cost together with interest at a rate of nine and one-half percent (9.5%); or ii) within ten (10) days after receipt of Landlord's invoice, reimburse Landlord for such excess cost. For the purposes of this provision, cost shall mean the sum Landlord is actually required to pay its contractor for any particular change order.

6.2 TENANT IMPROVEMENTS. Tenant shall not make or allow to be made any alterations or physical additions in or to the Premises without first obtaining the written consent of Landlord, which consent may not be unreasonably withheld. Any alterations, physical additions or improvements to the Premises made by Tenant shall at once become the property of Landlord and shall be surrendered to Landlord upon the termination of this Lease; provided, however, Landlord, as a condition to its consent to any proposed alteration or addition, may require Tenant to remove any physical additions and/or repair any alterations in order to restore the Premises to the conditions existing at the time Tenant took possession, all costs of removal and/or alterations to be borne by Tenant. This clause shall not apply to moveable equipment or furniture owned by Tenant, which Tenant shall have the right to mortgage, and which may be removed by Tenant at any time and from time to time. Landlord agrees to cooperate with Tenant in connection with any financing Tenant elects to place on its equipment and personal property, including execution of such certificates and documents as Tenant's lender may reasonably request.

ARTICLE 7. CASUALTY AN INSURANCE

7.1 SUBSTANTIAL DESTRUCTION. If all or a substantial portion of the Premises or the Building should be totally destroyed by fire or other casualty, or if the Premises or the Building should be damaged so that rebuilding cannot reasonably be completed within one hundred fifty (150) working days after the date of written notification by Tenant to Landlord of the destruction, or if insurance proceeds are not made available to Landlord, or are inadequate, for restoration, this Lease shall terminate at the option of Landlord or Tenant by written notice within sixty (60) days following the occurrence, and the rent shall be abated for the unexpired portion of the Lease effective as of the date of the occurrence.

7.2 PARTIAL DESTRUCTION. If the Premises should be partially damaged by fire or other casualty, and rebuilding or repairs can reasonably be completed within one hundred fifty (150) working days from the date of written notification by Tenant to Landlord of the destruction, and insurance proceeds are adequate and available to Landlord for restoration, this Lease shall not terminate, and Landlord shall at its sole risk and expense proceed with reasonable diligence to rebuild or repair the Building or other improvements to substantially the same condition in which they existed prior to the damage. If the Premises are to be rebuilt or repaired and are untenable in whole or in part following the damage, the rent payable under this Lease during the period for which the Premises are untenable shall be adjusted to such an extent as may be fair and reasonable under the circumstances. Tenant shall not be obligated to pay rent for any portion of the Premises which it does not actually occupy during restoration, if such portion is not suitable for Tenant's business operations as reasonably determined by Tenant. In the event that Landlord fails to complete the necessary repairs or rebuilding within one hundred fifty (150) working days from the date of written notification by Tenant to Landlord of the destruction, Tenant may at its option terminate this Lease by

delivering written notice of termination to Landlord, whereupon all rights and obligations under this Lease shall cease to exist.

7.3 PROPERTY INSURANCE. Landlord shall not be obligated in any way or manner to insure any personal property (including, but not limited to, any furniture, machinery, goods or supplies) of Tenant upon or within the Premises, any fixtures installed or paid for by Tenant upon or within the Premises, or any improvements which Tenant may construct on the Premises. Tenant shall maintain property insurance on its personal property and shall also maintain plate glass insurance. Tenant shall have no right in or claim to the proceeds of any policy of insurance maintained by Landlord even if the cost of such insurance is borne by Tenant as set forth in Article 2.

7.4 WAIVER OF SUBROGATION. Anything in this Lease to the contrary withstanding, Landlord and Tenant hereby waive and release each other of and from any and all right of recovery, claim, action or cause of action, against each other, their agents, officers and employees, for any loss or damage that may occur to the Premises, the improvements of the Building or personal property within the Building, by reason of fire, other casualty insurable under an "all risk insurance policy", or the elements, regardless of cause or origin, including negligence of Landlord or Tenant and their agents, officers and employees. Landlord and Tenant agree immediately to give their respective insurance companies which have issued policies of insurance covering all risk of direct physical loss, written notice of the terms of the mutual waivers contained in this Section.

7.5 HOLD HARMLESS. Landlord shall not be liable to Tenant's employees, agents, invitees, licensees or visitors, or to any other person, for an injury to person or damage to property on or about the Premises caused by any act or omission of Tenant, its agents, servants or employees, or of any other person entering upon the Premises under express or implied invitation by Tenant, or caused by the improvements located on the Premises becoming out of repair, the failure or cessation of any service provided by Landlord (including security service and devices), or caused by leakage of gas, oil, water or steam or by electricity emanating from the Premises, provided that Landlord shall be responsible for loss resulting from its negligence or willful misconduct or from Landlord's failure to perform repairs within the time required by Section 5.1 hereof. Tenant agrees to indemnify and hold harmless Landlord of and from any loss, attorney's fees, expenses or claims arising out of any such damage or injury, for which Landlord is not liable pursuant to the foregoing provisions.

7.6 PUBLIC LIABILITY INSURANCE. Tenant shall during the term hereof keep in full force and effect at its expense a policy or policies of public liability insurance with respect to the Premises and the business of Tenant, on terms and with companies approved in writing by Landlord, in which both Tenant and Landlord shall be covered by being named as insured parties under reasonable limits of liability not less than \$1,000,000, or such greater coverage as Landlord may reasonably require, combined single limit coverage for injury or death. Such policy or policies shall provide that thirty (30) days' written notice must be given to Landlord prior to cancellation thereof. Tenant shall furnish evidence satisfactory to Landlord at the time this Lease is executed that such coverage is in full force and effect.

ARTICLE 8. CONDEMNATION

8.1 SUBSTANTIAL TAKING. If all or a substantial part of the Premises are taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain or by purchase in lieu thereof, and the taking would prevent or materially interfere with the use of the Premises for the purpose for which it is then being used, this Lease shall terminate and the rent shall be abated during the unexpired portion of this Lease effective on the date physical possession is taken by the condemning authority. Tenant shall have no claim to the condemnation award or proceeds in lieu thereof, except that Tenant shall be entitled to a separate award for the cost of removing and moving its personal property.

8.2 PARTIAL TAKING. If all or a substantial part of the Premises are taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain or by purchase in lieu thereof, and this Lease is not terminated as provided in Section 8.1 above, the rent payable under this Lease during the unexpired portion of the term shall be adjusted to such an extent as may be fair and reasonable under the circumstances. Tenant shall not be obligated to pay rent for any portion of the Premises which it does not actually occupy after such taking, if such portion is not suitable for Tenant's business operations as reasonably determined by Tenant, and Tenant shall have the option to terminate this Lease by written notice to Landlord given within sixty (60) days after possession is taken if the remaining portion of the Premises is not suitable for Tenant's business operation as reasonably determined by Tenant. Tenant shall have no claim to the condemnation award or proceeds in lieu thereof, except that Tenant shall be entitled to a separate award for the cost of removing and moving its personal property.

ARTICLE 9. ASSIGNMENT OR SUBLEASE

9.1 LANDLORD ASSIGNMENT. Landlord shall have the right to sell, transfer or assign, in whole or in part, its rights and obligations under this Lease and in the Building. Any such sale, transfer or assignment shall operate to release Landlord from any and all liabilities under this Lease arising after the date of such sale, assignment or transfer, provided that the transferee or assignee assumes such liabilities.

9.2 TENANT ASSIGNMENT. Tenant shall not assign, in whole or in part, this Lease, or allow it to be assigned, in whole or in part, by operation of law or otherwise, or mortgage or pledge the same, or sublet the Premises, in whole or in part, without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed. In no event shall any such assignment or sublease ever release Tenant or any guarantor from any obligation or liability hereunder. Notwithstanding anything in this Lease to the contrary, in the event of any assignment or sublease, any option or right of first refusal granted to Tenant shall not be assignable by Tenant to any assignee or sublessee. No assignee or sublessee of the Premises or any portion thereof may assign or sublet the Premises or any portion thereof.

9.3 CONDITIONS OF ASSIGNMENT. If Tenant desires to assign or sublet all or any part of the Premises, it shall so notify Landlord at least thirty (30) days in advance of the date on which Tenant desires to make such assignment or sublease. Tenant shall provide Landlord with a copy of the proposed assignment or sublease and such information as Landlord might request concerning the proposed sublessee or assignee to allow Landlord to make informed judgments

as to the financial condition, reputation, operations and general desirability of the proposed sublessee or assignee. Within seven (7) business days after Landlord's receipt of Tenant's proposed assignment or sublease and all required information concerning the proposed sublease or assignee, Landlord shall have the following options: (1) consent to the proposed assignment or sublease, and, if the rent due and payable by any assignee or sublessee under any such permitted assignment or sublease (or a combination of the rent payable under such assignment or sublease plus any bonus or any other consideration or any payment incident thereto) exceeds the rent payable under this Lease for such space, Tenant shall pay to Landlord one-half (1/2) of such excess rent and other excess consideration within ten (10) days following receipt thereof by Tenant; or (2) refuse, subject to the limitations set forth in Section 9.2 above, to consent to the proposed assignment or sublease, which refusal shall be deemed to have been exercised unless Landlord gives Tenant written notice providing otherwise. Landlord shall, upon Tenant's request, provide the reasons for any refusal. Upon the occurrence of an event of default, if all or any part of the Premises are then assigned or sublet, Landlord, in addition to any other remedies provided by this Lease or provided by law, may, at its option, collect directly from the assignee or sublessee all rents becoming due to Tenant by reason of the assignment or sublease. Any collection directly by Landlord from the assignee or sublessee shall not be construed to constitute a novation or a release of Tenant or any guarantor from the further performance of its obligations under this Lease.

9.4 RIGHTS OF MORTGAGE. Tenant accepts this Lease subject and subordinate to any recorded mortgage presently existing or hereafter created upon the Building and to all existing recorded restrictions, covenants, easements and agreements with respect to the Building. Landlord is hereby irrevocably vested with full power and authority to subordinate Tenant's interest under this Lease to any first mortgage lien hereafter placed on the Premises, and Tenant agrees upon demand to execute additional instruments subordinating this Lease as Landlord may require. If the interests of Landlord under this Lease shall be transferred by reason of foreclosure or other proceedings for enforcement of any first mortgage or deed of trust on the Premises, Tenant shall be bound to the transferee (sometimes called the "Purchaser") at the option of the Purchaser, under the terms, covenants and conditions of this Lease for the balance of the term remaining, including any extensions or renewals, with the same force and effect as if the Purchaser were Landlord under this Lease, and, if requested by the Purchaser, Tenant agrees to attorn to the Purchaser, including the first mortgagee under any such mortgage if it be the Purchaser, as its Landlord. Notwithstanding the foregoing, Tenant shall not be disturbed in its possession of the Premises so long as Tenant is not in default hereunder.

9.5 TENANTS STATEMENT. Tenant agrees to furnish, from time to time, within ten (10) after receipt of a request from Landlord or Landlord's mortgagee, a statement certifying, if applicable, the following: Tenant is in possession of the Premises; the Premises are acceptable; the Lease is in full force and effect; the Lease is unmodified; Tenant claims no present charge, lien, or claim or offset against rent; the rent is paid for the current month, but is not prepaid for more than one month and will not be prepaid for more than one month in advance; there is no existing default by reason of some act or omission by Landlord; and such other matters as may be reasonably required by Landlord or Landlord's mortgagee; or specifying any exceptions to such matters. Tenant's failure to deliver such statement, in addition to being a default under this Lease, shall be deemed to establish conclusively that this Lease is in full force and effect except

as declared by Landlord, that Landlord is not in default of any of its obligations under this Lease, and that Landlord has not received more than one month's rent in advance. Tenant agrees to furnish, from time to time, within ten (10) days after receipt of a request from Landlord, the most recent financial statement of Tenant, certified as true and correct by Tenant.

ARTICLE 10. LANDLORD'S LIEN AND SECURITY AGREEMENT (Intentionally omitted)

ARTICLE 11. DEFAULT AND REMEDIES

11.1 DEFAULT BY TENANT. The following shall be deemed to be events of default ("Default") by Tenant under this Lease: (1) Tenant shall fail to pay when due any installment of rent or any other payment required pursuant to this Lease and such failure shall continue for a period of five (5) days after written notice to Tenant; (2) Tenant shall abandon any substantial portion of the Premises; (3) Tenant shall fail to comply with any term, provision or covenant of this Lease, other than the payment of rent, and the failure is not cured within thirty (30) days after written notice to Tenant; (4) Tenant shall file a petition or if an involuntary petition is filed against Tenant, or becomes insolvent, under any applicable federal or state bankruptcy or insolvency law or admit that it cannot meet its financial obligations as they become due; or a receiver or trustee shall be appointed for all or substantially all of the assets of Tenant; or Tenant shall make a transfer in fraud of creditors or shall make an assignment for the benefit of creditors; or (5) Tenant shall do or permit to be done any act which results in a lien being filed against the Premises or the Building and/or project of which the Premises are a part; and Tenant shall not cause such lien to be released or bonded off within thirty (30) days after written notice to Tenant.

In the event that an order for relief is entered in any case under Title 11 U.S.C. (the "Bankruptcy Code") in which Tenant is the debtor and: (A) Tenant as debtor-in-possession, or any trustee who may be a Jointed in the case (the "Trustee") seeks to assume the lease, then Tenant, or Trustee if applicable, in addition to providing adequate assurance described in a applicable provisions of the Bankruptcy Code, shall provide adequate assurance to Landlord of Tenant's future performance under the Lease by depositing with Landlord a sum equal to the lesser of twenty-five percent (25%) of the rental and other charges due for the balance of the Lease term or six (6) months' rent ("Security"), to be held (without any allowance for interest thereon) to secure Tenant's obligation under the Lease and (B) Tenant, or Trustee if applicable, seeks to assign the Lease after assumption of the same, then Tenant, in addition to providing adequate assurance described in applicable provisions of the Bankruptcy Code, shall provide adequate assurance to Landlord of the proposed assignee's future performance under the Lease by depositing with Landlord a sum equal to the Security to be held (without any allowance or interest thereon) to secure performance under the Lease. Nothing contained herein expresses or implies, or shall be construed to express or imply, that Landlord is consenting to assumption and/or assignment of the Lease by Tenant, and Landlord expressly reserves all of its rights to object to any assumption and/or assignment of the Lease. Neither Tenant nor any Trustee shall conduct or permit the conduct of any "fire", "bankruptcy", "going out of business" or auction sale in or from the Premises.

11.2 REMEDIES FOR TENANT'S DEFAULT. Upon the occurrence of a Default as defined above, Landlord may elect either (i) to cancel and terminate this Lease and this Lease shall not

be treated as an asset of Tenant's bankruptcy estate, or (ii) to terminate Tenant's right to possession only without canceling and terminating Tenant's continued liability under this Lease. Notwithstanding the fact that initially Landlord elects under (ii) to terminate Tenant's right to possession only, Landlord shall have the continuing right to cancel and terminate this Lease by giving three (3) days' written notice to Tenant of such further election, and shall have the right to pursue any remedy at law or in equity that may be available to Landlord.

In the event of election under (ii) to terminate Tenant's right to possession only, Landlord may, at Landlord's option, enter the Premises and take and hold possession thereof, without such entry into possession terminating this Lease or releasing Tenant in whole or in part from Tenant's obligation to pay all amounts hereunder for the full stated term. Upon such reentry, Landlord may remove all persons and property from the Premises and such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Tenant, without becoming liable for any loss or damage which may be occasioned thereby. Such reentry shall be conducted in the following manner: without resort to judicial process or notice of any kind if Tenant has abandoned or voluntarily surrendered possession of the Premises; and, otherwise, by resort to judicial process. Upon and after entry into possession without termination of the Lease, Landlord may, but is not obligated to, relet the Premises, or any part thereof, to any one other than the Tenant, for such time and upon such terms as Landlord, in Landlord's sole discretion, shall determine. Landlord may make alterations and repairs to the Premises to the extent deemed by Landlord necessary or desirable to relet the Premises.

Upon such reentry, Tenant shall be liable to Landlord as follows:

- A. For all reasonable attorneys' fees incurred by Landlord in connection with exercising any remedy hereunder;
- B. For the unpaid installments of base rent, additional rent or other unpaid sums which were due prior to such reentry, including interest and late payment fees, which sums shall be payable immediately.
- C. For the installments of base rent, additional rent, and other sums falling due pursuant to the provisions of this Lease for the period after reentry during which the Premises remain vacant, including late payment charges and interest, which sums shall be payable as they become due hereunder.
- D. For all expenses incurred in releasing the Premises, including leasing commissions, reasonable attorneys' fees, and costs of alteration or repairs, which shall be payable by Tenant as they are incurred by Landlord; and
- E. While the Premises are subject to any new lease or leases made pursuant to this Section, for the amount by which the monthly installments payable under such new lease or leases is less than the monthly installment for all charges payable pursuant to this Lease, which deficiencies shall be payable monthly.

Notwithstanding Landlord's election to terminate Tenant's right to possession only, and notwithstanding any reletting without termination, Landlord, at any time thereafter, may elect to terminate this Lease, and to recover (in lieu of the amounts which would thereafter be payable pursuant to the foregoing, but not in diminution of the amounts payable as provided above before termination), as damages for loss of bargain and not as a penalty, an aggregate sum equal to the present value of the amount by which the rental value of the portion of the term unexpired at the time of such election is less than an amount equal to the unpaid base rent and additional rent, and all other charges which would have been payable by Tenant for the unexpired portion of the term of this Lease, which deficiency and all expenses incident thereto, including commissions, attorneys' fees, expenses of alterations and repairs, shall be due to Landlord as of the time Landlord exercises said election, notwithstanding that the term had not expired. If Landlord, after such reentry, leases the Premises, then the rent payable under such new lease shall be conclusive evidence of the rental value of the unexpired portion of the term of this Lease.

If this Lease shall be terminated by reason of bankruptcy or insolvency of Tenant, Landlord shall be entitled to recover from Tenant or Tenant's estate, as liquidated damages for loss of bargain and not as a penalty, the amount determined by the immediately preceding paragraph.

11.3 LANDLORD'S RIGHT TO PERFORM FOR ACCOUNT OF TENANT. If Tenant shall be in Default under this Lease, Landlord may cure the Default at any time for the account and at the expense of Tenant. If Landlord cures a Default on the part of Tenant, Tenant shall reimburse Landlord upon demand for any amount expended by Landlord in connection with the cure, including, without limitation, attorneys' fees and interest.

11.4 INTEREST, ATTORNEY'S FEES AND LATE CHARGE. In the event of a Default by Tenant: (1) if a monetary default, interest shall accrue on any sum due and unpaid at the rate of the lesser of fifteen percent (15%) per annum or the highest rate permitted by law and, if Landlord places in the hands of an attorney the enforcement of all or any part of this Lease, the collection of any rent due or to become due or recovery of the possession of the Premises, Tenant agrees to pay Landlord's costs of collection, including reasonable attorney's fees for the services of the attorney, whether suit is actually filed or not. Other remedies for nonpayment of rent notwithstanding, if the monthly rental payment or any other payment due from Tenant to Landlord is not received by Landlord on or before the tenth (10th) day of the month for which the rent is due, a late payment charge of five percent (5%) of such past due amount shall become due and payable in addition to such amounts owed under this Lease.

11.5 ADDITIONAL REMEDIES, WAIVERS, ETC.

A. The rights and remedies of Landlord set forth herein shall be in addition to any other right and remedy now and hereafter provided by law. All rights and remedies shall be cumulative and not exclusive of each other. Landlord may exercise its rights and remedies at any times, in any order, to any extent, and as often as Landlord deems advisable without regard to whether the exercise of one right or remedy precedes, concurs with or succeeds the exercise of another.

- B. A single or partial exercise of a right or remedy shall not preclude a further exercise thereof, or the exercise of another right or remedy from time to time.
- C. No delay or omission by Landlord in exercising a right or remedy shall exhaust or impair the same or constitute a waiver of, or acquiesce to, a Default.
- D. No waiver of Default shall extend to or affect any other Default or impair any right or remedy with respect thereto.
- E. No action or inaction by Landlord shall constitute a waiver of Default.
- F. No waiver of a Default shall be effective unless it is in writing and signed by Landlord.

ARTICLE 12. RELOCATION (Intentionally omitted)

ARTICLE 13. AMENDMENT AND LIMITATION OF WARRANTIES

13.1 ENTIRE AGREEMENT. IT IS EXPRESSLY AGREED BY TENANT, AS A MATERIAL CONSIDERATION FOR THE EXECUTION OF THIS LEASE, THAT THIS LEASE, WITH THE SPECIFIC REFERENCES TO WRITTEN EXTRINSIC DOCUMENTS, IS THE ENTIRE AGREEMENT OF THE PARTIES; AND THAT THERE ARE, AND WERE, NO VERBAL REPRESENTATIONS, WARRANTIES, UNDERSTANDINGS, STIPULATIONS, AGREEMENTS OR PROMISES PERTAINING TO THIS LEASE, EXCEPT AS EXPRESSLY SET FORTH IN THIS LEASE.

13.2 AMENDMENT. THIS LEASE MAY NOT BE ALTERED, WAIVED, AMENDED OR EXTENDED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY LANDLORD AND TENANT.

13.3 LIMITATION OF WARRANTIES. LANDLORD AND TENANT EXPRESSLY AGREE THAT THERE ARE AND SHALL BE NO IMPLIED WARRANTIES OR MERCHANTABILITY, HABITABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OF ANY OTHER KIND ARISING OUT OF THIS LEASE, AND THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THOSE EXPRESSLY SET FORTH IN THIS LEASE.

ARTICLE 14. MISCELLANEOUS

14.1 SUCCESSORS AND ASSIGNS. This Lease shall be binding upon and inure to the benefit of Landlord and Tenant and their respective heirs, personal representatives, successors and assigns. It is hereby covenanted and agreed that should Landlord's interest in the Premises cease to exist for any reason during this Lease, then notwithstanding the happening of such event this Lease nevertheless shall remain unimpaired and in full force and effect, and Tenant hereunder agrees to attorn to the then owner of the Premises.

14.2 USE OR RENT TAX. If applicable in the jurisdiction where the Premises are issued, Tenant shall pay and be liable for all rental, sales and use taxes or other similar taxes, if any, levied or imposed by any city, state, county or other governmental body having authority, such

payments to be in addition to all other payments required to be paid to Landlord under the terms of this Lease. Any such payment shall be paid concurrently with the payment of the rent, additional rent, operating expenses or other charge upon which the tax is based as set forth above.

14.3 ACT OF GOD. Landlord shall not be required to perform any covenant or obligation in this Lease, or be liable in damages to Tenant, so long as the performance or non-performance of the covenant or obligation is delayed, caused or prevented by an act of God, force majeure or by Tenant.

14.4 HEADINGS. The section headings appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of any Section.

14.5 NOTICE. All rent and other payments required to be made by Tenant shall be payable to Landlord at the address set forth in Section 1.10. All payments required to be made by Landlord to Tenant shall be payable at the address set forth in Section 1.10, or at any other address within the United States as Tenant may specify from time to time by written notice. Any notice or document required or permitted to be delivered by the terms of this Lease shall be deemed to be delivered (whether or not actually received) upon actual delivery or 48 hours after deposit in the United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the parties at the respective addresses set forth in Section 1.10.

14.6 TENANT'S AUTHORITY. If Tenant executes this Lease as a corporation, each of the persons executing this Lease on behalf of Tenant does hereby personally represent and warrant that each such person signing on behalf of the corporation is authorized to do so.

14.7 HAZARDOUS SUBSTANCES. Tenant, its agents or employees, shall not bring or permit to remain on the Premises or Building any asbestos, petroleum or petroleum products, explosives, toxic materials, or substances defined as hazardous wastes, hazardous materials, or hazardous substances under any federal, state, or local law or regulation ("Hazardous Materials"), except in compliance with applicable environmental and other laws. Tenant's violation of the foregoing prohibition shall constitute a material breach and default hereunder and Tenant shall indemnify, hold harmless and defend Landlord from and against any claims, damages, penalties, liabilities, and costs (including reasonable attorney fees and court costs) caused by or arising out of (i) a violation of the foregoing prohibition by Tenant or (ii) the presence of any Hazardous Materials on, under, or about the Premises or the Building during the term of the Lease caused by or arising, in whole or in part, out of the actions of Tenant its agents or employees. Tenant shall clean up, remove, remediate and repair any soil or ground water contamination and damage caused by the presence and any release of any Hazardous Materials in, on, under or about the Premises or the Building during the term of the Lease caused by or arising, in whole or in part, out of the actions of Tenant, its agents or employees, in conformance with the requirements of applicable law. Tenant shall immediately give Landlord written notice of any suspected breach of this paragraph; upon learning of the presence of any release of any Hazardous Materials, and upon receiving any notices from governmental agencies pertaining to Hazardous Materials which may affect the Premises or the

Building. The obligations of Tenant hereunder shall survive the expiration of earlier termination, for any reason, of this Lease.

14.8 SEVERABILITY. If any provision of this Lease or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of this Lease and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

14.9 LANDLORD'S LIABILITY. If Landlord shall be in default under this Lease and, if as a consequence of such default, Tenant shall recover a money judgment against Landlord, such judgment shall be satisfied only out of the right, title and interest of Landlord in the Building, as the same may then be encumbered or by offset against rents, and neither Landlord nor any person or entity comprising Landlord shall be liable for any deficiency. In no event shall Tenant have the right to levy execution against any property of Landlord nor any person or entity comprising Landlord other than the rents and its interest in the Building as herein expressly provided.

14.10 BROKERAGE. Landlord and Tenant each represents and warrants to the other that there is no obligation to pay any brokerage fee, commission, finder's fee or other similar charge in connection with this Lease, other than fees due to Phil Simonet of The Shelard Group which are the responsibility of Landlord. Each party covenants that it will defend, indemnify and hold harmless the other party from and against any loss or liability by reason of brokerage or similar services alleged to have been rendered to, at the instance of, or agreed upon by said indemnifying party. Notwithstanding anything herein to the contrary, Landlord and Tenant agree that there shall be no brokerage fee or commissions due on expansions, options or renewals by Tenant.

14.11 MANAGEMENT AGENT. Landlord hereby notifies Tenant that the person authorized to execute this Lease and manage the Premises is CSM Corporation, a Minnesota corporation, which has been appointed to act as the agent in leasing management and operation of the Building for owner and is authorized to accept service of process and receive or give receipts for notices and demand on behalf of Landlord. Landlord reserves the right to change the identity and status of its duly authorized agent upon written notice to Tenant.

14.12 OPTION TO EXTEND TERM OF LEASE. Tenant shall have the option to extend the term of this Lease for two (2) additional five (5) year terms ("Option Term") under the same terms and conditions contained herein, provided however, that the base rent shall be adjusted as set forth in Section 1.6 of this Lease. Tenant may exercise its Option Term by delivering written notice to Landlord, stating its irrevocable intent to exercise the Option Term, not less than one hundred eighty (180) days prior to the expiration of the Lease Term or first Option Term. In the event that Tenant fails to deliver timely notice of its intent to exercise the Option Term, Tenant's right to the Option Term shall be deemed as null and void. It shall be a condition of the exercise of the Option Term that Tenant not be in Default pursuant to Section 11 of this Lease Agreement.

14.13 EXCESS LAND. Landlord and Tenant acknowledge and agree that Landlord is acquiring more land than is necessary for the development and construction of the Building

covered by this Lease. The excess land consists of approximately 136,561 square feet and is outlined in yellow on attached EXHIBIT A (Excess Land). Landlord and Tenant agree, as follows, with respect to the Excess Land:

- A. Landlord will refrain from proceeding with development of the Excess Land for a period of four (4) years, from and after the Commencement Date of this Lease (the "Holding Period"). Tenant shall have the right to shorten the Holding Period by written notice to Landlord given not less than one (1) year prior to the earlier termination of the Holding Period.
- B. In consideration thereof, Tenant will reimburse Landlord for all real estate taxes, assessments and insurance costs attributable to the Excess Land from the Commencement Date of this Lease until the earlier of the expiration of the said Holding Period or the date that development of the Excess Land is completed. These costs will be reimbursed by Tenant to Landlord, monthly, as a part of the operating expenses that Tenant pays Landlord pursuant to Section 2.2 hereof.
- C. Tenant will also reimburse Landlord for the costs of carrying the Excess Land for the remainder of the Holding Period after the first year thereof. For the purposes of this provision, carrying costs shall mean interest on the costs incurred by Landlord to acquire the Excess Land from and after the date incurred. Interest shall be at a rate equal to the rate on Four Year Treasury Securities, in effect on the Commencement Date of this Lease, plus two percent (2%). Tenant shall reimburse Landlord for carrying costs, as aforesaid, in cash, upon expiration of said Holding Period, unless, prior to that time, Landlord and Tenant have entered into a binding lease agreement for Tenant's occupancy of a building to be constructed on the Excess Land, in which case, Tenant's obligation to reimburse Landlord shall be deemed waived and of no force and effect.
- D. Tenant may, at its option and upon written notice given not less than one hundred twenty (120) days prior to expiration of the said Holding Period, extend said Holding Period, for an additional two (2) years. Tenant may exercise said option only by providing written notice as aforesaid and by paying to Landlord the full reimbursement due to Landlord pursuant to Subsections B and C above. In the event Tenant exercises this option to extend, the same terms and conditions as outlined above shall apply, except that Tenant shall be obligated to reimburse Landlord for carrying costs for both years of the extended period.
- E. The rights herein conferred are personal to Tenant and may not be sold or assigned without Landlord's prior written consent.
- F. In the event that Tenant defaults in the performance of its obligations under this Lease and such default is not cured within the applicable cure period, then Tenant's rights hereunder shall be deemed null and void and of no force and effect, but Tenant's obligation to reimburse Landlord for carrying costs shall remain in force and effect until the earlier of the expiration of the hold period or Landlord's commencement of site development.

14.14 SUBMISSION OF LEASE. Submission of this Lease to Tenant for signature does not constitute a reservation of space or an option to lease. This Lease is not effective until execution by and delivery to both Landlord and Tenant.

14.15 CONSTRUCTION PROVISIONS. All of the work to be performed by Landlord pursuant to Section 1.3 hereof shall be performed in accordance with the plans and specifications approved by Tenant in accordance with Section 6.1 hereof in a good and workmanlike manner, utilizing new and first-grade materials; shall be in conformity with all applicable federal, state and local laws, ordinances regulations, building codes and fire regulations; shall comply with all insurance requirements of Landlord and Tenant; and shall be free of any liens for labor and materials. Landlord shall use all reasonable efforts to complete such construction on or before the Commencement Date.

For the period commencing as of the Commencement Date and ending on the day one (1) year thereafter, Landlord will correct and/or repair, or cause to be corrected and/or repaired, any latent or non-obvious defect, malfunction or failure in or of construction, workmanship, material or operation of the Premises, provided any such defect, malfunction or failure is not the result of any work performed by Tenant or on Tenant's behalf, and is not caused by any act or negligence of Tenant, its employees or contractors. At the expiration of the one (1) year period, Landlord shall assign to Tenant all guaranties and warranties made by any contractor, subcontractor or materialmen with respect to the Premises and thereafter Tenant shall have the right, at its option, to enforce all such guaranties and warranties in its name directly against the warrantor. Landlord agrees to exercise good faith efforts to obtain contractor/subcontractor warranties longer than one (1) year, to the extent the same are available without additional cost.

As to items which Tenant has notified Landlord are defective and which are covered by referenced Landlord warranty, Landlord shall proceed expeditiously and in good faith to complete and repair any such items. As a condition thereof, Tenant shall allow Landlord, its employees or contractors, to enter upon the Premises to perform any remedial work required to be performed, and will cooperate with Landlord, its employees or contractors, so that such remedial work can be accomplished as quickly as is reasonable under the circumstances, and with the least amount of interruption to the business of the Tenant.

Occupancy of the Premises by Tenant for conducting its business shall constitute an acknowledgment by Tenant, and shall be presumptive evidence, that the Premises are in the condition called for by this Lease and that Landlord has performed all of the construction work it is obligated to perform pursuant to Section 1.3 hereof, except for such items which are not completed and as to which Tenant shall have given notice to Landlord within thirty (30) days after Tenant takes possession of the Premises (the "Punchlist"), and subject to any latent or non-obvious defects, malfunctions or failures covered by the foregoing warranty by Landlord. Landlord shall proceed expeditiously and in good faith to complete and repair all items set forth on the Punchlist.

In the event of any dispute between Landlord and Tenant as to whether the Premises are substantially complete and ready for occupancy by Tenant for the conduct of Tenant's business, or as to any other claim by Tenant based upon Landlord's warranties and construction obligations contained herein, such dispute shall be resolved by arbitration in accordance with

the rules of the American Arbitration Association, or in accordance with such other procedures as shall be mutually approved by the parties. In no event shall the Premises be deemed substantially complete and ready for occupancy by Tenant until a certificate of occupancy (temporary or permanent) (or, if certificates of occupancy are not issued by the municipality, an equivalent final inspection report authorizing Tenant's occupancy and use of the property) has been issued by the city in which the Premises are located. Landlord agrees to exercise every reasonable effort to obtain a final certificate of occupancy as soon as possible following completion of the Premises.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease effective the day and year first above written.

LANDLORD:

CSM INVESTORS, INC.

BY: _____

ITS: Vice President

TENANT:

DYNAMARK, INC.

BY: J.R. Schoeller

ITS: Senior Vice President

April 27, 1995

(1) THE PRUDENTIAL ASSURANCE COMPANY LIMITED

(2) FAIR, ISAAC INTERNATIONAL UK CORPORATION

LEASE
of
Geneva House, Birmingham International Park
Bickenhill Lane, Solihull, West Midlands

CMS Cameron McKenna
Mitre House
160 Aldersgate Street
London EC1A 4DD

T +44(0)20 7367 3000
F +44(0)20 7367 2000

LEASE

DATED 15th June 2001

PARTIES

1. Landlord THE PRUDENTIAL ASSURANCE COMPANY LIMITED whose registered office is at 142 Holborn Bars, London EC1N 2NH;
2. Tenant FAIR, ISAAC INTERNATIONAL UK CORPORATION (a company registered in California under number FC016585) whose registered office is at 2nd Floor Concorde House Trinity Park Birmingham West Midlands B37 7EC;

OPERATIVE PROVISIONS

1. Definitions and interpretation

1.1 Unless the contrary intention appears, the following definitions apply:

Common Parts the parts of the Estate comprising the Main Estate Road (to the extent that they have not been adopted as maintainable at the public expense), balancing lake, landscaped areas (including the Structural Landscaping) which are not the responsibility of an individual owner or occupier of part of the Estate and all other areas ways and amenities in the Estate (including the Service Media) provided or designated from time to time by the Landlord or

the Management Company for common use and enjoyment by the owners and occupiers of the Estate, and each and every part of them;

-1-

Conducting Media drains, sewers, conduits, flues, gutters, gullies, channels, ducts, shafts,

	watercourses, pipes, cables, wires and mains;
Development	The land and buildings now or at any time during the Term erected thereon shown for the purposes of identification only edged blue on Plan 1 and each and every part of it, being part of the Estate;
Development Road	the road and footpaths serving the Development, shown edged brown on Plan 1;
Encumbrances	the restrictions, stipulations, covenants, rights, reservations, provisions and other matters contained, imposed by or referred to in the Property and Charges Registers of H M Land Registry Title Number WM719791 so far as they relate to the Premises and in the documents brief particulars of which are set out in schedule 1 part 4;
Estate	Birmingham International Park, Bickenhill, Elmdon, Solihull, West Midlands shown for the purpose of identification edged red on Plan 2 and each and every part of it;
Insured Risks	has the meaning given to it in schedule 3;
Interest	interest at the rate of 4% over the base rate of Barclays Bank Plc from time to time (as well after as before judgment), or such other comparable rate as the Landlord may reasonably and properly designate if the base rate ceases to be published

Landlord	includes all persons from time to time entitled to the immediate reversion to this Lease;
Lease	includes any documents supplemental to this Lease;
Main Estate Road	the road and footpaths serving the Estate and shown edged brown on Plan 2, now known as Starley Way;
Management Company	BIP Management Limited (Company Number 2923457) whose registered office is at Portland House, Stag Place, London, SW1E 5DS or other management company from time to time providing the Services;
Outgoings	(in relation to the Premises) all non-domestic rates, (including rates for unoccupied property), water rates, water charges and all existing and future rates, taxes, charges, assessments, impositions and outgoings whatsoever (whether parliamentary or local) which are now or may at any time be payable, charged or assessed on property, or the owner or occupier of property, but "taxes" in this context does not include value added tax, nor any taxes imposed on the Landlord in respect of the yearly rent reserved by this Lease, or in respect of a disposal of the interest in immediate reversion to this Lease;
Perpetuity Period 80	years calculated from the date of this Lease;
Plan 1	the plan marked "Plan 1" annexed to this Lease;
Plan 2	the plan marked "Plan 2" annexed to this Lease;

Planning Acts	"the consolidating Acts" as defined in the Planning (Consequential Provisions) Act 1990 and any other legislation relating to town and country planning in force from time to time;
Premises	the property described in schedule 1 part 1 and each part of the Premises;
Retained Land	the property comprised in titles WM6947, WM365919 and WM518832
Service Media	the pipes, ducts, wires, cisterns, tanks, cables, meters, sewers, drains, watercourses, mains, gutters and other media which are in on over or under the Estate or which provide or remove the Utilities from to or through the Estate at any time during the Perpetuity Period;
Structural Landscaping	the landscape mound and the other areas of landscaping within the Estate shown edged green on Plan 2 and the balancing lake shown on Plan 2 as varied in extent and location from time to time by the Landlord and/or the Management Company;
Tenant	includes the Tenant's successors in title and assigns in whom this Lease may for the time being be vested;
Term	the term of years granted by this Lease; and
Unsecured Underletting	an underletting of part of the Premises in relation to which the underlessor and the underlessee have agreed to exclude the provisions of sections 24 to 28 of the Landlord and Tenant Act 1954 and their agreement to do so has been duly authorised beforehand by the court.

Utilities water, soil, surface water, electricity,
gas, oil, telephone; power, fire alarm
systems, telecommunications or other
services;

- 1.2 Any obligation on a party to this Lease to do any act includes an obligation to procure that it is done.
- 1.3 includes the obligation on the Tenant not to permit or allow the infringement of the restriction by any person.
- 1.4 References to liability include, where the context allows, claims, demands, proceedings, damages, losses, costs and expenses.
- 1.5 The clause and paragraph headings in this Lease are for ease of reference only and are not to be taken into account in the construction or interpretation of any provision to which they refer.
- 1.6 Unless the contrary intention appears, references:
- 1.6.1 to numbered clauses and schedules are references to the relevant clause in, or schedule to, this Lease; and
- 1.6.2 to a numbered paragraph in any schedule are references to the relevant paragraph in that schedule.
- 1.7 Words in this Lease denoting the singular include the plural meaning and vice versa.
- 1.8 References in this Lease to any statutes or statutory instruments include any statute or statutory instrument amending, consolidating or replacing them respectively from time to time in force, and references to a statute include statutory instruments and regulations made pursuant to it.
- 1.9 Words in this Lease importing one gender include both other genders, and may be used interchangeably, and words denoting natural persons, where the context allows, include corporations and vice versa.
- 1.10 For the purposes of this Lease, two companies are members of the same group if one is the subsidiary of the other, or both are subsidiaries of a third company, "subsidiary" having the meaning given to it in section 736 of the Companies Act 1985.
- 1.11 At any time that the parties of the second or third parts to this Lease are two or more persons, the expression "the Tenant" or "the Guarantor" includes the plural number, and obligations in this lease expressed or implied to be made with or by the Tenant or the Guarantor are to be treated as made with or by such individuals jointly and severally.

2. The letting terms

In consideration of the rent reserved by, and the covenants in, this Lease:

- 2.1 the Landlord lets to the Tenant.
 - 2.1.2 all the Premises;
 - 2.1.3 together with the rights set out in schedule 1 part 2; and
 - 2.1.3 except and reserved to the Landlord and its employees agents and contractors and the owners and occupiers from time to time of the Estate and the Retained Land the rights set out in schedule 1 part 3;
- 2.2 for the term of 15 years commencing on 15th June 2001 (determinable as provided by this Lease) subject to the Encumbrances;
- 2.3 the Tenant paying during the Term.
 - 2.3.1 the yearly rent of FOUR HUNDRED AND SIXTY SIX THOUSAND FIVE HUNDRED AND THIRTY SEVEN POUNDS FIFTY PENCE (#466,537.50) (subject to revision under schedule 2) by equal quarterly payments in advance on the usual quarter days in every year, the first (or a proportionate part) of such payments in respect of the period commencing on 14th March 2002 and ending on the following quarter day to be made on 16th March 2002;
 - 2.3.2 as additional rent
 - 2.3.2.1 The monies payable by the Tenant under schedules 3 and 4 commencing on 15th June 2001;
 - 2.3.2.2 Interest payable by the Tenant under the terms of this Lease; and
 - 2.3.2.3 such value added tax as may be chargeable on the rent and the other additional rents reserved by this Lease.

3. Tenant's covenants

The Tenant covenants with the Landlord during the Term as follows:

- 3.1 Rent
 - 3.1.1 To pay the yearly rent reserved by this Lease, free from any deductions and rights of set-off, at the times and in the manner required in clause 2.3.1 and by means of a standing order to the Tenant's bankers.
 - 3.1.2 To pay the additional rents reserved by this Lease at the times and in the manner specified.
- 3.2 Interest

To pay Interest on so much of the rents, reviewed rents, and other monies payable under this Lease as remain unpaid due from the date that they became due until the payment is made to the Landlord.

3.3 Outgoings and Contributions

3.3.1 To pay Outgoings.

3.3.2 To refund to the Landlord on demand (where Outgoings relate to other property including the Premises) a fair and proper proportion attributable to the Premises, such proportion to be conclusively determined by the Landlord or the Landlord's surveyor.

3.3.3 To reimburse the Landlord for loss of relief from non-domestic rates for unoccupied property which would have been available to the Landlord in respect of vacancy of the Premises after the termination of this Lease but for the allowance of relief to the Tenant or any other person formerly in occupation of the Premises for vacancy commencing before the termination of this Lease.

3.3.4 To pay for all gas and electricity consumed on the Premises, all charges for meters, and all standing charges.

3.4 Repair

To keep the Premises in good and substantial repair, maintained and in clean condition (except in respect of damage by Insured Risks as allowed in schedule 3).

3.5 Decorations

3.5.1 To decorate the inside of the Premises in the year 2006 and from then in every subsequent fifth year of the Term and in the last three months of the Term (however it may terminate) with two coats of good quality paint or good quality polish, and with paper for those parts normally papered, or other suitable and appropriate materials of good quality, in a workmanlike manner (the decorations in the last three months of the Term to be executed in such colours, patterns and materials as the Landlord may reasonably and properly require).

3.5.2 To decorate the exterior of the Premises in the year 2006 and from then in every subsequent fifth year of the Term and also in the last three months of the Term (however it may terminate) with three coats of good quality paint or polish, or other suitable material of good quality, in a proper and workmanlike manner.

3.5.3 Not without the consent of the Landlord to alter, cover up or change any part of the architectural decorations or the external colour of the Premises.

3.6 Landlord's right of inspection and right of repair

- 3.6.1 To permit the Landlord and its employees or agents at all reasonable and proper times upon not less than five working days written notice (except in the case of emergency) to enter the Premises and examine their condition and also to take a schedule of fixtures and fittings in the Premises.
- 3.6.2 If any breach of covenant, defects, disrepair, removal of fixtures and fittings or unauthorised alterations or additions are found on inspection for which the Tenant is liable, then, on written notice from the Landlord, to execute to the reasonable and proper satisfaction of the Landlord or its surveyor all repairs, works, replacements or removals required within two months (or sooner if necessary) after receipt of notice.
- 3.6.3 If the Tenant fails to commence the works and comply with a notice under clause 3.6.2, the Landlord may itself or by its workpeople or agents enter the Premises and execute the repairs, works, replacements or removals.
- 3.6.4 To pay to the Landlord on demand all reasonable and proper expenses incurred under clause 3.6.3 (the expenses and any Interest on them to be recoverable as rent in arrear).
- 3.7 Yield up in repair at the end of the Term
- At the termination of this Lease or at such later time as the Landlord recovers possession of the Premises from the Tenant.
- 3.7.1 quietly to yield up the Premises (with all additions and improvements to the Premises and all fixtures in the Premises, other than tenant's fixtures and fittings which the Tenant may be entitled to remove) repaired, maintained, cleaned, decorated and kept in accordance with the Tenant's covenants in this Lease (except in respect of damage by Insured Risks as allowed in schedule 3);
- 3.7.2 if so requested by the Landlord, to remove from the Premises all the Tenant's belongings, that is to say trade fixtures and fittings and all notices, notice boards and signs bearing the name of, or otherwise relating to, the Tenant (including in this context any persons deriving title to the Premises under the Tenant) or its business; and
- 3.7.3 to make good to the reasonable satisfaction of the Landlord all damage to the Premises resulting from the removal of the Tenant's belongings from the Premises.
- 3.8 Landlord's right of entry for repairs, etc
- 3.8.1 To permit the Landlord or other owners, tenants or occupiers of any adjoining or neighbouring property and their respective agents, workmen and employees to enter the Premises at reasonable and proper times, after giving to the Tenant not less than five working days written notice (except in an emergency or where a third party has a right to enter without giving such notice):
- 3.8.1.1 to alter, maintain or repair the adjoining premises or property of the Landlord on the Development or person so entering; or

- 3.8.1.2 to alter, maintain or repair anything serving such property on the Development and running through or on the Premises provided that the Landlord shall not be permitted to construct any such thing under the building erected on the Premises; or
- 3.8.1.3 to comply with an obligation to any third party having legal rights over the Premises; or
- 3.8.1.4 in exercise of a right or to comply with an obligation of repair, maintenance or renewal under this Lease; or
- 3.8.1.5 in connection with the development of any adjoining or neighbouring land or premises, owned by the Landlord;

without payment of compensation for any nuisance, annoyance, inconvenience, damage or loss caused to the Tenant, subject to the Landlord (or other person entering) exercising the right as soon as reasonably practicable in a reasonable and proper manner and making good any damage caused to the Premises without unreasonable delay Provided Always that the rights granted by this clause cannot reasonably be exercised without the need for access to the Premises.

3.9 Alterations

- 3.9.1 Not to annex the Premises to other premises nor to make any structural additions thereto of any kind whatsoever nor to build any additional structure nor to impair the support or shelter of any neighbouring property nor to alter the height of the Premises nor to cut main or remove any of the principal or load-bearing or curtain walls or the floor or ceiling slabs in such a manner as will affect the structural integrity of the Premises nor to alter any Conducting Media in common use or exclusively serving other premises nor to alter the external appearance of the Premises nor to make any external structural alterations to the Premises.
- 3.9.2 Not without the consent of the Landlord (not to be unreasonably withheld or delayed) to make any other alterations or additions to the Premises or the plant and machinery therein (but the erection, alteration or removal by the Tenant of internal demountable partitioning, and consequential adjustments of ducting, ceiling tiles, light fittings and wiring, is authorised without such consent if the plans of the partitions (or details of the alteration or removal of partitioning) are deposited with the Landlord within 7 days prior to commencement of the Works).
- 3.9.3 On the termination of this Lease, to reinstate the Premises to the condition in which they were in at the grant of this Lease, such reinstatement to be carried out under the supervision and to the reasonable satisfaction of the Landlord or the Landlord's surveyor.
- 3.9.4 To procure that any alterations or additions to the Premises permitted by the Landlord under clause 3.9.2 be carried out by a reputable contractor.

3.10 Alienation

3.10.1 Not to assign or charge part only of the Premises.

3.10.2.1 Not to assign or charge the whole of the Premises without the consent of the Landlord but, subject to the operation of the following provisions of this clause 3.10.2, such consent is not to be unreasonably withheld.

3.10.2.2 For the purposes of sub-section 19(1)(A) Landlord and Tenant Act 1927 (as amended) and in addition to any other condition or requirement which the Landlord may reasonably impose or any objection which the Landlord may reasonably make the Landlord may withhold its consent to an assignment of the Premises in any one or more of the following circumstances:

- (a) where the proposed assignee is a Group Company except where that Group Company is of equal or greater financial standing than the Tenant;
- (b) where in the reasonable opinion of the Landlord the proposed assignee is not of sufficient financial standing to enable it to comply with the Tenant's covenants in this Lease;
- (c) where the proposed assignee enjoys diplomatic or state immunity but this circumstance shall not apply where the proposed assignee is the Government of the United Kingdom or any department thereof;
- (d) where in the reasonable opinion of the Landlord the value of the Landlord's interest in the Premises would be diminished or otherwise adversely affected by the proposed assignment on the assumption (whether or not a fact) that the Landlord wished to sell its reversion the day following completion of the assignment of this Lease to the proposed assignee.

3.10.2.3 For the purposes of sub-section 19(1)(A) Landlord and Tenant Act 1927 (as amended) and in addition to any other condition or requirement which the Landlord may reasonably impose, the consent of the Landlord to an assignment of the Premises may be granted subject to any one or more of the following conditions:

- (a) the delivery by the Tenant to the Landlord of an authorised guarantee agreement the operative provisions of which are in the form required in Schedule 5 Part 2;
- (b) the payment to the Landlord of all rents referred to in clause 2 which have fallen due under this Lease or any other deed supplemental to or in pursuance of this Lease prior to the date of the proposed assignment;
- (c) the remedying of any subsisting material or persistent breach of any Tenant's covenant or condition in this Lease or any other deed supplemental to or in pursuance of this Lease;

- (d) where the Landlord reasonably so requires the delivery to the Landlord of a deed of guarantee entered into by one or more third party guarantors reasonably acceptable to the Landlord in the form contained in Schedule 5 Part 1 of this Lease;
- (e) where the Landlord reasonably so requires the delivery to the Landlord of a rent deposit deed entered into by the proposed assignee (in such reasonable form as the Landlord may from time to time reasonably determine) together with payment to the Landlord by way of cleared funds of such sum as the Landlord may reasonably determine provided always that this shall not exceed six months rent);

PROVIDED THAT the Landlord shall not be entitled to require both a guarantee (as referred to in paragraph (d) above) and a rent deposit (as referred to in paragraph (e) above)

- 3.10.3 Not to underlet the whole or any part of the Premises without the consent of the Landlord (such consent not to be unreasonably withheld or delayed).
- 3.10.4 On the grant of an underlease, to obtain covenants by deed from the underlessee direct with the Landlord in such form as the Landlord may reasonably require that the underlessee will:
 - 3.10.4.1 not assign, subunderlet or charge part only of the premises underlet;
 - 3.10.4.2 not part with or share possession or occupation of the whole or any part of the premises underlet, nor grant rights to third parties over them except by a permitted assignment or subunderletting;
 - 3.10.4.3 not assign, or charge or subunderlet the whole of the premises underlet without obtaining the previous consent of the Landlord under this Lease such consent not to be unreasonably withheld or delayed;
 - 3.10.4.4 provide for the inclusion in any subunderleases granted out of the underlease (whether immediate or mediate) of covenants to the same effect as those contained in this clause 3.10.4 and clause 3.10.5 and 3.10.7;
 - 3.10.4.5 not subunderlet a part of the Premises (as opposed to the whole) except by way of an Unsecured Underletting.
- 3.10.5 On the grant of any underlease:
 - 3.10.5.1 to include provisions for the revision of the rent reserved by the underlease in an upward-only direction to correspond in time and effect with the provisions for the revision of rent in this Lease;
 - 3.10.5.2 not to reserve or take a premium or fine;

- 3.10.5.3 to reserve a rent which is the open market rent at the time of the grant of the underlease;
 - 3.10.5.4 to include provisions in the underlease to the same effect as those in clause 3.10.2;
 - 3.10.5.5 to include in such underlessee covenants as are not inconsistent with, or impair the due performance and observance of; the covenants of the Tenant in this Lease.
 - 3.10.5.6 in the case of an underletting of part only of the Premises to incorporate provisions whereby there is reserved as rent a fair proportion of the cost of cleaning lighting repairing maintaining and other costs and exercises incurred in relation to any parts of the Premises the use of which is common to the part underlet and the remainder of the Premises.
- 3.10.6 Not to underlet or sub-underlet the Premises so as to sub-divide them into more than two units of occupation on any one floor.
- 3.10.7 Not to underlet part only of the Premises except by way of and Unsecured Underletting.
- 3.10.8 Not (except by assignment or underletting permitted under this clause 3.10) to:
- 3.10.8.1 part with or share possession or occupation of the whole or any part of the Premises; or
 - 3.10.8.2 grant any rights over the Premises to third parties.
- 3.10.9 The preceding provisions of this clause 3.10 do not apply to any parting with possession or occupation or the sharing of occupation or sub-division of the Premises to or with any member of a group of companies of which the Tenant is itself a member if:
- 3.10.9.1 the interest in the Premises so created is and remains no more than a tenancy at will ; and
 - 3.10.9.2 the possession, occupation or subdivision are immediately terminated if the Tenant and the relevant member cease for any reason to be members of the same group of companies.
- 3.11 Registration of dispositions of this Lease
- Within one month after a disposition of this Lease (a disposition being an assignment, charge, transfer, underlease, assignment or surrender of any underlease, or, on any transmission by death or otherwise, documentary evidence of devolution affecting the Premises):
- 3.11.1 to produce the document effecting the disposition (and in each case a certified copy for retention by the Landlord) to the Landlord's solicitors; and

- 3.11.2 to pay to the solicitors a fee of (pound)50 for the registration.
- 3.12 Enforcement of underleases
- 3.12.1 Not without the consent of the Landlord (such consent not to be unreasonably withheld or delayed) to vary the terms, or waive the benefit, of any underlessee covenants or conditions in an underlease of the Premises.
- 3.12.2 Not without the consent of the Landlord (such consent not to be unreasonably withheld or delayed) to accept a surrender of any underlease of the Premises.
- 3.12.3 Diligently to enforce the underlessee covenants and conditions in any underlease of the Premises and (if reasonably and properly required by the Landlord) to exercise by way of enforcement the powers of re-entry in the underlease.
- 3.12.4 Not without the consent of the Landlord to accept any sum or payment in kind by way of commutation of the rent payable by an underlessee of the Premises.
- 3.12.5 Not to accept the payment of rent from an underlessee of the Premises otherwise than by regular quarterly (or more frequent) payments in advance.
- 3.12.6 Duly and punctually to exercise all rights to revise the rent reserved by an underlease of the Premises, and not to agree a revised rent with an underlessee without the approval of the Landlord (such approval not to be unreasonably withheld or delayed).
- 3.13 User
- 3.13.1 Not without the consent of the Landlord to use the Premises otherwise than as offices falling within class B1(a) of the Town and Country (Use Classes) Order 1987 (as in force on 1 June 1987) and for purposes ancillary to those uses.
- 3.13.2 Nothing in this Lease implies or is to be treated as a warranty to the effect that the use of the Premises for those purposes is in compliance with the Planning Acts and all other statutes and regulations relating to town and country planning from time to time in force.
- 3.14 Restrictions affecting use of the Premises
- 3.14.1 Not to allow any process, activity or storage on the Premises which causes noise, fumes or vibration which can be heard, smelled or felt outside the Premises
- 3.14.2 Not to store any petrol or other specially inflammable, explosive or combustible substance in the Premises.
- 3.14.3 Not to use the Premises for any noxious, noisy or offensive trade or business nor for any illegal or immoral act or purpose.

- 3.14.4 Not to do anything in the Premises which may be or grow to be a nuisance, annoyance, disturbance, inconvenience or damage to the Landlord or to the owners, tenants and occupiers of adjoining and neighbouring properties.
- 3.14.5 Not to load or use the floors, walls, ceilings or structure of the Premises so as to cause strain, damage or interference with the structural parts, loadbearing framework, roof, foundations, joists and external walls of the Premises.
- 3.14.6 Not to overload the lifts, electrical installation or Conducting Media in the Premises.
- 3.14.7 Not to do or omit to do anything which may interfere with or which imposes an additional loading on any ventilation, heating, air-conditioning or other plant or machinery serving the Premises.
- 3.14.8 Not to use the Premises for the sale of alcoholic liquor for consumption either on or off the Premises.
- 3.14.9 Not to allow any person to sleep in the Premises nor to use the Premises for residential purposes.
- 3.14.10 Not to store any materials or goods outside the building comprised in the Premises unless in a designated storage area approved by the Landlord and all relevant authorities.
- 3.14.11 Not to burn rubbish or waste materials, paper, wood and other combustible matter on the Premises except within boilers or incinerators provided for the purpose and approved by the Landlord or the Landlord's Surveyor.
- 3.14.12 Not to cause any land, roads or pavements abutting the Premises to be untidy or in a dirty condition and in particular (but without prejudice to the generality of the above) not to deposit on them refuse or other materials.
- 3.14.13 Not to permit to be discharged into any Conducting Media forming part of or serving the Premises:
- 3.14.13.1 any oil or grease or any deleterious, objectionable, dangerous, poisonous or explosive matter or substance and to take all measures to ensure that any effluent discharged into the Conducting Media will not be corrosive or otherwise harmful to the Conducting Media or cause obstruction or deposit in them; or
 - 3.14.13.2 any fluid of a poisonous or noxious nature or of a kind likely to contaminate or pollute the water of any stream or river.
- 3.14.14 Not to carry out any process or carry on any activity which will or may lead to the Premises being placed on any register of contaminated land.
- 3.14.15 Not to use any portion of the Main Estate Road and the Development Road for the parking of vehicles nor to carry out repairs or maintenance to vehicles on the Main Estate Road or the Development Road.

- 3.14.16 Not to impede the use by any other person of the Estate Road or any other area used by the Tenant in common and in particular not to load or unload any vehicle unless the vehicle shall be in a loading area provided from time to time for that purpose.
- 3.14.17 To observe and perform such rules and regulations which Birmingham International Park (2000) Limited or the Management Company may from time to time make and which the Landlord is obliged to observe pursuant to a transfer of the Development dated 31st March 2000 and to observe and perform the reasonable rules and regulations from time to time made by the Landlord in accordance with the principles of good estate management and which relate to the orderly and proper use of the Development.
- 3.15 Advertisements and signs
- 3.15.1 Not to place or display on the exterior or the windows of the Premises or inside the Premises so as to be visible from the exterior of the Premises any name, writing, notice, sign, illuminated sign, display of lights, placard, poster, sticker or advertisement other than;
- 3.15.1.1 a suitable sign of a size and kind first approved by the Landlord or the Landlord's surveyor (such approval not to be unreasonably withheld or delayed where the sign is consistent with the other tenant's signs on the Development and is consistent with the principles of good estate management) showing the Tenant's name and trade;
- 3.15.1.2 such other notices as the Landlord may in its discretion approve; and
- 3.16 Compliance with statutes, etc
- 3.16.1 Except where such liability may be expressly within the Landlord's covenants in this Lease to comply in all respects with the provisions of all statutes from time to time, and the requirements of any competent authority, relating to the Premises or anything done in or on them by the Tenant, and to keep the Landlord indemnified against liability in consequence of the Tenant's failure to comply.
- 3.16.2 In particular (but without affecting the general operation of clause 3.17.1):
- 3.16.2.1 to execute all works and do all things on or in respect of the Premises which are required under the Offices, Shops and Railway Premises Act 1963;
- 3.16.2.2 to comply with all requirements under any present or future statute, order, bylaw or regulation as to the use or occupation of; or otherwise concerning, the Premises; and
- 3.16.2.3 to execute with all due diligence (commencing work within two months or sooner if necessary and then proceeding continuously) all works to the Premises for which the Tenant is liable under this clause 3.16 and of which the Landlord has given notice to the Tenant;

and, if the Tenant does not comply with clause 3.16.2.3, to permit the Landlord to enter the Premises to carry out the works and to indemnify the Landlord on demand for the expenses of so doing (including professional fees), such expenses and any Interest on them to be recoverable as rent in arrear.

3.17 Planning permission

3.17.1 Not without the consent of the Landlord to make any application under the Planning Acts, to any local planning authority for permission to develop, including change of use of, the Premises.

3.17.2 To indemnify the Landlord against any development charges, other charges and expenses payable in respect of planning applications submitted by or on behalf of the Tenant or any person deriving title under the Tenant or under the Tenant's control and to reimburse to the Landlord the costs it may reasonably and properly incur in connection with such consent.

3.17.3 To keep the Landlord indemnified against any reasonable and proper expense incurred in consequence of the use of the Premises reverting to the use existing before the application was made.

3.17.4 Immediately to give the Landlord full particulars in writing of grant of planning permission submitted by or on behalf of the Tenant or any person deriving title under the Tenant or under the Tenant's control.

3.17.5 Not to implement any planning permission if the Landlord makes reasonable and proper objection to any of the conditions subject to which it has been granted.

3.18 Compliance with town planning and environmental requirements

3.18.1 To perform and observe the requirements of the Planning Acts and all other statutes and regulations relating to town and country planning and environmental protection applying to the Premises, and to obtain any development or other consent, permit or licence by reason of the development, or manner of use, of or on the Premises by the Tenant.

3.18.2 To keep the Landlord indemnified against liability by reason of the Tenant's failure to obtain any requisite development or other consent, permit or licence or in complying with the requirements of statutes and regulations.

3.18.3 To give full particulars to the Landlord of any notice or proposal for a notice, or order or proposal for an order, made, given or issued to the Tenant under the Planning Acts and all other statutes or regulations relating to town and country planning, environmental protection or otherwise within seven days after receipt by the Tenant.

3.18.4 Immediately to take all reasonable and necessary steps to comply with any such notice or order.

- 3.18.5 At the request and cost of the Landlord, to make or join with the Landlord in making such objections or representations against or in respect of any proposal for such a notice or order as the Landlord may consider expedient.
- 3.19 Claims made by third parties
 - 3.19.1 To keep the Landlord indemnified against liability in respect of any accident, loss or damage to person or property in the Premises.
 - 3.19.2 To keep the Landlord indemnified against liability to third parties by reason of breach by the Tenant of its obligations in this Lease.
- 3.20 Expenses of the Landlord
 - 3.20.1 To pay to the Landlord on demand all reasonable and proper expenses (including bailiffs and professional fees) incurred by the Landlord:
 - 3.20.2 incidental to or in proper contemplation of the preparation and service of a schedule of dilapidations during or after the termination of this Lease and/or a notice under sections 146 and 147 of the Law of Property Act 1925, even if forfeiture is avoided otherwise than by relief granted by the court;
 - 3.20.3 in the recovery or attempted recovery of arrears of rent or additional rent due from the Tenant; and
 - 3.20.4 in connection with every application for any consent or approval made under this Lease (whether or not consent or approval is given) except where a court has held that the Landlord has unreasonably withheld or delayed its consent.
 - 3.21 Obstruction of windows or lights and easements
 - 3.21.1 Not to stop up or obstruct any windows of the Premises or any other buildings belonging to the Landlord.
 - 3.21.2 Not to permit any easement or similar right to be made or acquired into, against or on the Premises.
 - 3.21.3 Where any such easement or right is or is attempted to be acquired, immediately to give notice of the circumstances to the Landlord, and at the request and cost of the Landlord to adopt such course as it may reasonably and properly require for preventing the acquisition of the easement or right.
 - 3.22 Value added tax
 - 3.22.1 To pay value added tax on taxable supplies of goods and services made by the Landlord in connection with this Lease, for which the consideration is to be treated as exclusive of value added tax chargeable on the payment.
 - 3.22.2 Where the Landlord is entitled under this Lease to recover from the Tenant the costs of goods and services supplied to the Landlord, but in respect of which the Landlord makes no taxable supply to the Tenant, to indemnify the Landlord

against so much of the input tax on the cost for which the Landlord is not entitled to credit allowance under section 26 of the Value Added Tax Act 1994.

3.22.3 To indemnify and keep the Landlord indemnified against loss arising from the Landlord failing to recover, or being liable to repay or pay value added tax and interest, fines and penalties resulting from the breach of the obligations by the Tenant in the preceding two subclauses, and against taxation incurred or suffered by the Landlord on amounts under this indemnity.

3.23 Notices to let and for sale

3.23.1 To allow the Landlord or its agents to enter the Premises at any time:

3.23.1.1 within six months before the termination of this Lease to fix on the Premises a notice board for reletting the Premises; and

3.23.1.2 to fix on some part of the Premises a notice board for the sale of the interest of the Landlord.

3.23.2 Not to remove or obscure any such notice board.

3.23.3 To permit all persons authorised by the Landlord or its agents at reasonable times upon written notice to view the Premises (at reasonable and proper hours) without interruption in connection with any such letting or sale.

3.24 Encumbrances

To observe and perform by way of indemnity only the obligations and restrictions comprising the Encumbrances so far as they relate to the Premises and are capable of being enforced, and to keep the Landlord indemnified against liability for the breach of the obligations and restrictions except where the obligations are those of the Landlord under the provisions of the Service Charge.

4. Provisos

The parties agree to the following provisos.

4.1 Proviso for re-entry

4.1.1 The Landlord may terminate this Lease by re-entering the Premises (or a part of them) itself or by an authorised agent if:

4.1.1.1 any rent remains unpaid 21 days after becoming due for payment (whether or not formally demanded); or

4.1.1.2 the Tenant fails to perform or observe any of its covenants or the conditions in this Lease or allows any distress or execution to be levied on its goods which is not satisfied within 7 days; or

4.1.1.3 an event of insolvency occurs in relation to the Tenant or any guarantor of the Tenant.

4.1.2 Re-entry in exercise of the rights in clause 4.1.1 does not affect any other right or remedy of the Landlord for breach of covenant or condition by the Tenant occurring before the termination of this Lease.

4.1.3 The expression an event of insolvency in clause 4.1.1 includes:

4.1.3.1 (in relation to a company or other corporation which is the Tenant or a guarantor) inability of the company to pay its debts, entry into liquidation whether compulsory or voluntary (except for the purpose of amalgamation or reconstruction), the passing of a resolution for a creditors' winding-up, the making of a proposal to the company and its creditors for a composition in satisfaction of its debts or a scheme of arrangement of its affairs, the application to the court for an administration order, and the appointment of a receiver or administrative receiver; and

4.1.3.2 (in relation to an individual who is the Tenant or a guarantor) inability to pay or having no reasonable prospect of being able to pay his debts, the presentation of a bankruptcy petition, the making of a proposal to his creditors for a composition in satisfaction of his debts or a scheme of an arrangement of his affairs, the application to the court for an interim order, and the appointment of a receiver or interim receiver;

and in relation to the various events of insolvency they are, wherever appropriate, to be interpreted in accordance and conjunction with the relevant provisions of the Insolvency Act 1986.

4.2 Power for Landlord to deal with adjoining property

The Landlord may deal as it thinks fit with other property adjoining or nearby belonging to the Landlord, and may erect or permit to be erected on such property any buildings irrespective of whether they affect or diminish the light or air which may now or at any time be enjoyed by the Tenant in respect of the Premises.

4.3 Compensation for disturbance

The Tenant is not entitled to claim any compensation from the Landlord on quitting the Premises unless and to the extent that any statutory right to compensation precludes the operation of this clause.

4.4 Removal of property after determination of Term

4.4.1 If, after the Tenant has vacated the Premises following the termination of this Lease, any property of the Tenant remains in the Premises, and the Tenant fails to remove it within 28 days after being requested in writing by the Landlord to do so, the Landlord may as the agent of the Tenant sell such property and hold the proceeds of sale, after deducting the costs and expenses of removal, storage and sale reasonably and properly incurred by it, to the order of the Tenant.

4.4.2 The Tenant will indemnify the Landlord against any liability incurred by it to any third party whose property has been sold by the Landlord in the bona fide

mistaken belief (which is to be presumed unless the contrary is proved) that it belonged to the Tenant and was liable to be dealt with as such under this clause 4.4.

4.5 Notices, consents and approvals

4.5.1 Any notice served under or in connection with this Lease is to be in writing and to be treated as properly served if compliance is made with either the provisions of section 196 of the Law of Property Act 1925 (as amended by the Recorded Delivery Service Act 1962) or section 23 of the Landlord and Tenant Act 1927.

4.5.2 Any consent or approval required under this Lease shall be in writing and shall be obtained before the act or event to which it applies is carried out or done and shall be effective only if it is in such form and upon such terms as the party giving it properly requires and contains the statement "this is the form of consent or approval required by the lease pursuant to which it is granted".

4.6 Services

4.6.1 It is hereby agreed between the parties with regard to the Services in respect of the Estate to be provided by the Management Company the Tenant shall not be required through the Service Charge to make any payments or contributions at any time with regard to the following matters:

- (a) the cost charges and expenses in bringing the Main Estate Road up to adoption standard, in remedying any defects or carrying out any works required by the highway authority prior to its adoption and in relation to its adoption; and
- (b) the maintenance and repair of foul and storm water sewers referred to in the draft Section 104 Agreement submitted in 1996 and to be made between Birmingham International Park Limited (1) Barclays Bank Plc (2) and the Metropolitan Borough of Solihull (3)

4.6.2 It is hereby agreed between the parties that the Landlord will not include in the service charge or the Landlord's Services any capital costs relating to the initial construction or development of any part of the Development.

4.6.3 For the avoidance of doubt it is agreed between the parties that for the purposes of Schedule 4 the expressions "Account" "Advance Payment" "Expenditure" "Management Company" "Service Charge" and "Services" relate to the Services on the Estate and not to the Development Service Charge.

5. Landlord's covenants

The Landlord covenants with the Tenant as follows.

5.1 Quiet enjoyment

That the Tenant paying the rents reserved by, and performing the Tenant's covenants in this Lease, may lawfully and peaceably enjoy the Premises

throughout the Term without interruption by the Landlord or by any person lawfully claiming through, under or in trust for the Landlord.

5.2 To comply with all the covenants and conditions relating to the Estate in so far as the same relate to the Development and are not the responsibility of the Tenant or any other tenant or occupier of the Development.

5.3 The Landlord agrees with the Tenant that it will if required by the Tenant in writing take such action as the Tenant may reasonably require to enforce against the Management Company the covenants conditions and rights contained or referred to in the transfer of the Development dated 31st March 2000 and made between the Landlord and Birmingham International Park (2000) Limited in so far as the same relate to and affect the Estate the Premises or the Service Charge subject to the Tenant paying the Landlord's reasonable and proper costs of enforcing such covenants conditions and rights.

6. Obligations in schedules to this Lease

The Landlord and the Tenant mutually covenant to observe and perform their respective obligations and the conditions in the schedules.

7. Expert determination

7.1 In this Lease, where any issue is required to be dealt with by, or submitted for the determination of, an independent expert, the following provisions of this clause are to apply but, in case of conflict with other provisions specifically relating to expert determination elsewhere in this Lease, those other provisions are to prevail to the extent of the conflict.

7.2 The expert is to be appointed by the parties jointly, or if they cannot or do not agree on the appointment, appointed by whichever of the following is appropriate:

7.2.1 the president from time to time of the Royal Institution of Chartered Surveyors; or

7.2.2 the president from time to time of the Institute of Chartered Accountants in England and Wales;

or in either case the duly appointed deputy of the president, or other person authorised by him to make appointments on his behalf.

7.3 The person so appointed is to act as an expert, and not as an arbitrator.

7.4 The expert so appointed must afford the parties the opportunity within such a reasonable and proper time limit as he may stipulate to make representations to him (accompanied by professional rental valuations, reports or other appropriate evidence in the relevant circumstances) and permit each party to make submissions on the representations of the other.

- 7.5 The fees and expenses of the expert, including the cost of his nomination, are to be borne as the expert may direct (but in the absence of such a direction, by the parties in equal shares), but (unless they otherwise agree) the parties will bear their own costs with respect to the determination of the issue by the expert.
- 7.6 One party may pay the costs required to be borne by another party if they remain unpaid for more than 21 days after they become due and then recover these and any incidental expenses incurred from the other party on demand.
- 7.7 If the expert refuses to act, becomes incapable of acting or dies, the Landlord or the Tenant may request the appointment of another expert in his stead under clause 7.2.
- 7.8 The determination of the independent expert, except in case of manifest error, is to be binding on the Landlord and the Tenant.
- 7.9 Where in clauses 3.3.2 and 3.9.3 and in the definitions of Development Service Charge and Service Charge Percentage in Part 1 of Schedule 4 a matter is to be determined by the Landlord or the Landlord's surveyor the Tenant shall be entitled within 20 working days of such determination to dispute such determination and in such circumstances the dispute shall be referred to an independent expert and the provisions of this clause 7 shall apply
- 7.10 If the base rate of Barclays Bank Plc ceases to be published and the Landlord designates another comparable rate, the Tenant shall be entitled within 20 working days of such comparable rate being so designated to dispute such rate and in such circumstances the comparable rate of interest shall be such rate as is determined or agreed by an independent expert in accordance with clause 7
8. Covenant status of this Lease
- This Lease is a new tenancy within the meaning of section 1 of the Landlord and Tenant (Covenants) Act 1995.
9. Contracts (Rights of Third Parties) Act 1999
- 9.1 Unless the right is expressly granted, it is not intended that a third party has a right to enforce a provision of the Lease pursuant to the Contracts (Rights of Third Parties) Act 1999.
- 9.2 The parties may rescind or vary the provisions of this Lease without the consent of a third party to whom a right of enforcement has been expressly granted.
10. Jurisdiction
- 10.1 This lease will in all respects be governed by and construed in accordance with English law and the parties irrevocably submit to the jurisdiction of the English courts

10.2 The Tenant's address in England for service of all notices and proceedings is 2nd Floor Concorde House Trinity Park Birmingham West Midlands B37 7EC

Delivered as a deed on the date of this document.

SCHEDULE 1
The Premises

The land shown edged red on Plan 1 forming part of the land registered at H M Land Registry and comprised in title number WM719791 being land abutting the south side of Starley Way and to the west of Bickenhill Lane, Solihull, West Midlands and of which the Landlord is registered as proprietor with absolute title and on which the building currently known as Geneva House (but to be known as Fair Isaac House) is constructed.

Part 2
Rights enjoyed with demise

1. A right of way in common with the Landlord, the Management Company and all others from time to time so entitled for the Tenant, its lessees, employees, licensees and others authorised by them to pass and repass with or without vehicles for all purposes connected with the use and enjoyment of the Premises over and along the Main Estate Road and the Development Road until (if ever) they are adopted as public highways.
2. The right in common with the Landlord, the Management Company and others from time to time so entitled to the free and uninterrupted use of and the passage of the Utilities through the Service Media which now are or may during the Perpetuity Period be in under or over the Main Estate Road, Development Road or other Common Parts, but the Landlord or the Management Company may change the routes of the Service Media unless and to the extent that it would interrupt or interfere with the exercise of the right now granted.
3. The right of lateral and subjacent support and protection from the remainder of the Estate and any adjoining or neighbouring land for the Premises.

Part 3
Exceptions and reservations

1. The right to enter upon the Premises (on giving reasonable notice) with employees, agents, contractors, plant and equipment in order to lay, make, inspect, clean, repair and renew foul and surface water sewers and drains and/or Service Media serving or to serve the Estate and/or any adjoining or neighbouring land, but the persons exercising the right are to make good all physical damage occasioned in the exercise of the right PROVIDED THAT this right shall not extend to the laying of any such sewers and drains and/or Service Media under any buildings erected on the Premises.
2. The right to connect the sewers, drains and Service Media referred to in paragraph 1 above to any sewers, drains and Service Media on or under the Premises of suitable capacity, and the right to use any sewers, drains and Service Media on or under the Premises.

3. The right for the Landlord, in common with the Tenant and all others having the like right, to the free and uninterrupted use of and the passage of the Utilities through Service Media which now are or may at any time during the Perpetuity Period be in under or over the Premises.
4. The right of lateral and subjacent support and protection from the Premises for the remainder of the Estate and any adjoining or neighbouring land.
5. The right to erect or permit to be erected any buildings or other structures, and to alter any building or other structure erected on the Estate or the Retained Land or the Development notwithstanding obstruction or interference with the passage and access of light and air to any building now or in the future on the Premises, and so that light and air enjoyed by the Premises over any part of the Estate or the Main Estate Road, or the Development Road are to be enjoyed by the licence or consent of the Landlord and not as of right.
6. All rights of entry upon the Premises referred to in clauses 3 and 4.
7. The right (where necessary or where a third party is exercising its rights) to close the Main Estate Road and the Development Road for the purposes of effecting repairs renewals improvements and maintenance and for obtaining access to any Utilities Conducting Media or Service Media and for any other reasonable purpose including the right to erect scaffolding and all necessary ancillary rights provided that the erection of such scaffolding does not involve the whole of the Main Estate Road or the Development Road.

Part 4
Encumbrances

Date	Description of document	Parties
26.04.1994	Deed	BDS Properties Limited (1) BDS Investments Limited (2) Metropolitan Borough of Solihull (3)
16.09.1994	Supplemental Deed	BDS Properties Limited (1) BDS Investments Limited (2) Metropolitan Borough of Solihull (3)

SCHEDULE 2
Rent reviews

1. The review dates

The yearly rent payable under this Lease is to be reviewed on the expiry of the fifth and tenth years of the Term (referred to in this schedule as the review dates and the relevant review date shall be construed accordingly) and with effect on and from the relevant review date, the reviewed rent (as agreed or determined in accordance with this schedule) is to become payable as the yearly rent reserved by this Lease.

2. Upward-only rent reviews

The reviewed rent is to be the greater of:

2.1 the yearly rent reserved under this Lease immediately preceding the relevant review date (ignoring for this purpose any deduction from suspension of or abatement of rent arising pursuant to paragraph 6 of schedule 3 or by virtue of any statutory or extra statutory provision or by agreement between the parties or in consequence of any lawful deduction from rent made by the Tenant or for any other reason whatsoever); and

2.2 the market rent of the Premises at the relevant review date.

3. The market rent

For the purposes of this Lease, the expression market rent means the yearly rent at which the Premises might reasonably and properly be expected to be let in the open market by a willing landlord to a willing tenant:

3.1 with vacant possession;

3.2 for a term of 10 years from the relevant review date having a rent review, in the same terms as this Lease, at the expiry of each period of five years throughout the term;

3.3 without the payment of a premium by the willing tenant; and

3.4 subject to the provisions of this Lease, other than the length of the term and the amount of rent, but including these provisions for rent review;

but on the assumption, if not the fact, that at the relevant review date:

3.5 the Premises have been fitted out ready for occupation and immediate use for the willing tenant's business so that the willing tenant would not require a rent or other allowance at the relevant review date for that purpose (but this assumption does not affect the operation of paragraph 4.3);

- 3.6 in case the Premises or the Estate or the Development have been destroyed or damaged (or the Premises have been made unfit for use and occupation by reason of damage to the Building or the Estate or the Development) they have been fully reinstated (or rendered fit for use and occupation);
- 3.7 the Premises and the building are in a state of full repair required by this Lease and the covenants of the Tenant have been fully observed and performed;
- 3.8 there is not in operation any statute, order or instrument, regulation or direction which has the effect of regulating or restricting the amount of rent of the Premises which might otherwise be payable;
- 3.9 the Premises may be lawfully used throughout the Term as offices; and
4. Matters to be disregarded
- In agreeing or determining the market rent, the effect upon it of the following matters are to be disregarded:
- 4.1 the occupation of the Premises by the Tenant;
- 4.2 any goodwill attached to the Premises by reason of the carrying on at the Premises of the business of the Tenant;
- 4.3 any improvements to the Premises made by the Tenant with the consent of the Landlord other than those:
- 4.3.1 made in pursuance of an obligation to the Landlord;
- 4.3.2 completed by the Tenant more than 21 years before the relevant review date; or
- 4.3.3 for which the Landlord has made a financial contribution;
- 4.4 any works carried out by the Tenant which have diminished the market rent; and
- 4.5 any works carried out by the Tenant prior to the grant of this Lease including the Works (as defined in a licence for alterations to be entered into between the Landlord and the Tenant immediately after completion of this Lease);
- and in this paragraph 4, reference to "the Tenant" includes predecessors-in-title to the Tenant, and subtenants of the Tenant or of the predecessors-in-title of the Tenant.
5. Procedure for determination of market rent
- 5.1 The Landlord and the Tenant are to endeavour to agree the market rent at any time not being earlier than 6 months before the relevant review date, but if they have not agreed the market rent three months before the relevant review date

the amount of the market rent is to be determined by reference to the arbitration of an arbitrator

5.2 The arbitrator shall be nominated by the Landlord and the Tenant jointly, but, if they cannot or do not do so, then he shall be nominated by the president for the time being of the Royal Institution of Chartered Surveyors on the application either of the Landlord or of the Tenant.

5.3 The reference to and award of the arbitrator shall be governed by the Arbitration Act 1996

5.4 The arbitrator nominated is to be a chartered surveyor having not less than ten years' experience of leasehold valuation of property being put to the same or similar use as the Premises and of property in the same region in which the Premises are situated.

5.5 If the arbitrator refuses to act, becomes incapable of acting or dies, the Landlord or the Tenant may request the appointment of another arbitrator as provided in paragraph 5.1

6. Time limits

Time is not of the essence in agreeing or determining the reviewed rent or of appointing an arbitrator

7. Rental adjustments

7.1 If the market rent has not been agreed or determined in accordance with the provisions of this schedule before the relevant review date, then, until the market rent has been so agreed or determined, the Tenant will continue to pay, on account, rent at the rate of yearly rent payable immediately before the relevant review date.

7.2 The Tenant will pay to the Landlord, within seven days after the time that the market rent has been agreed or determined, all arrears of the reviewed rent which have accrued in the meantime, with interest equal to the base rate of Barclays Bank PLC on each of the instalments of the arrears from the time that it would have become due if the market rent had then been agreed or determined until payment becomes due from the Tenant to the Landlord under this paragraph 7.2.

8. Reviewed rent reserved in phases

The Landlord and the Tenant may, at any time before the market rent is determined by an arbitrator, settle the reviewed rent in more than one amount and agree to reserve the amounts increasing in phases until the next review date or, if none, the expiry of the Term.

9. Memorandum of rent review

The parties shall cause a memorandum of the reviewed rent duly signed by the Landlord and the Tenant to be endorsed on or securely annexed to this Lease and the counterpart of this Lease.

SCHEDULE 3
Insurance provisions

1. Insured Risks
 - 1.1 Insured Risks means the risks and other contingencies against which the Premises are required to be, or which may be, insured under this Lease, but subject to any exclusions, limitations and conditions in the policy of insurance.
 - 1.2 Insured Risks include (without limitation) fire, lightning, explosion, storm, tempest, flood, bursting and overflowing of water tanks, apparatus or pipes, earthquake, aircraft (but not hostile aircraft) and devices dropped from aircraft, riot and civil commotion, subsidence, and such other risks as the Landlord may consider it prudent to insure.
 - 1.3 If a risk or contingency itemised, or otherwise included, as an Insured Risk, can no longer be insured or can only be insured at an uneconomic rate, the risk or contingency shall cease to be treated as an Insured Risk from the time that cover is withdrawn and the Landlord has notified the Tenant of its withdrawal.
2. Tenant's liability for insurance premiums
 - 2.1 The Tenant will pay to the Landlord on demand the insurance premiums incurred by the Landlord.
 - 2.2 Insurance premiums are to include all monies expended, or required to be expended by the Landlord in effecting and maintaining cover against:
 - 2.2.1 Insured Risks;
 - 2.2.2 three years' loss of rent insurance;
 - 2.2.3 such professional fees as may be incurred in connection with rebuilding or reinstatement of the Premises;
 - 2.2.4 the costs of demolition, shoring up, and site clearance works;
 - 2.2.5 third-party and public liability risks; and
 - 2.2.6 value added tax liability on such items.
 - 2.3 The insurance cover may take into account cover for the effects of inflation and escalation of costs and fees, the Landlord's estimate of the market rent of the Premises as defined in schedule 2 in the context of ensuing rent reviews and the termination of the Lease.

3. Tenant's obligations in relation to insurance cover
 - 3.1 The Tenant will not do anything which may render void or voidable the insurance of the Landlord on the Premises or which may cause insurance premiums to be increased.
 - 3.2 The Tenant will provide efficient fire extinguishers of a type required by law and (if required) approved by the fire officer and will adopt such other precautions against Insured Risks as the Landlord's insurers require and which are normal in relation to a comprehensive insurance policy.
 - 3.3 If the insurance of the Landlord is vitiated in whole or in part in consequence of an act or omission of the Tenant, persons occupying or enjoying the use of the Premises through or under the Tenant, or their respective employees, workmen, agents or visitors, the Tenant will pay to the Landlord on demand a sum equal to the amount of the insurance monies which have become irrecoverable in consequence of that act or omission.
 - 3.4 The Tenant may not insure the Premises for any of the Insured Risks in such a manner as would permit the insurer of the Landlord to average the proceeds of insurance or cancel insurance cover.
 - 3.5 The Tenant will notify the Landlord immediately of the occurrence of damage to the Premises by any of the Insured Risks.
 - 3.6 If the Premises are damaged by Insured Risks, the Tenant will pay to the Landlord on demand the amount of any uninsured excess to which the insurance cover of the Landlord is subject.
 - 3.7 The obligations of the Tenant to repair, and to yield up in repair, the Premises, are to remain operative to the extent that the insurance of the Landlord in respect of Insured Risks is vitiated or insurance monies are withheld by reason of an act or omission of the Tenant, persons occupying or enjoying the use of the Premises through or under the Tenant, or their respective employees, workmen, agents or visitors, but do not otherwise operate in respect of damage to the Premises by Insured Risks.
 - 3.8 The Tenant will pay the reasonable and proper cost of the revaluation of the Premises for insurance purposes whenever reasonably required by the Landlord provided such revaluation do not take place more than once a year.
4. Landlord's obligation to insure and reinstate
 - 4.1 The Landlord will keep the Premises insured with an insurer of repute against Insured Risks and other items referred to in paragraph 2.2 for the full cost of reinstatement, subject to such uninsured excess as the insurer may reasonably and properly apply.
 - 4.2 Following damage to or destruction of the Premises by an Insured Risk, the Landlord will diligently apply, or procure the application of, the proceeds of the insurance covering reinstatement and rebuilding costs for those purposes, and

will make good any deficiency in the proceeds of the insurance out of its own resources.

- 4.3 The obligations of the Landlord in paragraph 4.2 do not apply:
- 4.3.1 if the Landlord is unable, after using its reasonable and proper endeavours to do so, to obtain any requisite planning permission or other consents for the reinstatement or rebuilding of the Premises or of a building of similar size, character and amenity;
- 4.3.2 if the Landlord's insurance is vitiated by reason of an act or omission of the Tenant, persons occupying or enjoying the use of the Premises through or under the Tenant, or their respective employees, workmen, agents or visitors unless and until the Tenant has paid all sums due from it under paragraph 3.3; or
- 4.3.3 if this Lease is, or is to be, determined under paragraph 7
- 4.4 Where the Premises are substantially damaged or destroyed, the Tenant may not object to the reinstatement or rebuilding of the Premises in a form which is not identical to the Premises immediately before the damage or destruction occurred, if the Premises as reinstated or rebuilt are of at least an equivalent or similar standard, and afford amenities which are not inferior to or deficient from those enjoyed by the Tenant before the damage or destruction.
5. Landlord's obligations in relation to insurance
- 5.1 The Landlord will use its reasonable and proper endeavours to procure that its insurers waive entitlement to rights of subrogation against the Tenant, persons occupying or enjoying the use of the Premises through or under the Landlord, and their respective employees, workmen, agents or visitors.
- 5.2 The Landlord will provide the Tenant with a copy of its insurance policies (or other evidence of the conditions of insurance) on the Premises, and (at the request of the Tenant) with a receipt for the payment of the last premium or other evidence of renewal and up-to-date details of the amount of cover.
- 5.3 The Landlord will promptly notify the Tenant of any changes in its insurance cover or of the terms on which cover has been effected.
- 5.4 The Landlord may retain any discount on the insurance premiums or commission offered to it by its insurer for its exclusive benefit.
6. Suspension of Rent
- 6.1 Paragraph 6.2 applies if the Premises are at any time during the Term so damaged by an Insured Risk as to render the Premises or any part of them unfit for occupation, use or enjoyment, except in the circumstances referred to in paragraph 4.3.2.

6.2 The rent and additional rent reserved by this Lease, or a fair proportion of them according to the nature and extent of the damage sustained, shall be suspended and cease to be payable until the Premises (excluding fitting-out works and replacement of contents) have been reinstated and made fit for occupation, use and enjoyment.

6.3 A dispute as to the amount of the abatement of the rent or the duration of the period of abatement is to be submitted to a single arbitrator, by whose decision the parties are to be bound, who is to be appointed by the parties jointly or, if they do not agree on the appointment, by the president for the time being of the Royal Institution of Chartered Surveyors (at the request of either party) and the arbitration is to be conducted under the Arbitration Act 1996.

7. Option to determine

If for any reason beyond the control of the Landlord it proves impracticable to commence rebuilding or reinstatement of the Premises within two years of the damage by an Insured Risk, the Landlord may within twelve months thereafter terminate this Lease by giving to the Tenant written notice to that effect

8. Retention of insurance proceeds

On the termination of this Lease under paragraph 7, or if this Lease is terminated by the operation of the doctrine of frustration, the Landlord shall be entitled to retain the proceeds of insurance for its exclusive benefit.

SCHEDULE 4
Service charge provisions

Part 1
Definitions

In this Schedule, the following words and expressions have the following meanings unless the context otherwise requires:

Accountant	a suitably qualified and experienced person appointed by the Management Company to perform the function of an accountant in relation to the Expenditure (including an employee of the Management Company or of a member of the same group of companies as that term is defined in Section 42 of the Landlord and Tenant Act 1954);
Advance Payment	a quarterly payment as referred to in paragraph 1 of Part 3 of this schedule;
Computing Date	December in every year or such other date as the Management Company and/or the Landlord may from time to time designate;
Development Advance Payment	a quarterly payment as referred to in paragraph 3 of part 3 of this schedule;
Development Common Parts	the parts of the Development comprising the Development Road (to the extent that they have not been adopted as maintainable at the public expense), and landscaped areas which are not the responsibility of an individual owner or occupier of part of the Estate or the Management Company and all other areas ways and amenities in the Development provided or designated from time to time by the Landlord for common use and enjoyment by the owners and occupiers of the Development (including any Conducting Media which do not form part of the Service Media and are not demised to the Tenant or any other tenant of the Development), and each and every part of them, which are not the responsibility of the Management Company;

Development Service Charge	a fair and proper proportion attributable to the Premises (to be conclusively determined by the Landlord or the Landlord's surveyor by a comparison of the plot area of the Premises with the aggregate plot area of the buildings (including the Premises) from time to time in the Development) of the cost to the Landlord of providing the Landlord's Services, including reasonable and proper management costs, fees, salaries, charges and expenses and the expense of cleaning, lighting, repairing, renewing, decorating, maintaining and where necessary rebuilding any party walls, fences, gutters, drains, roadways, pavements, entrance ways, stairs and passages, access ways and service areas which are or may be used or enjoyed by an occupier of the Premises in common with any other person or persons;
Expenditure	<p>the aggregate of all reasonable costs fees expenses and outgoings properly incurred by the Management Company in providing the Services including bank charges, interest on borrowings from a reputable clearing bank at normal commercial rates and Value Added Tax which is not recoverable;</p> <p>such sums as the Management Company reasonably and fairly considers prudent to reserve for future and anticipated Expenditure from time to time whether or not for periodically recurring items; and</p> <p>such other sums (if any) as are required to be treated as Expenditure under this schedule;</p>
Financial Year	the period from the 1st of June 2001 to (and including) the first Computing date and thereafter between two consecutive Computing Dates (excluding the first but including the second Computing Date in the period);
Landlord's Services	the services which the Landlord covenants to provide in Part 5 of this schedule and as are listed in Part 6 of this schedule

Services	the services which the Landlord covenants in Part 2 of this schedule to procure the Management Company provides and as are listed in Part 4 of this schedule;
Service Charge	the Service Charge Percentage of the Expenditure subject to the agreed deductions in respect of the Premises in accordance with clause 4.6.1;
Service Charge Percentage	a fair and proper proportion attributable to the Premises (to be determined by the Landlord or the Landlord's surveyor by a comparison of the plot area of the Premises with the aggregate plot area of the buildings (including the Premises) from time to time on the Development)

Part 2

Landlord's covenants in relation to the Services

1. Subject to paragraph 4 of this Part of this schedule the Landlord covenants with the Tenant to procure the Management Company provides the Services set out in Part 4 in accordance with the principles of good estate management, but:
 - 1.1 neither the Landlord nor the Management Company is to be held responsible for damage caused by any want of repair to, or defects in, the Common Parts unless and until notice in writing of the want of repair or defect has been given to the Landlord and the Management Company (whether by the Tenant or the lessee or occupier of any other part of the Estate) and the Management Company has failed to make good or remedy the want of repair or defect within a reasonable time after receipt of the notice or (in case of emergency) has failed to effect such temporary repair as may be practicable;
 - 1.2 nothing in this covenant prejudices the right of the Management Company or the Landlord to recover from the Tenant or any other person the amount or value of any loss or damage suffered by or caused to the Management Company or the Landlord or the Common Parts by the negligence or other wrongful act or default of the Tenant or other person;
 - 1.3 in supplying the Services, the Management Company may employ managing agents contractors or such other suitably qualified persons as the Management Company may from time to time reasonably think fit, whose reasonable and proper fees, salaries, charges and expenses (including any irrecoverable Value Added Tax) are to form part of the Expenditure;

2. The Management Company is not to be liable for any injury to or loss or damage suffered by the Tenant or its successors in title the owners and occupiers of the Premises or any part thereof caused by:
 - 2.1 breakdown, absence, failure or insufficiency of the Services; or
 - 2.2 defect in the Service Media or plant, machinery or apparatus used in connection with the provision of the Services; unless
 - 2.3 the injury loss or damage is covered by, and the Management Company receives, payment under a policy of insurance effected by it in respect of that risk; or
 - 2.4 the injury loss or damage arises out of the failure of the Management Company to comply with paragraph 2 of this Schedule; or
 - 2.5 the breakdown, absence, failure, interruption, insufficiency or defect could reasonably have been prevented or its effect ameliorated by the exercise by the Management Company of reasonable care, attention, diligence and skill or those undertaking the Services on its behalf.
3. The Landlord is not to be liable for any injury to or loss or damage suffered by the Tenant or its successors in title the owners and occupiers of the Premises or any part thereof caused by:
 - 3.1 breakdown, absence, failure or insufficiency of the Services; or
 - 3.2 defect in the Service Media or plant, machinery or apparatus used in connection with the provision of the Services;
4. The Management Company may at its discretion withhold add to extend vary or make any alterations to any of the Services from time to time if the Management Company reasonably deems it desirable to do so for the more efficient management security and operation of the Estate or for the comfort of the owners and occupiers of the Estate generally.
5. The Landlord shall procure the Management Company uses its reasonable endeavours to remedy or make good any breakdown, absence, failure, insufficiency or defect of the Services or Service Media or other plant machinery or apparatus referred to in paragraph 2 of this Part of this schedule, for which the Management Company is responsible pursuant to an obligation to the Landlord, within a reasonable time after becoming aware of it, but neither the Landlord nor the Management Company is to be held liable under this covenant:
 - 5.1 for anything which the Tenant covenants to repair or make good under this Lease; or
 - 5.2 to the extent that the policy money due to the Management Company under any relevant insurance policy effected by the Management Company in respect of that matter has been wholly or partly refused or withheld in consequence of

some act neglect or default of the Tenant its subtenants or its or their or employees or agents or other persons under its or their control.

6. The Landlord shall procure the Management Company prepares as soon as possible after, and in any event no later than four months after the end of, each Financial Year, accounts certified by the Accountant showing the Expenditure for that Financial Year and containing a fair summary of the various items comprising the Expenditure and shall procure the Management Company supplies a copy of the accounts to the Tenant and makes available the vouchers supporting such summary to the Tenant (by prior appointment) for inspection, but:
 - 6.1 if the receipts recovered by the Management Company in respect of any Financial Year, after making all proper provisions including provision for bad or doubtful debts, is or would be less than its expenditure and outgoings, the Management Company may include the amount of the shortfall in the Expenditure for that or a subsequent Financial Year;
 - 6.2 if and to the extent that the shortfall is due to a provision for a bad or doubtful debt owed to the Management Company by an owner lessee or occupant of any of the part of the Estate or other person liable to contribute to the Expenditure, the Management Company may apportion the shortfall among the other persons liable to contribute to Expenditure but only in the proportions in which they are between themselves liable so to contribute, and any amount so apportioned to the Tenant shall be included in the Service Charge payable by the Tenant in respect of that or a subsequent Financial Year;
 - 6.3 if the debt or part of it is later recovered, the Landlord is to repay to the Tenant a due proportion of the amount the Landlord receives from the Management Company by way of repayment of that debt;
7. If the total extent of property enjoying, or capable of enjoying, the benefit of any of the Services is increased or decreased on a permanent basis, or extended on a like basis to any adjoining or neighbouring property and the percentage of the Expenditure payable to the Management Company by the Landlord pursuant, to an obligation to the Management Company is varied then the Service Charge Percentage shall be varied with effect from the date the percentage payable by the Landlord is varied and the percentage variation shall be determined by the Landlord or the Landlord's surveyor (acting reasonably)
8. The Landlord shall procure the Management Company uses reasonable endeavours to recover sums expended or liability incurred in the Financial Year in which it expends the sum or incurs such liability or in the next following Financial Year but the Management Company and the Landlord is nevertheless not precluded from recovering it in a subsequent Financial Year

Part 3
Tenant's Covenants

The Tenant covenants with the Landlord:

1. On each of the usual quarter days in every year, to pay to the Landlord on account of the Service Charge for that Financial Year a quarter of such sum as the Landlord has specified as a fair and reasonable estimate of the Service Charge for that Financial Year based on the Expenditure for the previous Financial Year and anticipated Expenditure in the current Financial Year
2. If the Service Charge for a Financial Year:
 - 2.1 exceeds the total Advance Payments made by the Tenant in respect of it, to pay the excess to the Landlord on demand; or
 - 2.2 is less than the total Advance Payments made by the Tenant in respect of it, the overpayment will be credited to the Tenant against the next Advance Payment and (if appropriate) subsequent Advance Payments.
3. On each of the usual quarter days in every year, to pay to the Landlord on account of the Development Service Charge for that Financial Year a quarter of such sum as the Landlord has specified as a fair and reasonable estimate of the Development Service Charge for that Financial Year.
4. If the Development Service Charge for a Financial Year:
 - 4.1 exceeds the total Development Advance Payments made by the Tenant in respect of it, to pay the excess to the Landlord on demand; or
 - 4.2 is less than the total Development Advance Payments made by the Tenant in respect of it, the overpayment will be credited to the Tenant against the next Development Advance Payment and (if appropriate) subsequent Development Advance Payments.
5. To pay Interest on demand on any sum properly payable by the Tenant pursuant to this Part of this schedule which is not paid within 14 days after it becomes due.

Part 4
The Services

1. Keeping the Structural Landscaping in a neat and tidy condition and properly cultivated and tending and renewing all plants shrubs and trees within the Structural Landscaping as reasonably necessary.
2. Maintaining repairing and when necessary renewing the Common Parts.
3. Sweeping, cleaning, de-icing and gritting the Main Estate Road and keeping the same clean and tidy.

4. Employing such workmen and/or contractors (including without prejudice to the generality of the foregoing landscape architects or contractors) as may be reasonably necessary in connection with the upkeep of the Common Parts and the provision of the Services.
5. Insuring any risks for which the Management Company may be liable as an employer of persons working on the Estate or as the owner of the Common Parts or any part thereof as it shall reasonably think fit.
6. Operating maintaining and (if necessary) renewing the lighting apparatus from time to time on the Common Parts and providing such additional lighting apparatus as the Management Company may reasonably think fit.
7. Paying all rates, taxes, duties, charges, assessments and outgoings whatsoever (whether parliamentary parochial local or of any other description) assessed charged or imposed upon or payable in respect of the Common Parts except insofar as the same are the responsibility of the individual lessee of any Unit.
8. Providing, maintaining, repairing, replacing and lighting estate signs directions and other traffic signs and an estate directory board.
9. Abating a nuisance and executing such works as may be necessary to comply with a notice served by a Local Authority in connection with the Common Parts, except insofar as it the liability of or attributable to the fault of an individual owner (including the Landlord in relation to parts of the Estate (other than the Common Parts) of which the freehold interest is for the time being vested in the Landlord).
10. Preparing and supplying to the owners and lessees of the Estate copies of any regulations made by the Management Company governing the use of the Common Parts.
11. Generally managing and administering the Common Parts and for that purpose employing a firm of managing agents and (insofar as the Management Company thinks fit) enforcing, or attempting to enforce, the observance of the covenants of an owner or lessee of a part of the Estate (the costs of such enforcement action forming part of Expenditure only to the extent that they are not recovered from the defaulting owner or lessee).
12. Employing such solicitors, auditors, accountants or other professional persons as the Management Company reasonably thinks fit in connection with the administration and management of the Management Company the Common Parts the Expenditure and the Services.
13. Complying with the requirements and directions of any competent authority and with the provisions of all statutes and all regulations orders and bye-laws made thereunder relating to the Common Parts except insofar as such compliance is the responsibility of any individual owner or lessee or any part of the Estate.

14. The purchase, hire maintenance, renewal and insurance of such equipment as the Management Company from time to time reasonably considers necessary or desirable for the carrying out of the acts and things mentioned in this Schedule.
15. (At the absolute discretion of the Management Company) providing security at the Estate including such closed circuit television or other surveillance apparatus as the Management Company thinks fit.
16. Administering the Management Company itself and arranging for all necessary meetings thereof to be held and complying with all relevant statutes and regulations and orders thereunder and (if the Management Company thinks fit) employing a suitable person or firm to deal with these matters.
17. The provision maintenance and renewal of any other equipment and the provision of any other service which in the reasonable opinion of the Management Company it is reasonable to provide in the interest of good estate management.

Part 5

Landlord's covenants in relation to the Landlord's Services

1. The Landlord covenants with the Tenant to provide the Landlord's Services set out in Part 6, but:
 - 1.1 the Landlord is not to be held responsible for damage caused by any want of repair to, or defects in the Development Common Parts unless and until notice in writing of the want of repair or defect has been given to the Landlord (whether by the Tenant or the lessee or occupier of any other part of the Development) and the Landlord has failed to make good or remedy the want of repair or defect within a reasonable time after receipt of the notice or (in case of emergency) has failed to effect such temporary repair as may be practicable;
 - 1.2 nothing in this covenant prejudices the right of the Landlord to recover from the Tenant or any other person the amount or value of any loss or damage suffered by or caused to the Landlord or the Development Common Parts by the negligence or other wrongful act or default of the Tenant or other person;
 - 1.3 in supplying the Landlord's Services, the Landlord may employ managing agents contractors or such other suitably qualified persons as the Landlord may from time to time reasonably think fit, whose reasonable and proper fees, salaries, charges and expenses (including any irrecoverable Value Added Tax) are to form part of the Development Service Charge;
2. The Landlord is not to be liable for any injury to or loss or damage suffered by the Tenant or its successors in title the owners and occupiers of the Premises or any part thereof caused by:
 - 2.1 breakdown, absence, failure or insufficiency of the Landlord's Services; or
 - 2.2 defect in the Service Media or plant, machinery or apparatus used in connection with the provision of the Landlord's Services; unless:

- 2.2.1 the injury loss or damage is covered by, and the Landlord receives, payment under a policy of insurance effected by it in respect of that risk; or
- 2.2.2 the injury loss or damage arises out of the failure of the Landlord to comply with paragraph 1 of this Part of this Schedule; or
- 2.2.3 the breakdown, absence, failure, interruption, insufficiency or defect could reasonably have been prevented or its effect ameliorated by the exercise by the Landlord of reasonable care, attention, diligence and skill or those undertaking the Landlord's Services on its behalf.
3. The Landlord's liability in respect of breach of obligations under this schedule is to cease on any transfer of the Landlord's interest in the reversion to this Lease.
4. The Landlord may at its discretion withhold add to extend vary or make any alterations to any of the Landlord's Services from time to time if the Landlord reasonably deems it desirable to do so for the more efficient management security and operation of the Development or for the comfort of the owners and occupiers of the Development generally.
5. To use its reasonable endeavours to remedy or make good any breakdown, absence, failure, insufficiency or defect of the Landlord's Services or other plant machinery or apparatus referred to in paragraph 2 of this Part of this schedule, for which the Landlord is responsible under this Lease, within a reasonable time after becoming aware of it, but the Landlord is not to be held liable under this covenant:
 - 5.1 for anything which the Tenant covenants to repair or make good under this Lease; or
 - 5.2 to the extent that the policy money due to the Landlord under any relevant insurance policy effected by the Landlord in respect of that matter has been wholly or partly refused or withheld in consequence of some act neglect or default of the Tenant its subtenants or its or their or employees or agents or other persons under its or their control.

Part 6
Landlord's Services

1. Keeping the landscaping in the Development Common Parts in a neat and tidy condition and properly cultivated and tending and renewing all plants shrubs and trees within the landscaping as reasonably necessary.
2. Maintaining repairing and when necessary renewing the Development Common Parts including keeping the Development Road in good repair and condition and to a standard capable of adoption by the relevant authority.
3. Sweeping, cleaning, de-icing and gritting the Development Road and keeping the same clean and tidy.
4. Employing such workmen and/or contractors (including without prejudice to the generality of the foregoing landscape architects or contractors) as may be

reasonably necessary in connection with the upkeep of the Development Common Parts and the provision of the Landlord's Services.

5. Insuring any risks for which the Landlord may be liable as an employer of persons working on the Development or as the owner of the Development Common Parts or any part thereof as it shall reasonably think fit.
6. Operating maintaining and (if necessary) renewing the lighting apparatus from time to time on the Development Common Parts and providing such additional lighting apparatus as the Landlord may reasonably think fit.
7. Paying all rates, taxes, duties, charges, assessments and outgoings whatsoever (whether parliamentary parochial local or of any other description) assessed charged or imposed upon or payable in respect of the Development Common Parts except insofar as the same are the responsibility of the individual lessee of any Unit, or of the Management Company.
8. Abating a nuisance and executing such works as may be necessary to comply with a notice served by a Local Authority in connection with the Development Common Parts, except insofar as it the liability of or attributable to the fault of an individual owner.
9. Preparing and supplying to the owners and lessees of the Development copies of any regulations made by the Landlord governing the use of the Development Common Parts.
10. Generally managing and administering the Development Common Parts and for that purpose, if the Landlord thinks fit, employing a firm of managing agents and (insofar as the Landlord thinks fit) enforcing, or attempting to enforce, the observance of the covenants of an owner or lessee of a part of the Development (the costs of such enforcement action forming part of the Development Service Charge only to the extent that they are not recovered from the defaulting owner or lessee).
11. Employing such solicitors, auditors, accountants or other professional persons as the Landlord reasonably thinks fit in connection with the administration and management of the Development Common Parts and the Landlord's Services.
12. Complying with the requirements and directions of any competent authority and with the provisions of all statutes and all regulations orders and bye-laws made thereunder relating to the Development Common Parts except insofar as such compliance is the responsibility of any individual owner or lessee, any part of the Estate, or the Management Company.
13. (At the absolute discretion of the Landlord but at all times in accordance with the principles of good estate management and for the benefit of the tenants on the Development) providing security at the Development including such closed circuit television or other surveillance apparatus as the Landlord thinks fit.
14. The provision maintenance and renewal of any other equipment and the provision of any other service which in the reasonable opinion of the Landlord it is reasonable to provide in the interest of good estate management.

SCHEDULE 5
Guarantee provisions

Part 1
Form of guarantee on assignment

1. Guarantee
 - 1.1 The Guarantor guarantees to the Landlord that the Tenant will pay the rents reserved by, and perform and observe the Tenant's covenants in, this Lease, and the Guarantor will pay and make good to the Landlord on demand any losses, damages, costs, and expenses suffered or incurred by the Landlord if the Tenant fails to do so.
 - 1.2 The guarantee in paragraph 1.1 remains in force for so long as, and to the extent that, the Tenant is not released by law from liability for the Tenant's covenants in this Lease.
 - 1.3 The Guarantor also guarantees to the Landlord that the Tenant will observe and perform its obligations under any authorised guarantee agreement to be entered into by the Tenant under the terms of this Lease, and will pay and make good to the Landlord on demand any losses, damages, costs and expenses suffered or incurred by the Landlord if the Tenant fails to do so.
 - 1.4 For the purposes of this guarantee, references to the "Tenant" are to the assignee of this Lease in relation to whom the guarantee to the Landlord is given, and none other.
2. No waiver or release of liability

The Guarantor will not be released from liability under these provisions because of:

 - 2.1 forbearance, the granting of time or other indulgence of the Landlord; or
 - 2.2 a variation of this Lease which does not substantially alter the size of the Premises or reflects in a new material obligation being imposed on the Tenant, whether or not made with the consent of the Guarantor, and the guarantee of the Guarantor in paragraph 1.1 is to operate in relation to this Lease as it may be varied from time to time.
3. Guarantor to accept new lease upon disclaimer
 - 3.1 If this Lease is terminated by re-entry by the Landlord or by disclaimer, the Guarantor will (on notice given by the Landlord within three months after the date of termination) take from the Landlord a lease of the Premises.
 - 3.2 The lease to be granted to the Guarantor under paragraph 3.1 is to be on the following terms:

- 3.2.1 the term is to commence on the date of termination of this Lease and to be equal to the residue of the Term which would have remained unexpired at that date if this Lease had not then been terminated;
- 3.2.2 the yearly rent is to be the same as would have been payable under this Lease if it had not been terminated and, if a rent review operative from a review date before the grant of the lease had not been completed, the Guarantor will complete the rent review with the Landlord as if it had been the Tenant under this Lease in order to establish the commencing yearly rent under the lease;
- 3.2.3 the lease is otherwise to be on the same terms and conditions as would have applied under this Lease if it had not been terminated; and
- 3.2.4 the Guarantor is to succeed to the rights, and assume the liability, of the Tenant under this Lease as if this Lease had not been terminated.
- 4. Subordination of rights of the Guarantor
 - 4.1 The provisions of paragraph 4.2 are to apply unless the Landlord has no subsisting claim against the Tenant for non-payment of rent or for breach of obligation under this Lease.
 - 4.2 The Guarantor may not:
 - 4.2.1 seek to recover from the Tenant, or any third party whether directly or by way of set-off, lien, counterclaim or otherwise or accept any money or other property or security, or exercise any rights in respect of any sum which may be or become due to the Guarantor on account of the failure by the Tenant to observe and perform the tenant covenants in this Lease;
 - 4.2.2 (in competition with the Landlord) claim, prove or accept any payment in a winding-up, liquidation, bankruptcy, composition with creditors or other form of arrangement on the insolvency of the Tenant, for money owing to the Guarantor by the Tenant; nor
 - 4.2.3 exercise any right or remedy in respect of any amount paid by the Guarantor under this Lease or any liability incurred by the Guarantor in observing, performing or discharging the obligations and covenants of the Tenant.
 - 4.3 The Guarantor warrants that it has not taken, and undertakes with the Landlord that it will not without the consent of the Landlord take, any security from the Tenant in respect of this guarantee and, if security is nevertheless taken, it is to be held on trust for the Landlord as security for the respective liabilities of the Guarantor and the Tenant.

Part 2
Form of authorised guarantee agreement

1. Guarantee

1.1 The Guarantor guarantees to the Landlord that the Tenant will pay the rents reserved by, and perform and observe the Tenant's covenants in, this Lease, and the Guarantor will pay and make good to the Landlord on demand any losses, damages, costs, and expenses suffered or incurred by the Landlord if the Tenant fails to do so.

1.2 The guarantee in paragraph 1.1 remains in force for so long as, and to the extent that, the Tenant is not released by law from liability for the Tenant's covenants in this Lease.

1.3 For the purposes of this guarantee, references to the "Tenant" are to the assignee of this Lease in relation to whom the guarantee to the Landlord is given, and none other and references to the "Guarantor" are to the existing Tenant giving the guarantee to the Landlord

2. No waiver or release of liability

The Guarantor will not be released from liability under these provisions because of:

2.1 forbearance, the granting of time or other indulgence of the Landlord; or

2.2 a variation of this Lease which does not substantially alter the size of the Premises or does not result in a material new obligation being imposed on the Tenant, whether or not made with the consent of the Guarantor, and the guarantee of the Guarantor in paragraph 1.1 is to operate in relation to this Lease as it may be varied from time to time.

3. Guarantor to accept new lease upon disclaimer

3.1 If this Lease is terminated by disclaimer, the Guarantor will (on notice given by the Landlord within three months after the date of termination) take from the Landlord a lease of the Premises.

3.2 The lease to be granted to the Guarantor under paragraph 3.1 is to be on the following terms:

3.2.1 the term is to commence on the date of termination of this Lease and to be equal to the residue of the Term which would have remained unexpired at that date if this Lease had not then been terminated;

3.2.2 the yearly rent is to be the same as would have been payable under this Lease if it had not been terminated and, if a rent review operative from a review date before the grant of the lease had not been completed, the Guarantor will

complete the rent review with the Landlord as if it had been the Tenant under this Lease in order to establish the commencing yearly rent under the lease;

3.2.3 the lease is otherwise to be on the same terms and conditions as would have applied under this Lease if it had not been terminated; and

3.2.4 the Guarantor is to succeed to the rights, and assume the liability, of the Tenant under this Lease as if this Lease had not been terminated.

4. Subordination of rights of the Guarantor

4.1 The provisions of paragraph 4.2 are to apply unless the Landlord has no subsisting claim against the Tenant for non-payment of rent or for breach of obligation under this Lease.

4.2 The Guarantor may not:

4.2.1 seek to recover from the Tenant, or any third party whether directly or by way of set-off, lien, counterclaim or otherwise or accept any money or other property or security, or exercise any rights in respect of any sum which may be or become due to the Guarantor on account of the failure by the Tenant to observe and perform the tenant covenants in this Lease;

4.2.2 (in competition with the Landlord) claim, prove or accept any payment in a winding-up, liquidation, bankruptcy, composition with creditors or other form of arrangement on the insolvency of the Tenant, for money owing to the Guarantor by the Tenant; nor

4.2.3 exercise any right or remedy in respect of any amount paid by the Guarantor under this Lease or any liability incurred by the Guarantor in observing, performing or discharging the obligations and covenants of the Tenant.

4.3 The Guarantor warrants that it has not taken, and undertakes with the Landlord that it will not without the consent of the Landlord take, any security from the Tenant in respect of this guarantee and, if security is nevertheless taken, it is to be held on trust for the Landlord as security for the respective liabilities of the Guarantor and the Tenant.

Signed as a deed on behalf of FAIR, ISAAC)
INTERNATIONAL UK CORPORATION,)
a company incorporated in California by)
Hank J. Evenhuis)
and Jonathan R. Bond)
being persons who, in accordance with the)
laws of that territory, are acting under the)
authority of the company)

Authorised Signatory /s/ Hank J. Evenhuis

Hank J. Evenhuis
CFO

Authorised Signatory /s/ Jonathan R. Bond

Jonathan R. Bond

OFFICE BUILDING LEASE

1. PARTIES This Lease, dated, for reference purposes only, July 1, 1993 is made by and between The Joseph and Eda Pell Revocable Trust (herein called "Landlord") and Fair, Isaac and Company, Incorporated, (herein called "Tenant").
2. PREMISES Landlord does hereby lease to Tenant and Tenant hereby leases from Landlord that certain office space (herein called "Premises") indicated on Exhibit "A" attached hereto and reference thereto made a part hereof, said Premises being agreed, for the purposes of this Lease, to have an area of approximately 15,090 rentable square feet and 13,595 useable square feet, being situated in Suite 330 on the third floor of that certain Building known as Regency Center, 100 Smith Ranch Road, San Rafael, California 94903.

Said Lease is subject to the terms, covenants and conditions herein set forth and the Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of said terms, covenants and conditions and that this Lease is made upon the condition of said performance.
3. TERM The term of this Lease shall be for eight (8) years and five (5) months, commencing on the 1st day of July, 1993, and ending on the 30th day of November, 2001.
4. POSSESSION Tenant is currently in possession of the space and shall remain in possession.
5. A. RENT Tenant agrees to pay to Landlord as rental for the premises, without prior notice or demand, the sum of Thirty Thousand One Hundred and Eighty Dollars (\$30,180.00) on or before the first day of the first full calendar month of the term hereof and a like sum on or before the first day of each and every successive calendar month thereafter during the term hereof, except that the first month's rent shall be paid upon the execution of this Lease. Rent for any period during the term which is for less than one (1) month shall be a prorated portion of the monthly installment herein, based upon a thirty (30) day month. Said rental shall be paid to Landlord without deduction or offset in lawful money of the United States of America, which shall be legal tender at the time of payment at 100 Smith Ranch Road, Suite 325, San Rafael, California 94903, or to such other place as Landlord may from time to time designate in writing.
- B. RENT ESCALATIONS Commencing on the 17th month of this Lease (December 1, 1994) and on each annual anniversary following, the base rent shall be adjusted by the increase, if any, in the Consumer Price Index of the Bureau of Labor Statistics of the U. S. Department of Labor for All Urban Consumers, San Francisco-Oakland-San Jose (1984=100), "All Items" herein referred to as "C.P.I."

The C.P.I. increase shall be calculated as follows: The base rent payable for the first month term of this Lease shall be multiplied by the percentage change in the C.P.I. for the 12 months preceding December 1, 1994. On each anniversary following, the base rent shall be multiplied by the percentage change in the C.P.I. for the 12 months preceding. No single increase shall exceed 4% of the previous year's rental rate and in no event shall the new monthly rent be less than the rent payable for the month immediately preceding the date for rent adjustment.
6. SECURITY DEPOSIT Tenant has deposited with Landlord the sum of Thirty Thousand One Hundred and Eighty Dollars (\$30,180.00). Said sum shall be held by Landlord as security for the faithful performance by Tenant of all the terms, covenants, and conditions of this Lease to be kept and performed by Tenant during the term hereof. If Tenant defaults with respect to any provision of this Lease including, but not limited to, the provisions relating to the payment of rent, Landlord may (but shall not be required to) use, apply or retain all or any part of this security deposit for the payment of any rent or any other sum in default, or for the payment of any amount which Landlord may spend or become obligated to spend by reason of Tenant's default to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of said deposit is so used or applied, Tenant shall, within five (5) days after written demand therefor, deposit cash with Landlord in an amount sufficient to restore the security deposit to its original amount and Tenant's failure to do so shall be a material breach of this Lease. Landlord shall not be required to keep this security deposit separate from its general fund and Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the security deposit or any balance thereof shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) at the expiration of the Lease term. In the event of termination of Landlord's interest in this Lease, Landlord shall transfer said deposit to

Landlord's successor in interest. Tenant is entitled to a Security Deposit credit in the amount of \$1,911.67 (\$32,091.67 - \$30,180.00) as a result of renegotiating the existing lease dated December 15, 1988.

7. OPERATING EXPENSE ADJUSTMENTS For the purposes of this Article, the following terms are defined as follows:

- Base Year The Base Year shall be 1993.
- Comparison Year Each calendar year of the term after the Base Year.
- Direct Expenses All direct costs of operation and maintenance, as determined by standard accounting practices, including the following costs by way of illustration, but not be limited to: real property taxes and assessments; rent taxes, gross receipt taxes, (whether assessed against the Landlord or assessed against the Tenant and collected by the Landlord, or both); water and sewer charges; insurance premiums; utilities; janitorial services; labor; costs incurred in the management of the Building; air conditioning & heating; elevator maintenance; supplies; materials; equipment and tools; and maintenance, costs and upkeep of all parking and common areas. ("Direct Expenses" shall not include depreciation on the Building of which the Premises are a part or equipment therein, loan payments, executive salaries or real estate broker's commissions.)

If the Direct Expenses paid or incurred by the Landlord for the Comparison Year on account of the operation or maintenance of the Building of which the Premises are a part are in excess of the Direct Expenses paid or incurred for the Base Year, then the Tenant shall pay 14.51% of the increase. This percentage is that portion of the total rentable area of the Building occupied by the Tenant hereunder. Landlord shall endeavor to give to Tenant on or before the first day of March of each year following the respective Comparison Year a statement of the increase in rent payable by Tenant hereunder, but failure by Landlord to give such statement by said date shall not constitute a waiver by Landlord of its right to require an increase in rent. Upon receipt of the statement for the first Comparison Year, Tenant shall pay in full the total amount of the increase due for the first Comparison Year and, in addition for the then current year, the amount of any such increase shall be used as an estimate for said current year and this amount shall be divided

into twelve (12) equal monthly installments and Tenant shall pay to Landlord, concurrently with the regular monthly rent payment next due following the receipt of such statement, an amount equal to one (1) monthly installment multiplied by the number of months from January in the calendar year in which said statement is submitted to the month of such payment, both months inclusive. Subsequent installments shall be payable concurrently with the regular monthly rent payments for the balance of that calendar year and shall continue until the next Comparison Year's statement is rendered. If the next or any succeeding Comparison Year results in a greater increase in Direct Expenses, then upon receipt of a statement from Landlord, Tenant shall pay a lump sum equal to such total increase in Direct Expenses over the Base Year, less the total of the monthly installments to be paid for the next year, following said Comparison Year, shall be adjusted to reflect such increase. If in any Comparison Year the Tenant's share of Direct Expenses be less than the preceding year, then upon receipt of Landlord's statement, any overpayment made by Tenant on the monthly installment basis provided above shall be credited towards the next monthly rent falling due and the estimated monthly installments of Direct Expenses to be paid shall be adjusted to reflect such lower Direct Expenses for the most recent Comparison Year.

Even though the term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's share of Direct Expenses for the year in which this Lease terminates, Tenant shall immediately pay any increase due over the estimated expenses paid and conversely any overpayment made in the event said expenses decrease shall be immediately rebated by Landlord to Tenant.

Notwithstanding anything contained in this Article, the rent payable by Tenant shall in no event be less than the rent specified in Article 5 hereinabove.

See Addendum to Lease, P. 1, Operating Expense Adjustments.

8. USE Tenant shall use the Premises for general office purposes and shall not use or permit the Premises to be used for any other purposes without the prior written consent of Landlord.

General office purposes shall be defined for purposes of this Lease to include computer rooms of any size required by Tenant.

Tenant shall not do or permit anything to be done in or about the Premises nor bring or keep anything therein which will in any way increase the existing rate of or affect any fire or other insurance upon the Building or any of its contents, or cause cancellation of any insurance policy covering said Building or any part thereof or any of its contents. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or injure or annoy them or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises.

9. COMPLIANCE WITH LAW Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules now in force or which may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or

occupancy of the Premises, excluding changes not related to or affected by Tenant's improvements or acts. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between the Landlord and Tenant.

10. ALTERATIONS AND ADDITIONS Tenant shall not make or suffer to be made any alterations, additions or improvements to or of the Premises or any part thereof without the written consent of Landlord first had and obtained. Any alterations, additions or improvements to or of said Premises including, but not limited to, wallcovering, paneling, air conditioning units and built-in cabinet work, but excepting movable furniture and trade fixtures, shall on the expiration of the term become a part of the realty and belong to the Landlord and shall be surrendered with the Premises. In the event Landlord consents to the making of any alterations, additions or improvements to the Premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense, and any contractor or persons selected by Tenant to make the same must first be approved in writing by the Landlord. Such approval shall not be unreasonably withheld. Upon the expiration or sooner termination of the term hereof, Tenant shall, upon written demand by Landlord which shall be given at the time Landlord approves the tenant improvement work, , at Tenant's sole cost and expense, forthwith and with all due diligence, remove any alterations, additions, or improvements made by Tenant, designated by Landlord to be removed, and Tenant shall, forthwith and with all due diligence at its sole cost and expense, repair any damage to the Premises caused by such removal.

11. REPAIRS

- A. By taking possession of the Premises, Tenant shall be deemed to have accepted the Premises as being in good, sanitary order, condition and repair. Tenant shall, at Tenant's sole cost and expense, keep the Premises and every part thereof in good condition and repair damage thereto from causes beyond the reasonable control of Tenant with ordinary wear and tear excepted. Tenant shall upon the expiration or sooner termination of this Lease hereof surrender the Premises to the Landlord in good condition, ordinary wear and tear and damage from causes beyond the reasonable control of Tenant excepted. Except as specifically provided in an addendum, if any, to this Lease, Landlord shall have no obligation whatsoever to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof once the initial tenant improvements are completed and the parties hereto affirm that Landlord has made no representations to Tenant respecting the condition of the Premises or the Building except as specifically herein set forth.
- B. Notwithstanding the provisions of Article 11. A. hereinabove, Landlord shall repair and maintain the structural portions of the Building, including the basic plumbing, air conditioning, heating and electrical systems installed or furnished by Landlord unless such maintenance and repairs are caused in part or in whole by the act, neglect, fault or omission of any duty by the Tenant, its agents, servants, employees or invitees, in which case Tenant shall pay to Landlord the reasonable cost of such maintenance and repairs. Landlord shall not be liable for any failure to make any such repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant. Except as provided in Article 22 hereof, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Building or the Premises, or in or to fixtures, appurtenances and equipment therein. Tenant waives the right to make repairs at Landlord's expense

under any law, statute or ordinance now or hereafter in effect (including the provisions of California Civil Code Sections 1941 and 1942 and any successor sections or statutes of a similar nature); provided, however, if Landlord fails to perform any repair work required of Landlord with respect to the Premises pursuant to this Paragraph, within thirty (30) days after Landlord receives Tenant's written notice of the need for such repair (or such period of time in excess of thirty (30) days as is reasonably necessary based upon the nature of the required work), then Tenant shall be permitted to make such repairs, using contractors reasonably approved by Landlord, provided (i) Tenant first gives Landlord an additional two (2) business days' prior written notice indicating that Tenant intends to undertake such repair, and (ii) Landlord fails to commence such repair within such two (2) business day period. If Tenant performs any repair as permitted under this Paragraph, Landlord agrees to reimburse Tenant for the reasonable, actual and documented costs of such repair performed by Tenant, but without any off-set rights against rent or any other amounts payable by Tenant under this Lease. Any repair work done by Tenant shall be done in accordance with the provisions of this Lease, including without limitation, Paragraph 12, keeping the premises free from liens.

12. LIENS Tenant shall keep the Premises and the property in which the Premises are situated free from any liens arising out of any work performed, materials furnished or obligations incurred by Tenant. Landlord may require, at Landlord's sole option, that Tenant shall provide to Landlord, at Tenant's sole cost and expense, a lien and completion bond in an amount equal to one and one-half (1-1/2) times any and all estimated cost of any improvements, additions or alteration in the Premises to insure Landlord against any liability for mechanics' and materialmen's liens and to insure completion of the work.

13. ASSIGNMENT AND SUBLETTING Tenant shall not either voluntarily or by operation of law, assign, transfer, mortgage, pledge, or encumber this Lease or any interest therein, and shall not sublet the said Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the employees, agents, servants and invitees of Tenant excepted) to occupy or use the said Premises or any portion thereof, without written consent of Landlord first had and obtained, which consent shall not be unreasonably withheld; provided however, that Landlord in the exercise of its good faith business judgment may refuse to approve the assignment or sublease and shall promptly provide Tenant with the reasons for its refusal. In the event Tenant desires to assign this Lease or any interest therein or sublet all or part of the Premises, Tenant shall give Landlord written notice thereof, which notice shall include (i) the name of the proposed assignee, subtenant or occupant ("Transferee"), (ii) reasonable financial information regarding the Transferee, (iii) a description of the Transferee's business to be carried on in the Premises, and (iv) the terms of the assignment or sublease and a description of the portion of the Premises to be affected. Tenant shall also provide Landlord such additional information regarding the Transferee or the proposed assignment or sublease as Landlord may reasonably request.

Notwithstanding the foregoing, Tenant shall have the right to assign or sublet the premises, or a portion thereof, to a wholly owned affiliated company or subsidiary, without the Landlord's consent. Tenant shall be required, however, to give written notice to Landlord in advance of such assignment or sublet and to prepare assignment or sublet agreements on forms that are reasonably satisfactory to Landlord. In no event shall such an assignment or sublet release Tenant from its obligations under the terms of this Lease.

Consent to one assignment, subletting, occupation or use by any other person shall not be deemed to a consent to any subsequent assignment, subletting, occupation or use by another person. Any assignment or subletting without such consent shall be void, and shall, at the option of the Landlord, constitute a default under this Lease.

14. HOLD HARMLESS Tenant shall indemnify and hold harmless Landlord against and from any and all claims arising from Tenant's use of Premises for the conduct of its business or from any activity, work or other thing done, permitted or suffered by the Tenant in or about the Building, and shall further indemnify and hold harmless Landlord against and from any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any act or negligence of the tenant, or any officer, agent, employee, guest or invitee of Tenant, and from and against all cost, attorney's fees, expenses and liabilities incurred in or about any such claim or any action or proceeding brought thereon and in any case, action or proceeding brought against Landlord by reason of any such claim. Tenant upon notice from Landlord shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord. Tenant as a material part of the consideration to Landlord hereby assumes all risk of damage to property or injury to persons, in, upon or about the Premises, from any cause other than Landlord's negligence or willful act, and Tenant hereby waives all claims in respect thereof against Landlord.

Landlord or its agents shall not be liable for any damage to property entrusted to employees of the Building, nor for loss or damage to any property by theft or otherwise, nor for any injury to or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak dampness or any other cause whatsoever, unless caused by or due to the negligence or willful acts of Landlord, its agents, servant or employees. Landlord or its agents shall not be liable for interference with the light or other incorporeal hereditaments, less of business by Tenant, nor shall Landlord be liable for any latent defect in the premises or in the Building. Tenant shall give prompt notice to Landlord in case of fire or accidents in the Premises or in the Building or of defects therein or in the fixtures or equipment.

15. SUBROGATION Landlord and Tenant hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage and other property insurance policies existing for the benefit of the respective parties. Each party shall obtain any special endorsements, if required by their insurer to evidence compliance with the aforementioned waiver.

16. LIABILITY INSURANCE Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease, (1) a policy of comprehensive general liability insurance insuring Landlord and Tenant against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto; (2) workers' compensation insurance as may be required by law; and (3) "all risk" property insurance on Tenant's above-standard tenant improvements, personal property, equipment, furniture and fixtures. The limit of said insurance shall not, however, limit the liability of the Tenant hereunder. Tenant may carry said insurance under a blanket policy, providing, however, said insurance by Tenant shall have a Landlord's protective liability endorsement attached thereto. If Tenant shall fail to procure and maintain said insurance, Landlord may, but shall not be required to, procure and maintain same, but at the expense of Tenant. Insurance required hereunder, shall be in companies rated A+ AAA or better in "Best's Insurance Guide." Tenant shall deliver to Landlord prior to occupancy of the Premises copies of policies of insurance required herein or certificates evidencing the existence and amounts of such insurance with loss payable clauses reasonably satisfactory to Landlord. No policy shall be cancelable or subject to reduction of coverage except after ten (10) days prior written notice to Landlord.

17. See Addendum to Lease, P. 5, Services and Utilities.

18. PROPERTY TAXES Tenant shall pay, or cause to be paid, before delinquency, any and all taxes levied or assessed and which become payable during the term hereof upon all Tenant's leasehold improvements, equipment, furniture, fixtures and personal property located in the Premises; except that which has been paid for by Landlord, and is the standard of the Building. In the event any or all of the Tenant's leasehold improvements, equipment, furniture, fixtures and personal property shall be assessed and taxed with the Building, Tenant shall pay to Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to Tenant's property.
19. RULES AND REGULATIONS Tenant shall faithfully observe and comply with the reasonable rules and regulations that Landlord shall from time to time promulgate. Landlord reserves the right from time to time to make all reasonable modifications to said rules. The additions and modifications to those rules shall be binding upon Tenant upon delivery of a copy of them to Tenant. Landlord shall not be responsible for the nonperformance of any said rules by any other tenants or occupants. These rules and regulations shall be applied equally to all Tenants occupying Regency Center.
20. HOLDING OVER If Tenant remains in possession of the Premises or any part thereof after the expiration of the term hereof, with the express written consent of Landlord, such occupancy shall be a tenancy from month-to-month at a rental in the amount of the last monthly rental, plus all other charges payable hereunder, and upon all the terms hereof applicable to a month-to-month tenancy.
21. ENTRY BY LANDLORD Landlord reserves and shall at any and all times have the right to enter the Premises, inspect the same, supply janitorial service and any other service to be provided by Landlord to Tenant hereunder, to submit said Premises to prospective purchasers or tenants, to post notices of non-responsibility, and to alter, improve or repair the Premises and any portion of the Building of which the Premises are a part that Landlord may deem necessary or desirable, without abatement of rent and may for that purpose erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed, always providing that the entrance to the Premises shall not be blocked thereby, and further providing that the business of the Tenant shall not be interfered with unreasonably. Tenant hereby waives any claim for damages or for any injury or inconvenience to or interference with Tenant's business any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises, excluding Tenant's vaults, safes and files, and specific, secured, sensitive and confidential offices and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in any emergency, in order to obtain entry to the Premises without liability to Tenant except for any failure to exercise due care for Tenant's property. Any entry to the Premises obtained by Landlord by any of said means, or otherwise shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction of Tenant from the Premises or any portion thereof.
22. RECONSTRUCTION In the event the Premises or the Building of which the Premises are a part are damaged by fire or other perils covered by extended coverage insurance, Landlord agrees to forthwith repair the same, and this Lease shall remain in full force and effect, except that Tenant shall be entitled to a proportionate reduction of the rent while such repairs are being made, such proportionate reduction to be based upon the extent to which the making of such repairs shall materially interfere with the business carried on by the Tenant in the Premises. If the damage is due to the fault or neglect of Tenant or its employees, there shall be no abatement of rent.

In the event the Premises or the Building of which the Premises are a part are damaged as a result of any cause other than the perils covered by fire or extended coverage insurance, then Landlord shall forthwith repair the same provided the extent of the destruction be less than ten (10%) of the then full replacement cost of the Premises or the Building of which the Premises are a part. In the event the destruction of the Premises or the Building is to an extent greater than ten (10%) of the full replacement cost, then Landlord shall have the option (1) to repair or restore such damage, this Lease continuing in full force and effect, but the rent to be proportionately reduced as hereinabove in this Article provided; or (2) give notice to Tenant at any time within sixty (60) days after such damage terminating this Lease as of the date specified in such notice, which date shall be no less than thirty (30) and no more than sixty (60) days after the giving of such notice. In the event of giving such notice, this Lease shall expire and all interest of the Tenant in the Premises shall terminate on the date so specified in such notice and the Rent, reduced by a proportionate amount, based upon the extent, if any, to which such damage materially interfered with the business carried on by the Tenant in the Premises, shall be paid up to date of said such termination.

Notwithstanding anything to the contrary contained in this Article, Landlord shall not have any obligation whatsoever to repair, reconstruct or restore the damage to the Premises resulting from any casualty covered under this Article which occurs during the last twelve (12) months of the term of this Lease or any extension thereof.

Landlord shall not be required to repair any injury or damage by fire or other cause, or to make any repairs to replacements of any trade fixtures, equipment, furniture, personal property, or any tenant improvements added to the Premises by Tenant after the initial improvements were installed.

Except for abatement of rent as provided above, the Tenant shall not be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the premises, Tenant's personal property or any inconvenience or annoyance occasioned by such damage, repair, reconstruction or restoration.

23. DEFAULT The occurrence of any or more of the following events shall constitute a default and breach of this Lease by Tenant:

- A. The vacating or abandonment of the Premises by Tenant, except in cases when Tenant is current with all rental payments.
- B. The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of ten (10) days after written notice thereof by Landlord to Tenant.
- C. The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by the Tenant, other than described in Article 23.B. above, where such failure shall continue for a period of thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

D. The making by Tenant of any general assignment or general arrangement for the benefit of creditors, or the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt, or a petition or reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); or the appointment of a trustee or a receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interests in this Lease, where such seizure is not discharged in thirty (30) days.

24. REMEDIES IN DEFAULT In the event of any such material default or breach by Tenant, Landlord may at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of a right or remedy which Landlord may have by reason of such default or breach:

A. Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all damages incurred by necessary renovation and alteration of the Premises, reasonable attorney's fees, any real estate commission actually paid, the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided, that portion of the leasing commission paid by Landlord and applicable to the unexpired term of this Lease. Unpaid installments of rent or other sums shall bear interest from the date due at the rate of ten (10%) per cent per annum. In the event Tenant shall have abandoned the Premises, Landlord shall have the option of (a) taking possession of the Premises and recovering from Tenant the amount specified in this paragraph, or (b) proceeding under the provisions of the following Article 24.B.

B. Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event Landlord shall be entitled to enforce all of Landlord's right and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

C. Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decision of the State in which the Premises are located.

25. EMINENT DOMAIN If more than twenty-five (25%) per cent of the Premises shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, either party hereto shall have the right, at its option, to terminate this Lease, and Landlord shall be entitled to any and all income, rent, award or any interest therein whatsoever which may be paid or made in connection with such public or quasi-public use or purpose, and Tenant shall have no claim against Landlord for the value of any unexpired term of this Lease. If either less than or more than twenty-five (25%) per cent of the Premises is taken, and neither party elects to terminate as herein provided, the rental thereafter to be paid shall be equitably reduced. If any part of the Building other than the Premises may be so taken or appropriated, Landlord shall have the right at its option to terminate this Lease and shall be entitled to the entire award as above provided. Notwithstanding the foregoing, Tenant shall be entitled to that portion of any condemnation award made specifically on account of Tenant's relocation expenses, increased rental costs, improvements contracted at Tenant's expense or disruption of Tenant's business.

26. OFFSET STATEMENT Tenant shall at any time and from time to time upon not less than ten (10) days prior written notice from Landlord execute, acknowledge and deliver to Landlord a statement in writing (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the date to which the rental and other charges are paid in advance, if any, and (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of the Landlord hereunder or specifying such defaults if any are claimed. Any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the real property of which the Premises are a part.
27. PARKING Tenant shall have the right to use in common with other tenants or occupants of the Building the parking facilities of the Building.
28. AUTHORITY OF PARTIES
- A. Corporate Authority. If Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said corporation, in accordance with a duly adopted resolution of the board of directors of said corporation or in accordance with the by-laws of said corporation, and that this Lease is binding upon said corporation in accordance with its terms.
- B. Limited Partnerships. If the Landlord herein is a limited partnership, it is understood and agreed that any claims by Tenant on Landlord shall be limited to the assets of the limited partnership, and furthermore, Tenant expressly waives any and all rights to proceed against the individual partners or the officers, directors or shareholders of any corporate partner, except to the extent of their interest in said limited partnership.
29. GENERAL PROVISIONS
- (i) Plats and Riders. Clauses, plats and riders, if any, signed by the Landlord and the Tenant and endorsed on or affixed to this Lease are a part hereof.
- (ii) Waiver. The waiver by Landlord of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptances of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of the Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of the acceptance of such rent.
- (iii) Notices. All notices and demands which may or are to be required or permitted to be given by either party to the other hereunder shall be in writing. All notices and demands by the Landlord to the Tenant shall be sent by United States Mail, postage prepaid, addressed to the Tenant at 120 North Redwood Drive, San Rafael, California 94903, or to such other places as Tenant may from time to time designate in a notice to the Landlord. All notices and demands by the Tenant to the Landlord shall be sent by United States Mail, postage prepaid, addressed to the Landlord at 100 Smith Ranch Road, Suite 325, San Rafael, California 94903, or to such other person or place as the Landlord may from time to time designate in a notice to the Tenant.

- (iv) Joint Obligation. If there be more than one Tenant the obligations hereunder imposed upon Tenants shall be joint and several.
- (v) Marginal Headings. The marginal headings and titles to the Articles of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.
- (vi) Time. Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.
- (vii) Successors and Assigns. The covenants and conditions herein contained, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.
- (viii) Recordation. Neither Landlord nor Tenant shall record this Lease or a short form memorandum hereof without the prior written consent of the other party.
- (ix) Quiet Possession. Upon Tenant paying the rent reserved hereunder and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire term hereof, subject to all the provisions of this Lease.
- (x) Late Charges. Tenant hereby acknowledges that late payment by Tenant to Landlord of rent or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Landlord by terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or of a sum due from Tenant shall not be received by Landlord or Landlord's designee within ten (10) days after said amount is past due, then Tenant shall pay to Landlord a late charge equal to ten (10%) per cent of such overdue amount. The parties hereby agree that such late charges represent a fair and reasonable estimate of the cost that Landlord will incur by reason of the late payment by Tenant. Acceptance of such late charges by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.
- (xi) Prior Agreements. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understanding pertaining to any such matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.
- (xii) Inability to Perform. This Lease and the obligations of the Tenant hereunder shall not be affected or impaired because the Landlord is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of God, or any other cause beyond the reasonable control of the Landlord.

- (xiii) Attorney's Fees. In the event of any action or proceeding brought by either party against the other under this Lease the prevailing party shall be entitled to recover all costs and expenses including the fees of its attorneys in such action or proceeding in such amount as the court may adjudge reasonable as attorney's fees.
- (xiv) Sale of Premises by Landlord. In the event of any sale of the Building, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale; and the purchaser, at such sale or any subsequent sale of the Premises shall be deemed, without any further agreement between the parties or their successors in interest or between the parties and any such purchaser to have assumed and agreed to carry out any and all of the covenants and obligations of the Landlord under this Lease.
- (xv) Subordination Attornment. Upon request of the Landlord, Tenant will in writing subordinate its rights hereunder to the lien of any first mortgage, or first deed of trust to any bank, insurance company or other lending institution, now or hereafter in force against the land and Building of which the Premises are a part, and upon any buildings hereafter placed upon the land of which the Premises are a part, and to all advances made or hereafter to be made upon the security thereof.

Notwithstanding such subordination, neither Tenant's right to quiet possession of the Premises nor this Lease shall be disturbed or affected if Tenant is not in default hereunder and so long as Tenant shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms.
- (xvi) In the event any proceedings are brought for foreclosure, or in the event of the exercise of power of sale under any mortgage or deed of trust made by the Landlord covering the Premises, the Tenant shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Landlord under this Lease.
- (xvii) Name. Tenant shall not use the name of the Building or of the development in which the Building is situated for any purpose other than as an address of the business to be conducted by the Tenant in the Premises.
- (xviii) Separability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way effect, impair or invalidate any other provision hereof and such other provision shall remain in full force and effect.
- (xix) Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.
- (xx) Choice of Law. This Lease shall be governed by the laws of the State in which the Premises are located.
- (xxi) Signs and Auctions. Tenant shall not place any sign upon the Premises or Building or conduct any auction thereon without Landlord's prior written consent.

30. BROKERS Tenant warrants that it has had no dealings with any real estate broker or agents in connection with the negotiation of this Lease and it knows no real estate broker or agent who is entitled to a commission in connection with this Lease.

31. PREVIOUS LEASE NULL AND VOID As of July 1, 1993, the previous Lease between Fair, Isaac and Company, Incorporated and Regency Center, dated December 15, 1988 which expires April 30, 1994, is effectively null and void and this Lease supersedes all provisions contained therein. However, Tenant will owe the present value of the unamortized tenant improvements for the months of November 1993 through April 1994 in the amount of \$23,089.98. Tenant shall receive a rental credit for the months of July 1993 through October 1993 at the rate of \$3,367.83 per month for a total rental credit of \$13,471.32. The balance owed which shall be paid in a lump sum at the time of lease execution is \$9,618.66 (\$23,089.98 - \$13,471.32).

The Joseph and Eda Pell
Revocable Trust

Fair, Isaac and Company,
Incorporated

By: Joseph Pell

Joseph Pell

By: Robert D. Sanderson

Its: -----

Its: EVP, Chief Operating Officer

By: Eda Pell

Eda Pell

Date: November 24, 1993

Its: -----

Date: -----

RULES AND REGULATIONS

1. No sign, placard, picture, advertisement, name or placard shall be inscribed, displayed or printed or affixed on or to any part of the outside or inside of the Building without the written consent of the Landlord first had and obtained and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant.

All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of Tenant by a person approved of by Landlord.

Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall which may appear unsightly from outside the Premises; provided, however, that Landlord may furnish and install a Building standard window covering at all exterior windows. Tenant shall not without prior written consent of Landlord cause or otherwise sunscreen any window.

2. The sidewalks, halls, passages, exits, entrances, elevators and stairways shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress and egress from their respective Premises.
3. Tenant shall not alter any lock or install any new or additional locks without permission of Landlord, whose consent shall not be unreasonably withheld, or any bolts on any doors or windows of the Premises.
4. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage, damage resulting from the violation of this rule shall be borne by the Tenant who, or whose employees or invitees shall have caused it.
5. Tenant shall not overload the floor of the Premises or in any way deface the Premises or any part thereof.
6. No furniture, freight or equipment of any kind shall be brought into the Building without the prior notice to Landlord and all moving of the same into or out of the Building shall be done at such time and in such manner as Landlord shall designate. Notwithstanding the above, Tenant shall have the right to move furniture, freight or equipment into and out of the building without prior notice to Landlord, provided that such moves do not involve exclusive use of an elevator for an extended period of time, nor does the move interfere with the operation of other tenants in the building. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy equipment brought into the Building and also the times and manner of moving the same in and out of the Building. Safes or other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause and all damage done to the Building by moving or maintaining any such safe or other property shall be repaired at the expense of the Tenant.
7. Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to the Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having

business therein, nor shall any animals or birds be brought in or kept in or about the Premises or the Building.

8. No cooking, except for microwave and coffee machines, shall be done or permitted by any Tenant on the Premises, nor shall the Premises be used for the storage of merchandise, for washing clothes, for lodging, or for any improper, objectionable or immoral purposes.
9. Tenant shall not use or keep in the Premises of the Building any kerosene, gasoline or inflammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied by Landlord.
10. Landlord will direct electricians as to where and how telephone and telegraph wires are to be introduced. No boring or cutting for wires will be allowed without the consent of the Landlord. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord which shall not be unreasonably withheld.
11. On Saturdays, Sundays and legal holidays, and on other days between the hours of 6:00 p.m. and 8:00 a.m. the following day, access to the Building, or to the halls, corridors, elevators or stairways in the Building, or to the Premises may be refused unless the person seeking access is known to the person or employee of the Building in charge and has a pass or is properly identified. The Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, the Landlord reserves the right to prevent access to the Building during the continuance of the same by closing of the doors or otherwise, for the safety of the tenants and protection of property in the Building and the Building.
12. Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.
13. No vending machine or machines of any description shall be installed, maintained or operated upon the Premises without the written consent of the Landlord which shall not be unreasonably withheld.
14. Landlord shall have the right, exercisable without notice and without liability to Tenant, to change the name and street address of the Building of which the Premises are a part.
15. Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate to prevent same.
16. Without the written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address.

17. Landlord shall have the right to control and operate the public portions of the Building, and the public facilities, and heating and air conditioning, as well as facilities furnished for the common use of the tenants, in such manner as it deems best for the benefit of the tenants generally.
18. All entrance doors in the Premises shall be left locked when the Premises are not in use, and all doors opening to public corridors shall be kept closed except for normal ingress and egress from the Premises unless suite entry doors are controlled by UL and municipally approved hold-open devices which are connected to building life safety systems.

FIRST ADDENDUM TO LEASE
BY AND BETWEEN
THE JOSEPH AND EDA PELL REVOCABLE TRUST, LANDLORD
AND
FAIR, ISAAC AND COMPANY, INCORPORATED, TENANT
DATED JULY 1, 1993

1. OPERATING EXPENSE ADJUSTMENTS (Continued from Article 7 of the Lease.)
 - A. During the initial term of this Lease, management costs for the building shall not exceed three percent (3%) of the gross rental income for the building.
 - B. Landlord shall keep full, accurate and separate books of account and records covering all Direct Expenses, which books of accounts and records shall accurately reflect the total Direct Expenses and Landlord's billings to Tenant for Operating Expense Adjustments.
 - C. Tenant shall have the right to protest any charge to Tenant by Landlord for Operating Expense Adjustments, provided that said protest is made within thirty (30) days after receipt of Landlord's notice of such charge. In the event that Tenant shall protest, Tenant shall be entitled to audit Landlord's books of account, records and other pertinent data regarding Direct Expenses. The audit shall be limited to the determination of direct Expenses and charges to Tenant for Operating Expense Adjustments and shall be conducted during normal business hours. If the audit shows that there has been an overpayment by Tenant, the overpayment shall be immediately due and repayable by Landlord to Tenant.

2. OPTION TO EXTEND
 - A. Landlord grants to Tenant the option to extend the term of this Lease for two 3-year periods commencing when the prior term expires upon each and all of the following terms and conditions:
 - (i) Tenant gives to Landlord and Landlord receives notice of the exercise of the option to extend this Lease for said additional term no later than twelve (12) months prior to the time that the option period would commence if the option were exercised, time being of the essence. If said notification of the exercise of said option is not so given and received, this option shall automatically expire;
 - (ii) At the time said written notification of exercise of option is given and received, Tenant shall not be in default under any of the material obligations of this Lease to be performed by Tenant and this Lease shall not have previously terminated nor terminated prior to the commencement of the option term;
 - (iii) All of the terms and conditions of this Lease except where specifically modified by this option shall apply;
 - (iv) The monthly rent for each month of the option period shall be calculated as follows:

The rent payable by Tenant during the first option period shall be the Fair Market Rental Value of the Premises (as defined below) at the commencement date of the option period. There shall be an annual C.P.I. increase not to exceed

four percent (4%) in each subsequent year of the first option period. The rent in the first year of the second option period shall be the rent in the last year of the first option period to which will be added a C.P.I. increase not to exceed four percent (4%). There shall be an annual C.P.I. increase not to exceed four percent (4%) in each subsequent year of the second option period. All of the C.P.I. increases during the option periods shall be calculated on the basis of the formula provided in the Lease P.5.B.

If Landlord and Tenant cannot agree on the Fair Market Rental Value of the Premises for the extension periods within forty-five (45) days after the Tenant has notified Landlord of its exercise of the option, Landlord and Tenant shall each select, within forty-five (45) days of such notification, an appraiser who must be a qualified M.A.I. appraiser to determine said Fair Market Rental Value. If one party fails to so designate an appraiser within the time required, the determination of Fair Market Rental Value of the one appraiser who has been designated by the other party hereto within the time required shall be binding upon both parties. The appraisers shall submit their determinations of Fair Market Rental Value to both parties within thirty (30) days after their selection. If the difference between the two determinations is ten percent (10%) or less of the higher appraisal, then the average between the two determinations shall be the Fair Market Rental Value of the Premises. If said difference is greater than ten percent (10%), then the two appraisers shall within twenty (20) days of the date that the later submittal is submitted to the parties designate a third appraiser who must also be a qualified M.A.I. appraiser. The sole responsibility of the third appraiser will be to determine which of the determinations made by the first appraisers is most accurate. The third appraiser shall have no right to propose a middle ground or any modification of either of the determinations made by the first two appraisers. The third appraiser's choice shall be submitted to the parties within thirty (30) days after his or her selection. Such determination shall bind both of the parties and shall establish the Fair Market Rental Value of the Premises. Each party shall pay for their own appraiser and shall pay an equal share of the fees and expenses of the third appraiser.

Fair Market Rental Value for purpose of this Lease shall mean the then prevailing rent for premises comparable in size, quality, and orientation to the demised Premises, located in buildings comparable in size to, and in the general vicinity of, the building which the demised Premises are located, leased on terms comparable to the terms contained in this Lease.

3. RIGHT OF FIRST OPPORTUNITY TO LEASE ADDITIONAL PREMISES AT 100 SMITH RANCH ROAD, SAN RAFAEL

At any time during the term hereof, or any options to extend which Tenant has exercised, provided that Tenant is not in default as defined herein, Tenant shall have a right of first opportunity to lease for all office space that becomes available for lease at 100 Smith Ranch Road, San Rafael, based on the terms and conditions as outlined below.

Landlord and Tenant acknowledge that there are existing tenants at 100 Smith Ranch Road, which tenants have options to renew or who wish to renew their respective leases, and that these existing options and requests to renew would take precedent over the first opportunity to lease described herein.

Landlord and Tenant further acknowledge that this right of first opportunity to lease shall apply only to premises, from which existing tenants vacate or which is currently vacant.

Landlord shall notify Tenant in writing of the availability of additional office premises at 100 Smith Ranch Road, San Rafael within 30 days of Landlord receiving notice from an existing Tenant at 100 Smith Ranch Road of that Tenant's intent to vacate their premises. Landlord's notice to Tenant shall include the size of premises, the projected date at which the premises may be available, and a floor plan indicating the current configuration of the premises.

Tenant shall have 30 days after receipt of notice from Landlord to notify Landlord of Tenant's intent to lease the premises which was the subject of the notice. In the event Landlord does not receive notice from Tenant of Tenant's intent to lease said available space, Landlord shall have the right to lease said space to any other Tenant which Landlord chooses, and Tenant's right of first opportunity to lease that specific premises shall be deemed waived.

In the event Tenant notifies Landlord of its intent to lease said premises, Landlord and Tenant shall proceed as soon as is reasonably possible to execute a lease agreement for the specific premises that became available. Terms and conditions of the Lease shall be based on the same terms and conditions of the Lease(s) on the other space Tenant occupies in the Building at the time the Lease is executed. Landlord and Tenant shall make a good faith effort to execute a Lease for the specific available space within 30 days after Tenant has notified Landlord of its intent to lease said space.

This right of first opportunity to lease shall in no way limit the Landlord from executing leases with new tenants for terms of any length, with options to renew for any length, for those spaces for which Tenant has not exercised its right of first opportunity to lease as defined herein.

4. TENANT IMPROVEMENT WORK

There shall be no tenant improvement allowance provided. The space, which is already in Tenant's possession, shall be taken in as is condition.

5. SERVICES AND UTILITIES

A. Provided that Tenant is not in default hereunder, Landlord agrees to furnish to the Premises five-day per week janitorial service. Landlord shall also maintain and keep lighted, heated and air conditioned during reasonable hours of generally recognized business days, the common entries, common corridors, common stairs and toilet rooms in the building of which Premises are a part. Landlord shall not be liable for, and Tenant shall not be entitled to, any reduction of rental by reason of Landlord's failure to furnish any of the foregoing when such failure is caused by accident, breakage, repairs, strikes, lockouts or other labor disturbances or labor disputes of any character, or by any other cause, similar or dissimilar, beyond the reasonable control of Landlord. Landlord shall not be liable under any circumstances for a loss of or injury to property, however occurring, through or in connection with or incidental to failure to furnish any of the foregoing.

B. Tenant shall have 24-hour per day, seven-day per week access to its Premises.

C. Landlord shall provide Tenant a monthly allowance of \$1,359.50 (13,595 useable square feet x \$.10) for Tenant's electrical service. This allowance is included in the Base Rent as defined in Article 5 of the Lease .

Landlord and Tenant recognize that Tenant's electrical service shall cost in excess of \$.10 per square foot per month due to Tenant's use of machines requiring 220 Volt service in Tenant's computer room, Tenant's separate air conditioning unit for computer room, and Tenant's heavy electrical requirements.

Landlord's electrical engineer shall provide an estimate of Tenant's electrical usage which shall include the heating and air conditioning system for Tenant's premises, the separate heating and air conditioning system for Tenant's computer room, the special power required for Tenant's computer room, and power required for the balance of Tenant's premises.

Electrical engineer's estimate shall be based on a computation of Tenant's electrical equipment and special heating and air conditioning requirements, the amount of amps required by Tenant's use of the premises and the building kilowatt charge from Pacific Gas and Electric.

Electrical engineer shall document his calculations and shall submit these calculations to Tenant for Tenant's review. In the event Tenant questions any of the variables used in engineer's estimate, the Tenant shall submit information to the electrical engineer sufficient to establish Tenant's electrical use at premises. Electrical engineer, Tenant and Landlord shall then agree upon correct data to be used in computation of Tenant's electrical usage and electrical engineer, if necessary, shall submit new calculations for Tenant's electrical use.

Landlord shall bill Tenant monthly for this excess electrical usage. After the first year of Tenant's occupancy, or sooner should Landlord or Tenant require it, electrical engineer shall recalculate the estimate of Tenant's electrical usage to determine the monthly charge for the following year. At this time, any excess payments made by Tenant during the preceding year would be refunded, or any shortfalls for the preceding year would be paid by Tenant.

- D. The hours of operation of the heating and air conditioning system for the building are as follows:

Monday thru Friday:	7:00 a.m. to 6:00 p.m.
Saturdays:	8:00 a.m. to 3:00 p.m.

- E. In the event Tenant requires the operation of the heating and air conditioning system beyond the normal hours of operation for the building, Tenant shall notify the building manager in advance of the required extended hour usage, and the building manager shall program the heating and air conditioning system to operate during the time period requested by Tenant.
- F. In the event Tenant shall request that an override mechanism be installed during the term of the Lease, an override mechanism shall be installed on the heating and air conditioning system which services Tenant's premises. The cost of this mechanism shall be paid by the Tenant at the time of the installation. This mechanism shall allow Tenant to have control of the heating and air conditioning system for its premises in hours other than the normal building hours stated above.

Along with the override mechanism, an hourly meter shall be attached to the override mechanism which shall measure Tenant's use of the heating and air conditioning system beyond the normal building hours. On a monthly basis, Landlord shall charge Tenant for this usage by multiplying the number of hours used by the per hour charge

for operating the heating and air conditioning system which shall be determined by Landlord's electrical engineer and heating and air conditioning contractor.

6. COMMUNICATIONS INSTALLATION

Tenant has installed certain communications equipment on the roof of the Building. Prior to the end of the term of this Lease, Tenant, at Tenant's sole cost and expense, shall remove the communications equipment and shall, forthwith and with all due diligence, repair any damage to the Premises caused by such removal.

7. CONSENT

Landlord and Tenant agree that in the event their consent is required pursuant to the provisions of the Lease, such consent shall not be unreasonably withheld.

LANDLORD

The Joseph and Eda Pell Revocable Trust

By: Joseph Pell

Joseph Pell

Its: -----

By: Eda Pell

Eda Pell

Its: -----

Date: -----

TENANT

Fair, Isaac and Company, Incorporated

By: Robert D. Sanderson

Its: EVP, Chief Operating Officer

Date: November 24, 1993

FAIR, ISAAC AND COMPANY, INCORPORATED

1992 LONG-TERM INCENTIVE PLAN

As amended and restated effective November 16, 2001

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FAIR, ISAAC AND COMPANY, INCORPORATED 1992 LONG-TERM INCENTIVE PLAN
AS AMENDED AND RESTATED EFFECTIVE NOVEMBER 16, 2001

ARTICLE 1. INTRODUCTION.

The Plan was adopted by the Board on November 23, 1992, subject to approval by the Company's stockholders. The Plan was amended and restated by the Board on November 21, 1995, on November 25, 1997, on November 19, 1999, on November 21, 2000 and on November 16, 2001 subject to approval by the Company's stockholders. The Plan was also amended by the Board on December 23, 1996. All share amounts in this restatement have been adjusted to reflect the 100% stock dividend paid by the Company on June 26, 1995 and 50% stock dividend paid by the Company on June 4, 2001. The purpose of the Plan is to promote the long-term success of the Company and the creation of stockholder value by (a) encouraging Key Employees to focus on critical long-range objectives, (b) encouraging the attraction and retention of Key Employees with exceptional qualifications and (c) linking Key Employees directly to stockholder interests through increased stock ownership. The Plan seeks to achieve this purpose by providing for Awards in the form of Restricted Shares, Stock Units, Options (which may constitute incentive stock options or nonstatutory stock options) or stock appreciation rights.

The Plan shall be governed by, and construed in accordance with, the laws of the State of California.

ARTICLE 2. ADMINISTRATION.

2.1 Committee Composition. The Plan shall be administered by the Committee. The Committee shall consist of two or more Outside Directors who shall be appointed by the Board (although Committee functions may be delegated by the Committee to an officer or officers to the extent that the Awards relate to persons who are not subject to the reporting requirements of Section 16 of the Exchange Act)."

2.2 Committee Responsibilities. The Committee shall (a) unless delegated to an officer or officers in accordance with Section 2.1, select the Key Employees who are to receive Awards under the Plan and determine the type, number, vesting requirements and other conditions of such Awards, (b) interpret the Plan and (c) make all other decisions relating to the operation of the Plan. The Committee may adopt such rules or guidelines as it deems appropriate to implement the Plan. The Committee's determinations under the Plan shall be final and binding on all persons."

ARTICLE 3. SHARES AVAILABLE FOR GRANTS.

3.1 Basic Limitation. Any Common Shares issued pursuant to the Plan may be authorized but unissued shares or treasury shares. The aggregate number of Restricted Shares, Stock Units and Options awarded under the Plan shall not exceed 2,100,000 plus the number of Common Shares remaining available for awards under the Company's 1987 Stock Option Plan and Stock Option Plan for Non-employee Directors (the "Prior Plans") at the time this Plan is first approved by the stockholders. (No additional grants shall be made under the Prior Plans after this Plan has been approved by the stockholders.) Effective October 1, 1997, and on each October 1 thereafter for the remaining term of the Plan, the aggregate number of Shares which may be issued under the Plan to individuals shall be increased by a number of Common Shares equal to 4 percent of the total number of Common Shares outstanding at the end of the most recently concluded fiscal year. Any Common Shares that have been reserved but not issued as Restricted Shares, Stock Units or Options during any fiscal year shall remain available for grant during any subsequent fiscal year. Notwithstanding the foregoing, no more than 2,250,000 Common Shares shall be available for the grant of ISOs for the remaining term of the Plan. The aggregate number of Common Shares which may be issued under the Plan shall at all times be subject to adjustment pursuant to Article 10.

3.2 Additional Shares. If any Stock Units or Options are forfeited or if any Options terminate for any other reason before being exercised, then such Stock Units or Options shall again become available for Awards under the Plan. If any options under the Prior Plans are forfeited or terminate for any other reason before being exercised, then such options shall become available for additional Awards under this Plan. However, if Options are surrendered upon the exercise of related SARs, then such Options shall not be restored to the pool available for Awards.

3.3 Dividend Equivalents. Any dividend equivalents distributed under the Plan shall not be applied against the number of Restricted Shares, Stock Units or Options available for Awards, whether or not such dividend equivalents are converted into Stock Units.

3.4 Outside Director Option Limitations. Notwithstanding the limitations set forth in Section 3.1 above, effective February 1, 2000, there shall be an additional 225,000 aggregate number of Options available for awards under the Plan to Outside Directors as further described in Section 4.2 below.

ARTICLE 4. ELIGIBILITY.

4.1 General Rules. Only Key Employees shall be eligible for designation as Participants by the Committee. Key Employees who are Outside Directors shall only be eligible for the grant of the NSOs described in Section 4.2.

4.2 Outside Directors. Any other provision of the Plan notwithstanding, the participation of Outside Directors in the Plan shall be subject to the following restrictions:

(a) Outside Directors shall receive no Awards other than the NSOs described in this Section 4.2.

(b)(i) Each person who first becomes an Outside Director on or after the date of the Company's 2000 annual meeting of stockholders shall, upon becoming an Outside Director, receive an NSO covering 30,000 Common Shares (subject to adjustment under Article 10), hereinafter referred to as an "Initial Grant". Such Initial Grant shall become exercisable in increments of 6,000 shares (subject to adjustment under Article 10) on each of the first through fifth anniversaries of the date of grant.

(ii) Each Outside Director who was acting as an Outside Director prior to the Company's 2000 annual meeting of stockholders shall be entitled to receive an NSO grant of Common Shares in an amount sufficient to increase his or her Initial Grant to 30,000 Common Shares effective as of the date of such annual meeting.

(iii) On the date of each annual meeting of stockholders of the Company held on or after January 1, 2000, each Outside Director who has been an Outside Director at least since the prior annual meeting shall receive an NSO covering 7,500 Common Shares (subject to adjustment under Article 10), hereinafter referred to as an "Annual Grant." Such Annual Grants shall be exercisable in full on the date of grant.

(iv) On the date of each annual meeting of stockholders of the Company held on or after January 1, 2000, each Outside Director who chairs a standing committee at the direction of the Chairman of the Board shall receive an NSO covering an additional 1,500 Common Shares (subject to Adjustment under Article 10) hereinafter referred to as a "Committee Grant". Such Committee Grant shall be exercisable in full on the date of grant.

(c) All NSOs granted to an Outside Director under this Section 4.2 shall also become exercisable in full in the event of the termination of such Outside Director's service for any reason.

(d) The Exercise Price under all NSOs granted to an Outside Director under this Section 4.2 shall be equal to 100% of the Fair Market Value of a Common Share on the date of grant, payable in one of the forms described in Sections 6.1, 6.2, 6.3 and 6.4.

(e) All Initial Grants granted to an Outside Director under this Section 4.2 shall terminate on the earliest of (i) the 10th anniversary of the date of grant, (ii) the date three months after the termination of such Outside Director's service for any reason other than death or total and permanent disability or (iii) the date 12 months after the termination of such Outside Director's service because of death or total and permanent disability."

4.3 Ten-Percent Stockholders. A Key Employee who owns more than 10% of the total combined voting power of all classes of outstanding stock of the Company or any of its Subsidiaries shall not be eligible for the grant of an ISO unless the requirements set forth in section 422(c)(6) of the Code are satisfied.

4.4 Limitation on Option Grants. No person shall receive Options for more than 75,000 Common Shares (subject to adjustment under Article 10) in any single fiscal year of the Company.

ARTICLE 5. OPTIONS.

5.1 Stock Option Agreement. Each grant of an Option under the Plan shall be evidenced by a Stock Option Agreement between the Optionee and the Company. Such Option shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The Stock Option Agreement shall specify whether the Option is an ISO or an NSO. The provisions of the various Stock Option Agreements entered into under the Plan need not be identical.

5.2 Awards Nontransferable. Except as provided in Article 15(b), no Option granted under the Plan shall be transferable by the Optionee other than by will, by a

beneficiary designation executed by the Optionee and delivered to the Company or by the laws of descent and distribution. An Option may be exercised during the lifetime of the Optionee only by him or her or by his or her guardian or legal representative. No Option or interest therein may be transferred, assigned, pledged or hypothecated by the Optionee during his or her lifetime, whether by operation of law or otherwise, or be made subject to execution, attachment or similar process.

5.3 Number of Shares. Each Stock Option Agreement shall specify the number of Shares subject to the Option and shall provide for the adjustment of such number in accordance with Article 10.

5.4 Exercise Price. Each Stock Option Agreement shall specify the Exercise Price. The Exercise Price shall not be less than 100% of the Fair Market Value of a Common Share on the date of grant.

5.5 Exercisability and Term. Each Stock Option Agreement shall specify the date when all or any installment of the Option is to become exercisable. The Stock Option Agreement shall also specify the term of the Option; provided that the term of an ISO shall in no event exceed 10 years from the date of grant. A Stock Option Agreement may provide for accelerated exercisability in the event of the Optionee's death, disability or retirement or other events and may provide for expiration prior to the end of its term in the event of the termination of the Optionee's service. NSOs may also be awarded in combination with Restricted Shares or Stock Units, and such an Award may provide that the NSOs will not be exercisable unless the related Restricted Shares or Stock Units are forfeited.

5.6 Effect of Change in Control. The Committee may determine, at the time of granting an Option or thereafter, that such Option (and any SARs included therein) shall become fully exercisable as to all Common Shares subject to such Option in the event that a Change in Control occurs with respect to the Company. If the Committee finds that there is a reasonable possibility that, within the succeeding six months, a Change in Control will occur with respect to the Company, then the Committee may determine that any or all outstanding Options (and any SARs included therein) shall become fully exercisable as to all Common Shares subject to such Options.

5.7 Modification or Assumption of Options. Within the limitations of the Plan, the Committee may modify, extend or assume outstanding options or may accept the cancellation of outstanding options (whether granted by the Company or by another issuer) in return for the grant of new options for the same or a different number of shares and at the same or a different exercise price. The foregoing notwithstanding, no modification of an Option shall, without the consent of the Optionee, alter or impair his or her rights or obligations under such Option.

ARTICLE 6. PAYMENT FOR OPTION SHARES.

6.1 General Rule. The entire Exercise Price of Common Shares issued upon exercise of Options shall be payable in cash at the time when such Common Shares are purchased, except as follows:

(a) In the case of an ISO granted under the Plan, payment shall be made only pursuant to the express provisions of the applicable Stock Option Agreement. The Stock Option Agreement may specify that payment may be made in any form(s) described in this Article 6.

(b) In the case of an NSO, the Committee may at any time accept payment in any form(s) described in this Article 6.

6.2 Surrender of Stock. To the extent that this Section 6.2 is applicable, payment for all or any part of the Exercise Price may be made with Common Shares which have already been owned by the Optionee for more than twelve months. Such Common Shares shall be valued at their Fair Market Value on the date when the new Common Shares are purchased under the Plan.

6.3 Exercise/Sale. To the extent that this Section 6.3 is applicable, payment may be made by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker or other party approved by the Company to sell Common Shares and to deliver all or part of the sales proceeds to the Company in payment of all or part of the Exercise Price and any withholding taxes.

6.4 Exercise/Pledge. To the extent that this Section 6.4 is applicable, payment may be made by the delivery (on a form prescribed by the Company) of an irrevocable direction to pledge Common Shares to a securities broker or lender approved by the Company, as security for a loan, and to deliver all or part of the loan proceeds to the Company in payment of all or part of the Exercise Price and any withholding taxes.

6.5 Promissory Note. To the extent that this Section 6.5 is applicable, payment for all or any part of the Exercise Price may be made with a full-recourse promissory note; provided that the par value of newly issued Common Shares must be paid in lawful money of the U.S. at the time when such Common Shares are purchased.

6.6 Other Forms of Payment. To the extent that this Section 6.6 is applicable, payment may be made in any other form that is consistent with applicable laws, regulations and rules.

ARTICLE 7. STOCK APPRECIATION RIGHTS.

7.1 Grant of SARs. At the discretion of the Committee, an SAR may be included in each Option granted under the Plan, other than the NSOs granted to Outside Directors under Section 4.2. Such SAR shall entitle the Optionee (or any person having the right to exercise the Option after his or her death) to surrender to the Company, unexercised, all or any part of that portion of the Option which then is exercisable and to receive from the Company Common Shares or cash, or a combination of Common Shares and cash, as the Committee shall determine. If an SAR is exercised, the number of Common Shares remaining subject to the related Option shall be reduced accordingly, and vice versa. The amount of cash and/or the Fair Market Value of Common Shares received upon exercise of an SAR shall, in the aggregate, be equal to the amount by which the Fair Market value (on the date of surrender) of the Common Shares subject to the surrendered portion of the Option exceeds the Exercise Price. In no event shall any SAR be exercised if such Fair Market Value does not exceed the Exercise Price. An SAR may be included in an ISO only at the time of grant but may be included in an NSO at the time of grant or at any subsequent time, but not later than six months before the expiration of such NSO.

7.2 Exercise of SARs. An SAR may be exercised to the extent that the Option in which it is included is exercisable, subject to the restrictions imposed by Rule 16b-3 (or its successor) under the Exchange Act, if applicable. If, on the date when an Option expires, the Exercise Price under such Option is less than the Fair Market Value on such date but any portion of such Option has not been exercised or surrendered, then any SAR included in such Option shall automatically be deemed to be exercised as of such date with respect to such portion. An Option granted under the Plan may provide that it will be exercisable as an SAR only in the event of a Change in Control.

ARTICLE 8. RESTRICTED SHARES AND STOCK UNITS.

8.1 Time, Amount and Form of Awards. Restricted Shares or Stock Units with respect to an Award Year may be granted during such Award Year or at any time thereafter. Awards under the Plan may be granted in the form of Restricted Shares, in the form of Stock Units, or in any combination of both. Restricted Shares or Stock Units may also be awarded in combination with NSOs, and such an Award may provide that the Restricted Shares or Stock Units will be forfeited in the event that the related NSOs are exercised.

8.2 Payment for Awards. To the extent that an Award is granted in the form of newly issued Restricted Shares, the Award recipient shall be required to pay the Company in lawful money of the U.S. an amount equal to the par value of such Restricted Shares. To the extent that an Award is granted in the form of Stock Units or treasury shares, no cash consideration shall be required of Award recipients.

8.3 Vesting Conditions. Each Award of Restricted Shares or Stock Units shall become vested, in full or in installments, upon satisfaction of the conditions specified in the Stock Award Agreement. A Stock Award Agreement may provide for accelerated vesting in the event of the Participant's death, disability or retirement or other events. The Committee may determine, at the time of making an Award or thereafter, that such Award shall become fully vested in the event that a Change in Control occurs with respect to the Company.

8.4 Form and Time of Settlement of Stock Units. Settlement of vested Stock Units may be made in the form of cash, in the form of Common Shares, or in any combination of both. Methods of converting Stock Units into cash may include (without limitation) a method based on the average Fair Market Value of Common Shares over a series of trading days. Vested Stock Units may be settled in a lump sum or in installments. The distribution may occur or commence when all vesting conditions applicable to the Stock Units have been satisfied or have lapsed, or it may be deferred to any later date. The amount of a deferred distribution may be increased by an interest factor or by dividend equivalents. Until an Award of Stock Units is settled, the number of such Stock Units shall be subject to adjustment pursuant to Article 10.

8.5 Death of Recipient. Any Stock Units Award that becomes payable after the recipient's death shall be distributed to the recipient's beneficiary or beneficiaries. Each recipient of a Stock Units Award under the Plan shall designate one or more beneficiaries for this purpose by filing the prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Award recipient's death. If no beneficiary was designated or if no designated beneficiary survives the Award recipient, then any Stock Units Award that becomes payable after the recipient's death shall be distributed to the recipient's estate.

8.6 Creditors' Rights. A holder of Stock Units shall have no rights other than those of a general creditor of the Company. Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Stock Award Agreement.

ARTICLE 9. VOTING AND DIVIDEND RIGHTS.

9.1 Restricted Shares. The holders of Restricted Shares awarded under the Plan shall have the same voting, dividend and other rights as the Company's other stockholders. A Stock Award Agreement, however, may require that the holders of Restricted Shares invest any cash dividends received in additional Restricted Shares. Such additional Restricted Shares shall be subject to the same conditions and restrictions as the Award with respect to which the dividends were paid. Such additional Restricted Shares shall not reduce the number of Common Shares available under Article 3.

9.2 Stock Units. The holders of Stock Units shall have no voting rights. Prior to settlement or forfeiture, any Stock Unit awarded under the Plan shall carry with it a right to dividend equivalents. Such right entitles the holder to be credited with an amount equal to all cash dividends paid on one Common Share while the Stock Unit is outstanding. Dividend equivalents may be converted into additional Stock Units. Settlement of dividend equivalents may be made in the form of cash, in the form of Common Shares, or in a combination of both. Prior to distribution, any dividend equivalents which are not paid shall be subject to the same conditions and restrictions as the Stock Units to which they attach.

ARTICLE 10. PROTECTION AGAINST DILUTION.

10.1 Adjustments. In the event of a subdivision of the outstanding Common Shares, a declaration of a dividend payable in Common Shares, a declaration of a dividend payable in a form other than Common Shares in an amount that has a material effect on the price of Common Shares, a combination or consolidation of the outstanding Common Shares (by reclassification or otherwise) into a lesser number of Common Shares, a recapitalization, a spinoff or a similar occurrence, the Committee shall make appropriate adjustments in one or more of (a) the number of Options, Restricted Shares and Stock Units available for future Awards under Article 3, (b) the number of NSOs to be granted to Outside Directors under Section 4.2, (c) the number of Stock Units included in any prior Award which has not yet been settled, (d) the number of Common Shares covered by each outstanding Option or (e) the Exercise Price under each outstanding Option. Except as provided in this Article 10, a Participant shall have no rights by reason of any issue by the Company of stock of any class or securities convertible into stock of any class, any subdivision or consolidation of shares of stock of any class, the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class.

10.2 Reorganizations. In the event that the Company is a party to a merger or other reorganization, outstanding Options, Restricted Shares and Stock Units shall be subject to the agreement of merger or reorganization. Such agreement may provide, without limitation, for the assumption of outstanding Awards by the surviving corporation or its parent, for their continuation by the Company (if the Company is a surviving corporation), for accelerated vesting or for settlement in cash.

ARTICLE 11. LONG-TERM PERFORMANCE AWARDS.

The Company may grant long-term performance awards under other plans or programs. Such awards may be settled in the form of Common Shares issued under this Plan. Such Common Shares shall be treated for all purposes under the Plan like Common Shares issued in settlement of Stock Units and shall reduce the number of Common Shares available under Article 3.

ARTICLE 12. LIMITATION ON RIGHTS.

12.1 Retention Rights. Neither the Plan nor any award granted under the Plan shall be deemed to give any individual a right to remain an employee or director of the Company or a Subsidiary. The Company and its Subsidiaries reserve the right to terminate the service of any employee or director at any time, with or without cause, subject to applicable laws, the Company's certificate of incorporation and by-laws and a written employment agreement (if any).

12.2 Stockholders' Rights. A Participant shall have no dividend rights, voting rights or other rights as a stockholder with respect to any Common Shares covered by his or her Award prior to the issuance of a stock certificate for such Common Shares. No adjustment shall be made for cash dividends or other rights for which the record date is prior to the date when such certificate is issued, except as expressly provided in Articles 8, 9 and 10.

12.3 Regulatory Requirements. Any other provision of the Plan notwithstanding, the obligation of the Company to issue Common Shares under the Plan shall be subject to all applicable laws, rules and regulations and such approval by any regulatory body as may be required. The Company reserves the right to restrict, in whole or in part, the delivery of Common Shares pursuant to any Award prior to the satisfaction of all legal requirements relating to the issuance of such Common Shares, to their registration, qualification or listing or to an exemption from registration, qualification or listing.

ARTICLE 13. LIMITATION ON PAYMENTS.

13.1 Basic Rule. Any provision of the Plan to the contrary notwithstanding, in the event that the independent auditors most recently selected by the Board (the "Auditors") determine that any payment or transfer by the Company to or for the benefit of a Key Employee, whether paid or payable (or transferred or transferable) pursuant to the terms of this Plan or otherwise (a "Payment"), would be non-deductible by the Company for federal income tax purposes because of the provisions concerning "excess parachute payments" in section 280G of the Code, then the aggregate present value of all Payments shall be reduced (but not below zero) to the Reduced Amount; provided that the Committee, at the time of making an Award under this Plan or at any time thereafter, may specify in writing that such Award shall not be so reduced and shall not be subject to this Article 13. For purposes of this Article 13, the "Reduced Amount" shall be the amount, expressed as a present value, which maximizes the aggregate present value of the Payments without causing any Payment to be nondeductible by the Company because of section 280G of the Code.

13.2 Reduction of Payments. If the Auditors determine that any Payment would be nondeductible by the Company because of section 280G of the Code, then the Company shall promptly give the Key Employee notice to that effect and a copy of the detailed calculation thereof and of the Reduced Amount, and the Key Employee may then elect, in his or her sole discretion, which and how much of the Payments shall be eliminated or reduced (as long as after such election the aggregate present value of the Payments equals the Reduced Amount) and shall advise the Company in writing of his or her election within 10 days of receipt of notice. If no such election is made by the Key Employee within such 10-day period, then the Company may elect which and how much of the Payments shall be eliminated or reduced (as long as after such election the aggregate present value of the Payments equals the Reduced Amount) and shall notify the Key Employee promptly of such election. For purposes of this Article 13, present value shall be determined in accordance with section 280G(d)(4) of the Code. All determinations made by the Auditors under this Article 13 shall be binding upon the Company and the Key Employee and shall be made within 60 days of the date when a payment becomes payable or transferable. As promptly as practicable following such determination and the elections hereunder, the Company shall pay or transfer to or for the benefit of the Key Employee such amounts as are then due to him or her under the Plan and shall promptly pay or transfer to or for the benefit of the Key Employee in the future such amounts as become due to him or her under the Plan.

13.3 Overpayments and Underpayments. As a result of uncertainty in the application of section 280G of the Code at the time of an initial determination by the Auditors hereunder, it is possible that Payments will have been made by the Company which should not have been made (an "Overpayment") or that additional Payments which will not have been made by the Company could have been made (an "Underpayment"), consistent in each case with the calculation of the Reduced Amount hereunder. In the event that the Auditors, based upon the assertion of a deficiency by the Internal Revenue Service against the Company or the Key Employee which the Auditors believe has a high probability of success, determine that an Overpayment has been made, such Overpayment shall be treated for all purposes as a loan to the Key Employee which he or she shall repay to the Company, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code; provided, however, that no amount shall be payable by the Key Employee to the Company if and to the extent that such payment would not reduce the amount which is subject to taxation under section 4999 of the Code. In the event that the Auditors determine that an Underpayment has occurred, such Underpayment shall promptly be paid or transferred by the Company to or for the benefit of the Key Employee, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code.

13.4 Related Corporations. For purposes of this Article 13, the term "Company" shall include affiliated corporations to the extent determined by the Auditors in accordance with section 280G(d)(5) of the Code.

ARTICLE 14. WITHHOLDING TAXES.

14.1 General. To the extent required by applicable federal, state, local or foreign law, the recipient of any payment or distribution under the Plan shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise by reason of the receipt or vesting of such payment or distribution. The Company shall not be required to issue any Common Shares or make any cash payment under the Plan until such obligations are satisfied.

14.2 Share Withholding. The Committee may permit a Participant to satisfy all or part of his or her withholding or income tax obligations by having the Company withhold a portion of any Common Shares that otherwise would be issued to him or her or by surrendering a portion of any Common Shares that previously were issued to him or her. Such Common Shares shall be valued at their Fair Market Value on the date when taxes otherwise would be withheld in cash. Any payment of taxes by assigning Common Shares to the Company may be subject to restrictions, including any restrictions required by rules of the Securities and Exchange Commission.

ARTICLE 15. ASSIGNMENT OR TRANSFER OF AWARDS.

(i) Except as provided in Article 14, any Award granted under the Plan shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily, involuntarily or by operation of law. Any act in violation of this Article 15 shall be void. However, this Article 15 shall not preclude a Participant from designating a beneficiary who will receive any undistributed Awards in the event of the Participant's death, nor shall it preclude a transfer by will or by the laws of descent and distribution. In addition, neither this Article 15 nor any other provision of the Plan shall preclude a Participant from transferring or assigning Restricted Shares or Stock Units to (a) the trustee of a trust that is revocable by such Participant alone, both at the time of the transfer or assignment and at all times thereafter prior to such Participant's death, or (b) the trustee of any other trust to the extent approved in advance by the Committee in writing. A transfer or assignment of Restricted Shares or Stock Units from such trustee to any person other than such Participant shall be permitted only to the extent approved in advance by the Committee in writing, and Restricted Shares or Stock Units held by such trustee shall be subject to all of the conditions and restrictions set forth in the Plan and in the applicable Stock Award Agreement, as if such trustee were a party to such Agreement.

(ii) Notwithstanding paragraph (i) above, an NSO or portion thereof may be transferred by the Optionee by gift to (a) the Optionee's immediate family, (b) a partnership consisting solely of the Optionee and/or immediate family, or (c) to a trust established for the benefit of the Optionee and/or one or more members of the immediate family of the Optionee (including a charitable remainder trust whose income beneficiaries consist solely of such persons), provided that such transfer will not be effective until notice of such transfer is delivered to the Corporation. For purposes of this paragraph (ii) "immediate family" means spouse, children and grandchildren. An Option or portion thereof may also be transferred pursuant to a domestic relations order of a court of competent jurisdiction.

ARTICLE 16. FUTURE OF THE PLAN.

16.1 Term of the Plan. The Plan, as set forth herein, shall become effective upon approval by the Stockholders of the Company. The Plan shall remain in effect until it is terminated under Section 16.2, except that no ISOs shall be granted after November 24, 2007.

16.2 Amendment or Termination. The Board may, at any time and for any reason, amend or terminate the Plan, except that the provisions of Section 4.2 relating to Outside Directors shall not be amended more than once in any six-month period. An

amendment of the Plan shall be subject to the approval of the Company's stockholders only to the extent required by applicable laws, regulations or rules. No Awards shall be granted under the Plan after the termination thereof. The termination of the Plan, or any amendment thereof, shall not affect any Option previously granted under the Plan.

ARTICLE 17. DEFINITIONS.

17.1 "Award" means any award of an Option (with or without a related SAR), a Restricted Share or a Stock Unit under the Plan.

17.2 "Award Year" means a fiscal year with respect to which an Award may be granted.

17.3 "Board" means the Company's Board of Directors, as constituted from time to time.

17.4 "Change in Control" means the occurrence of either of the following events:

(a) A change in the composition of the Board, as a result of which fewer than one-half of the incumbent directors are directors who either:

(i) Had been directors of the Company 24 months prior to such change; or

(ii) Were elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the directors who had been directors of the Company 24 months prior to such change and who were still in office at the time of the election or nomination; or

(b) Any "person" (as such term is used in sections 13(d) and 14(d) of the Exchange Act) by the acquisition or aggregation of securities is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors (the "Base Capital Stock"); except that any change in the relative beneficial ownership of the Company's securities by any person resulting solely from a reduction in the aggregate number of outstanding shares of Base Capital Stock, and any decrease thereafter in such person's ownership of securities, shall be disregarded until such person increases in any manner, directly or indirectly, such person's beneficial ownership of any securities of the Company.

17.5 "Code" means the Internal Revenue Code of 1986, as amended.

Article 2. 17.6 "Committee" means a committee of the Board, as described in

Company. 17.7 "Common Share" means one share of the Common Stock of the

Delaware corporation. 17.8 "Company" means Fair, Isaac and Company, Incorporated, a

amended. 17.9 "Exchange Act" means the Securities Exchange Act of 1934, as

17.10 "Exercise Price" means the amount for which one Common Share may be purchased upon exercise of an Option, as specified in the applicable Stock Option Agreement.

17.11 "Fair Market Value" means the market price of Common Shares, determined by the Committee as follows:

(a) If the Common Shares were traded over-the-counter on the date in question, whether or not classified as a national market issue, then the Fair Market Value shall be equal to the mean between the last reported bid and asked prices quoted by the NASDAQ system for such date;

(b) If the Common Shares were traded on a stock exchange on the date in question, then the Fair Market Value shall be equal to the closing price reported by the applicable composite transactions report for such date; and

(c) If none of the foregoing provisions is applicable, then the Fair Market Value shall be determined by the Committee in good faith on such basis as it deems appropriate.

Whenever possible, the determination of Fair Market Value by the Committee shall be based on the prices reported by the Research Section of the National Association of Securities Dealers or in the Western Edition of The Wall Street Journal. Such determination shall be conclusive and binding on all persons.

17.12 "ISO" means an incentive stock option described in section 422(b) of the Code.

17.13 "Key Employee" means (a) a key common-law employee of the Company or of a Subsidiary, as determined by the Committee, or (b) an Outside Director. Service as an Outside Director shall be considered employment for all purposes of the Plan, except as provided in Sections 4.1 and 4.2.

17.14 "NSO" means an employee stock option not described in sections 422 or 423 of the Code.

17.15 "Option" means an ISO or NSO granted under the Plan and entitling the holder to purchase one Common Share.

17.16 "Optionee" means an individual or estate who holds an Option.

17.17 "Outside Director" shall mean a member of the Board who is not a common-law employee of the Company or of a Subsidiary.

17.18 "Participant" means an individual or estate who holds an Award.

17.19 "Plan" means this Fair, Isaac and Company, Incorporated 1992 Long-Term Incentive Plan, as it may be amended from time to time.

17.20 "Restricted Share" means a Common Share awarded under the Plan.

17.21 "SAR" means a stock appreciation right granted under the Plan.

17.22 "Stock Award Agreement" means the agreement between the Company and the recipient of a Restricted Share or Stock Unit which contains the terms, conditions and restrictions pertaining to such Restricted Share or Stock Unit.

17.23 "Stock Option Agreement" means the agreement between the Company and an Optionee which contains the terms, conditions and restrictions pertaining to his or her Option.

17.24 "Stock Unit" means a bookkeeping entry representing the equivalent of one Common Share and awarded under the Plan.

17.25 "Subsidiary" means any corporation, if the Company and/or one or more other Subsidiaries own not less than 50% of the total combined voting power of all classes of outstanding stock of such corporation. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

ARTICLE 18. EXECUTION.

To record the adoption of the amended and restated Plan by the Board, the Company has caused its duly authorized officer to affix the corporate name and seal hereto.

FAIR, ISAAC AND COMPANY, INCORPORATED

By /s/ Henk J. Evenhuis

 Henk J. Evenhuis
 Vice President, Chief Financial
 Officer and Secretary

OFFICE BUILDING LEASE
Regency Center
San Rafael, California

OFFICE BUILDING LEASE
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OFFICE BUILDING LEASE

1. PARTIES. This Lease, dated for reference purposes only June ____, 2001, is made by and between The Joseph and Eda Pell Revocable Trust (herein called "Landlord") and Fair, Isaac and Company, Incorporated, a Delaware corporation (herein called "Tenant").

2. PREMISES. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord that certain office space (herein called the "Premises") indicated on Exhibits "A-1," "A-2" and "A-3" attached hereto and incorporated herein by this reference, comprising a portion of the first floor, the entire second floor and a portion of the third floor of that certain building commonly known as Regency Center, located at 100 Smith Ranch Road, San Rafael, California (the "Building"). For purposes of this Lease, the Building includes all exterior common areas, including the parking facilities serving the Building. For the purposes of this Lease, the Premises are agreed to contain 74,456 rentable square feet (11,875; 35,261 and 27,320 for the portions of the Premises located on the first, second and third floors, respectively) and 68,174 usable square feet (10,642; 33,140 and 27,392 for the portions of the Premises located on the first, second and third floors, respectively).

This Lease is subject to the terms, covenants and conditions herein set forth and Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of said terms, covenants and conditions and that this Lease is made upon the condition of said performance.

3. TERM; OPTION TO EXTEND.

A. The term of this Lease shall be for a period of ten (10) years and three (3) months, commencing on December 1, 2001 ("Term Commencement Date"), and shall expire on the last day of February, 2012 (the "Term Expiration Date").

B. Provided this Lease is then in effect and Tenant is then occupying the entirety of the Premises, Landlord grants to Tenant the option to extend the term of this Lease as to all or such lesser portion of the Premises as may be designated in Tenant's exercise notice (provided that (1) all portions of the Premises so retained by Tenant shall constitute a contiguous unit of space, (2) Tenant shall release all of the space on a given floor before releasing space on another floor, (3) the space so released on a floor Tenant intends to continue to occupy shall be of a commercially reasonable size and configuration, and (4) Tenant shall be responsible, at its sole cost, for the construction of any necessary demising walls, corridors and fire separations) for one (1) five- (5-) year period commencing March 1, 2012 upon each and all of the following terms and conditions:

(i) Tenant gives to Landlord and Landlord receives notice of the exercise of the option to extend this Lease for such additional term no later than twelve (12) months prior to the time that the option term would commence if the option were exercised, time being of the essence. If said notification of the exercise of such option is not so given and received, such option shall automatically expire.

(ii) At the time said written notification of exercise of such option is given and received, or at the time such option term is to commence, Tenant shall not be in default under any of the material obligations of this Lease to be performed by Tenant and this Lease shall not have previously terminated nor terminated prior to the commencement of the option term.

(iii) All of the terms and conditions of this Lease, except where specifically modified by this option, shall apply.

(iv) the monthly rent for each month of the option term shall be calculated as follows:

The rent payable by Tenant during the option term shall be the "Fair Market Rental Value" of the Premises (as defined below) at the commencement date of the option term. There shall be an annual increase in the rent during the option term in an amount equal to four percent (4%) per annum. Anything herein to the contrary notwithstanding, if the rent in effect for the Premises for the month of February, 2012 (the "Final Base Rent") is higher

than the Fair Market Rental Value for the Premises at the commencement of the option term, then the rent for the Premises for the option term shall be the lesser of: (i) the Final Base Rent, and (ii) one hundred five percent (105%) of the Fair Market Rental Value. If Landlord and Tenant cannot agree on the Fair Market Rental Value of the Premises for the first year of the option term within forty-five (45) days after the Tenant has notified Landlord of its exercise of the option, Landlord and Tenant shall each select, within forty-five (45) days of such notification, an appraiser who must be a qualified M.A.I. appraiser to determine said Fair Market Rental Value. If one party fails to so designate an appraiser within the time required, the determination of Fair Market Rental Value of the one appraiser who has been designated by the other party hereto within the time required shall be binding upon both parties. The appraisers shall submit their determinations of Fair Market Rental Value to both parties within thirty (30) days after their selection. If the difference between the two determinations is ten percent (10%) or less of the higher appraisal, then the average between the two determinations shall be the Fair Market Rental Value of the Premises. If said difference is greater than ten percent (10%), then the two appraisers shall within twenty (20) days of the date that the later submittal is submitted to the parties designate a third appraiser who must also be a qualified M.A.I. appraiser. The sole responsibility of the third appraiser will be to determine which of the determinations made by the first two (2) appraisers is most accurate. The third appraiser shall have no right to propose a middle ground or any modification of either of the determinations made by the first two appraisers. The third appraiser's choice shall be submitted to the parties within thirty (30) days after his or her selection. Such determination shall bind both of the parties and shall establish the Fair Market Rental Value of the Premises. Each party shall pay for their own appraiser and shall pay an equal share of the fees and expenses of the third appraiser.

Fair Market Rental Value for purpose of this Lease shall mean the then prevailing rent for premises comparable in size, quality, and orientation to the Premises, located in buildings comparable in size to, and in the general vicinity of, the Building in which the Premises are located, leased on terms comparable to the terms contained in this Lease.

4. POSSESSION.

A. Tenant is presently in possession of the Premises under the terms of three (3) existing Office Building Leases, dated as of July 1, 1993 (as amended) with respect to the third floor (the "Third Floor Lease"), July 10, 1993 (as amended) with respect to the second floor (the "Second Floor Lease") and October 11, 1993 (as amended) with respect to the first floor (the "First Floor Lease," and collectively with the Second Floor Lease and the Third Floor Lease, the "Prior Leases"), and, on the Term Commencement Date, Tenant shall remain in possession of the Premises in their then "As Is" condition pursuant to the terms and provisions of this Lease, which shall supersede the Prior Leases in their entirety as of the Term Commencement Date (except for Section 7 (with respect to the right to reconcile Direct Expenses with respect to the on-account payments made by Tenant through November 30, 2000); Section 12 (with respect to Tenant's obligation to remove any mechanics liens resulting from work performed, materials furnished or obligations incurred by Tenant prior to November 30, 2001); Section 14 (with respect to any indemnity claims); Section 18 (with respect to Tenant's obligation to pay any personal property taxes accruing prior to December 1, 2001) and Section 29 (with respect to attorneys' fees relating to matters surviving termination of the Prior Leases) of the Prior Leases which expressly survive the Expiration Dates thereof); provided that Landlord shall make available to Tenant an amount not to exceed Sixty-Seven Thousand Nine Hundred Seventy-Five Dollars (\$67,975.00) (the "Allowance"), to be used by Tenant in connection with the repainting and recarpeting of the western portion of the Premises located on the third floor. Landlord shall fund the Allowance, at any time prior to July 1, 2003, within thirty (30) days of receipt of paid invoices or other reasonable documentary evidence indicating the amounts incurred by Tenant in performing such work.

B. On the Term Expiration Date or upon earlier termination of this Lease, Tenant shall deliver to Landlord possession of the Premises or portion thereof together with all improvements, alterations or additions thereto in substantially the same condition as received or first installed, reasonable wear and tear excepted. Tenant may, upon the termination of this Lease, remove its trade fixtures and personal property, repairing any damage caused by such removal.

5. RENT; RENT ESCALATIONS.

A. Tenant agrees to pay to Landlord as rental for the Premises, each month during the term, without prior notice or demand, an amount equal to Two Hundred Sixty Thousand Five Hundred Ninety-Six and 00/100 Dollars (\$260,596.00) (the "Base Rent"). The Base Rent shall be payable on or before the first day of the first full calendar month of the term hereof and a like sum on or before the first day of each and every successive calendar month thereafter during the term hereof, except that the first month's Base Rent shall be paid upon mutual execution of this Lease. Base Rent for any period during the term which is for less than one (1) month shall be a prorated portion of the monthly installment herein, based upon a thirty (30) day month. Base Rent shall be paid to Landlord without deduction or offset in lawful money of the United States of America, which shall be legal tender at the time of payment, at 100 Smith Ranch Road, Suite 325, San Rafael, California 94903, or to such other place as Landlord may from time to time designate in writing.

The Base Rent for the Premises shall be adjusted as of the first anniversary of the Term Commencement Date and on each annual anniversary thereafter by an amount equal to one hundred four percent (104%) of the Base Rent payable during the prior twelve (12) month period.

6. SECURITY DEPOSIT.

As of the date of this Lease, Landlord is presently holding, pursuant to the terms of the Prior Leases, security deposits (the "Deposit") aggregating One Hundred Eight Thousand Seven Hundred Sixteen Dollars (\$108,716.00). Concurrently with Tenant's execution and delivery of this Lease, Tenant shall deliver to Landlord an amount equal to Ninety-One Thousand Two Hundred Eighty-Four Dollars (\$91,284.00) in order to bring the aggregate balance of the Deposit to Two Hundred Thousand Dollars (\$200,000.00). From and after the Term Commencement Date, the Deposit shall be held by Landlord as security for the faithful performance by Tenant of all the terms, covenants, and conditions of this Lease to be kept and performed by Tenant during the term hereof. If Tenant defaults with respect to any provision of this Lease including, but not limited to, the provisions relating to the payment of rent, Landlord may (but shall not be required to) use, apply or retain all or any part of this Deposit for the payment of any rent or any other sum in default, or for the payment of any reasonable amount which Landlord may spend or become obligated to spend by reason of Tenant's default to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of said Deposit is so used or applied, Tenant shall, within five (5) days after written demand therefor, deposit cash with Landlord in an amount sufficient to restore the Deposit to its original amount and Tenant's failure to do so shall be a material breach of this Lease. Landlord shall not be required to keep this Deposit separate from its general fund and Tenant shall not be entitled to interest on such Deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the Deposit or any balance thereof shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) at the expiration of the Lease term. In the event of termination of Landlord's interest in this Lease, Landlord shall transfer said Deposit to Landlord's successor in interest.

7. OPERATING EXPENSE ADJUSTMENTS. For the purposes of this Article, the following terms are defined as follows:

Base Year	The Base Year shall be 2002.
Comparison Year	Each calendar year of the term after the Base Year.
Direct Expenses	All direct costs of operation and maintenance, as determined by standard accounting practices, including the following costs by way of illustration, but not be limited to: real property taxes and assessments; rent taxes, gross receipt taxes, (whether assessed against the Landlord or assessed against the Tenant and collected by the Landlord, or both); water and sewer charges; insurance premiums; utilities; janitorial services; labor; costs incurred in the management of the Building; air conditioning & heating; elevator maintenance; supplies; materials; equipment and

tools; and maintenance, costs and upkeep of all parking and common areas. ("Direct Expenses" shall not include depreciation on the Building of which the Premises are a part or equipment therein, loan payments, executive salaries, real estate broker's commissions or the cost of electricity provided to the Premises and to space leased by other tenants of the Building in excess of Eleven Cents (\$.11) per usable square foot per month.)

If the Direct Expenses paid or incurred by the Landlord for the Comparison Year on account of the operation or maintenance of the Building of which the Premises are a part are in excess of the Direct Expenses paid or incurred for the Base Year, then the Tenant shall pay seventy-one and 582/1000 percent (71.582%) of the increase. This percentage is that portion of the total rentable area of the Building occupied by the Tenant hereunder. Landlord shall endeavor to give to Tenant on or before the first day of March of each year following the respective Comparison Year a statement of the increase in rent payable by Tenant hereunder, but failure by Landlord to give such statement by said date shall not constitute a waiver by Landlord of its right to require an increase in rent. Upon receipt of the statement for the first Comparison Year, Tenant shall pay in full the total amount of the increase due for the first Comparison Year and, in addition for the then current year, the amount of any such increase shall be used as an estimate for said current year and this amount shall be divided into twelve (12) equal monthly installments and Tenant shall pay to Landlord, concurrently with the regular monthly rent payment next due following the receipt of such statement, an amount equal to one (1) monthly installment multiplied by the number of months from January in the calendar year in which said statement is submitted to the month of such payment, both months inclusive. Subsequent installments shall be payable concurrently with the regular monthly rent payments for the balance of that calendar year and shall continue until the next Comparison Year's statement is rendered. If the next or any succeeding Comparison Year results in a greater increase in Direct Expenses, then upon receipt of a statement from Landlord, Tenant shall pay a lump sum equal to such total increase in Direct Expenses over the Base Year, less the total of the monthly installments to be paid for the next year, following said Comparison Year, shall be adjusted to reflect such increase. If in any Comparison Year the Tenant's share of Direct Expenses be less than the preceding year, then upon receipt of Landlord's statement, any overpayment made by Tenant on the monthly installment basis provided above shall be credited towards the next monthly rent falling due and the estimated monthly installments of Direct Expenses to be paid shall be adjusted to reflect such lower Direct Expenses for the most recent Comparison Year.

Although the term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's share of Direct Expenses for the year in which this Lease terminates, Tenant shall immediately pay any increase due over the estimated expenses paid and conversely any overpayment made in the event said expenses decrease shall be immediately rebated by Landlord to Tenant.

Notwithstanding anything contained in this Article to the contrary, the rent payable by Tenant hereunder shall in no event be less than the rent specified in Article 5 above.

During the term of this Lease (including any renewals of extensions thereof), the management costs for the Building shall not exceed three percent (3%) of Landlord's gross rental income for the Building.

Landlord shall keep full, accurate, and separate books of account and records covering all Direct Expenses, which books of accounts and records shall accurately reflect total Direct Expenses, and Landlord's billings to Tenant for Direct Expense Adjustments.

Tenant shall have the right to protest any charge to Tenant by Landlord for Direct Expense Adjustments, provided that said protest is made within thirty (30) days after receipt of Landlord's notice of such charge. In the event that Tenant shall protest, Tenant shall be entitled to audit Landlord's books of account, records, and other pertinent data regarding Direct Expenses. The audit shall be limited to the determination of direct Expenses and charges to Tenant for Direct Expense Adjustments and shall be conducted during normal business hours. If the audit shows that there has been an overpayment by Tenant, the overpayment shall be immediately due and repayable by Landlord to Tenant.

Anything in this Lease to the contrary notwithstanding, Tenant shall pay its share of increases in real estate taxes within ten (10) days after Landlord furnishes copies of invoices marked "Paid" for such taxes, which invoices may be furnished to Tenant no more often than semi-annually.

8. USE. Tenant shall use the Premises for general office purposes and shall not use or permit the Premises to be used for any other purposes without the prior written consent of Landlord. General office purposes shall be defined for purposes of this Lease to include computer rooms of any size required by Tenant. Tenant shall not do or permit anything to be done in or about the Premises nor bring or keep anything therein which will in any way increase the existing rate of or affect any fire or other insurance upon the Building or any of its contents, or cause cancellation of any insurance policy covering said Building or any part thereof or any of its contents. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or injure or annoy them or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises.

9. COMPLIANCE WITH LAW; HAZARDOUS SUBSTANCES.

A. Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules now in force or which may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Premises, excluding changes not related to or affected by Tenant's improvements or acts. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between the Landlord and Tenant.

B. Tenant shall not cause or permit the escape, disposal or release of any biologically or chemically active or other hazardous substances or materials (a "Release"). Tenant shall not allow the storage or use of such substances or materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such substances or materials, nor allow to be brought into the Building any such materials or substances except to use in the ordinary course of Tenant's business, and then only after written notice is given to Landlord of the identity of such substances or materials. If any lender or governmental agency requires testing to ascertain whether there has been any Release, then the reasonable costs thereof shall be reimbursed by Tenant to Landlord upon demand as additional charges if it is determined that the Release was caused by Tenant or its employees, agents or contractors. In addition Tenant shall execute affidavits, representations and the like from time to time at Landlord's reasonable request concerning Tenant's best knowledge and belief regarding the presence of hazardous substances or materials on the Premises. In all events, Tenant shall indemnify Landlord, its agents and employees from and against any and all clean-up costs and expenses, losses, damages, claims, or liability for any damage to any property or injury, illness or death of any person from any Release on the Premises occurring while Tenant is in possession, or elsewhere if caused by Tenant or persons acting under Tenant. The covenants contained herein shall survive the expiration or earlier termination of this Lease. California Health and Safety Code Section 25359.7(b) requires any tenant of real property who knows, or has reasonable cause to believe, that any release of a hazardous substance has come to be located on or beneath such real property to give written notice of such condition to the owner. Tenant shall comply with the requirements of Section 25359.7(b) and any successor statute thereto and with all other statutes, laws, ordinances, rules, regulations and orders of governmental authorities with respect to hazardous substances.

10. ALTERATIONS AND ADDITIONS. Tenant shall not make or suffer to be made any alterations, additions or improvements to or of the Premises or any part thereof without the written consent of Landlord first had and obtained. Any alterations, additions or improvements to or of said Premises including, but not limited to, wallcovering, paneling, air conditioning units

and built-in cabinet work, but excepting movable furniture and trade fixtures, shall on the expiration of the term become a part of the realty and belong to the Landlord and shall be surrendered with the Premises. In the event Landlord consents to the making of any alterations, additions or improvements to the Premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense, and any contractor or persons, selected by the Tenant to make the same must first be approved in writing by the Landlord. Such approval shall not be unreasonably withheld. Upon the expiration or sooner termination of the term hereof, Tenant shall, upon written demand by Landlord, which shall be given at the time Landlord approves the tenant improvement work, at Tenant's sole cost and expense, forthwith and with all due diligence, remove any alterations, additions, or improvements made by Tenant, designated by Landlord to be removed, and Tenant shall, forthwith and with all due diligence at its sole cost and expense, repair any damage to the Premises caused by such removal.

11. REPAIRS.

A. By taking possession of the Premises, Tenant shall be deemed to have accepted the Premises as being in good, sanitary order, condition and repair. Tenant shall, at Tenant's sole cost and expense, keep the Premises and every part thereof in good condition and repair. Tenant shall upon the expiration or sooner termination of this Lease hereof surrender the Premises to the Landlord in good condition, ordinary wear and tear and damage from causes beyond the reasonable control of Tenant excepted. Except as specifically provided in this Lease, Landlord shall have no obligation whatsoever to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof once the initial tenant improvements are completed and the parties hereto affirm that Landlord has made no representations to Tenant respecting the condition of the Premises or the Building except as specifically herein set forth.

B. Notwithstanding the provisions of Section 11.A. above, Landlord shall promptly and adequately repair and maintain the structural portions of the Building, including the basic plumbing, air conditioning, heating and electrical systems installed or furnished by Landlord unless such maintenance and repairs are caused in part or in whole by the act, neglect, fault or omission of any duty by the Tenant, its agents, servants, employees or invitees, in which case Tenant shall pay to Landlord the reasonable cost of such maintenance and repairs. Landlord shall not be liable for any failure to make any such repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant. Except as provided in Article 22 hereof, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Building or the Premises, or in or to fixtures, appurtenances and equipment therein. Tenant waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect, (including the provisions of California Civil Code Sections 1941 and 1942 and any successor sections or statutes of a similar nature); provided, however, if Landlord fails to perform any repair work required of Landlord with respect to the Premises pursuant to this Section 11B, within thirty (30) days after Landlord receives Tenant's written notice of the need for such repair (or such period of time in excess of thirty (30) days as is reasonably necessary based upon the nature of the required work), then Tenant shall be permitted to make such repairs, using contractors reasonably approved by Landlord, provided (i) Tenant first gives Landlord an additional two (2) business days prior written notice indicating that Tenant intends to undertake such repair, and (ii) Landlord fails to commence such repair within such two (2) business day period. If Tenant performs any repair as permitted under this Section 11B, Landlord agrees to reimburse Tenant for the reasonable, actual and documented costs of such repair performed by Tenant, but without any offset rights against rent or any other amounts payable by Tenant under this Lease. Any repair work done by Tenant shall be done in accordance with the provisions of this Lease, including without limitation, Article 12, keeping the Premises free from liens.

12. LIENS. Tenant shall keep the Premises and the real property in which the Premises are situated free from any liens arising out of any work performed, materials furnished or obligations incurred by Tenant. Landlord may require, at Landlord's sole option, that Tenant shall provide to Landlord, at Tenant's sole cost and expense, a lien and completion bond in an amount equal to one and one-half (1 1/2) times any and all estimated cost of any improvements, additions or alteration in the Premises to insure Landlord against any liability for mechanics' and materialmen's liens and to insure completion of the work.

13. ASSIGNMENT AND SUBLETTING.

A. Tenant shall not either voluntarily or by operation of law, assign, transfer, mortgage, pledge, or encumber this Lease or any interest therein, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the employees, agents, servants and invitees of Tenant excepted) to occupy or use the Premises or any portion thereof, without the written consent of Landlord first had and obtained, which consent shall not be unreasonably withheld. In the event Tenant desires to assign this Lease or any interest therein or sublet all or part of the Premises, Tenant shall give Landlord written notice thereof, which notice shall include (i) the name of the proposed assignee, subtenant or occupant ("Transferee"), (ii) reasonable financial information regarding the Transferee, (iii) a description of the Transferee's business to be carried on in the Premises, and (iv) the terms of the assignment or sublease and a description of the portion of the Premises to be affected. Tenant shall also provide Landlord such additional information regarding the Transferee or the proposed assignment or sublease as Landlord may reasonably request.

B. Notwithstanding the foregoing, Tenant shall have the right to assign or sublet the Premises, or a portion thereof, to a wholly owned affiliated company or subsidiary, without the Landlord's consent. Tenant shall be required, however, to give written notice to Landlord in advance of such assignment or sublet and to prepare assignment or sublet agreements on forms that are reasonably satisfactory to Landlord. In no event shall such assignment or sublet release Tenant from its obligations under the terms of this Lease.

C. Consent to one assignment, subletting, occupation or use by any other person shall not be deemed to a consent to any subsequent assignment, subletting, occupation or use by another person. Any assignment or subletting without such consent shall be void, and shall, at the option of the Landlord, constitute a default under this Lease.

D. In the event Tenant desires to assign this Lease or sublet the Premises for a period in excess of five (5) years (or, if there are less than five (5) years remaining in the term, for the entire remaining term of this Lease), Landlord shall have the option, in Landlord's sole and absolute discretion, exercisable by giving notice to Tenant at any time within twenty (20) days after Landlord's receipt of Tenant's notice to assign or sublet, to terminate this Lease as to the portion of the Premises which Tenant desires to assign or sublease (the "Space") as of the date on which Tenant desires to do so, in which event Tenant shall be relieved of all further obligations hereunder as to such Space as of the date of Landlord's notice.

E. In the event Landlord consents to an assignment or subletting, fifty percent (50%) of any sums or other economic consideration received by Tenant as a result of such assignment or subletting (except reasonable leasing commissions and rental or other payments received which are attributable to the amortization of the cost of tenant improvements made to the Space by Tenant, at Tenant's cost) whether denominated rent or otherwise, which exceed in the aggregate the total sums which Tenant is obligated to pay Landlord under this Lease (prorated as to any sublease to reflect obligations allocable to that portion of the Premises subject to such sublease) shall be payable to Landlord as additional rent under this Lease, without affecting or reducing any other obligation of Tenant hereunder. Tenant shall deliver to Landlord a statement within thirty (30) days after the end of each calendar year in which any part of the Term occurs specifying as to such calendar year, and within thirty (30) days after the expiration or earlier termination of the Term, specifying with respect to the elapsed portion of the calendar year in which such expiration or termination occurs, each sublease and assignment in effect during the period covered by such statement and, (i) the date of its execution and delivery, the number of square feet of the rentable area demised thereby, and the term thereof; and (ii) a computation showing the amounts (if any) paid and payable by Tenant to Landlord pursuant to this Section 13E with respect to such sublease or assignment.

14. HOLD HARMLESS.

A. Tenant shall indemnify and hold harmless Landlord against and from any and all claims arising from Tenant's use of Premises for the conduct of its business or from any activity, work or other thing done, permitted or suffered by the Tenant in or about the Premises, and shall further indemnify and hold harmless Landlord against and from any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any act or negligence of the tenant, or

any officer, agent, employee, guest or invitee of Tenant, and from and against all cost, attorney's fees, expenses and liabilities incurred in or about any such claim or any action or proceeding brought thereon and in any case, action or proceeding brought against Landlord by reason of any such claim. Tenant upon notice from Landlord shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord. Tenant as a material part of the consideration to Landlord hereby assumes all risk of damage to property or injury to persons, in, upon or about the Premises, from any cause other than Landlord's negligence or willful act, and Tenant hereby waives all claims in respect thereof against Landlord.

B. Landlord or its agents shall not be liable for any damage to property entrusted to employees of the Building, nor for loss or damage to any property by theft or otherwise, nor for any injury to or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak dampness or any other cause whatsoever, unless caused by or due to the negligence or willful acts of Landlord, its agents, servant or employees. Landlord or its agents shall not be liable for interference with the light or other incorporeal hereditaments, less of business by Tenant, nor shall Landlord be liable for any latent defect in the Premises or in the Building. Tenant shall give prompt notice to Landlord in case of fire or accidents in the Premises or in the Building or of defects therein or in the fixtures or equipment.

15. SUBROGATION. Landlord and Tenant hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage and other property insurance policies existing for the benefit of the respective parties. Each party shall obtain any special endorsements, if required by their insurer to evidence compliance with the aforementioned waiver.

16. INSURANCE. (a) Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease, (1) a policy of commercial general liability insurance insuring Landlord and Tenant against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto with a minimum combined single limit of bodily injury, personal injury and property damage coverage of Two Million Dollars (\$2,000,000), (2) workers compensation insurance as required by law, and (3) Special Form insurance on Tenant's personal property, equipment, furniture and fixtures. The limit of said insurance shall not, however, limit the liability of the Tenant hereunder. Tenant may carry said insurance under a blanket policy, providing, however, said insurance by Tenant shall have a Landlord as Additional Insured endorsement attached thereto. If Tenant shall fail to procure and maintain said insurance, Landlord may, but shall not be required to, procure and maintain same, but at the expense of Tenant.

All the insurance required under this Lease shall:

A. Be issued by insurance companies authorized to do business in the State of California, with a financial rating of at least an A++XV status as rated in the most recent edition of Best's Insurance Reports.

B. Be issued as a primary policy.

C. Contain an endorsement requiring thirty (30) days' written notice from the insurance company to both parties and to Landlord's lender before cancellation or change in the coverage, scope, or amount of any policy.

Each policy, and a certificate of the policy, together with evidence of payment of premiums, shall be deposited with Landlord at the commencement of the term, and on renewal of the policy not less than twenty (20) days before expiration of the term of the policy.

(b) Landlord, at its cost (subject to the terms of Section 4.7), shall maintain (a) commercial general liability insurance, including contractual liability coverage, with a minimum combined single limit of bodily injury, personal injury and property damage coverage of Two Million Dollars (\$2,000,000.00), insuring against all liability of Landlord and its authorized representatives arising out of or in connection with Landlord's ownership of the Building; and (b) Special Form insurance providing coverage for repair or replacement of the Building core and shell and all tenant improvements in amounts no less extensive than the scope of casualty insurance carried by owners of similar first-class office

buildings in Marin County California. Landlord may satisfy its obligations with respect to the insurance it is required to maintain hereunder by means of "blanket" and "excess liability" insurance policies.

17. SERVICES AND UTILITIES.

A. Provided that Tenant is not in default hereunder, Landlord agrees to furnish to the Premises five- (5-) day per week janitorial service. Landlord shall also maintain and keep lighted, heated and air conditioned during reasonable hours of generally recognized business days, the common entries, common corridors, common stairs and toilet rooms in the Building of which Premises are a part. Landlord shall not be liable for, and Tenant shall not be entitled to, any reduction of rental by reason of Landlord's failure to furnish any of the foregoing when such failure is caused by accident, breakage, repairs, strikes, lockouts or other labor disturbances or labor disputes of any character, or by any other cause, similar or dissimilar, beyond the reasonable control of Landlord. Landlord shall not be liable under any circumstances for a loss of or injury to property, however occurring, through or in connection with or incidental to failure to furnish any of the foregoing. Landlord shall use its commercially reasonable efforts to operate the Building in a manner reasonably intended to maximize operating efficiency and economy to a standard consistent with other comparable office buildings in Marin County.

B. Tenant shall have twenty-four- (24-) hour per day, seven- (7-) day per week access to its Premises.

C. Landlord shall provide Tenant a monthly allowance of \$.11 per usable square foot in the Premises (that is, \$1,306.25; \$878.71 and \$3,005.20 for the portions of the Premises located on the first, second and third floors of the Building, respectively) for Tenant's electrical service. This allowance is included in the Base Rent as defined in Article 5 of this Lease. Landlord and Tenant recognize that Tenant's electrical service shall cost in excess of Eleven Cents (\$.11) per usable square foot per month due to Tenant's heavy electrical and air conditioning requirements, and Tenant shall pay any such excess costs for electrical service.

D. The hours of operation of the heating and air conditioning system for the Building are as follows:

Monday through Friday:	7:00 a.m. to 6:00 p.m.
Saturdays:	8:00 a.m. to 3:00 p.m.

E. In the event Tenant requires the operation of the heating and air conditioning system beyond the normal hours of operation for the Building, Tenant shall notify the Building manager in advance of the required extended hour usage, and the Building manager shall program the heating and air conditioning system to operate during the time period requested by Tenant.

F. In the event Tenant shall request that an override mechanism be installed during the term of this Lease, an override mechanism shall be installed on the heating and air conditioning system which services the Premises. The cost of this mechanism shall be paid by the Tenant at the time of the installation. This mechanism shall allow Tenant to have control of the heating and air conditioning system for the Premises in hours other than the normal Building hours.

Along with the override mechanism, an hourly meter shall be attached to the override mechanism which shall measure Tenant's use of the heating and air conditioning system beyond the normal Building hours. On a monthly basis, Landlord shall charge Tenant for this usage by multiplying the number of hours used by the per hour charge for operating the heating and air conditioning system which shall be determined by Landlord's electrical engineer and heating and air conditioning contractor.

18. PROPERTY TAXES. Tenant shall pay, or cause to be paid, before delinquency, any and all taxes levied or assessed and which become payable during the term hereof upon all Tenant's leasehold improvements, equipment, furniture, fixtures and personal property located in the Premises; except that which has been paid for by Landlord, and is the standard of the Building. In the event any or all of the Tenant's leasehold improvements, equipment, furniture, fixtures and personal property shall be assessed and taxed with the Building, Tenant shall pay to

Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to Tenant's property.

19. RULES AND REGULATIONS. Tenant shall faithfully observe and comply with the reasonable rules and regulations for the Building that Landlord shall from time to time promulgate. A copy of the current Rules and Regulations for the Building is attached hereto as Exhibit B. Landlord reserves the right from time to time to make all reasonable modifications to said rules. The additions and modifications to those rules shall be binding upon Tenant upon delivery of a copy of them to Tenant. Landlord shall not be responsible for the nonperformance of any said rules by any other tenants or occupants. The rules and regulations shall be applied equally to all tenants occupying the Building.

20. HOLDING OVER. If Tenant remains in possession after the expiration or sooner termination of this Lease, all of the terms, covenants and agreements hereof shall continue to apply and bind Tenant so long as Tenant remains in possession insofar as the same are applicable, except that if Tenant remains in possession without Landlord's written consent (regardless of whether Landlord accepts rent payments in a lesser amount during such holdover period), the Base Rent shall be one hundred twenty-five percent (125%) of the Base Rent payable for the last month of the term, prorated on a daily basis for each day that Tenant remains in possession, and Tenant shall indemnify Landlord against any and all claims, losses and liabilities for damages resulting from failure to surrender possession, including, without limitation, any claims made by any succeeding tenant. If Tenant remains in possession with Landlord's written consent, such tenancy shall be from month to month, terminable by either party on not less than thirty (30) days' written notice.

21. ENTRY BY LANDLORD. Landlord reserves and shall at any and all times and upon not less than twenty-four (24) hours prior telephone notice except in case of emergency, have the right to enter the Premises, inspect the same, supply janitorial service and any other service to be provided by Landlord to Tenant hereunder, to submit said Premises to prospective purchasers or tenants, to post notices of non-responsibility, and to alter, improve or repair the Premises and any portion of the Building of which the Premises are a part that Landlord may deem necessary or desirable, without abatement of rent and may for that purpose erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed, always providing that the entrance to the Premises shall not be blocked thereby, and further providing that the business of the Tenant shall not be interfered with unreasonably. Tenant hereby waives any claim for damages or for any injury or inconvenience to or interference with Tenant's business any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises, excluding Tenant's vaults, safes and files, and specific, secured, sensitive and confidential offices and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in any emergency, in order to obtain entry to the Premises without liability to Tenant except for any failure to exercise due care for Tenant's property. Any entry to the Premises obtained by Landlord by any of said means, or otherwise shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction of Tenant from the Premises or any portion thereof.

22. RECONSTRUCTION.

A. In the event the Premises or the Building of which the Premises are a part are damaged by fire or other perils covered by Special Form insurance, Landlord agrees to forthwith repair the same (which repairs shall include damage to the Building core and shell and all tenant improvements), and this Lease shall remain in full force and effect, except that Tenant shall be entitled to a proportionate reduction of the rent while such repairs are being made, such proportionate reduction to be based upon the extent to which the making of such repairs shall materially interfere with the business carried on by Tenant in the Premises. If the damage is due to the fault or neglect of Tenant or its employees, there shall be no abatement of rent.

B. In the event the Premises or the Building of which the Premises are a part are damaged as a result of any cause other than the perils covered by fire or extended coverage insurance, then Landlord shall forthwith repair the same provided the extent of the destruction be less than thirty-three (33%) of the then full replacement cost of the Premises or the Building of which the Premises are a part. In the event the destruction of the Premises or the Building is to

an extent greater than thirty-three (33%) of the full replacement cost, then Landlord shall have the option (1) to repair or restore such damage, this Lease continuing in full force and effect, but the rent to be proportionately reduced as hereinabove in this Article provided; or (2) give notice to Tenant at any time within sixty (60) days after such damage terminating this Lease as of the date specified in such notice, which date shall be no less than thirty (30) and no more than sixty (60) days after the giving of such notice. In the event of giving such notice, this Lease shall expire and all interest of the Tenant in the Premises shall terminate on the date so specified in such notice and the Rent, reduced by a proportionate amount, based upon the extent, if any, to which such damage materially interfered with the business carried on by the Tenant in the Premises, shall be paid up to date of such termination.

C. Notwithstanding anything to the contrary contained in this Article 22, Landlord shall not have any obligation whatsoever to repair, reconstruct or restore any damage to the Premises resulting from any casualty covered under this Article 22 which occurs during the last twelve (12) months of the term of this Lease or any extension thereof.

D. Tenant shall repair any injury or damage by fire or other cause, and make any repairs to or replacements of Tenant's trade fixtures, equipment, furniture or personal property. Landlord shall have no obligation to make any such repairs or replacements.

E. Except for abatement of rent as provided above, the Tenant shall not be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises, Tenant's personal property or any inconvenience or annoyance occasioned by such damage, repair, reconstruction or restoration.

23. DEFAULT. The occurrence of any or more of the following events shall constitute a default and breach of this Lease by Tenant:

A. The vacating or abandonment of the Premises by Tenant, except in cases when Tenant is current with all rental payments.

B. The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of ten (10) days after written notice thereof by Landlord to Tenant.

C. The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by the Tenant, other than described in Sections 23.A. and 23.B. above, where such failure shall continue for a period of thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

D. The making by Tenant of any general assignment or general arrangement for the benefit of creditors, or the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt, or a petition or reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); or the appointment of a trustee or a receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interests in this Lease, where such seizure is not discharged in thirty (30) days.

24. REMEDIES IN DEFAULT. In the event of a default by Tenant, Landlord, at any time thereafter, may give a written termination notice to Tenant, and on the date specified in such notice (which shall be not less than three (3) days after the giving of such notice), Tenant's right to possession shall terminate and this Lease shall terminate, unless on or before such date all sums identified in such three (3) day notice have been paid by Tenant and all other breaches of this Lease by Tenant at the time existing shall have been fully remedied to the satisfaction of Landlord. If Landlord terminates this Lease pursuant to the provisions of this Section, Landlord shall have all the rights and remedies of a landlord provided by Section 1951.2 of the California Civil Code or any successor code section. Upon such termination, in addition to any other rights and remedies to which Landlord may be entitled under applicable law, Landlord may recover

from Tenant: (a) the worth at the time of award of the unpaid rent which had been earned at the time of termination; (b) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rent loss that Tenant proves could have been reasonably avoided; (c) the worth at the time of award of the amount by which the unpaid rent for the balance of the term of this Lease after the time of award exceeds the amount of such rent loss that Tenant proves could be reasonably avoided; and (d) any other reasonable amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom. The "worth at the time of award" of the amounts referred to in clauses (a) and (b) above shall be computed by allowing interest at the lesser of (i) twelve percent (12%) per annum, or (ii) the highest rate permitted by applicable law. The worth at the time of award of the amount referred to in clause (c) above shall be computed by discounting such amount at a rate equal to the discount rate of the Federal Reserve Board of San Francisco at the time of award plus one percent (1%). If Tenant has breached this Lease and abandoned the Premises, Landlord may elect to exercise its rights pursuant to California Civil Code Section 1951.4 and to continue this Lease in effect for so long as Landlord does not terminate Tenant's right to possession, and Landlord may enforce all its rights and remedies under this Lease, including the right to recover the rent as it becomes due under this Lease. Acts of maintenance or preservation or efforts to relet the Premises or the appointment of a receiver upon initiative of Landlord to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession. No act of either party or its authorized representatives shall constitute acceptance of a surrender of the Premises unless that intent is specifically acknowledged in a writing signed by both parties.

25. EMINENT DOMAIN. If more than twenty-five (25%) percent of the Premises shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, either party hereto shall have the right, at its option, to terminate this Lease, and Landlord shall be entitled to any and all income, rent, award or any interest therein whatsoever which may be paid or made in connection with such public or quasi-public use or purpose, and Tenant shall have no claim against Landlord for the value of any unexpired term of this Lease. If either less than or more than twenty-five (25%) percent of the Premises is taken, and neither party elects to terminate as herein provided, the rental thereafter to be paid shall be equitably reduced. If any part of the Building other than the Premises may be so taken or appropriated, Landlord shall have the right at its option to terminate this Lease and shall be entitled to the entire award as above provided. Notwithstanding the foregoing, Tenant shall be entitled to that portion of any condemnation award made specifically on account of Tenant's relocation expenses, increased rental costs, improvements contracted at Tenant's expense or disruption of Tenant's business.

26. ESTOPPEL CERTIFICATE. At any time and from time to time, but in no event on less than ten (10) days prior written request by Landlord, Tenant shall execute, acknowledge and deliver to Landlord, promptly upon request, a certificate certifying: (a) that Tenant has accepted the Premises (or, if Tenant has not done so, that Tenant has not accepted the Premises, and specifying the reasons therefor); (b) the commencement and expiration dates of this Lease; (c) whether there are then existing any defaults by Landlord in the performance of its obligations under this Lease (and, if so, specifying the same); (d) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the date and nature of each modification); (e) the capacity of the person executing such certificate, and that such person is duly authorized to execute the same on behalf of Tenant; (f) the date, if any, to which rent and other sums payable hereunder have been paid; (g) that no notice has been received by Tenant of any default which has not been cured, except as to defaults specified in the certificate; (h) the amount of any security deposit and prepaid rent; and (i) such other matters as may be reasonably requested by Landlord. Any such certificate may be relied upon by any prospective purchaser, mortgagee or beneficiary under any deed of trust affecting the Building or any part thereof.

27. PARKING. Tenant shall have the right to use, in common with other tenants or occupants of the Building, the parking facilities of the Building.

28. COMMUNICATIONS INSTALLATION. Tenant has installed certain communications equipment on the roof of the Building. On or before the Term Expiration Date or earlier termination of this Lease, Tenant, at Tenant's sole cost and expense, shall remove such

communications equipment and shall, forthwith and with all due diligence, repair any damage to the Premises or the Building caused by such removal.

29. AUTHORITY OF PARTIES; LIMITATION.

A. Authority. Each individual executing this Lease on behalf of either party represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of such party.

B. Limitation of Liability. It is understood and agreed that any recovery made upon any claim by Tenant against Landlord shall be limited solely to Landlord's ownership interest of Landlord in the Building, and furthermore, Tenant expressly waives any and all rights to proceed against the other assets of Landlord, or against any trustee, employee, partner, shareholder, director or agent of Landlord. Nothing in this Lease imposes any obligation on Tenant to be responsible or liable for, and Landlord releases Tenant from any liability for, consequential damages suffered by Landlord.

30. GENERAL PROVISIONS.

A. Plats and Riders. Clauses, plats and riders, if any, signed by the Landlord and the Tenant and endorsed on or affixed to this Lease are by this reference made a part hereof.

B. Waiver. The waiver by Landlord of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptances of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of the Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of the acceptance of such rent.

C. Notices. All notices and demands which may or are to be required or permitted to be given by either party to the other hereunder shall be in writing. All notices and demands by the Landlord to the Tenant shall be sent by United States Mail, postage prepaid, addressed to the Tenant at 200 Smith Ranch Road, San Rafael, California 94903, Attention: General Counsel, or to such other places as Tenant may from time to time designate in a notice to the Landlord. All notices and demands by the Tenant to the Landlord shall be sent by United States Mail, postage prepaid, addressed to the Landlord at 100 Smith Ranch Road, Suite 325, San Rafael, California 94903, or to such other person or place as the Landlord may from time to time designate in a notice to the Tenant.

D. Joint Obligation. If there be more than one Tenant the obligations hereunder imposed upon Tenants shall be joint and several.

E. Marginal Headings. The marginal headings and titles to the Articles of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

F. Time. Except with respect to the delivery of the Premises to Tenant, time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

G. Successors and Assigns. The covenants and conditions herein contained, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

H. Recordation. Neither Landlord nor Tenant shall record this Lease or a short form memorandum hereof without the prior written consent of the other party.

I. Quiet Possession. Upon Tenant paying the rent reserved hereunder and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire term hereof, subject to all the provisions of this Lease.

J. Hazardous Materials. Landlord hereby represents that, to the best of Landlord's actual knowledge, there are no hazardous or toxic materials on the real property on

which the Building and Regency I are located, nor, to the best of Landlord's actual knowledge, have any hazardous or toxic materials been removed from such real property. Notwithstanding the foregoing, Tenant has been advised and is aware that property adjacent to the Building has previously been used as a sanitary landfill.

K. Late Charges. Tenant hereby acknowledges that late payment by Tenant to Landlord of rent or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Landlord by terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or of a sum due from Tenant shall not be received by Landlord or Landlord's designee within ten (10) days after said amount is past due, then Tenant shall pay to Landlord a late charge equal to five (5%) percent of such overdue amount. The parties hereby agree that such late charges represent a fair and reasonable estimate of the cost that Landlord will incur by reason of the late payment by Tenant. Acceptance of such late charges by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

L. Prior Agreements. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understanding pertaining to any such matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

M. Inability to Perform. This Lease and the obligations of the Tenant hereunder shall not be affected or impaired because the Landlord is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of God, or any other cause beyond the reasonable control of the Landlord.

N. Attorneys' Fees. In the event of any action or proceeding brought by either party against the other under this Lease the prevailing party shall be entitled to recover all costs and expenses including the fees of its attorneys in such action or proceeding in such amount as the court may adjudge reasonable as attorneys' fees.

O. Sale of Premises by Landlord. In the event of any sale of the Building, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale; and the purchaser, at such sale or any subsequent sale of the Premises shall be deemed, without any further agreement between the parties or their successors in interest or between the parties and any such purchaser to have assumed and agreed to carry out any and all of the covenants and obligations of the Landlord under this Lease.

P. Subordination and Attornment. Upon request of the Landlord, Tenant will in writing subordinate its rights hereunder to the lien of any first mortgage or deed of trust to any bank, insurance company or other lending institution, now or hereafter in force against the real property and Building of which the Premises are a part, and upon any buildings hereafter placed upon the real property of which the Premises are a part, and to all advances made or hereafter to be made upon the security thereof. Notwithstanding such subordination, neither Tenant's right to quiet possession of the Premises nor this Lease shall be disturbed or affected if Tenant is not in default hereunder and so long as Tenant shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms.

Q. Foreclosure. In the event any proceedings are brought for foreclosure, or in the event of the exercise of power of sale under any mortgage or deed of trust made by the Landlord covering the Premises, the Tenant shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Landlord under this Lease.

R. Name. Tenant shall not use the name of the Building or of the development in which the Building is situated and is a part for any purpose other than as an address of the business to be conducted by the Tenant in the Premises.

S. Separability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provision shall remain in full force and effect.

T. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

U. Choice of Law. This Lease shall be governed by the laws of the State of California.

V. Signs and Auctions. Tenant shall not place any sign upon the Premises or the Building or conduct any auction thereon without Landlord's prior written consent, provided, however, that Landlord hereby approves all identifying signage in place at the Building as of the date of this Lease.

W. Operating Policies. During the Term of this Lease, Landlord shall operate and maintain the Building in a manner reasonably consistent with first-class office buildings located in Marin County.

31. BROKERS. Tenant warrants that it has had no dealings with any real estate brokers or agents in connection with the negotiation of this Lease and Tenant knows no real estate broker or agent who is entitled to a commission in connection with this Lease.

32. RIGHT OF FIRST OFFER.

A. Exercise of Right.

(i) If at any time any space in the Building (excluding the Premises) is Available (as hereinafter defined), or Landlord reasonably believes the same is to become Available (any such space being hereinafter referred to as the "Expansion Space"), Landlord shall deliver notice thereof to Tenant (each an "Expansion Notice") setting forth a description of such Expansion Space, the rentable square footage of such Expansion Space, Landlord's determination of the Expansion Space Fair Market Value (as hereinafter defined) for such Expansion Space and the date Landlord anticipates that such Expansion Space will become available for leasing (the "Anticipated Expansion Space Commencement Date"). Provided all of the conditions precedent set forth in Section 32A(iii) are satisfied by Tenant, Tenant shall have the option (each an "Expansion Option"), exercisable by Tenant delivering irrevocable notice to Landlord (each an "Acceptance Notice") within fifteen (15) business days following Landlord's delivery of the applicable Expansion Notice, time being of the essence, to lease the Expansion Space that is the subject of such Expansion Notice. An Expansion Option may be exercised only with respect to all of the Expansion Space that is the subject of an Expansion Notice. If Tenant fails to timely give an Acceptance Notice, Tenant shall be deemed to have rejected Landlord's offer to lease the applicable Expansion Space and Landlord shall have no further obligation and Tenant shall have no further rights with respect to such Expansion Space during the Term.

(ii) (a) "Available" shall mean that at the time in question (x) no party leases or occupies the applicable Expansion Space, whether pursuant to a lease or other agreement, and (y) no party holds any option or right to lease or occupy the applicable Expansion Space, or to renew its lease or right of occupancy thereof. So long as a tenant or other occupant leases or occupies the applicable Expansion Space, Landlord shall be free to extend any such tenancy or occupancy, whether or not pursuant to a lease or other agreement, and such space shall not be deemed to be Available. In no event shall Landlord be liable to Tenant for any failure by any then existing tenant or occupant to vacate any Expansion Space. From and after the date hereof, Landlord shall not grant any rights to any tenant or other occupant of the Building with respect to any Expansion Space unless such rights are subordinate to the rights granted Tenant hereunder, except (1) to tenants or other occupants leasing or occupying the applicable Expansion Space as of the date hereof, or (2) to new tenants or occupants of the applicable Expansion Space after Landlord shall have offered such Expansion Space to Tenant pursuant to this Section 32. Nothing set forth in this Section 32 shall be deemed to limit

Landlord's right to keep space in the Building vacant if Landlord elects, in its sole discretion, to do so, and such vacant space shall not be deemed to be Available.

(b) "Expansion Space Fair Market Value" shall mean, with respect to each Expansion Space, the fair market annual rental value of such Expansion Space at the commencement of the leasing of such Expansion Space for a term commencing on the applicable Expansion Space Commencement Date (as hereinafter defined) and ending on the Expiration Date, as reasonably determined by Landlord based on comparable space in comparable buildings, including all of Landlord's services provided for in this Lease and with (x) such Expansion Space considered as vacant and in the "as is" condition which same shall be in on the applicable Expansion Space Commencement Date, and (y) the Base Year being the calendar year commencing on the January 1st immediately preceding the applicable Expansion Space Commencement. The calculation of Expansion Space Fair Market Value shall also be adjusted to take into account that Landlord will grant to Tenant an improvement allowance of Five Dollars (\$5.00) per usable square foot of the Expansion Space.

(iii) Tenant shall have no right to exercise an Expansion Option unless all of the following conditions have been satisfied on the date the applicable Acceptance Notice is delivered and on the applicable Expansion Space Commencement Date:

(a) no default shall have occurred and be continuing; and

(b) the Tenant named herein (i.e., First, Isaac and Company, Incorporated) shall not have assigned this Lease and shall be in occupancy of at least ninety percent (90%) of the rentable area of the Premises.

(iv) Effective as of the date on which Landlord delivers to Tenant vacant possession of an Expansion Space for which Tenant shall have exercised an Expansion Option (with respect to each such Expansion Space, the "Expansion Space Commencement Date"), the applicable Expansion Space shall become part of the Premises upon all of the terms and conditions of this Lease, except:

(a) Base Rent shall be increased by the Expansion Space Fair Market Value for the applicable Expansion Space as determined in accordance with this Section 32.

(b) Tenant shall pay all additional rent payable under this Lease with respect to the applicable Expansion Space, except that: (x) the Base Year shall be the calendar year commencing on the January 1st immediately preceding the applicable Expansion Space Commencement Date, and (y) Tenant's proportionate share of increases in Direct Expenses and Taxes shall be adjusted to reflect the rentable square footage of such Expansion Space set forth in the applicable Expansion Notice.

(c) The rentable square footage of the Expansion Space shall be as set forth in the applicable Expansion Notice (which the parties agree shall be the rentable square footage of such Expansion Space for all purposes of this Lease).

(d) The applicable Expansion Space shall be delivered in its "as is" condition, and Landlord shall not be obligated to perform any work with respect thereto or make any contribution to Tenant to prepare such Expansion Space for Tenant's occupancy, other than an amount equal to Five Dollars (\$5.00) per usable square foot.

(e) The applicable Expansion Space shall be added to and be deemed to be part of the Premises for all purposes of this Lease.

(v) Landlord shall use commercially reasonable efforts to obtain and deliver to Tenant vacant possession of each Expansion Space for which Tenant has delivered an Acceptance Notice by the applicable Anticipated Expansion Space Commencement Date; including, but not limited, initiating legal action against such tenant. Notwithstanding anything set forth in this Section 32 to the contrary, if Landlord fails to tender the Expansion Space to Tenant within one hundred twenty (120) days after the proposed Expansion Space Commencement Date, then Tenant shall have the right to revoke its exercise of the Expansion Space option within thirty (30) days following the expiration of such one hundred twenty (120) day period.

(vi) Landlord and Tenant, at either party's request, shall promptly execute and exchange an appropriate agreement evidencing the leasing of each Expansion Space and the terms thereof in a form reasonably satisfactory to both parties, but no such agreement shall be necessary in order to make the provisions hereof effective.

B. Arbitration. If Tenant shall dispute Landlord's determination of the Expansion Space Fair Market Value for any Expansion Space, Tenant shall give notice of such dispute in the Acceptance Notice for such Expansion Space. If within ten (10) business days following Landlord's receipt of the Acceptance Notice Landlord and Tenant are unable to resolve their disagreement concerning the determination of the Expansion Space Fair Market Value, then such dispute shall be determined by a single arbitrator appointed in accordance with the American Arbitration Association Commercial Arbitration Rules who shall be appointed by the parties within ten (10) business days following the expiration of the foregoing ten (10) business day period. The arbitrator shall be impartial and shall have not less than ten (10) years' experience in the County of Marin in a calling related to the leasing of commercial office space in office buildings comparable to the Building, and the fees of the arbitrator shall be shared by Landlord and Tenant. Within thirty (30) days following the appointment of the arbitrator, Landlord and Tenant shall attend a hearing before the arbitrator at which each party shall submit a report setting forth its determination of the Expansion Space Fair Market Value for the applicable Expansion Space, together with such information on comparable rentals and such other evidence as such party shall deem relevant. The arbitrator shall, within thirty (30) days following such hearing and submission of evidence, render his or her decision by selecting the determination of the Expansion Space Fair Market Value submitted by either Landlord or Tenant which, in the judgment of the arbitrator, most nearly reflects the Expansion Space Fair Market Value for the applicable Expansion Space. The arbitrator shall have no power or authority to select any Expansion Space Fair Market Value other than an Expansion Space Fair Market Value submitted by Landlord or Tenant or to modify any of the terms and provisions of this Lease, and the decision of the arbitrator shall be final and binding upon Landlord and Tenant. Prior to the determination of the arbitrator, Tenant shall pay Fixed Rent on account of the applicable Expansion Space in an amount equal to Landlord's determination of the Expansion Space Fair Market Value for the applicable Expansion Space, and following the arbitrator's final determination, the amount of any overpayment or underpayment shall be adjusted between the parties.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease on the dates set forth below and this Lease shall be effective on the later of such dates.

The Joseph and Eda Pell Revocable Trust Fair, Isaac and Company, Incorporated,
a Delaware corporation

By: /s/ Joseph Pell

Joseph Pell
Its: Trustee

By: /s/ Henk J. Evenhuis

Its: CFO

By: /s/ Eda Pell

Eda Pell
Its: Trustee

Date: June 1, 2001

Date: June 13, 2001

EXHIBIT A-1

FIRST FLOOR PREMISES

EXHIBIT A-2

SECOND FLOOR PREMISES

EXHIBIT A-3

THIRD FLOOR PREMISES

EXHIBIT B

RULES AND REGULATIONS

1. No sign, notice, picture, advertisement, name or placard shall be inscribed, displayed or printed or affixed on or to any part of the outside or inside of the Building without the written consent of the Landlord first had and obtained and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant. All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of Tenant by a person approved of by Landlord. Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall which may appear unsightly from outside the Premises; provided, however, that Landlord may furnish and install a Building standard window covering at all exterior windows. Tenant shall not without prior written consent, which consent shall not be unreasonably withheld, of Landlord cause or otherwise sunscreen any window.

2. The sidewalks, halls, passages, exits, entrances, elevators and stairways shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress and egress from their respective Premises.

3. Tenant shall not alter any lock or install any new or additional locks without permission of Landlord, whose consent shall not be unreasonably withheld, or any bolts on any doors or windows of the Premises.

4. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage, damage resulting from the violation of this rule shall be borne by the Tenant who, or whose employees or invitees shall have caused it.

5. Tenant shall not overload the floor of the Premises or in any way deface the Premises or any part thereof.

6. No furniture, freight or equipment of any kind shall be brought into the Building without the prior notice to Landlord and all moving of the same into or out of the Building shall be done at such time and in such manner as Landlord shall designate. Notwithstanding the above, Tenant shall have the right to move furniture, freight or equipment into and out of the Building without prior notice to Landlord, provided that such moves do not involve exclusive use of an elevator for an extended period of time, nor does the move interfere with the operation of other tenants in the Building. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy equipment brought into the Building and also the times and manner of moving the same in and out of the Building. Safes or other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause and all damage done to the Building by moving or maintaining any such safe or other property shall be repaired at the expense of the Tenant.

7. Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to the Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be brought in or kept in or about the Premises or the Building.

8. No cooking, except for microwave and coffee machines, shall be done or permitted by any Tenant on the Premises, nor shall the Premises be used for the storage of merchandise, for washing clothes, for lodging, or for any improper, objectionable or immoral purposes.

9. Tenant shall not use or keep in the Premises of the Building any kerosene, gasoline or inflammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied by Landlord.

10. Landlord will direct electricians as to where and how telephone and telegraph wires are to be introduced. No boring or cutting for wires will be allowed without the consent of the Landlord, which consent shall not be unreasonably withheld. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord, which consent shall not be unreasonably withheld.

11. On Saturdays, Sundays and legal holidays, and on other days between the hours of 6:00 p.m. and 8:00 a.m. the following day, access to the Building, or to the halls, corridors, elevators or stairways in the Building, or to the Premises may be refused unless the person seeking access is known to the person or employee of the Building in charge and has a pass or is properly identified. The Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, the Landlord reserves the right to prevent access to the Building during the continuance of the same by closing of the doors or otherwise, for the safety of the tenants and protection of property in the Building and the Building.

12. Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.

13. No vending machine or machines of any description shall be installed, maintained or operated upon the Premises without the written consent of the Landlord, which consent shall not be unreasonably withheld.

14. Landlord shall have the right, exercisable without notice and without liability to Tenant, to change the name and street address of the Building of which the Premises are a part.

15. Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate to prevent same.

16. Without the written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address.

17. Landlord shall have the right to control and operate the public portions of the Building, and the public facilities, and heating and air conditioning, as well as facilities furnished for the common use of the tenants, in such manner as it deems best for the benefit of the tenants generally.

18. All entrance doors in the Premises shall be left locked when the Premises are not in use, and all doors opening to public corridors shall be kept closed except for normal ingress and egress from the Premises.

19. Landlord shall have the right to enter into, and Tenant shall comply with the terms of, such reciprocal easement and/or parking agreements with owners of adjoining properties as Landlord shall deem appropriate for the benefit of the Building.

FIRST AMENDMENT TO LEASE

In reference to the lease dated September 5, 1991 between 111 Partners as Landlord and Fair, Isaac and Company, Incorporated as Tenant, the parties agree that Tenant exercised its option to renew contained in Paragraph 32 of the lease and that the current monthly rental rate is \$69,927.23, subject to adjustment as provided for in the lease each July 1st of the lease term. The parties agree to modify the terms of that lease as follows:

- A. Landlord's Management Fee and the monthly amount paid as a maintenance reserve (hereinafter "Maintenance Reserve") as described in paragraph 5(b) shall each be increased as provided below effective each July 1st for the remaining term of the lease.
- B. The parties agree that as of July 1, 2001, the amount of the monthly Management Fee was \$1,287.00 per month and the Maintenance Reserve was \$297.00 per month and that these amounts will be effective through June 2002.
- C. The monthly amounts of the Management Fee and the Maintenance Reserve will be adjusted effective upon the first day of the month of July 2002 and upon the expiration of each 12 months thereafter in accordance with changes in the U.S. Consumer Price Index for All Urban Consumers for San Francisco-Oakland-San Jose (1982-84 = 100) ("CPI"). The monthly payments will be increased to amounts equal to the product obtained by multiplying the payment amounts in effect immediately prior to the adjustment date (without regard to any temporary abatement pursuant to other provisions of the lease) by a fraction, the numerator of which is the CPI published most immediately prior to the adjustment date and the denominator of which is the CPI published for the month which is twelve months earlier.
- D. All other terms and conditions of the lease will remain unchanged.

ACCEPTED AND AGREED:

/s/ Henk J. Evenhuis	8/22/01	
-----	-----	
TENANT	DATE	
/s/ Roger A. Smith	8/30/01	
-----	-----	
LANDLORD	DATE	
/s/ Michael J. Smith	8/30/01	
-----	-----	
LANDLORD	DATE	

LEASE AGREEMENT

CONTROL DATA SYSTEMS, INC., (hereinafter referred to as "Landlord") and DYNAMARK, INC., (hereinafter referred to as "Tenant"), entered into a Lease dated April 6, 1992, covering premises at 4290 Fernwood Avenue, Arden Hills, Minnesota.

NOW THEREFORE, Landlord and Tenant agree to terminate the subject April 6, 1992 Lease in its entirety as of the Commencement Date (except as to any sums remaining owing, whether actual or contingent) and enter into a new Lease Agreement, the terms and conditions of which are stated as follows:

1. PARTIES.

This Lease is made and entered into this 1st day of May 1995, by and between CONTROL DATA SYSTEMS, INC. (hereinafter referred to as "Landlord") and DYNAMARK, INC., hereinafter referred to as "Tenant").

2. PREMISES.

In consideration of the rents and covenants herein agreed to be paid and performed, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, on the terms and conditions hereinafter set forth, that certain space (the "Premises") consisting of approximately forty eight thousand eight hundred four (48,804) rentable square feet and other improvements located at 4290 Fernwood Avenue, Arden Hills, Minnesota. The Premises are more particularly designated on the plan attached hereto as Exhibit A and made a part of this Lease Agreement.

3. TERM.

The term of this Lease shall be for a period commencing on May 1, 1995, (the "Commencement Date"), and ending at midnight on August 31, 2005, unless sooner terminated as hereinafter provided.

4. BASE RENT.

(a) For the period from the Commencement Date of this Lease Agreement through July 31, 1997, Tenant agrees to pay Base Rent for the Premises in monthly installments at the rate of thirty-four thousand five hundred dollars (\$34,500.00) per month.

Landlord shall provide during this period, included in the Base Rent listed above at no additional cost to Tenant, the following items: parking lot and grounds maintenance, property insurance, property tax payments (up to the amount paid in 1992), sewer and water, and property management services. The Base Rent shall be adjusted periodically as necessary to reflect any increases or decreases in Tenant's actual pro rata share of real estate taxes attributable to the Premises. Taxes allocated to the Premises are currently deemed to be 6.663713898% of the taxes and assessments for the entire complex in which the Premises are located. Tenant may challenge such allocation if the circumstances concerning the Premises and its relationship to the taxes and assessments change so as to make such allocation inequitable. If Landlord incurs any reasonable expenses as a result of real estate tax appeals or related actions which benefit Tenant in the lowering of the Base Rent, Tenant will be responsible for its pro rata share of these expenses.

During this period, Tenant shall also pay all costs for utilities including electricity, chilled water, heating, custodial services and all other costs not specifically covered by Landlord and addressed herein. Such costs will be invoiced at Landlord's actual cost and will not contain any additional charges.

(b) Beginning August 1, 1997 and thereafter for the remainder of the Term of this Lease Agreement, Base Rent shall be paid according to the following schedule:

Months	Annual Base Rent/RSF	Base Rent/Month
-----	-----	-----
1 - 36	\$6.89	\$28,021.63
37 - 72	\$7.24	\$29,455.08
73 - 97	\$7.54	\$30,665.18

Tenant shall pay as Additional Rent three dollars and twenty-nine cents (\$3.29) per rentable square foot per annum as a fixed charge for Tenant's share of Operating Expenses (as defined in the OPERATING EXPENSES section), payable monthly with Base Rent. On each January 1 of the Term after August 1, 1997, Tenant's pro rata share of Operating Expenses shall increase three percent (3%) over Tenant's pro rata share for the previous year, with the exception of Tenant's pro rata share of real estate taxes which shall reflect the actual increases or decreases.

During this period, Tenant shall also pay all costs for utilities including electricity, water and sewer, chilled water usage and availability, heating, custodial services and all other costs not specifically covered by Landlord and addressed herein. If Landlord incurs any reasonable expenses as a result of real estate tax appeals or related actions which benefit Tenant in the lowering of the Additional Rent for real estate taxes, Tenant will be responsible for its pro rata share of these expenses.

(c) Said rent is subject to late charges and other terms and conditions of this Agreement. Tenant further agrees to pay its pro rata share of any increases in expenses attributable to a change in law relating to the building and its usage. Monthly rental shall be payable in advance on the first day of each month during the term of this Lease, without notice or demand and without any deduction, off-set, or abatement, except as expressly provided herein, in lawful money of the United States to the Landlord at the address stated herein for notices or to such other persons or such other places as the Landlord may designate to Tenant in writing. Rent not paid within ten (10) days of the due date shall be subject to a late charge equal to the lesser of five (5) percent of the amount unpaid or the maximum allowable under applicable law, which amount shall be charged against each installment of rent not paid when due. In addition, any installment of rent not paid within ten (10) days of the due date shall bear interest at the rate of twelve (12) percent per annum from the due date until paid, which interest shall be immediately due and payable as additional rent. Any items of additional rent shall be invoiced on a monthly basis by Landlord and shall be payable by Tenant within fifteen(15) days of the date of such invoice.

5. OPERATING EXPENSES

(a) Operating Expenses as Additional Rent. During the Term of the Lease, Tenant shall pay to Landlord as additional rent, without any set-off or deduction except as described herein, the fixed charge specified in Section 4 (b) above for a prorata share ("Tenant's Proportionate Share") of all costs which Landlord may incur in owning, maintaining and operating the premises ("Operating Expenses").

(b) Definition of Operating Expenses. The term "Operating Expenses" shall mean all of the following: (i) all of Landlord's direct costs and expenses of operation, repair and maintenance of the Premises, the property and the common areas and supporting facilities, as determined by Landlord in accordance with generally accepted accounting principles or other recognized accounting principles, consistently applied; (ii) costs, or a portion thereof, properly allocable to the Premises, property or common areas of any capital improvements made to the Premises, property or common areas by Landlord which comprise labor-saving devices or other equipment intended to improve the operating efficiency of any system within the Premises, property or common areas (such as an energy management computer system) to the extent of cost savings in Operating Expenses as a result of the device or equipment, as reasonably determined by Landlord; and (iii) costs properly allocable to the Premises, property or common areas of any capital improvements made to the Premises, property or common areas by Landlord that are required under any governmental law or regulation that was not applicable to the Premises, property

and common areas at the time they were constructed, or that are reasonably required for the health and safety of tenants in the property or Premises, the costs, or allocable portion thereof, to be amortized over its useful life as reasonably determined by Landlord and Tenant will pay Tenant's Proportionate Share based on the time remaining in the lease term, together with interest upon the unamortized balance at the interest rate or such higher rate as may have been paid by Landlord on funds borrowed for the purpose of constructing the capital improvements. The term "Operating Expenses" shall include the costs of all utilities (including surcharges) for the property and Premises; the cost of all insurance which Landlord or Landlord's lender deems necessary for the property and Premises; a property management fee equal to ten percent (10%) of Operating Expenses; and the Real Property Taxes. If Landlord elects to self-insure or includes the Premises under blanket insurance policies covering multiple properties, then the term "Operating Expenses" shall include the portion of the cost of such self-insurance properly allocated by Landlord to the Premises. Without limiting the foregoing, Operating Expenses shall include the costs set forth on Exhibit C attached hereto, showing the breakdown of the initial \$3.29 per square foot charge. After August 1, 1997, Landlord agrees not to unreasonably withhold its agreement to modifications of the services provided by Landlord as part of Operating Expenses, as requested by Tenant, so long as such modifications do not result in increased costs to Landlord, deferred maintenance of the Premises, increased casualty or theft risk to property or premises, or other detriment to Landlord; and upon such modification of services the fixed charge for Operating Expenses shall be appropriately adjusted to reflect the reduced or increased costs to Landlord of providing such services at the time of such modification.

(c) Exclusions From Operating Expenses. The term "Operating Expenses" shall not include (i) costs paid directly by Tenant; (ii) principal and interest payments on loans secured by deeds of trust recorded against property; (iii) real estate sales or leasing brokerage commissions; or (iv) executive salaries of off-site personnel employed by Landlord except for the charge (or pro rata share) of the manager of the property and building; (v) any costs or expenses resulting from the presence of Hazardous Substances as are attributable to Tenant, (as described in Exhibit B) on the date hereof or at any time during the Term.

6. OPTION TO EXTEND LEASE.

Tenant shall have the right and option (the "Option") to extend this Lease for all (but not part) of the Premises, as hereinafter provided, for two (2) periods of five (5) years each (hereinafter referred to as "Renewal Term One" and "Renewal Term Two") provided that (i) there is not then an Event of Default at the time of exercise of the Option nor at the commencement of either of the Renewal Terms; or (ii) that Tenant has not received written notice from Landlord

of a default in rent payments more than five (5) times during the last two (2) years of the lease term or renewal period. Tenant's right to extend for any Renewal Term shall lapse without further act or deed if Tenant has not exercised its option to extend for all available preceding Renewal Terms.

The Option shall be exercised by Tenant giving written notice to Landlord of Tenant's intention to exercise said Option on or before that date which is not more than twelve (12) months nor less than nine (9) months prior to the then applicable expiration date for the Term. Unless Landlord has received such written notice of Tenant's intention to exercise said Option within the time period specified herein, then Landlord shall have no further obligation to offer the Premises to the Tenant. If Tenant has not exercised its Option to extend the Terms as outlined herein, Landlord shall be entitled to show the Premises at least nine (9) months prior to the expiration of each Term and offer the Premises for lease to any other prospective tenants. Landlord will give Tenant at least 24 hours notice prior to such showings to prospective tenants. The Option contained herein is personal to Tenant and shall not be assigned or sublet to another party, except as to such party that purchases Tenant or Tenant's assets.

Rental rates will be at then Fair Market Rate, but, in no case, less than the current Base Rent then in effect for the Premises. The Fair Market Rent shall be established by agreement between Landlord and Tenant in accordance with the FAIR MARKET RENT DEFINITION section or, failing agreement, in accordance with the ARBITRATION PROCEDURES section.

7. FAIR MARKET RENT DEFINITION

"Fair Market Rent" shall mean the base rent that the Landlord would receive as of the commencement date in question if it were to lease to a tenant with a credit standing which Landlord reasonably determines is comparable to that of Tenant for similar sized space, similar leasehold improvements and similar other terms and conditions. For purposes of the determination of "Fair Market Rent," it shall be assumed that Landlord and Tenant are each ready, willing and able to enter into such a lease but are under no compulsion to do so.

8. ARBITRATION PROCEDURES

The parties to this Lease will initially attempt to agree upon the Fair Market Rate. If they have been unable to so agree within the period that they are required to agree as to such matter under the Lease, then either party may request by written notice to the other party ("Arbitration Request") that the matter be determined by binding arbitration by an arbitration board consisting of three reputable MAI appraisers who are recognized experts regarding office leases in the Twin Cities area. One arbitrator will be appointed by each party, and each such arbitrator will have no material financial or other business

interest in common with the party selecting such arbitrator. If a party fails to appoint an arbitrator and notify the other party of such appointment within thirty (30) days after the Arbitration Request is made, then the arbitrator that was appointed by the other party within such 30-day period will be the sole arbitrator. If two arbitrators are properly appointed and such first two arbitrators are unable to agree on a third arbitrator within thirty (30) days after the appointment of the second arbitrator, then such third arbitrator will be appointed by the presiding judge of Ramsey County District Court, or by any person to whom such presiding judge formally delegates the matter, or, if such methods of appointment fail, by the American Arbitration Association.

The parties will submit a copy of this Lease to the sole arbitrator or the three arbitrators, as the case may be. In establishing the definition of Fair Market Rent, the arbitrator or arbitrators shall apply the standard described in the FAIR MARKET RENT DEFINITION section. If the arbitration is conducted by a sole arbitrator, such sole arbitrator will render his or her determination of the Fair Market Rate applicable during the period in question to the parties by the thirtieth (30th) day after the Arbitration Request was made. If the arbitration is conducted by three arbitrators, each arbitrator will submit his or her determination(s) of the Fair Market Rate applicable during the period in question in a sealed envelope by the thirtieth (30th) day following appointment of the last arbitrator, and any determinations not submitted by such time shall be disregarded. In such cases, the parties will meet on such thirtieth (30th) day (or if it is not a business day, on the first business day thereafter) at the office of Landlord, or such other place as the parties may agree, and simultaneously deliver the determinations. If the determinations of at least two of the arbitrators are identical in amount, such amount will be deemed the decision of the arbitrators. If the determination of the three arbitrators are different in amount, the decision as to the Fair Market Rate will be independently determined as follows:

(i) If neither the highest nor lowest determination differs from the middle determination by more than fifteen (15%) percent of such middle determination, then the decision will be deemed to be the average of the three determinations; and

(ii) If clause (i) does not apply, then the decision will be deemed to be the average of the middle determination and the determination closest in amount to such middle determination.

The decision of the arbitrators, determined as above set forth, will be final and nonappealable. The fees and expenses of the arbitrator or arbitrators will be shared equally by Landlord and Tenant. During the period of time that any arbitration is pending under this Lease, the parties to this Lease will continue to comply with all those terms and provisions that are not the subject of the arbitration.

9. USE.

Tenant shall use the Premises only for general office use, as a data processing center and other reasonably related activities, or only as otherwise outlined and stated in this lease and for no other purpose without the Landlord's prior written consent. Tenant shall not do, bring or keep anything in or about the Premises that will cause a cancellation of any insurance covering the Premises or the building in which the Premises are located; provided that Tenant's use for those purposes specified in the preceding sentence shall not be prohibited. If the rate of any insurance carried by the Landlord is increased as a result of Tenant's use, Tenant shall pay to Landlord within ten (10) days after written demand from Landlord, the amount of any such increase. Tenant shall comply with all laws concerning the Premises or Tenant's use of the Premises, including without limitation, the obligation at Tenant's cost to alter, maintain, or restore the Premises in compliance and conformity with all laws relating to the condition, use, or occupancy of the Premises by Tenant during the term of this Lease provided that Tenant shall not be obligated (nor shall Landlord) to make any material capital improvements required by such laws, ordinances, orders, rules and regulations. For purposes of this clause, a "material capital improvement" shall mean any capital improvement, or series of capital improvements within any calendar year, costing in excess of \$25,000. Tenant shall not use or permit the use of the Premises in any manner that will tend to create waste or a nuisance or, if there shall be more than one tenant of the building containing the Premises, which shall unreasonably disturb any other tenant. Tenant hereby acknowledges that neither the Landlord nor the Landlord's agent has made any representation or warranty to Tenant as to the suitability of the Premises for the conduct of Tenant's business.

10. TAXES.

(a) Real Property Taxes.

Landlord shall pay all real property taxes and general assessments levied and assessed against the Premises during the term of this Lease.

(b) Personal Property Taxes.

Tenant shall pay prior to the delinquency all taxes assessed against and levied upon the trade fixtures, furnishings, equipment and other personal property of Tenant contained in the Premises. Tenant shall endeavor to cause such trade fixtures, furnishings and equipment and all other personal property to be assessed and billed separately from the property of the Landlord. If any of Tenant's said personal property shall be assessed with Landlord's property, Tenant shall pay to Landlord the taxes attributable to Tenant within ten (10) days after receipt of a written statement from Landlord setting forth the taxes applicable to Tenant's property.

11. MAINTENANCE AND REPAIRS.

(a) Landlord's Obligations. Except as provided in the DAMAGE OR DESTRUCTION section, and except for damage caused by any negligent or intentional act or omission of Tenant, Tenant's agents, employees, or invitees, Landlord at its sole cost and expense shall keep in good condition and repair the foundations, exterior walls, and exterior roof of the Premises. Landlord shall also maintain the unexposed electrical, plumbing and sewage systems including, without limitation, those portions of the systems lying outside the Premises; window frames, gutters and down spouts on the building, all sidewalks, landscaping and other improvements that are a part of the Premises or of which the Premises are a part. The Landlord shall also maintain the heating, ventilating and air-conditioning systems servicing the Premises. Landlord shall have thirty (30) days after notice from Tenant to commence to perform its obligations under this Section, and shall thereafter diligently proceed to complete such performance, except that Landlord shall perform its obligations immediately if the nature of the problem presents a hazard or emergency situation. If Landlord fails to perform Landlord's obligations as stated herein, Tenant may at its option (but shall not be required to) after ten (10) days prior written notice to Landlord, cure such failure, and the reasonable costs thereof together with interest thereon at the rate of ten percent (10%) per annum may be deducted by Tenant from the next payments of rent and additional rent payable hereunder.

(b) Tenant's Obligations. Subject to the provisions of Sub-paragraph (a) above and the DAMAGE OR DESTRUCTION section, Tenant at Tenant's sole cost and expense shall keep in good order, condition and repair the Premises and every part thereof, including, without limitation, all Tenant's personal property, fixtures, signs, plate glass, doors, interior walls, interior ceiling, and lighting facilities.

If Tenant fails to perform Tenant's obligations as stated herein, Landlord may at its option (but shall not be required to), enter the Premises, after ten (10) days prior written notice to Tenant, put the same in good order, condition and repair, and the costs thereof together with interest thereon at the rate of ten (10%) percent per annum shall become due and payable as additional rental to Landlord together with Tenant's next rental installment.

12. ALTERATIONS AND ADDITIONS.

(a) Tenant agrees that no tenant improvements are necessary and Tenant hereby accepts the Premises on an as is basis.

(b) Tenant shall not, without the Landlord's prior written consent, make any alterations, improvements or additions in or about the Premises except for non-structural work. As a condition to giving any such consent, the

Landlord may reserve the right to require the Tenant to remove any such alterations, improvements, or additions at the expiration of the term, and to restore the Premises to their prior condition by giving Tenant thirty (30) days written notice prior to the expiration of the term that Landlord requires Tenant to remove any such alterations, improvements or additions that Tenant has made to the Premises. If Landlord so elects, Tenant at its sole cost shall restore the Premises to the condition designated by Landlord in its election before the last day of the term of the Lease.

Before commencing any work relating to the alterations, additions, or improvements affecting the Premises, Tenant shall notify Landlord in writing of the expected date of the commencement of such work so that Landlord can post and record the appropriate notices of non-responsibility to protect Landlord from any mechanic's liens, materialman liens, or any other liens. In any event, Tenant shall pay, when due, all claims for labor and materials furnished to or for Tenant at or for use in the Premises. Tenant shall not permit any mechanic's liens or materialman's liens to be levied against the Premises for any labor or material furnished to Tenant or claimed to have been furnished to Tenant or Tenant's agents or contractors in connection with work of any character performed or claimed to have been performed on the Premises by or at the direction of Tenant. Tenant shall have the right to protest the validity of any such lien if, on within thirty (30) days after demand by Landlord, Tenant procures and records a lien release bond meeting the requirements of Minnesota law and shall provide for the payment of any sum that the claimant may recover on the claim (together with the costs of suit, if it is recovered in the action).

Unless the Landlord requires their removal as set forth above, all alterations, improvements or additions which are made on the Premises by the Tenant shall become the property of the Landlord and remain upon and be surrendered with the Premises at the expiration of the term. Notwithstanding the provisions of this paragraph, Tenant's trade fixtures, furniture, equipment and other machinery, other than that which is affixed to the Premises so that it cannot be removed without material or structural damage to the Premises, shall remain the property of the Tenant and removed by Tenant at the expiration of the term of this Lease.

13. INSURANCE; INDEMNITY.

(a) Fire Insurance.

Landlord at its cost shall maintain during the term of this Lease on the Premises a policy or policies of standard fire and extended coverage insurance to the extent of at least eighty (80%) percent of full replacement value thereof.

Tenant at its cost shall maintain during the term of this Lease on all its personal property, Tenant's improvements, and alterations in or about the Premises, a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements to the extent of their full replacement value. The proceeds from any such policy shall be used by Tenant for the replacement of personal property or the restoration of Tenant's improvements or alterations.

(b) Liability Insurance.

Tenant at its sole cost and expense shall maintain during the term of this Lease public liability and property damage insurance with a single combined liability limit of not less than two million (\$2,000,000.00) dollars, and property damage limits of not less than five hundred thousand (\$500,000.00) dollars, insuring against all liability of Tenant and its authorized representatives arising out of and in connection with Tenant's use or occupancy of the Premises. Both public liability insurance and property damage insurance shall insure performance by Tenant of the indemnity provisions in Sub-paragraph (d) below, but the limits of such insurance shall not, however, limit the liability of Tenant hereunder. Both Landlord and Tenant shall be named as additional insureds, and the policies shall contain cross-liability endorsements. All public liability, property damage and other casualty insurance policies shall be written as primary policies, not contributing with, and not as excess to coverage which Landlord may carry. Prior to occupancy and thereafter, within at least fifteen (15) days of the expiration of any such policies, Tenant agrees to deliver to Landlord, certificates evidencing such insurance, provided said certificates contain an endorsement stating that such insurance cannot be modified or canceled, nor the amount thereof reduced, except upon thirty (30) days prior written notice to Landlord. If Tenant shall fail to procure and maintain such insurance the Landlord may, but shall not be required to, procure and maintain same at the expense of Tenant and the cost thereof, together with interest thereon at the rate of ten (10%) percent per annum, shall become due and payable as additional rental to Landlord together with Tenant's next rental installment.

(c) Waiver of Subrogation.

Tenant and Landlord each waives any and all rights of recovery against the other, or against the officers, employees, agents, and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, where such loss or damage is insured

against under any insurance policy in force at the time of such loss or damage or is insurable under the broad form Special Cause of Loss building and personal property insurance policy customarily used in the State of Minnesota. Each party shall cause each insurance policy obtained by it hereunder to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any damage covered by any such policy.

(d) Hold Harmless.

Tenant shall indemnify and hold Landlord harmless from and against any and all claims arising from Tenant's use or occupancy of the Premises or from the conduct of its business or from any activity, work, or things which may be permitted or suffered by Tenant in or about the Premises including all damage, costs, attorney's fees, expenses and liabilities incurred in the defense of any claim or action or proceeding arising therefrom. Except for Landlord's willful or negligent conduct, Tenant hereby assumes all risk of damage to property or injury to person in or about the Premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord.

(e) Exemption of Landlord from Liability.

Except for Landlord's willful or negligent conduct, Tenant hereby agrees that Landlord shall not be liable for any injury to Tenant's business or loss of income therefrom or for damage to the goods, wares, merchandise, or other property of Tenant, Tenant's employees, invitees, customers or any other person in or about the Premises, nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents, contractors, or invitees, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air-conditioning, or lighting fixtures, or from any other cause, whether such damage results from conditions arising upon the Premises or upon other portions of the building in which the Premises are a part, or from any other sources or places. Landlord shall not be liable to Tenant for any damages arising from any act or neglect of any other tenant, if any, of the building in which the Premises are located.

14. DAMAGE OR DESTRUCTION.

(a) Damage - Insured.

If, during the term of this Lease, the Premises and/or the building and other improvements in which the Premises are located are totally or partially destroyed rendering the Premises totally or partially inaccessible or unusable, and such damage or destruction was caused by a casualty covered under an insurance policy required to be maintained hereunder, Landlord shall restore the Premises and/or the building and other improvements in which the Premises are located into substantially the same condition as they were in immediately before such damage or destruction, provided that the restoration can be made

under the existing laws and can be completed within one hundred twenty (120) working days after the date of such destruction or damage. Such destruction or damage shall not terminate this Lease.

If the restoration cannot be made in said 120 day period, then within fifteen (15) days after the parties hereto determine that the restoration cannot be made in the time stated in this paragraph but, in any event within thirty (30) days of such damage or destruction, Tenant may terminate this Lease immediately by giving notice to Landlord and the Lease will be deemed canceled as of the date of such damage or destruction. If Tenant fails to terminate this Lease and the restoration is permitted under the existing laws, Landlord, at its option, may terminate this Lease or restore the Premises and/or any other improvements in which the Premises are located within a reasonable time and this Lease shall continue in full force and effect. If the existing laws do not permit the restoration, either party can terminate this Lease immediately by giving notice to the other party.

Notwithstanding the above, if the Tenant is the insuring party and if the insurance proceeds received by Landlord are not sufficient to effect such repair, Landlord shall give notice to Tenant of the amount required in addition to the insurance proceeds to effect such repair. Tenant may, at Tenant's option, contribute the required amount, but upon failure to do so within thirty (30) days following such notice, Landlord's sole remedy shall be, at Landlord's option and with no liability to Tenant, to cancel and terminate this Lease. If Tenant shall contribute such amount to Landlord within said thirty (30) day period, Landlord shall make such repairs as soon as reasonably possible and this Lease shall continue in full force and effect. Tenant shall in no event have any right to reimbursement for any amount so contributed.

(b) Damage - Uninsured.

In the event that the Premises are damaged or destroyed by a casualty which is not covered by the fire and extended coverage insurance which is required to be carried by the party designated in Article 11(a) above, then Landlord shall restore the same; provided that if the damage or destruction is to an extent greater than ten (10%) percent of the then replacement cost of the improvements on the Premises (exclusive of Tenant's trade fixtures and equipment and exclusive of foundations and footings), then Landlord may elect not to restore and to terminate this Lease. Landlord must give to Tenant written notice of its intention not to restore within thirty (30) days from the date of such damage or destruction and, if not given, Landlord shall be deemed to have elected to restore and in such event shall repair any damage as soon as reasonably possible. In the event that Landlord elects to give such notice of Landlord's intention to cancel and terminate this Lease, Tenant shall have the right, within ten (10) days after receipt of such notice, to give written notice to Landlord of Tenant's intention to repair such damage at Tenant's expense, without reimbursement from Landlord, in which event the Lease shall continue

in full force and effect and Tenant shall proceed to make such repairs as soon as reasonably possible. If the Tenant does not give such notice within such 10 day period, this Lease shall be canceled and be deemed terminated as of the date of the occurrence of such damage or destruction.

(c) Damage Near the End of the Term.

If the Premises are totally or partially destroyed or damaged during the last twelve (12) months of the term of this Lease, Landlord may, at Landlord's option, cancel and terminate this Lease as of the date of the cause of such damage by given written notice to Tenant of Landlord's election to do so within 30 days after the date of the occurrence of such damage; provided, however, that, if the damage or destruction occurs within the last twelve (12) months of the term and if within fifteen (15) days after the date of such damage or destruction Tenant exercises any option to extend the term provided herein, Landlord shall restore the Premises if obligated to do so as provided in subparagraph (a) or (b) above.

(d) Abatement of Rent.

If the Premises are partially or totally destroyed or damaged and Landlord or Tenant repairs or restores them pursuant to the provisions of this Article, the rent and additional rent payable hereunder for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Tenant's reasonable use of the Premises is impaired. Except for the abatement of rent, if any, Tenant shall have no claim against Landlord for any damages suffered by reason of any such damage, destruction, repair or restoration.

(e) Trade Fixtures and Equipment.

If Landlord is required or elects to restore the Premises as provided in this Article, Landlord shall not be required to restore Tenant's improvements, trade fixtures, equipment or alterations made by Tenant, such excluded items being the sole responsibility of Tenant to restore hereunder.

15. PARKING.

At no additional cost, Landlord agrees to maintain (including snow removal when appropriate) and allow Tenant to use a general parking area. The parking area is designated on Exhibit A. Tenant's right to use said parking area is subject to the public's parking rights, as so designated by Landlord from time to time to the City of Arden Hills, for the adjacent park.

16. CONDEMNATION.

If the Premises or any portion thereof are taken by the power of eminent domain, or sold by Landlord under the threat of exercise of said power (all of which is herein referred to as "condemnation"), this Lease shall terminate as to

the part so taken as of the date the condemning authority takes title or possession, whichever occurs first. If more than twenty (20%) percent of the floor area of any buildings on the Premises, or more than twenty (20%) percent of the land area of the Premises not covered with buildings, is taken by condemnation, either Landlord or Tenant may terminate this Lease as of the date the condemning authority takes possession by notice in writing of such election within twenty (20) days after Landlord shall have notified Tenant of such taking or, in the absence of such notice, then within twenty (20) days after the condemning authority shall have taken possession. Notwithstanding the foregoing, if such partial materially interferes with Tenant's use or occupancy of the Premises, Tenant shall have the right to terminate the Lease.

If this Lease is not terminated by either Landlord or Tenant as provided hereinabove, then it shall remain in full force and effect as to the portion of the Premises remaining, provided that the rental shall be reduced in proportion to the floor area of the buildings taken within the Premises as bears to the total floor area of all buildings located on the Premises. In the event this Lease is not so terminated, then Landlord agrees at Landlord's sole cost and expense, to as soon as reasonably possible restore the Premises to a complete unit of like quality and character as existed prior to the condemnation.

All awards for the taking of any part of the Premises or any payment made under the threat of the exercise of the power of eminent domain shall be the property of the Landlord, whether made as compensation for the diminution of the value of the leasehold or for the taking of the fee or as severance damages; provided, however, that Tenant shall be entitled to any award for loss of or damage to Tenant's trade fixtures and removable personal property, good will and going-concern value.

Rent shall be abated or reduced during the period from the date of taking until the completion of restoration by Landlord, but all other obligations of Tenant under this Lease shall remain in full force and effect. The abatement or reduction of the rent shall be based on the extent to which the restoration interferes with Tenant's use of the Premises.

17. ASSIGNMENT AND SUBLETTING.

Landlord's rights under this Lease may be assigned or conveyed without notice to Tenant, but such assignment or conveyance shall not relieve Landlord of any of its obligations hereunder and shall not be valid as to Tenant until ten (10) days after Tenant receives written notice thereof. Tenant shall not voluntarily or by operation of law assign, transfer, sublet, mortgage, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Premises without Landlord's prior written consent which consent shall not be unreasonably withheld. Any attempted assignment, transfer, mortgage, encumbrance, or subletting without such consent shall be void and shall

constitute a breach of this Lease. Tenant's extension rights in this Lease Agreement are not assignable except in connection with a sale of Tenant or Tenant's assets. Regardless of Landlord's consent, no subletting or assignment shall release Tenant of Tenant's obligation to pay the rent and to perform all other obligations to be performed by Tenant hereunder for the term of this Lease. The acceptance of rent by Landlord from any other person shall not be deemed a waiver by Landlord of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting.

18. DEFAULT

(a) Events of Default.

The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

(1) Failure to pay rent when due, if the failure continues for five (5) days after written notice has been given to Tenant.

(2) Tenant shall be considered in default under the Lease for the abandonment of the Premises if the Premises are not kept in an orderly condition and the rent is not paid in accordance with the terms of the Lease within the grace periods provided in paragraphs (1) and (3) of this section..

(3) Failure to perform any other provision of this Lease if the failure to perform is not cured within thirty (30) days after written notice thereof has been given to Tenant by Landlord. If the default cannot reasonably be cured within said thirty (30) day period, Tenant shall not be in default under this Lease if Tenant commences to cure the default within the thirty (30) day period and diligently prosecutes the same to completion.

(4) The making by Tenant of any general assignment, or general arrangement for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy unless the same is dismissed within sixty (60) days; the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in the Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in the Lease, where such seizure is not discharged within thirty (30) days.

Notices given under this paragraph shall specify the alleged default and the applicable lease provisions, and shall demand that Tenant perform the provisions of this Lease or pay the rent that is in arrears as the case may be, within the applicable period of time. No such notice shall be deemed a forfeiture or a termination of this Lease unless Landlord so elects in the notice.

(b) Landlord's Remedies.

The Landlord shall have the following remedies if Tenant commits a default under this Lease. These remedies are not exclusive but are cumulative and in addition to any remedies now or hereafter allowed by law.

Landlord can continue this Lease in full force and effect, and the Lease will continue in effect so long as Landlord does not terminate Tenant's right to possession, and the Landlord shall have the right to collect rent when due. During the period that Tenant is in default, Landlord can enter the Premises and relet them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to the Landlord for all costs the Landlord incurs in reletting the Premises, including, without limitation, brokers' commissions, expenses of remodeling the Premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining term of this Lease. Tenant shall pay to Landlord the rent due under this Lease on the dates the rent is due, less the rent Landlord receives from any reletting. No act by Landlord allowed by this paragraph shall terminate this Lease unless Landlord notifies Tenant that Landlord elects to terminate this Lease. After Tenant's default and for so long as Landlord has not terminated Tenant's right to possession of the Premises, if Tenant obtains Landlord's consent, Tenant shall have the right to assume or sublet its interest in the Lease, but Tenant shall not be released from liability. Landlord's consent to the proposed assignment or subletting shall not be unreasonably withheld.

If Landlord elects to relet the Premises as provided in this paragraph, any rent that Landlord receives from such reletting shall apply first to the payment of any indebtedness from Tenant to Landlord other than the rent due from Tenant to Landlord; secondly, to all costs, including maintenance, incurred by Landlord in such reletting; and third, to any rent due and unpaid under this Lease. After deducting the payments referred to in this paragraph, any sum remaining from the rent Landlord receives from such reletting shall be held by Landlord and applied in payment of future rent as rent becomes due under this Lease. In no event shall tenant be entitled to any excess rent received by Landlord. If, on the date rent is due under this Lease, the rent received from the reletting is less than the rent due on that date, Tenant shall pay to Landlord, in addition to the remaining rent due, all costs, including maintenance, that Landlord shall have incurred in reletting that remain after applying the rent received from the reletting as provided in this paragraph.

If Tenant is in default and such default is continuing, Landlord can, at its option, terminate Tenant's right to possession of the Premises at any time. No act by Landlord other than giving written notice to Tenant shall terminate this Lease. Acts of maintenance or efforts to relet the Premises shall not constitute a termination of Tenant's right to possession. In the event of such termination, Landlord has the right to recover from Tenant:

(1) The unpaid rent that had been earned at the time of the termination of this Lease;

(2) The present value (using a discount factor equal to treasury rates for a comparable period) of the amount of rent that would have been due under the lease from the time of termination to the end of the term of this Lease Agreement in excess of the Fair Market Rental Value of the Premises;

(3) Notwithstanding Article 18(b)(2) above, Landlord, at its option, may defer terminating the Lease until such time as Landlord has relet the Premises. In such case, Landlord has the right to recover from the Tenant the amount of rent that would have been due under the Lease from the time of the determination less the proceeds attributable to the reletting of the Premises;

(4) Any other amount, including court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's default;

(5) Any damage or loss of rent sustained by Landlord may be recovered by Landlord, at Landlord's option, at the time of the reletting or in separate actions from time to time as said damage shall have been ascertained or, at Landlord's option, may be deferred until the expiration of the Term (in which event Tenant hereby agrees that the cause of action shall not be deemed to have accrued until the date of expiration of the Term). The provisions contained in this Article 18(b)(5) shall be in addition to and shall not prevent the enforcement of any claim Landlord may have against Tenant for anticipatory breach of the unexpired term of this Lease.

Landlord at any time after Tenant commits a default, after notice to Tenant can cure the default at Tenant's cost and expense. If Landlord at any time, by reason of Tenant's default, pays any sum or does any act that requires the payment of any sum, the sum paid by Landlord shall be due immediately from Tenant to Landlord at the time the sum is paid, and if paid at a later date shall bear interest at the maximum rate an individual is permitted by law to charge from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant. The sum, together with interest thereon, shall be considered additional rent.

19. SIGNS.

Tenant shall not have the right to place, construct or maintain any sign, advertisement, awning, banner, or other exterior decorations on the building or property of the Landlord or other improvements that are a part of the Premises (except those existing on the date hereof) without Landlord's prior, written consent. Any signs that are placed on the Landlord's property or the Premises shall be at the sole expense of Tenant and shall conform with all applicable zoning laws. Tenant agrees to maintain its signs in good repair, to remove its signs at the end of the term or any intended term, repairing any damage caused by such removal, and to hold Landlord harmless from any loss, cost or damages resulting from the erection, existence, maintenance or removal of Tenant's signs.

20. SUBORDINATION.

This Lease, at Landlord's option, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation for security now or hereafter placed upon the real property of which the Premises are a part and to any and all advances made on the security thereof and to all renewal, modifications, and extensions thereof. Notwithstanding any such subordination, Tenant's right to quiet possession of the Premises and other rights under this Lease shall not be disturbed and shall be recognized if Tenant is not in default and so long as Tenant shall pay the rent and observe and perform all the other provisions of this Lease within the periods of grace provided for herein, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee, trustee, or ground lessor shall elect to have this Lease prior to the lien of its mortgage or deed of trust or ground lease, and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage, deed of trust or ground lease, whether this Lease is dated prior to or subsequent to the date of such mortgage, deed of trust or ground lease, or the date of recording thereof. Tenant agrees to execute any documents required to effect such subordination or to make this Lease prior to the lien of any mortgage, deed of trust, or ground lease, as the case may be, and failing to do so within ten (10) days after written demand from Landlord does hereby make, constitute and irrevocably appoint Landlord as Tenant's attorney in fact and in Tenant's name, place and stead to do so.

21. SURRENDER.

On the last day of the term hereof, or on any sooner termination, Tenant shall surrender the Premises to Landlord in good condition, broom clean, ordinary wear and tear and casualty damage excepted. Tenant shall repair any damage to the Premises occasioned by its use thereof, or by the removal of Tenant's trade fixtures, furnishings and equipment which repair shall include the patching and filling of holes and repair of structural damage. Tenant shall remove all of its personal property and fixtures on the Premises prior to the expiration of the term of this Lease and if required by Landlord pursuant to the ALTERATIONS AND ADDITIONS section above, any alterations, improvements or additions made by Tenant to the Premises. If Tenant fails to surrender the Premises to Landlord on the expiration of the Lease as required by this paragraph, Tenant shall hold Landlord harmless from all damages resulting from Tenant's failure to vacate the Premises, including, without limitation, claims made by any succeeding tenant resulting from Tenant's failure to surrender the Premises.

22. HOLDING OVER.

If the Tenant, with the Landlord's consent, remains in possession of the Premises after the expiration or termination of the term of this Lease, such possession by Tenant shall be deemed to be a tenancy from month-to-month at a rental of one hundred and fifty percent (150%) the amount of the last monthly rental plus all other charges payable hereunder, upon all the provisions of this Lease applicable to month-to-month tenancy. If Landlord's consent to holding over is not given, Tenant shall become a tenant-at-sufferance.

23. BINDING ON SUCCESSORS AND ASSIGNS.

The terms, conditions and covenants of this Lease shall be binding upon and shall inure to the benefit of each of the parties hereto, their heirs, personal representatives, successors and permitted assigns.

24. NOTICES.

Whenever under this Lease a provision is made for any demand, notice or declaration of any kind, it shall be in writing and served either personally or sent by registered or certified United States mail, postage prepaid, addressed at the addresses as set forth below:

TO LANDLORD AT: CONTROL DATA SYSTEMS, INC.
Attention: Director, Real Estate
4201 Lexington Avenue North
Arden Hills, Minnesota 55126-6198
cc : General Counsel

TO TENANT AT: DYNAMARK, INC.
Attention: Mr. K. Rapp
4209 Fernwood Avenue
Arden Hills, Minnesota 55440

Such notice shall be deemed to be received within forty-eight (48) hours from the time of mailing, if mailed as provided for in this paragraph.

25. LANDLORD'S RIGHT TO INSPECTIONS.

Landlord and Landlord's agent shall have the right to enter the Premises upon 24 hours notice at reasonable times for the purpose of inspecting same, showing the same to prospective purchasers or lenders, and making such alterations, repairs, improvements or additions to the Premises or to the building

of which the Premises are a part as Landlord may deem necessary or desirable. Landlord may at any time place on or about the Premises any ordinary "For Sale" signs and Landlord may at any time during the last ninety (90) days of the term of this Lease place on or about the Premises any ordinary "For Sale or Lease" signs, all without rebate of rent or liability to Tenant.

26. CHOICE OF LAW.

This Lease Agreement shall be constructed, interpreted and enforced according to the laws of the state of Minnesota.

27. ATTORNEY'S FEES.

If either Landlord or Tenant becomes a party to any litigation or arbitration concerning this Lease, the Premises, or the building or other improvements in which the Premises are located, by reason of any act or omission of the other party or its authorized representatives, and not by reason of any act or omission of the party that becomes a party to that litigation or any act or omission of its authorized representatives, the party that causes the other party to become involved in the litigation shall be liable to that party for reasonable attorney's fees and court costs incurred by it in the litigation.

If either party commences an action against the other party arising out of or in connection with this Lease, the prevailing party shall be entitled to have and recover from the losing party reasonable attorney's fees and costs of suit.

28. LANDLORD'S LIABILITY.

The obligations contained in this Lease to be performed by Landlord shall be binding upon the Landlord's successors and assigns, only during their respective periods of ownership.

29. WAIVERS.

No waiver by Landlord of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Tenant of the same or any other provision. Landlord's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act by Tenant. The acceptance of rent hereunder by Landlord shall not be a waiver of any preceding breach by Tenant of any provision hereof, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of its acceptance of such rent.

30. INCORPORATION OF PRIOR AGREEMENTS.

This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified only in writing, and signed by the parties in interest at the time of such modification.

31. TIME.

Time is of the essence in this Lease.

32. SEVERABILITY.

The unenforceability, invalidity, or illegality of any provision of this Lease shall not render the other provisions hereof unenforceable, invalid or illegal.

33. ESTOPPEL CERTIFICATES.

Each party, within ten (10) days after notice from the other party, shall execute and deliver to the other party a certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified, and stating the modification. The certificate shall also state the amount of minimum monthly rent, the dates to which rent has been paid in advance, and the amount of any security deposit or prepaid rent, if any, as well as acknowledging that there are not, to that party's knowledge, any uncured defaults on the part of the other party, or specifying such defaults, if any, which are claimed. Failure to deliver such a certificate within the ten (10) day period shall be conclusive upon the party failing to deliver the certificate to the benefit of the party requesting the certificate that this Lease is in full force and effect, that there are no uncured defaults hereunder, and has not been modified except as may be represented by the party requesting the certificate.

34. ACCEPTANCE OF PREMISES.

Tenant acknowledges that it is currently in occupancy of the Premises and accepts them in an "as is" condition with no renovations or Tenant Improvements to be performed by the Landlord. If the use or occupancy of the Premises by Tenant causes the Landlord to be required under the ADA to make additional modifications or alterations to the Premises or any of the other areas of the building or its entrances and parking areas, then Tenant shall pay the cost of such additional modifications or alterations subject to the provisions of Section 9.

Landlord represents and warrants that, to the best of Landlord's knowledge that, except for those areas listed on Exhibit D, the Premises do not contain any asbestos containing materials.

35. COVENANTS AND CONDITIONS.

Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition.

36. SINGULAR AND PLURAL.

When required by the context of this Lease, the singular shall include the plural.

37. USE.

Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall fully comply at its sole expense with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which hereafter may be in force other than such laws or regulations which require the making of structural changes, changes to the Premises' life safety system, plumbing, air conditioning, heating and electrical systems. Tenant shall not be responsible for compliance with any provisions governing cleanup, remediation, removal or restoration work required by any federal, state, or local government agency or political subdivision because of hazardous material present in the soil or ground water on or under the premises except to the extent that if such cleanup, remediation, removal or restoration is attributable to Tenant's actions or failure to act. In such case, tenant shall be fully responsible for compliance and shall indemnify and hold landlord harmless for any costs, expenses or damages attributable thereto.

38. ADDENDUM.

Any addendum or exhibit attached hereto and either signed or initialed by the parties shall be deemed a part hereof and shall supersede any conflicting terms or provisions contained in this Lease.

39. BROKER.

Landlord and Tenant each represent and warrant to the other that it is not aware of any brokers or finders who may claim a fee or commission in

connection with the consummation of the transactions contemplated by this Agreement except for The Shellard Group whose fee shall be paid by Landlord. The said fee for The Shellard Group shall be one dollar (\$1.00) per rentable square foot. Said fee will be payable within thirty (30) days after the Commencement Date of this Lease Agreement.

If any other claims for brokers' or finders' fees in connection with the transactions contemplated by this Agreement arise, then Tenant agrees to indemnify, protect, hold harmless and defend Landlord (with counsel satisfactory to Landlord) from and against any such claims if they shall be based upon any statement, representation or agreement made by Tenant, and Landlord agrees to indemnify, protect, hold harmless and defend Tenant (with counsel satisfactory to Tenant) if such claims are based upon any statement, representation or agreement made by Landlord.

40. ENVIRONMENTAL COMPLIANCE AND REQUIREMENTS

Tenant shall fully comply with the requirements set forth in Exhibit B attached hereto and incorporated herein.

41. SOLICITATION

Landlord and Tenant agree, that for the term of this Agreement, neither Landlord or Tenant shall intentionally solicit to hire the employees of the other party without advance written approval of the other party.

42. QUIET ENJOYMENT

Landlord covenants that Tenant, upon performing the terms, conditions and covenants of this lease, shall have quiet and peaceful possession of the Premises as against any person.

43. FAIR DEALING AND CONSENTS

It is mutually understood and agreed to between Landlord and Tenant that each party will act fairly and reasonably with the other in all matters pertaining to this Lease Agreement. Where a consent or approval is required, it will not be unreasonably withheld, denied or delayed by either party.

44. FORCE MAJEURE

Landlord shall be excused for the period of any delay in the performance of any obligations hereunder, when prevented from so doing by cause or causes beyond Landlord's control which shall include, without limitation, all labor

disputes, civil commotion, war, war-like operations, invasion, rebellion, hostilities, military or usurped power, sabotage, governmental regulations or controls, fire or other casualty, inability to obtain any material services or through acts of God. Tenant shall similarly be excused for delay in the performance of obligations hereunder provided:

(a) nothing contained in this Paragraph or elsewhere in this Lease shall be deemed to excuse or permit any delay in the payment of any sums of money required hereunder, or any delay in the cure of any default which may be cured by the payment of money;

(b) no reliance by Tenant upon this Paragraph shall limit or restrict in any way Landlord's right of self-help as provided in this Lease; and

(c) Tenant shall not be entitled to rely upon this Paragraph unless it shall advise Landlord in writing, of the existence of any force majeure preventing the performance of an obligation of Tenant within five (5) days after becoming aware of the delay resulting from force majeure.

45. SECURITY DEPOSIT

Landlord acknowledges that Tenant has paid Landlord a Security Deposit of thirty-three thousand five hundred dollars (\$33,500.00) prior to the Commencement Date of this Lease Agreement. If Tenant is in arrears in its Rent payment or other financial obligations to Landlord, subject Security Deposit may be applied to current Rent or such other financial obligations owed to Landlord and Tenant will immediately replenish the Security Deposit in full. After August 1, 1997, if Tenant is not in default, is current in its Rent payments to Landlord and has met its full financial obligations, within sixty (60) days after receipt of a written request from Tenant, Landlord will issue a credit of subject Security Deposit to Tenant's monthly rental payment due Landlord.

46. RIGHT OF NOTICE TO PURCHASE PROPERTY

Not less than sixty (60) days prior to accepting any offer to purchase or making any offer to sell the Premises or the property of which the Premises are a part, Landlord shall notify Tenant in writing and advise Tenant of the price at which Landlord intends to list such property or otherwise is willing to accept for sale of such property. Landlord agrees to entertain in good faith any purchase offer made by Tenant for such property after giving such notice, but this provision shall not be deemed to be an agreement for the sale of any property on any terms.

The parties hereto have executed this Lease on the date first above written.

TENANT: DYNAMARK, INC.

BY: J.R. Schoeller

TITLE: Senior Vice President

DATE: April 27, 1995

LANDLORD: CONTROL DATA SYSTEMS, INC.

BY: W.D. Seiler

TITLE: Director of Real Estate

DATE:

OFFICE BUILDING LEASE

1. PARTIES This Lease, dated, for reference purposes only, July 10, 1993 is made by and between The Joseph and Eda Pell Revocable Trust (herein called "Landlord") and Fair, Isaac and Company, Incorporated (herein called "Tenant").

2. PREMISES Landlord does hereby lease to Tenant and Tenant hereby leases from Landlord that certain office space (herein called "Premises") indicated on Exhibit "A" attached hereto and reference thereto made a part hereof, said Premises being agreed, for the purposes of this Lease, to have an area of approximately 35,261 rentable square feet and 33,140 useable square feet, being situated in Suite 200 on the second floor of that certain Building known as Regency Center, 100 Smith Ranch Road, San Rafael, CA 94903.

Said Lease is subject to the terms, covenants and conditions herein set forth and the Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of said terms, covenants and conditions and that this Lease is made upon the condition of said performance.

3. TERM The term of this Lease shall be for seven (7) years, commencing on the 1st day of December, 1994, and ending on the 30th day of November, 2001.

See Addendum to Lease, P. 4, Commencement.

4. POSSESSION See Addendum to Lease, P. 3, Possession.

5. A. RENT Tenant agrees to pay to Landlord as rental for the premises, without prior notice or demand, the sum of Seventy Thousand Five Hundred Twenty-two Dollars (\$70,522.00) on or before the first day of the first full calendar month of the term hereof and a like sum on or before the first day of each and every successive calendar month thereafter during the term hereof, except that the first month's rent shall be paid upon the execution of this Lease. Rent for any period during the term which is for less than one (1) month shall be a prorated portion of the monthly installment herein, based upon a thirty (30) day month. Said rental shall be paid to Landlord without deduction or offset in lawful money of the United States of America, which shall be legal tender at the time of payment at 100 Smith Ranch Road, Suite 325, San Rafael, California 94903, or to such other place as Landlord may from time to time designate in writing.

See Addendum to Lease, P. 5, Free Rent.

B. RENT ESCALATIONS Commencing on the 12th month of this lease (December 1, 1995) and on each annual anniversary following, the base rent shall be adjusted by the increase, if any, in the Consumer Price Index of the Bureau of Labor Statistics of the U. S. Department of Labor for All Urban Consumers, San Francisco-Oakland-San Jose (1984=100), "All Items" herein referred to as "C. P.I."

The C. P.I. increase shall be calculated as follows: The base rent payable for the first month term of this lease shall be multiplied by the percentage change in the C. P.I. for the 12 months preceding December 1, 1995. On each anniversary following, the base rent shall be multiplied by the percentage change in the C. P.I. for the 12 months preceding. No single increase shall exceed 4% of the previous year's rental rate and in

no event shall the new monthly rent be less than the rent payable for the month immediately preceding the date for rent adjustment.

6. SECURITY DEPOSIT Tenant shall deposit with Landlord the sum of Seventy Thousand Five Hundred Twenty-two Dollars (\$70,522.00), on or before the Date of Possession, See Addendum to Lease P. 3. Said sum shall be held by Landlord as security for the faithful performance by Tenant of all the terms, covenants, and conditions of this Lease to be kept and performed by Tenant during the term hereof. If Tenant defaults with respect to any provision of this Lease including, but not limited to, the provisions relating to the payment of rent, Landlord may (but shall not be required to) use, apply or retain all or any part of this security deposit for the payment of any rent or any other sum in default, or for the payment of any amount which Landlord may spend or become obligated to spend by reason of Tenant's default to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of said deposit is so used or applied, Tenant shall, within five (5) days after written demand therefor, deposit cash with Landlord in an amount sufficient to restore the security deposit to its original amount and Tenant's failure to do so shall be a material breach of this Lease. Landlord shall not be required to keep this security deposit separate from its general fund and Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the security deposit or

any balance thereof shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) at the expiration of the Lease term. In the event of termination of Landlord's interest in this Lease, Landlord shall transfer said deposit to Landlord's successor in interest.

7. OPERATING EXPENSE ADJUSTMENTS For the purposes of this Article, the following terms are defined as follows:

- Base Year The Base Year shall be 1995.
- Comparison Year Each calendar year of the term after the Base Year.
- Direct Expenses All direct costs of operation and maintenance, as determined by standard accounting practices, including the following costs by way of illustration, but not be limited to: real property taxes and assessments; rent taxes, gross receipt taxes, (whether assessed against the Landlord or assessed against the Tenant and collected by the Landlord, or both); water and sewer charges; insurance premiums; utilities; janitorial services; labor; costs incurred in the management of the Building; air conditioning & heating; elevator maintenance; supplies; materials; equipment and tools; and maintenance, costs and upkeep of all parking and common areas. ("Direct Expenses" shall not include depreciation on the Building of which the Premises are a part or equipment therein, loan payments, executive salaries or real estate broker's commissions.)

If the Direct Expenses paid or incurred by the Landlord for the Comparison Year on account of the operation or maintenance of the Building of which the Premises are a part are in excess of the Direct Expenses paid or incurred for the Base Year, then the Tenant shall pay 33.90% of the increase. This percentage is that portion of the total rentable area of the Building occupied by the Tenant hereunder. Landlord shall endeavor to give to Tenant on or before the first day of March of each year following the respective Comparison Year a statement of the increase in rent payable by Tenant hereunder, but

failure by Landlord to give such statement by said date shall not constitute a waiver by Landlord of its right to require an increase in rent. Upon receipt of the statement for the first Comparison Year, Tenant shall pay in full the total amount of the increase due for the first Comparison Year and, in addition for the then current year, the amount of any such increase shall be used as an estimate for said current year and this amount shall be divided into twelve (12) equal monthly installments and Tenant shall pay to Landlord, concurrently with the regular monthly rent payment next due following the receipt of such statement, an amount equal to one (1) monthly installment multiplied by the number of months from January in the calendar year in which said statement is submitted to the month of such payment, both months inclusive. Subsequent installments shall be payable concurrently with the regular monthly rent payments for the balance of that calendar year and shall continue until the next Comparison Year's statement is rendered. If the next or any succeeding Comparison Year results in a greater increase in Direct Expenses, then upon receipt of a statement from Landlord, Tenant shall pay a lump sum equal to such total increase in Direct Expenses over the Base Year, less the total of the monthly installments to be paid for the next year, following said Comparison Year, shall be adjusted to reflect such increase. If in any Comparison Year the Tenant's share of Direct Expenses be less than the preceding year, then upon receipt of Landlord's statement, any overpayment made by Tenant on the monthly installment basis provided above shall be credited towards the next monthly rent falling due and the estimated monthly installments of Direct Expenses to be paid shall be adjusted to reflect such lower Direct Expenses for the most recent Comparison Year.

Even though the term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's share of Direct Expenses for the year in which this Lease terminates, Tenant shall immediately pay any increase due over the estimated expenses paid and conversely any overpayment made in the event said expenses decrease shall be immediately rebated by Landlord to Tenant.

Notwithstanding anything contained in this Article, the rent payable by Tenant shall in no event be less than the rent specified in Article 5 above.

See Addendum to Lease, P. 6, Operating Expense Adjustments.

8. USE Tenant shall use the Premises for general office purposes and shall not use or permit the Premises to be used for any other purposes without the prior written consent of Landlord.

General office purposes shall be defined for purposes of this Lease to include computer rooms of any size required by Tenant.

Tenant shall not do or permit anything to be done in or about the Premises nor bring or keep anything therein which will in any way increase the existing rate of or affect any fire or other insurance upon the Building or any of its contents, or cause cancellation of any insurance policy covering said Building or any part thereof or any of its contents. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or injure or annoy them or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises.

9. COMPLIANCE WITH LAW Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules now in force or which may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Premises, excluding changes not related to or affected by Tenant's improvements or acts. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between the Landlord and Tenant.

10. ALTERATIONS AND ADDITIONS Tenant shall not make or suffer to be made any alterations, additions or improvements to or of the Premises or any part thereof without the written consent of Landlord first had and obtained. Any alterations, additions or improvements to or of said Premises including, but not limited to, wallcovering, paneling, air conditioning units and built-in cabinet work, but excepting movable furniture and trade fixtures, shall on the expiration of the term become a part of the realty and belong to the Landlord and shall be surrendered with the Premises. In the event Landlord consents to the making of any alterations, additions or improvements to the Premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense, and any contractor or persons, selected by the Tenant to make the same must first be approved in writing by the Landlord. Such approval shall not be unreasonably withheld. Upon the expiration or sooner termination of the term hereof, Tenant shall, upon written demand by Landlord, which shall be given at the time Landlord approves the tenant improvement work, at Tenant's sole cost and expense, forthwith and with all due diligence, remove any alterations, additions, or improvements made by Tenant, designated by Landlord to be removed, and Tenant shall, forthwith and with all due diligence at its sole cost and expense, repair any damage to the Premises caused by such removal.

11. REPAIRS

- A. By taking possession of the Premises, Tenant shall be deemed to have accepted the Premises as being in good, sanitary order, condition and repair. Tenant shall, at Tenant's sole cost and expense, keep the Premises and every part thereof in good condition and repair damage thereto from causes beyond the reasonable control of Tenant with ordinary wear and tear excepted. Tenant shall upon the expiration or sooner termination of this Lease hereof surrender the Premises to the Landlord in good condition, ordinary wear and tear and damage from causes beyond the reasonable control of Tenant excepted. Except as specifically provided in an addendum, if any, to this Lease, Landlord shall have no obligation whatsoever to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof once the initial tenant improvements are completed and the parties hereto affirm that Landlord has made no representations to Tenant respecting the condition of the Premises or the Building except as specifically herein set forth.
- B. Notwithstanding the provisions of Article 11. A. hereinabove, Landlord shall repair and maintain the structural portions of the Building, including the basic plumbing, air conditioning, heating and electrical systems installed or furnished by Landlord unless such maintenance and repairs are caused in part or in whole by the act, neglect, fault or

omission of any duty by the Tenant, its agents, servants, employees or invitees, in which case Tenant shall pay to Landlord the reasonable cost of such maintenance and repairs. Landlord shall not be liable for any failure to make any such repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant. Except as provided in Article 22 hereof, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Building or the Premises, or in or to fixtures, appurtenances and equipment therein. Tenant waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect, (including the provisions of California Civil Code Sections 1941 and 1942 and any successor sections or statutes of a similar nature); provided, however, if Landlord fails to perform any repair work required of Landlord with respect to the Premises pursuant to this Paragraph, within thirty (30) days after Landlord receives Tenant's written notice of the need for such repair (or such period of time in excess of thirty (30) days as is reasonably necessary based upon the nature of the required work), then Tenant shall be permitted to make such repairs, using contractors reasonably approved by Landlord, provided (i) Tenant first gives Landlord an additional two (2) business days prior written notice indicating that Tenant intends to undertake such repair, and (ii) Landlord fails to commence such repair within such two (2) business day period. If Tenant performs any repair as permitted under this Paragraph, Landlord agrees to reimburse Tenant for the reasonable, actual and documented costs of such repair performed by Tenant, but without any off-set rights against rent or any other amounts payable by Tenant under this Lease. Any repair work done by Tenant shall be done in accordance with the provisions of this Lease, including without limitation, Paragraph 12, keeping the premises free from liens.

12. LIENS Tenant shall keep the Premises and the property in which the Premises are situated free from any liens arising out of any work performed, materials furnished or obligations incurred by Tenant. Landlord may require, at Landlord's sole option, that Tenant shall provide to Landlord, at Tenant's sole cost and expense, a lien and completion bond in an amount equal to one and one-half (1-1/2) times any and all estimated cost of any improvements, additions or alteration in the Premises to insure Landlord against any liability for mechanics' and materialmen's liens and to insure completion of the work.
13. ASSIGNMENT AND SUBLETTING Tenant shall not either voluntarily or by operation of law, assign, transfer, mortgage, pledge, or encumber this Lease or any interest therein, and shall not sublet the said Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the employees, agents, servants and invitees of Tenant excepted) to occupy or use the said Premises or any portion thereof, without written consent of Landlord first had and obtained, which consent shall not be unreasonably withheld; provided however, that Landlord in the exercise of its good faith business judgment may refuse to approve the assignment or sublease and shall promptly provide Tenant with the reasons for its refusal. In the event Tenant desires to assign this Lease or any interest therein or sublet all or part of the Premises, Tenant shall give Landlord written notice thereof, which notice shall include (i) the name of the proposed assignee, subtenant or occupant ("Transferee"), (ii) reasonable financial information regarding the Transferee, (iii) a description of the Transferee's business to be carried on in the Premises, and (iv) the terms of the assignment or sublease and a description of the portion of the Premises to be

affected. Tenant shall also provide Landlord such additional information regarding the Transferee or the proposed assignment or sublease as Landlord may reasonably request.

Notwithstanding the foregoing, Tenant shall have the right to assign or sublet the premises, or a portion thereof, to a wholly owned affiliated company or subsidiary, without the Landlord's consent. Tenant shall be required, however, to give written notice to Landlord in advance of such assignment or sublet and to prepare assignment or sublet agreements on forms that are reasonably satisfactory to Landlord. In no event shall such assignment or sublet release Tenant from its obligations under the terms of this Lease.

Consent to one assignment, subletting, occupation or use by any other person shall not be deemed to a consent to any subsequent assignment, subletting, occupation or use by another person. Any assignment or subletting without such consent shall be void, and shall, at the option of the Landlord, constitute a default under this Lease.

14. HOLD HARMLESS Tenant shall indemnify and hold harmless Landlord against and from any and all claims arising from Tenant's use of Premises for the conduct of its business or from any activity, work or other thing done, permitted or suffered by the Tenant in or about the Building, and shall further indemnify and hold harmless Landlord against and from any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any act or negligence of the tenant, or any officer, agent, employee, guest or invitee of Tenant, and from and against all cost, attorney's fees, expenses and liabilities incurred in or about any such claim or any action or proceeding brought thereon and in any case, action or proceeding brought against Landlord by reason of any such claim. Tenant upon notice from Landlord shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord. Tenant as a material part of the consideration to Landlord hereby assumes all risk of damage to property or injury to persons, in, upon or about the Premises, from any cause other than Landlord's negligence or willful act, and Tenant hereby waives all claims in respect thereof against Landlord.

Landlord or its agents shall not be liable for any damage to property entrusted to employees of the Building, nor for loss or damage to any property by theft or otherwise, nor for any injury to or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak dampness or any other cause whatsoever, unless caused by or due to the negligence or willful acts of Landlord, its agents, servant or employees. Landlord or its agents shall not be liable for interference with the light or other incorporeal hereditaments, less of business by Tenant, nor shall Landlord be liable for any latent defect in the premises or in the Building. Tenant shall give prompt notice to Landlord in case of fire or accidents in the Premises or in the Building or of defects therein or in the fixtures or equipment.

15. SUBROGATION Landlord and Tenant hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage and other property insurance policies existing for the benefit of the respective parties. Each party shall obtain any special endorsements, if required by their insurer to evidence compliance with the aforementioned waiver.
16. LIABILITY INSURANCE Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease, (1) a policy of comprehensive general liability insurance insuring Landlord and Tenant against any liability arising out of the ownership, use,

occupancy or maintenance of the Premises and all areas appurtenant thereto. (2) workers compensation insurance as may be required by law, and (3) "all risk" property insurance on Tenant's above-standard tenant improvements (specifically those improvements exceeding the Landlord's tenant improvement allowance as defined in Addendum to Lease P. 1.C), personal property, equipment, furniture and fixtures. The limit of said insurance shall not, however, limit the liability of the Tenant hereunder. Tenant may carry said insurance under a blanket policy, providing, however, said insurance by Tenant shall have a Landlord's protective liability endorsement attached thereto. If Tenant shall fail to procure and maintain said insurance, Landlord may, but shall not be required to, procure and maintain same, but at the expense of Tenant. Insurance required hereunder, shall be in companies rated A+ AAA or better in "Best's Insurance Guide." Tenant shall deliver to Landlord prior to occupancy of the Premises copies of policies of liability insurance required herein or certificates evidencing the existence and amounts of such insurance with loss payable clauses reasonably satisfactory to Landlord. No policy shall be cancelable or subject to reduction of coverage except after ten (10) days prior written notice to Landlord.

17. SERVICES AND UTILITIES See Addendum to Lease, P. 9, Services and Utilities.
18. PROPERTY TAXES Tenant shall pay, or cause to be paid, before delinquency, any and all taxes levied or assessed and which become payable during the term hereof upon all Tenant's leasehold improvements, equipment, furniture, fixtures and personal property located in the Premises; except that which has been paid for by Landlord, and is the standard of the Building. In the event any or all of the Tenant's leasehold improvements, equipment, furniture, fixtures and personal property shall be assessed and taxed with the Building, Tenant shall pay to Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to Tenant's property.
19. RULES AND REGULATIONS Tenant shall faithfully observe and comply with the reasonable rules and regulations that Landlord shall from time to time promulgate. Landlord reserves the right from time to time to make all reasonable modifications to said rules. The additions and modifications to those rules shall be binding upon Tenant upon delivery of a copy of them to Tenant. Landlord shall not be responsible for the nonperformance of any said rules by any other tenants or occupants. The rules and regulations shall be applied equally to all tenants occupying Regency Center.
20. HOLDING OVER If Tenant remains in possession of the Premises or any part thereof after the expiration of the term hereof, with the express written consent of Landlord, such occupancy shall be a tenancy from month-to-month at a rental in the amount of the last monthly rental, plus all other charges payable hereunder, and upon all the terms hereof applicable to a month-to-month tenancy.
21. ENTRY BY LANDLORD Landlord reserves and shall at any and all times have the right to enter the Premises, inspect the same, supply janitorial service and any other service to be provided by Landlord to Tenant hereunder, to submit said Premises to prospective purchasers or tenants, to post notices of non-responsibility, and to alter, improve or repair the Premises and any portion of the Building of which the Premises are a part that Landlord may deem necessary or desirable, without abatement of rent and may for that purpose erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed, always providing that the entrance to the Premises shall not be blocked thereby, and further providing that the business of the Tenant shall not be interfered

with unreasonably. Tenant hereby waives any claim for damages or for any injury or inconvenience to or interference with Tenant's business any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises, excluding Tenant's vaults, safes and files, and specific, secured, sensitive and confidential offices and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in any emergency, in order to obtain entry to the Premises without liability to Tenant except for any failure to exercise due care for Tenant's property. Any entry to the Premises obtained by Landlord by any of said means, or otherwise shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction of Tenant from the Premises or any portion thereof.

22. RECONSTRUCTION In the event the Premises or the Building of which the Premises are a part are damaged by fire or other perils covered by extended coverage insurance, Landlord agrees to forthwith repair the same, and this Lease shall remain in full force and effect, except that Tenant shall be entitled to a proportionate reduction of the rent while such repairs are being made, such proportionate reduction to be based upon the extent to which the making of such repairs shall materially interfere with the business carried on by the Tenant in the Premises. If the damage is due to the fault or neglect of Tenant or its employees, there shall be no abatement of rent.

In the event the Premises or the Building of which the Premises are a part are damaged as a result of any cause other than the perils covered by fire or extended coverage insurance, then Landlord shall forthwith repair the same provided the extent of the destruction be less than ten (10%) of the then full replacement cost of the Premises or the Building of which the Premises are a part. In the event the destruction of the Premises or the Building is to an extent greater than ten (10%) of the full replacement cost, then Landlord shall have the option (1) to repair or restore such damage, this Lease continuing in full force and effect, but the rent to be proportionately reduced as hereinabove in this Article provided; or (2) give notice to Tenant at any time within sixty (60) days after such damage terminating this Lease as of the date specified in such notice, which date shall be no less than thirty (30) and no more than sixty (60) days after the giving of such notice. In the event of giving such notice, this Lease shall expire and all interest of the Tenant in the Premises shall terminate on the date so specified in such notice and the Rent, reduced by a proportionate amount, based upon the extent, if any, to which such damage materially interfered with the business carried on by the Tenant in the Premises, shall be paid up to date of said such termination.

Notwithstanding anything to the contrary contained in this Article, Landlord shall not have any obligation whatsoever to repair, reconstruct or restore the damage to the Premises resulting from any casualty covered under this Article which occurs during the last twelve (12) months of the term of this Lease or any extension thereof.

Landlord shall not be required to repair any injury or damage by fire or other cause, or to make any repairs to replacements of any over-standard tenant improvements (specifically those exceeding Landlord's tenant improvement allowance as defined in Addendum to Lease P. 1.C.) or Tenant's trade fixtures, equipment, furniture or personal property.

Except for abatement of rent as provided above, the Tenant shall not be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the

premises, Tenant's personal property or any inconvenience or annoyance occasioned by such damage, repair, reconstruction or restoration.

23. DEFAULT The occurrence of any or more of the following events shall constitute a default and breach of this Lease by Tenant:

- A. The vacating or abandonment of the Premises by Tenant, except in cases when Tenant is current with all rental payments.
- B. The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of ten (10) days after written notice thereof by Landlord to Tenant.
- C. The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by the Tenant, other than described in Article 23.B. above, where such failure shall continue for a period of thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.
- D. The making by Tenant of any general assignment or general arrangement for the benefit of creditors, or the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt, or a petition or reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); or the appointment of a trustee or a receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interests in this Lease, where such seizure is not discharged in thirty (30) days.

24. REMEDIES IN DEFAULT In the event of any such material default or breach by Tenant, Landlord may at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of a right or remedy which Landlord may have by reason of such default or breach:

- A. Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all damages incurred by necessary renovation and alteration of the Premises, reasonable attorney's fees, any real estate commission actually paid, the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided, that portion of the leasing commission paid by Landlord and applicable to the unexpired term of this Lease. Unpaid installments of rent or other sums shall bear interest from the date due at the rate of ten (10%) percent per annum. In the event Tenant shall have abandoned the Premises, Landlord shall have the option of (a)

taking possession of the Premises and recovering from Tenant the amount specified in this paragraph, or (b) proceeding under the provisions of the following Article 24.B.

- B. Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event Landlord shall be entitled to enforce all of Landlord's right and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.
- C. Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decision of the State in which the Premises are located.

25. EMINENT DOMAIN If more than twenty-five (25%) percent of the Premises shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, either party hereto shall have the right, at its option, to terminate this Lease, and Landlord shall be entitled to any and all income, rent, award or any interest therein whatsoever which may be paid or made in connection with such public or quasi-public use or purpose, and Tenant shall have no claim against Landlord for the value of any unexpired term of this Lease. If either less than or more than twenty-five (25%) percent of the Premises is taken, and neither party elects to terminate as herein provided, the rental thereafter to be paid shall be equitably reduced. If any part of the Building other than the Premises may be so taken or appropriated, Landlord shall have the right at its option to terminate this Lease and shall be entitled to the entire award as above provided. Notwithstanding the foregoing, Tenant shall be entitled to that portion of any condemnation award made specifically on account of Tenant's relocation expenses, increased rental costs, improvements contracted at Tenant's expense or disruption of Tenant's business.

26. OFFSET STATEMENT Tenant shall at any time and from time to time upon not less than ten (10) days prior written notice from Landlord execute, acknowledge and deliver to Landlord a statement in writing (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the date to which the rental and other charges are paid in advance, if any, and (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of the Landlord hereunder or specifying such defaults if any are claimed. Any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the real property of which the Premises are a part.

27. PARKING Tenant shall have the right to use in common with other tenants or occupants of the Building the parking facilities of the Building.

28. AUTHORITY OF PARTIES

- A. Corporate Authority. If Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said corporation, in accordance with a duly adopted resolution of the board of directors of said corporation or in accordance with the by-laws of said corporation, and that this Lease is binding upon said corporation in accordance with its terms.
- B. Limited Partnerships. If the Landlord herein is a limited partnership, it is understood and agreed that any claims by Tenant on Landlord shall be limited to the assets of the

limited partnership, and furthermore, Tenant expressly waives any and all rights to proceed against the individual partners or the officers, directors or shareholders of any corporate partner, except to the extent of their interest in said limited partnership.

29. GENERAL PROVISIONS

- A. Plats and Riders. Clauses, plats and riders, if any, signed by the Landlord and the Tenant and endorsed on or affixed to this Lease are a part hereof.
- B. Waiver. The waiver by Landlord of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptances of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of the Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of the acceptance of such rent.
- C. Notices. All notices and demands which may or are to be required or permitted to be given by either party to the other hereunder shall be in writing. All notices and demands by the Landlord to the Tenant shall be sent by United States Mail, postage prepaid, addressed to the Tenant at 120 North Redwood Drive, San Rafael, California 94903, or to such other places as Tenant may from time to time designate in a notice to the Landlord. All notices and demands by the Tenant to the Landlord shall be sent by United States Mail, postage prepaid, addressed to the Landlord at 100 Smith Ranch Road, Suite 325, San Rafael, California 94903, or to such other person or place as the Landlord may from time to time designate in a notice to the Tenant.
- D. Joint Obligation. If there be more than one Tenant the obligations hereunder imposed upon Tenants shall be joint and several.
- E. Marginal Headings. The marginal headings and titles to the Articles of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.
- F. Time. Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.
- G. Successors and Assigns. The covenants and conditions herein contained, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.
- H. Recordation. Neither Landlord nor Tenant shall record this Lease or a short form memorandum hereof without the prior written consent of the other party.
- I. Quiet Possession. Upon Tenant paying the rent reserved hereunder and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire term hereof, subject to all the provisions of this Lease.

- J. Late Charges. Tenant hereby acknowledges that late payment by Tenant to Landlord of rent or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Landlord by terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or of a sum due from Tenant shall not be received by Landlord or Landlord's designee within ten (10) days after said amount is past due, then Tenant shall pay to Landlord a late charge equal to five (5%) percent of such overdue amount. The parties hereby agree that such late charges represent a fair and reasonable estimate of the cost that Landlord will incur by reason of the late payment by Tenant. Acceptance of such late charges by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.
- K. Prior Agreements. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understanding pertaining to any such matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.
- L. Inability to Perform. This Lease and the obligations of the Tenant hereunder shall not be affected or impaired because the Landlord is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of God, or any other cause beyond the reasonable control of the Landlord.
- M. Attorney's Fees. In the event of any action or proceeding brought by either party against the other under this Lease the prevailing party shall be entitled to recover all costs and expenses including the fees of its attorneys in such action or proceeding in such amount as the court may adjudge reasonable as attorney's fees.
- N. Sale of Premises by Landlord. In the event of any sale of the Building, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale; and the purchaser, at such sale or any subsequent sale of the Premises shall be deemed, without any further agreement between the parties or their successors in interest or between the parties and any such purchaser to have assumed and agreed to carry out any and all of the covenants and obligations of the Landlord under this lease.
- O. Subordination. Upon request of the Landlord, Tenant will in writing subordinate its rights hereunder to the lien of any first mortgage, or first deed of trust to any bank, insurance company or other lending institution, now or hereafter in force against the land and Building of which the Premises are a part, and upon any buildings hereafter placed upon the land of which the Premises are a part, and to all advances made or hereafter to be made upon the security thereof.

Notwithstanding such subordination, neither Tenant's right to quiet possession of the Premises nor this Lease shall be disturbed or affected if Tenant is not in default

hereunder and so long as Tenant shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms.

- P. In the event any proceedings are brought for foreclosure, or in the event of the exercise of power of sale under any mortgage or deed of trust made by the Landlord covering the Premises, the Tenant shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Landlord under this Lease.
- Q. Name. Tenant shall not use the name of the Building or of the development in which the Building is situated for any purpose other than as an address of the business to be conducted by the Tenant in the Premises.
- R. Separability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way effect, impair or invalidate any other provision hereof and such other provision shall remain in full force and effect.
- S. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.
- T. Choice of Law. This Lease shall be governed by the laws of the State in which the Premises are located.
- U. Signs and Auctions. Tenant shall not place any sign upon the Premises or Building or conduct any auction thereon without Landlord's prior written consent.

30. BROKERS Tenant warrants that it has had no dealings with any real estate broker or agents in connection with the negotiation of this Lease and it knows no real estate broker or agent who is entitled to a commission in connection with this Lease.

The Joseph and Eda Pell
Revocable Trust

Fair, Isaac and Company,
Incorporated

By: _____
Joseph Pell

By: _____

Its: _____

Its: _____

By: _____
Eda Pell

Date: _____

Its: _____

Date: _____

RULES AND REGULATIONS

1. No sign, placard, picture, advertisement, name or placard shall be inscribed, displayed or printed or affixed on or to any part of the outside or inside of the Building without the written consent of the Landlord first had and obtained and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant.

All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of Tenant by a person approved of by Landlord.

Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall which may appear unsightly from outside the Premises; provided, however, that Landlord may furnish and install a Building standard window covering at all exterior windows. Tenant shall not without prior written consent of Landlord cause or otherwise sunscreen any window.

2. The sidewalks, halls, passages, exits, entrances, elevators and stairways shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress and egress from their respective Premises.
3. Tenant shall not alter any lock or install any new or additional locks without permission of Landlord, whose consent shall not be unreasonably withheld, or any bolts on any doors or windows of the Premises.
4. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage, damage resulting from the violation of this rule shall be borne by the Tenant who, or whose employees or invitees shall have caused it.
5. Tenant shall not overload the floor of the Premises or in any way deface the Premises or any part thereof.
6. No furniture, freight or equipment of any kind shall be brought into the Building without the prior notice to Landlord and all moving of the same into or out of the Building shall be done at such time and in such manner as Landlord shall designate. Notwithstanding the above, Tenant shall have the right to move furniture, freight or equipment into and out of the building without prior notice to Landlord, provided that such moves do not involve exclusive use of an elevator for an extended period of time, nor does the move interfere with the operation of other tenants in the building. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy equipment brought into the Building and also the times and manner of moving the same in and out of the Building. Safes or other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause and all damage done to the Building by moving or maintaining any such safe or other property shall be repaired at the expense of the Tenant.

7. Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to the Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be brought in or kept in or about the Premises or the Building.
8. No cooking, except for microwave and coffee machines, shall be done or permitted by any Tenant on the Premises, nor shall the Premises be used for the storage of merchandise, for washing clothes, for lodging, or for any improper, objectionable or immoral purposes.
9. Tenant shall not use or keep in the Premises of the Building any kerosene, gasoline or inflammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied by Landlord.
10. Landlord will direct electricians as to where and how telephone and telegraph wires are to be introduced. No boring or cutting for wires will be allowed without the consent of the Landlord. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord.
11. On Saturdays, Sundays and legal holidays, and on other days between the hours of 6:00 P.m. and 8:00 a.m. the following day, access to the Building, or to the halls, corridors, elevators or stairways in the Building, or to the Premises may be refused unless the person seeking access is known to the person or employee of the Building in charge and has a pass or is properly identified. The Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, the Landlord reserves the right to prevent access to the Building during the continuance of the same by closing of the doors or otherwise, for the safety of the tenants and protection of property in the Building and the Building.
12. Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.
13. No vending machine or machines of any description shall be installed, maintained or operated upon the Premises without the written consent of the Landlord.
14. Landlord shall have the right, exercisable without notice and without liability to Tenant, to change the name and street address of the Building of which the Premises are a part.
15. Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate to prevent same.
16. Without the written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address.
17. Landlord shall have the right to control and operate the public portions of the Building, and the public facilities, and heating and air conditioning, as well as facilities furnished for the

common use of the tenants, in such manner as it deems best for the benefit of the tenants generally.

18. All entrance doors in the Premises shall be left locked when the Premises are not in use, and all doors opening to public corridors shall be kept closed except for normal ingress and egress from the Premises.

FIRST ADDENDUM TO LEASE
BY AND BETWEEN
THE JOSEPH AND EDA PELL REVOCABLE TRUST, LANDLORD
AND
FAIR, ISAAC AND COMPANY, INCORPORATED, TENANT
DATED JULY 10, 1993

1. TENANT IMPROVEMENTS

- A. Working Drawings and Specifications ("Bid Package"): Tenant shall authorize Richard Pollack and Associates or any other architect or architectural firm of Tenant's choice ("Architect") to prepare a space plan, construction drawings and design specifications for the Premises. Tenant may direct Architect to utilize the services of consultants ("Consultants") to provide engineered drawings and design specifications for the mechanical, electrical and plumbing systems in the Premises, including, but not limited to any air conditioning system, duct work, heating and electric facilities. (All such architectural and engineering drawings and specifications are herein referred to collectively as the "Bid Package"). In putting together the Bid Package, Architect and Consultants shall exert their best efforts to reuse all existing improvements in the Premises where possible and in conformance with Tenant's requirements in the Premises. Tenant shall not be required to reuse existing light fixtures in the Premises, but rather shall specify its own light fixtures. Landlord shall provide the Architect and Consultants with the base building capacity for (1) electrical power, (2) HVAC and (3) floor loading (live and dead load capacities and design criteria for the Premises). The Bid Package shall be submitted to Tenant for its review and written approval which shall be evidenced by Tenant's signing the Bid Package. The Bid Package shall also be submitted to Landlord for Landlord's approval which shall also be evidenced by Landlord's signing the Bid Package. Landlord's approval shall not be unreasonably withheld. It is the understanding of the parties that Tenant intends to provide its employees with high quality office space which meets the current needs of the workforce and enhances the work performance of the employees and the company, while remaining flexible enough to accommodate the growth and changing needs of the Tenant. In other words, the Tenant may not always be looking for the most economical solution or method of construction, but rather one which provides Tenant with the highest ability to perform its work while maintaining flexibility for future needs.

All architectural design, engineering, and consulting fees shall be included in the Tenant Improvement Allowance. See Addendum P. 1.C. Tenant may require that certain subcontractors be used by the Contractor in bidding and performing the work, including, but not limited to, WBE Electrical, WBE Telecom and Peerless Lighting.

The Bid Package shall include the Construction Contract which shall be provided by Tenant. Landlord shall have the right to review and approve the Construction Contract and make any necessary changes with respect to preserving and protecting Landlord's rights, remedies and property.

The Bid Package shall be completed and accepted by both Landlord and Tenant no later than July 1, 1994. Each party shall have at least ten (10) working days to review the Bid Package. Tenant will prepare a schedule for delivery and review of the Bid Package by January 1, 1994.

- B. Contractor: The Contractor who shall perform the tenant improvement work in the Premises shall be selected from two bidders. Landlord shall select one Contractor and Tenant shall select one Contractor. No later than June 1, 1994, Landlord and Tenant shall provide each other with the name and address of their respective Contractor. Landlord shall have fourteen (14) days to evaluate the Contractor selected by Tenant. Landlord's criteria for evaluation of Tenant's Contractor shall include, but not be limited to, reputation and quality of workmanship, record of completing previous jobs on schedule and within budget, relationship with the City of San Rafael Building and Planning Departments, cooperativeness in dealing with Landlord and its employees, financial strength and billing procedure. Tenant shall have fourteen (14) days to evaluate Landlord's Contractor. Tenant's criteria for evaluation of Landlord's Contractor shall include, but not be limited to, cost effectiveness, quality of workmanship, creativity, record of completing work on schedule and within budget, and an understanding of Tenant's current and future requirements and a good working relationship with Tenant and Tenant's employees. Landlord and Tenant shall each use best efforts in ensuring that their evaluation process of each other's Contractors is fair and reasonable. A copy of the Bid Package may be given to each Contractor and may be used in evaluating the Contractor. Landlord and Tenant shall have the right to reject each other's Contractor based on any of the above criteria or any other relevant criteria. If a Contractor is rejected, the reasons for the rejection shall be stated in a letter to Landlord or Tenant. If a Contractor is rejected by Landlord or Tenant, another Contractor shall be selected and its name submitted in writing within five (5) days. Each Contractor shall be evaluated using the same criteria stated above. Neither Tenant nor Landlord may reject more than three Contractors submitted by the other.

Landlord may submit its own name as a Contractor.

As soon as Landlord approves Tenant's choice of a Contractor ("Tenant's Contractor") and as soon as Tenant approves Landlord's choice of a Contractor ("Landlord's Contractor") Tenant's Contractor and Landlord's Contractor shall be requested in writing to submit a bid on the Bid Package. Ten (10) working days after receipt of the request for bid and the complete Bid Package, both Contractors shall submit a sealed fixed price contract bid (on such contract form as Landlord, Tenant and Architect shall designate) to construct the tenant improvements specified in the Bid Package. Landlord and Tenant shall jointly open and review the bids. Landlord and Tenant (after adjustments for any inconsistent assumptions to reflect an "apples-to-apples" comparison) shall select the lowest price bidder as the Contractor ("Contractor"). The Contractor shall enter into a construction contract with Tenant consistent with the terms of the Bid Package and its bid to construct the tenant improvements. That contract must state that Tenant shall hold Landlord harmless from any and all liability for the work to be performed under the terms of that construction contract.

If Landlord's Contractor is not selected as the successful bidder, Tenant shall pay Landlord or its representative a reasonable owner's representation fee to compensate Landlord for its time and effort in inspecting and overseeing the construction of the tenant improvement work and assuring itself of good quality materials and

workmanship, that the work contained in the Request for Disbursement (see Addendum P. 1.D.) is complete, and that there is no interference with the day-to-day operations of the Building as a result of Tenant's construction. The parties agree that the maximum fee chargeable by Landlord shall be \$50.00 per hour for up to five (5) hours per week. This fee shall be deducted from the Tenant Improvement Allowance (see Addendum to Lease P. 1.C).

- C. Tenant Improvement Allowance: Landlord shall contribute Seven Hundred Sixty-two Thousand Two Hundred Twenty Dollars (\$762,220.00) (\$23.00 x 33,140 usable SF) toward the construction of the tenant improvements for Tenant's Premises ("Tenant Improvement Allowance"). The Tenant Improvement Allowance shall include all architectural, engineering and consultant fees, and all other fees charged in conjunction with preparation of the Bid Package. All costs exceeding the Tenant Improvement Allowance shall be borne by Tenant.
- D. Disbursement of Tenant Improvement Allowance: Once a month, on or before the 10th day of the month, Tenant shall present to Landlord a Request for Disbursement ("Request for Disbursement") requesting payment by Landlord of any costs associated with the design, engineering or construction of the tenant improvements. The Request for Disbursement shall include the following information:
- 1) A certificate from Tenant confirming that all of the work contained in the Request for Disbursement has been completed in accordance with the applicable contracts.
 - 2) A Certificate from Tenant's Architect confirming that all of the work contained in the Request for Disbursement has been completed in accordance with the applicable contracts and certifying that materials have arrived on the job.
 - 3) Unconditional mechanics lien releases and copies of invoices from the Contractor, subcontractors, suppliers and materialmen marked "Paid."
 - 4) And such other reasonable documentation as may be requested by Landlord not later than the 25th day of the previous month.

Payment shall not be made on any Request for Disbursement until all of the information and documentation above is complete.

Payment shall be made only for those materials which have been installed or which have been delivered to the Premises. Landlord shall have five (5) calendar days from the date of receipt of the Request for Disbursement to review same and request clarification. If Landlord is in Agreement with the Request for Disbursement, payment shall be made to Tenant within ten (10) days of receipt of the Request for Disbursement. If any items are in dispute, Landlord shall not make payment on those items until the dispute is resolved, but Landlord shall make payment to Tenant of all amounts not in dispute within ten (10) days of receipt of the Request for Disbursement. Landlord shall not unreasonably withhold its approval of any Request for Disbursement or on any specific request for payment made therein. A final disbursement of Twenty-five Thousand Dollars (\$25,000.00) shall be held until all punchlist items in Tenant's Premises are complete, and the time for the filing of any mechanics liens claimed or which might be filed on account of any work performed by Tenant, Contractor, subcontractors, suppliers or materialmen has passed. Any damage

to Landlord's property will be repaired to Landlord's satisfaction. Once Landlord has disbursed the entire amount of the Tenant Improvement Allowance (See Addendum P. 1.C.) to Tenant, except the final disbursement of \$25,000.00, any and all costs associated with the design, engineering or construction of Tenant's Premises shall be paid directly by Tenant.

- E. Change Orders: Tenant may, but only by written instructions or drawings issued to Landlord and Contractor ("Change Order Request"), make changes to the work specified in the Bid Package, including without limitation, requiring additional work, directing the omission of work previously ordered or changing the quantity or type of any materials, equipment or services. Promptly upon receipt of a Change Order Request, Contractor will provide Tenant with a statement in detail setting forth the cost of said change (including a breakdown of costs attributable to labor and materials, construction equipment exclusively necessary for the change, and preparation or amendment to shop drawings resulting from said change and any time delays anticipated to result from said change). Tenant will have two (2) days after receipt of such statement in which to confirm the Change Order Request and authorize the work to be performed or to withdraw such request. Change Orders will be signed by Landlord and Tenant in advance of any work being performed on a Change Order.
- F. Substantial Completion: For purposes of this Lease, "Substantial Completion" shall mean that construction of the tenant improvements has been completed in accordance with the Bid Package, except for minor finishing details of construction, decoration, mechanical adjustment, minor replacement of defective or damaged materials, and other items of a type commonly found on architectural punchlists, all of which do not materially interfere with the occupancy and use of the Premises by Tenant or with Tenant's ability to complete the improvements to the Premises to be made by Tenant. Within three (3) days of Substantial Completion Tenant's, Architect shall notify Landlord in writing that the Premises are Substantially Complete. If Tenant is conducting business in any part of the Premises the space shall be automatically deemed Substantially Complete.

Within ten (10) calendar days after Substantial Completion of the tenant improvements, Tenant, accompanied by Landlord or Landlord's representative, shall make an inspection of the Premises and prepare a punchlist of items needing additional work by the Contractor. Contractor shall complete all punchlist items reasonably identified by Tenant or Landlord within thirty (30) calendar days after the inspection or as soon as practicable thereafter. If there is any dispute as to whether Contractor has substantially completed the work, a good faith decision of Tenant's Architect shall be final and binding on the parties.

- G. Standard of Construction: Contractor shall complete all work in accordance with the Bid Package approved by Landlord and Tenant and shall make no alterations, additions, or reinforcements to the structure of the building except as specifically approved by Landlord in the Bid package, or in writing thereafter. Tenant, or Contractor, at its expense, shall procure all building and other permits required for completion of Tenant's work. Tenant agrees that all work done by Tenant, its Contractor and subcontractors shall be performed in full compliance with all laws, rules, orders, permits, ordinances, directions, regulations and requirements of all governmental agencies, offices, and departments having jurisdiction, including without limitation applicable provisions pertaining to use of hazardous or toxic

materials and the Americans with Disabilities Act, and in full compliance with the rules, orders, directions, regulations and requirements of the Board of Fire Underwriters or any other organization performing a similar function.

Landlord shall have the right to enter the Premises at any time to post any Notice of Non-Responsibility or other notice on the Premises during Tenant's construction. Contractor and all contractors and subcontractors retained by Tenant or Contractor shall be bondable and bonded, licensed contractors, possessing good labor relations, adequate financials, and with a record of performing quality workmanship.

During the course of construction, Tenant shall maintain builder's risk insurance in form and content reasonably satisfactory to Landlord. Tenant's insurance shall name Landlord as an additional insured and shall provide that it may not be canceled or amended without twenty (20) days prior written notice to Landlord. At least seven (7) calendar days prior to commencement of construction, Tenant shall provide Landlord with a certificate of such insurance and evidence of any required bonds in form satisfactory to Landlord.

Contractor shall complete the tenant improvement work with diligence and in such a manner as not to interfere with the use or enjoyment of other portions of the Project or common areas by Landlord or other tenants. Contractor shall provide for all temporary power, water and other utility facilities as required in connection with the construction of Tenant's work. Contractor shall provide its own dumpster for collection and disposition of construction debris, which shall be located at a location approved by Landlord, and all construction debris from construction shall be disposed of in Contractor's dumpster and not in trash facilities for the Project. Contractor's construction materials, tools, equipment and debris shall be stored only within the Premises, or in areas designated for that purpose by Landlord. Work space exterior to the Premises shall be available only with the written approval of Landlord. Tenant's construction work shall be subject to the inspection and supervision of Landlord and Landlord's representatives.

Tenant and Contractor shall indemnify and hold harmless Landlord for any and all claims arising from Tenant's work. Tenant shall pay for all damage to the Building, the Project, or appurtenant areas or equipment, as well as all damage to tenants or occupants thereof or their licensees, or invitees, including, but not limited to, losses incurred as the result of power outages caused by Tenant's or Contractor's work in the Building. Any such damages may be deducted from the Tenant Improvement Allowance.

- H. Liability: The parties acknowledge that Landlord is not an architect or engineer and that the tenant improvement work will be designed by independent Architects, Engineers and Consultants. Accordingly, Landlord does not guarantee or warrant that any part of the Bid Package will be free from errors or omissions, and Landlord shall have no liability therefor.

Tenant shall be solely responsible for the adequacy in all respects of the Bid Package, including without limitation compliance with all governmental requirements, compatibility with the building shell, and any special requirements of Tenant's proposed equipment or machines with respect to ambient temperatures, electrical use or current, or water availability. Landlord shall warrant only that the information

provided regarding the base building (referred to in Addendum to Lease P. 1.A.) is true and correct to the best of its knowledge. Tenant acknowledges that in connection with obtaining Landlord's approval of the Bid Package, Tenant may provide Landlord with certain information regarding its specific needs relating to the Premises in developing plans and specifications for Tenant's work and that Tenant may provide some of its own equipment for installation in the Premises. Tenant further acknowledges that Landlord will make no independent review of any such information and that Landlord does not warrant, either expressly or impliedly, the adequacy of the Bid Package for Tenant's requirements or Tenant's equipment for Tenant's intended purpose.

- I. Ownership of Tenant Improvements: Upon termination of the Lease, all of the tenant improvements shall remain in the Premises unless Landlord shall consent in writing to the removal thereof by Tenant. However, all Tenant's trade fixtures, equipment, furniture and personal property shall remain the property of Tenant.
- J. Life Safety: With respect to Life Safety System, Landlord believes to the best of its knowledge that Regency Center meets all current code requirements including handicap access compliance. If any code requirements are not met with respect to the Building's Life Safety System all costs to accomplish changes necessary to the Building shall be covered by Landlord. All code compliance costs with respect to Tenant's Premises shall be covered by the Tenant Improvement Allowance or by Tenant.
- K. Use of Current Fixtures in Space: Tenant shall have the right to reuse the fixtures currently in the Premises including but not limited to all cafeteria built-ins, the moveable partitions (retractable wall) in the training rooms and fire extinguishers and cases. The food trolley located in the cafeteria and the equipment purchased or leased by the previous Tenant including, but not limited to, the cafeteria tables and chairs, ice dispenser, training room tables, chairs, white boards, projection screen, reception desk, counter and hutch are not part of the fixtures in the Premises.

3. POSSESSION

- A. Possession of the Premises ("Possession") shall be delivered to Tenant no later than October 1, 1994 for the purpose of constructing the tenant improvements. If possession of the space cannot be delivered by Landlord by that date, for any reason whatsoever, this Lease shall not be void or voidable, nor shall Landlord be liable to Tenant for any loss or damage resulting therefrom, nor shall the expiration date of the term of Lease be in any way extended, but in that event, of Commencement Date (as defined in Addendum P. 4.A.) shall be extended by the exact number of days of Landlord's delay in delivering possession. Landlord shall inform Tenant of the date of Possession in writing at least thirty (30) days prior to Possession.
- B. If Landlord shall not have delivered Possession of the Premises within ninety (90) days after the Commencement Date (as defined in Addendum P. 4.A.), Tenant may, at Tenant's option, by notice in writing to Landlord within ten (10) days thereafter, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder; provided, however, that if such written notice by Tenant is not received by Landlord within said ten (10) day period, Tenant's right to cancel this lease hereunder shall terminate and be of no further force or effect.

4. COMMENCEMENT

- A. If Possession is delivered on October 1, 1994 the Commencement Date ("Commencement") shall be defined as December 1, 1994 or five (5) days after Substantial Completion of the tenant improvement work (as defined in Addendum P. 1.E.) whichever is earlier. If Possession is delivered prior to October 1, 1994, the Commencement Date shall be sixty (60) calendar days after the date of Possession or five (5) days after Substantial Completion of the tenant improvement work, whichever is earlier.

Landlord shall notify Tenant in writing of the actual Commencement Date no later than thirty (30) days after Substantial Completion. In the event Substantial Completion is delayed by Tenant Caused Delays (as defined in Addendum P. 4.C.) the same number of days shall be deducted from total number of days of the build-out and that date shall be the Commencement.

5. FREE RENT

Landlord shall allow Tenant and Contractor to occupy and perform the tenant improvement work in the Premises without payment of rent after Possession (as defined in Addendum P. 3) for a period of two (2) months. Landlord shall allow Tenant to occupy one-half (1/2) of the Premises (approximately 17,630 rentable square feet) for six (6) months after the Commencement Date without payment of rent. Tenant's first month's rent paid upon execution of this Lease shall cover the rent on the remaining one-half (1/2) of the Premises for the first two (2) months after the Commencement Date.

6. OPERATING EXPENSE ADJUSTMENTS (Continued from Article 7 of the Lease.)

- A. During the initial term of this Lease, management costs for the building shall not exceed three percent (3%) of the gross rental income for the building.
- B. Landlord shall keep full, accurate, and separate books of account and records covering all Direct Expenses, which books of accounts and records shall accurately reflect the total Direct Expenses, and Landlord's billings to Tenant for Operating Expense Adjustments.
- C. Tenant shall have the right to protest any charge to Tenant by Landlord for Operating Expense Adjustments, provided that said protest is made within thirty (30) days after receipt of Landlord's notice of such charge. In the event that Tenant shall protest, Tenant shall be entitled to audit Landlord's books of account, records, and other pertinent data regarding Direct Expenses. The audit shall be limited to the determination of direct Expenses and charges to Tenant for Operating Expense Adjustments and shall be conducted during normal business hours. If the audit shows that there has been an overpayment by Tenant, the overpayment shall be immediately due and repayable by Landlord to Tenant.

7. OPTION TO EXTEND

- A. Landlord grants to Tenant the option to extend the term of this Lease for two 3-year periods commencing when the prior term expires upon each and all of the following terms and conditions:

- (i) Tenant gives to Landlord and Landlord receives notice of the exercise of the option to extend this Lease for said additional term no later than twelve (12) months prior to the time that the option period would commence if the option were exercised, time being of the essence. If said notification of the exercise of said option is not so given and received, this option shall automatically expire;
- (ii) At the time said written notification of exercise of option is given and received, Tenant shall not be in default under any of the material obligations of this Lease to be performed by Tenant and this Lease shall not have previously terminated nor terminated prior to the commencement of the option term;
- (iii) All of the terms and conditions of this Lease except where specifically modified by this option shall apply;
- (iv) The monthly rent for each month of the option period shall be calculated as follows:

The rent payable by Tenant during the first option period shall be the Fair Market Rental Value of the Premises (as defined below) at the commencement date of the option period. There shall be an annual C. P.I. increase not to exceed four percent (4%) in each subsequent year of the first option period. The rent in the first year of the second option period shall be the rent in the last year of the first option period to which will be added a C. P.I. increase not to exceed four percent (4%). There shall be an annual C. P.I. increase not to exceed four percent (4%) in each subsequent year of the second option period. All of the C. P.I. increases during the option periods shall be calculated on the basis of the formula provided in the Lease P. 5.B. If Landlord and Tenant cannot agree on the Fair Market Rental Value of the Premises for the extension periods within forty-five (45) days after the Tenant has notified Landlord of its exercise of the option, Landlord and Tenant shall each select, within forty-five (45) days of such notification, an appraiser who must be a qualified M.A.I. appraiser to determine said Fair Market Rental Value. If one party fails to so designate an appraiser within the time required, the determination of Fair Market Rental Value of the one appraiser who has been designated by the other party hereto within the time required shall be binding upon both parties. The appraisers shall submit their determinations of Fair Market Rental Value to both parties within thirty (30) days after their selection. If the difference between the two determinations is ten percent (10%) or less of the higher appraisal, then the average between the two determinations shall be the Fair Market Rental Value of the Premises. If said difference is greater than ten percent (10%), then the two appraisers shall within twenty (20) days of the date that the later submittal is submitted to the parties designate a third appraiser who must also be a qualified M.A.I. appraiser. The sole responsibility of the third appraiser will be to determine which of the determinations made by the first appraisers is most accurate. The third appraiser shall have no right to propose a middle ground or any modification of either of the determinations made by the first two appraisers. The third appraiser's choice shall be submitted to the parties within thirty (30) days after his or her selection. Such determination shall bind both of the parties and shall establish the Fair Market Rental Value of the Premises. Each party shall pay for their own appraiser and shall pay an equal share of the fees and expenses of the third appraiser.

Fair Market Rental Value for purpose of this Lease shall mean the then prevailing rent for premises comparable in size, quality, and orientation to the demised Premises, located in buildings comparable in size to, and in the general vicinity of, the building which the demised Premises are located, leased on terms comparable to the terms contained in this Lease.

8. RIGHT OF FIRST OPPORTUNITY TO LEASE ADDITIONAL PREMISES AT 100 SMITH RANCH ROAD, SAN RAFAEL

At any time during the term hereof, or any options to extend which Tenant has exercised, provided that Tenant is not in default as defined herein, Tenant shall have a right of First Opportunity to Lease for all office space that becomes available for lease at 100 Smith Ranch Road, San Rafael, based on the terms and conditions as outlined below.

Landlord and Tenant acknowledge that there are existing tenants at 100 Smith Ranch Road, which tenants have options to renew or wish to renew their respective leases, and that these existing options and requests to renew would take precedent over the Right of First Opportunity to Lease described herein.

Landlord and Tenant further acknowledge that this Right of First Opportunity to Lease shall apply only to premises, from which existing tenants vacate or which is currently vacant.

Landlord shall notify Tenant in writing of the availability of additional office premises at 100 Smith Ranch Road, San Rafael within thirty (30) days of Landlord receiving notice from an existing Tenant at 100 Smith Ranch Road of that Tenant's intent to vacate their premises. Landlord's notice to Tenant shall include the size of premises, the projected date at which the premises may be available, and a floor plan indicating the current configuration of the premises.

Tenant shall have ten (10) days after receipt of notice from Landlord to notify Landlord of Tenant's intent to lease the premises which was the subject of the notice. In the event Landlord does not receive notice from Tenant of Tenant's intent to lease said available space, Landlord shall have the right to lease said space to any other Tenant which Landlord chooses, and Tenant's Right of First Opportunity to lease that specific premises shall be deemed waived.

In the event Tenant notifies Landlord of its intent to lease said premises, Landlord and Tenant shall proceed as soon as is reasonably possible to execute a lease agreement for the specific premises that became available. Terms and conditions of the Lease shall be based on the same terms and conditions of the lease(s) on the other space Tenant occupies in the Building at the time the lease is executed. Landlord and Tenant shall make a good faith effort to execute a Lease for the specific available space within thirty (30) days after Tenant has notified Landlord of its intent to lease said space.

This Right of First Opportunity to Lease shall in no way limit the Landlord from executing leases with new tenants for terms of any length, with options to renew for any length, for those spaces for which Tenant has not exercised its Right of First Opportunity to lease as defined herein.

9. SERVICES AND UTILITIES

- A. Provided that Tenant is not in default hereunder, Landlord agrees to furnish to the Premises five-day per week janitorial service. Landlord shall also maintain and keep lighted, heated and air conditioned during reasonable hours of generally recognized business days, the common entries, common corridors, common stairs and toilet rooms in the building of which Premises are a part. Landlord shall not be liable for, and Tenant shall not be entitled to, any reduction of rental by reason of Landlord's failure to furnish any of the foregoing when such failure is caused by accident, breakage, repairs, strikes, lockouts or other labor disturbances or labor disputes of any character, or by any other cause, similar or dissimilar, beyond the reasonable control of Landlord. Landlord shall not be liable under any circumstances for a loss of or injury to property, however occurring, through or in connection with or incidental to failure to furnish any of the foregoing.
- B. Tenant shall have 24-hour per day, seven-day per week access to its Premises.
- C. Landlord shall provide Tenant a monthly allowance of \$3,878.71 (35,261 rentable SF x \$.11) for Tenant's electrical service. This allowance is included in the Base Rent as defined in Article 5 of the Lease.

Landlord and Tenant recognize that Tenant's electrical service shall cost in excess of \$.11 per square foot per month due to Tenant's heavy electrical and air conditioning requirements.

Tenant shall be charged for all PG&E charges to the building over and above the monthly allowance provided above, less any over-standard charges to other tenant's in the building (any usage over the \$.11 allowance provided to each Tenant.) At the time of Lease execution, no per square foot tenants in the Building other than Fireman's Fund who currently occupies the entire second floor, have any over-standard useage. Landlord shall notify Tenant as to any changes in the existing tenant's electrical useage or any over-standard useage of new tenants to the building. Tenant may at any time notify Landlord that in Tenant's view, a particular tenant may be using over-standard electrical and Landlord will investigate that useage with the assistance of an electrical engineer and shall report to Tenant its findings regarding the useage and shall charge the other tenant for any actual over-standard useage, which amount shall be deducted from Tenant's over-standard charges. If Tenant does not agree with Landlord or Landlord's engineer's calculation, Tenant may have its own engineer evaluate the other tenant's useage.

For the first year of Tenant's occupancy, Landlord shall charge Tenant \$.11 per useable square foot per month for over-standard electrical useage as a projected expense, which amount is an average paid by Tenant in its other Premises located at 111 Smith Ranch Road and 120 North Redwood Drive. This amount (\$3,645.40) shall be paid along with the monthly rent. At the end of the first year of occupancy, Landlord shall prepare a PG&E invoice analysis showing the actual cost of over-standard useage by Tenant. Landlord shall credit Tenant for any amounts paid in excess of the actual cost of over-standard useage. Tenant shall pay Landlord for any costs in excess of the total projected sum paid by Tenant over the first year of occupancy. The amount paid by Tenant for over-standard electrical useage for each

subsequent year of occupancy shall be based on the previous year's charges and a similar accounting between Landlord and Tenant will occur annually.

D. The hours of operation of the heating and air conditioning system for the building are as follows:

Monday thru Friday:	7:00 a.m. to 6:00 p.m.
Saturdays:	8:00 a.m. to 3:00 p.m.

E. In the event Tenant requires the operation of the heating and air conditioning system beyond the normal hours of operation for the building, Tenant shall notify the building manager in advance of the required extended hour usage, and the building manager shall program the heating and air conditioning system to operate during the time period requested by Tenant.

F. In the event Tenant shall request that an override mechanism be installed during the term of the Lease, an override mechanism shall be installed on the heating and air conditioning system which services Tenant's premises. The cost of this mechanism shall be paid by the Tenant at the time of the installation. This mechanism shall allow Tenant to have control of the heating and air conditioning system for its premises in hours other than the normal building hours stated above.

Along with the override mechanism, an hourly meter shall be attached to the override mechanism which shall measure Tenant's use of the heating and air conditioning system beyond the normal building hours. On a monthly basis, Landlord shall charge Tenant for this usage by multiplying the number of hours used by the per hour charge for operating the heating and air conditioning system which shall be determined by Landlord's electrical engineer and heating and air conditioning contractor.

10. COMMUNICATIONS INSTALLATION

Tenant has installed certain communications equipment on the roof of the Building.

Prior to the end of the term of this Lease, Tenant, at Tenant's sole cost and expense, shall remove the communications equipment and shall, forthwith and with all due diligence, repair any damage to the Premises caused by such removal.

11. CONSENT

Landlord and Tenant agree that in the event their consent is required pursuant to the provisions of the Lease, such consent shall not be unreasonably withheld.

LANDLORD The Joseph and Eda Pell Revocable Trust

By: Joseph Pell

Joseph Pell

Its: -----

By: Eda Pell

Eda Pell

Its: -----

Date: March 30, 1994

TENANT Fair, Isaac and Company, Incorporated

By: Robert D. Sanderson

Its: Executive Vice President

Date: March 10, 1994

OFFICE BUILDING LEASE

1. PARTIES This Lease, dated, for reference purposes only, October 11, 1993, is made by and between The Joseph and Eda Pell Revocable Trust (herein called "Landlord") and Fair, Isaac and Company, Incorporated (herein called "Tenant").
2. PREMISES Landlord does hereby lease to Tenant and Tenant hereby leases from Landlord that certain office space (herein called "Premises") indicated on Exhibit "A" attached hereto and reference thereto made a part hereof, said Premises being agreed, for the purposes of this Lease, to have an area of approximately 4,007 rentable square feet and 3,506 useable square feet, being situated in Suite 124 on the first floor of that certain Building known as Regency Center, 100 Smith Ranch Road, San Rafael, CA 94903.

Said Lease is subject to the terms, covenants and conditions herein set forth and the Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of said terms, covenants and conditions and that this Lease is made upon the condition of said performance.
3. TERM The term of this Lease shall be for seven (7) years and eleven (11) months, commencing on the 1st day of January, 1994, and ending on the 30th day of November, 2001.
4. POSSESSION See Addendum to Lease P.5, Possession.
5. A. RENT Tenant agrees to pay to Landlord as rental for the premises, without prior notice or demand, the sum of Eight Thousand Fourteen Dollars (\$8,014.00) on or before the first day of the first full calendar month of the term hereof and a like sum on or before the first day of each and every successive calendar month thereafter during the term hereof, except that the first month's rent shall be paid upon the execution of this Lease. Rent for any period during the term which is for less than one (1) month shall be a prorated portion of the monthly installment herein, based upon a thirty (30) day month. Said rental shall be paid to Landlord without deduction or offset in lawful money of the United States of America, which shall be legal tender at the time of payment at 100 Smith Ranch Road, Suite 325, San Rafael, California 94903, or to such other place as Landlord may from time to time designate in writing.
- B. RENT ESCALATIONS Commencing on the 11th month of this Lease (December 1, 1994) and on each annual anniversary following, the base rent shall be adjusted by the increase, if any, in the Consumer Price Index of the Bureau of Labor Statistics of the U. S. Department of Labor for All Urban Consumers, San Francisco-Oakland-San Jose (1984=100), "All Items" herein referred to as "C. P.I."

The C. P.I. increase shall be calculated as follows: The base rent payable for the first month term of this Lease shall be multiplied by the percentage change in the C. P.I. for the 12 months preceding December 1, 1994 On each anniversary following, the base rent shall be multiplied by the percentage change in the C. P.I. for the 12 months preceding. No single increase shall exceed 4% of the previous year's rental rate and in no event shall the new monthly rent be less than the rent payable for the month immediately preceding the date for rent adjustment.
6. SECURITY DEPOSIT Tenant has deposited with Landlord the sum of Eight Thousand Fourteen Dollars (\$8,014.00). Said sum shall be held by Landlord as security for the faithful performance by Tenant of all the terms, covenants, and conditions of this Lease to be kept and performed by Tenant during the term hereof. If Tenant defaults with respect to any provision of this Lease including, but not limited to, the provisions relating to the payment of rent, Landlord may (but shall not be required to) use, apply or retain all or any part of this security deposit for the payment of any rent or any other sum in default, or for the payment of any amount which Landlord may spend or become obligated to spend by reason of Tenant's default to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of said deposit is so used or applied, Tenant shall, within five (5) days after written demand therefor, deposit cash with Landlord in an amount sufficient to restore the security deposit to its original amount and Tenant's failure to do so shall be a material breach of this Lease. Landlord shall not be required to keep this security deposit separate from its general fund and Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the security deposit or any balance thereof shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) at the expiration of the Lease term. In the event of termination of Landlord's interest in this Lease, Landlord shall transfer said deposit to Landlord's successor in interest.
7. OPERATING EXPENSE ADJUSTMENTS For the purposes of this Article, the following terms are defined as follows:

Base Year The Base Year shall be 1994.

Comparison Year Each calendar year of the term after the Base Year.

Direct Expenses All direct costs of operation and maintenance, as determined by standard accounting practices, including the following costs by way of illustration, but not be limited to: real property taxes and assessments; rent taxes, gross receipt taxes, (whether assessed against the Landlord or assessed against the Tenant and collected by the Landlord, or both); water and sewer charges; insurance premiums; utilities; janitorial services; labor; costs incurred in the management of the Building; air conditioning & heating; elevator maintenance; supplies; materials; equipment and tools; and maintenance, costs and upkeep of all parking and common areas. ("Direct Expenses" shall not include depreciation on the Building of which the Premises are a part or equipment therein, loan payments, executive salaries or real estate broker's commissions.)

If the Direct Expenses paid or incurred by the Landlord for the Comparison Year on account of the operation or maintenance of the Building of which the Premises are a part are in excess of the Direct Expenses paid or incurred for the Base Year, then the Tenant shall pay 3.9% of the increase. This percentage is that portion of the total rentable area of the Building occupied by the Tenant hereunder. Landlord shall endeavor to give to Tenant on or before the first day of March of each year following the respective Comparison Year a statement of the increase in rent payable by Tenant hereunder, but failure by Landlord to give such statement by said date shall not constitute a waiver by Landlord of its right to require an increase in rent. Upon receipt of the statement for the first Comparison Year, Tenant shall pay in full the total amount of the increase due for the first Comparison Year and, in addition for the then current year, the amount of any such increase shall be used as

an estimate for said current year and this amount shall be divided into twelve (12) equal monthly installments and Tenant shall pay to Landlord, concurrently with the regular monthly rent payment next due following the receipt of such statement, an amount equal to one (1) monthly installment multiplied by the number of months from January in the calendar year in which said statement is submitted to the month of such payment, both months inclusive. Subsequent installments shall be payable concurrently with the regular monthly rent payments for the balance of that calendar year and shall continue until the next Comparison Year's statement is rendered. If the next or any succeeding Comparison Year results in a greater increase in Direct Expenses, then upon receipt of a statement from Landlord, Tenant shall pay a lump sum equal to such total increase in Direct Expenses over the Base Year, less the total of the monthly installments to be paid for the next year, following said Comparison Year, shall be adjusted to reflect such increase. If in any Comparison Year the Tenant's share of Direct Expenses be less than the preceding year, then upon receipt of Landlord's statement, any overpayment made by Tenant on the monthly installment basis provided above shall be credited towards the next monthly rent falling due and the estimated monthly installments of Direct Expenses to be paid shall be adjusted to reflect such lower Direct Expenses for the most recent Comparison Year.

Even though the term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's share of Direct Expenses for the year in which this Lease terminates, Tenant shall immediately pay any increase due over the estimated expenses paid and conversely any overpayment made in the event said expenses decrease shall be immediately rebated by Landlord to Tenant.

Notwithstanding anything contained in this Article, the rent payable by Tenant shall in no event be less than the rent specified in Article 5 hereinabove.

See Addendum to Lease, P. 1 , Operating Expense Adjustments.

8. USE Tenant shall use the Premises for general office purposes and shall not use or permit the Premises to be used for any other purposes without the prior written consent of Landlord.

General office purposes shall be defined for purposes of this Lease to include computer rooms of any size required by Tenant.

Tenant shall not do or permit anything to be done in or about the Premises nor bring or keep anything therein which will in any way increase the existing rate of or affect any fire or other insurance upon the Building or any of its contents, or cause cancellation of any insurance policy covering said Building or any part thereof or any of its contents. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or injure or annoy them or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises.

9. COMPLIANCE WITH LAW Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with

all laws, statutes, ordinances and governmental rules now in force or which may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Premises, excluding changes not related to or affected by Tenant's improvements or acts. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between the Landlord and Tenant.

10. ALTERATIONS AND ADDITIONS Tenant shall not make or suffer to be made any alterations, additions or improvements to or of the Premises or any part thereof without the written consent of Landlord first had and obtained. Any alterations, additions or improvements to or of said Premises including, but not limited to, wallcovering, paneling, air conditioning units and built-in cabinet work, but excepting movable furniture and trade fixtures, shall on the expiration of the term become a part of the realty and belong to the Landlord and shall be surrendered with the Premises. In the event Landlord consents to the making of any alterations, additions or improvements to the Premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense, and any contractor or persons selected by the Tenant to make the same must first be approved in writing by the Landlord. Such approval shall not be unreasonably withheld. Upon the expiration or sooner termination of the term hereof, Tenant shall, upon written demand by Landlord which shall be given at the time Landlord approves the tenant improvement work, , at Tenant's sole cost and expense, forthwith and with all due diligence, remove any alterations, additions, or improvements made by Tenant, designated by Landlord to be removed, and Tenant shall, forthwith and with all due diligence at its sole cost and expense, repair any damage to the Premises caused by such removal.

11. REPAIRS

- A. By taking possession of the Premises, Tenant shall be deemed to have accepted the Premises as being in good, sanitary order, condition and repair. Tenant shall, at Tenant's sole cost and expense, keep the Premises and every part thereof in good condition and repair damage thereto from causes beyond the reasonable control of Tenant with ordinary wear and tear excepted. Tenant shall upon the expiration or sooner termination of this Lease hereof surrender the Premises to the Landlord in good condition, ordinary wear and tear and damage from causes beyond the reasonable control of Tenant excepted. Except as specifically provided in an addendum, if any, to this Lease, Landlord shall have no obligation whatsoever to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof once the initial tenant improvements are completed and the parties hereto affirm that Landlord has made no representations to Tenant respecting the condition of the Premises or the Building except as specifically herein set forth.
- B. Notwithstanding the provisions of Article 11. A. hereinabove, Landlord shall repair and maintain the structural portions of the Building, including the basic plumbing, air conditioning, heating and electrical systems installed or furnished by Landlord unless such maintenance and repairs are caused in part or in whole by the act, neglect, fault or omission of any duty by the Tenant, its agents, servants, employees or invitees, in which case Tenant shall pay to Landlord the reasonable cost of such maintenance and repairs. Landlord shall not be liable for any failure to make any such repairs or to perform any maintenance unless such failure shall persist for an unreasonable time

after written notice of the need of such repairs or maintenance is given to Landlord by Tenant. Except as provided in Article 22 hereof, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Building or the Premises, or in or to fixtures, appurtenances and equipment therein. Tenant waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect (including the provisions of California Civil Code Sections 1941 and 1942 and any successor sections or statutes of a similar nature); provided, however, if Landlord fails to perform any repair work required of Landlord with respect to the Premises pursuant to this Paragraph, within thirty (30) days after Landlord receives Tenant's written notice of the need for such repair (or such period of time in excess of thirty (30) days as is reasonably necessary based upon the nature of the required work), then Tenant shall be permitted to make such repairs, using contractors reasonably approved by Landlord, provided (i) Tenant first gives Landlord an additional two (2) business days' prior written notice indicating that Tenant intends to undertake such repair, and (ii) Landlord fails to commence such repair within such two (2) business day period. If Tenant performs any repair as permitted under this Paragraph, Landlord agrees to reimburse Tenant for the reasonable, actual and documented costs of such repair performed by Tenant, but without any off-set rights against rent or any other amounts payable by Tenant under this Lease. Any repair work done by Tenant shall be done in accordance with the provisions of this Lease, including without limitation, Paragraph 12, keeping the premises free from liens.

12. LIENS Tenant shall keep the Premises and the property in which the Premises are situated free from any liens arising out of any work performed, materials furnished or obligations incurred by Tenant. Landlord may require, at Landlord's sole option, that Tenant shall provide to Landlord, at Tenant's sole cost and expense, a lien and completion bond in an amount equal to one and one-half (1-1/2) times any and all estimated cost of any improvements, additions or alteration in the Premises to insure Landlord against any liability for mechanics' and materialmen's liens and to insure completion of the work.

13. ASSIGNMENT AND SUBLETTING Tenant shall not either voluntarily or by operation of law, assign, transfer, mortgage, pledge, or encumber this Lease or any interest therein, and shall not sublet the said Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the employees, agents, servants and invitees of Tenant excepted) to occupy or use the said Premises or any portion thereof, without written consent of Landlord first had and obtained, which consent shall not be unreasonably withheld; provided however, that Landlord in the exercise of its good faith business judgment may refuse to approve the assignment or sublease and shall promptly provide Tenant with the reasons for its refusal. In the event Tenant desires to assign this Lease or any interest therein or sublet all or part of the Premises, Tenant shall give Landlord written notice thereof, which notice shall include (i) the name of the proposed assignee, subtenant or occupant ("Transferee"), (ii) reasonable financial information regarding the Transferee, (iii) a description of the Transferee's business to be carried on in the Premises, and (iv) the terms of the assignment or sublease and a description of the portion of the Premises to be affected. Tenant shall also provide Landlord such additional information regarding the Transferee or the proposed assignment or sublease as Landlord may reasonably request.

Notwithstanding the foregoing, Tenant shall have the right to assign or sublet the premises, or a portion thereof, to a wholly owned affiliated company or subsidiary, without the

Landlord's consent. Tenant shall be required, however, to give written notice to Landlord in advance of such assignment or sublet and to prepare assignment or sublet agreements on forms that are reasonably satisfactory to Landlord. In no event shall such an assignment or sublet release Tenant from its obligations under the terms of this Lease.

Consent to one assignment, subletting, occupation or use by any other person shall not be deemed to a consent to any subsequent assignment, subletting, occupation or use by another person. Any assignment or subletting without such consent shall be void, and shall, at the option of the Landlord, constitute a default under this Lease.

14. HOLD HARMLESS Tenant shall indemnify and hold harmless Landlord against and from any and all claims arising from Tenant's use of Premises for the conduct of its business or from any activity, work or other thing done, permitted or suffered by the Tenant in or about the Building, and shall further indemnify and hold harmless Landlord against and from any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any act or negligence of the tenant, or any officer, agent, employee, guest or invitee of Tenant, and from and against all cost, attorney's fees, expenses and liabilities incurred in or about any such claim or any action or proceeding brought thereon and in any case, action or proceeding brought against Landlord by reason of any such claim. Tenant upon notice from Landlord shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord. Tenant as a material part of the consideration to Landlord hereby assumes all risk of damage to property or injury to persons, in, upon or about the Premises, from any cause other than Landlord's negligence or willful act, and Tenant hereby waives all claims in respect thereof against Landlord.

Landlord or its agents shall not be liable for any damage to property entrusted to employees of the Building, nor for loss or damage to any property by theft or otherwise, nor for any injury to or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak dampness or any other cause whatsoever, unless caused by or due to the negligence or willful acts of Landlord, its agents, servant or employees. Landlord or its agents shall not be liable for interference with the light or other incorporeal hereditaments, less of business by Tenant, nor shall Landlord be liable for any latent defect in the premises or in the Building. Tenant shall give prompt notice to Landlord in case of fire or accidents in the Premises or in the Building or of defects therein or in the fixtures or equipment.

15. SUBROGATION Landlord and Tenant hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage and other property insurance policies existing for the benefit of the respective parties. Each party shall obtain any special endorsements, if required by their insurer to evidence compliance with the aforementioned waiver.
16. LIABILITY INSURANCE Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease, (1) a policy of comprehensive general liability insurance insuring Landlord and Tenant against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto; (2) workers' compensation insurance as may be required by law; and (3) "all risk" property insurance on Tenant's above-standard tenant improvements (specifically those improvements exceeding the Landlord's tenant improvement allowance as defined in Addendum to Lease, P.4.B), personal property, equipment, furniture and fixtures. The limit of said insurance shall not,

however, limit the liability of the Tenant hereunder. Tenant may carry said insurance under a blanket policy, providing, however, said insurance by Tenant shall have a Landlord's protective liability endorsement attached thereto. If Tenant shall fail to procure and maintain said insurance, Landlord may, but shall not be required to, procure and maintain same, but at the expense of Tenant. Insurance required hereunder, shall be in companies rated A+ AAA or better in "Best's Insurance Guide." Tenant shall deliver to Landlord prior to occupancy of the Premises copies of policies of liability insurance required herein or certificates evidencing the existence and amounts of such insurance with loss payable clauses reasonably satisfactory to Landlord. No policy shall be cancelable or subject to reduction of coverage except after ten (10) days prior written notice to Landlord.

17. See Addendum to Lease, P. 7, Services and Utilities.
18. PROPERTY TAXES Tenant shall pay, or cause to be paid, before delinquency, any and all taxes levied or assessed and which become payable during the term hereof upon all Tenant's leasehold improvements, equipment, furniture, fixtures and personal property located in the Premises; except that which has been paid for by Landlord, and is the standard of the Building. In the event any or all of the Tenant's leasehold improvements, equipment, furniture, fixtures and personal property shall be assessed and taxed with the Building, Tenant shall pay to Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to Tenant's property.
19. RULES AND REGULATIONS Tenant shall faithfully observe and comply with the reasonable rules and regulations that Landlord shall from time to time promulgate. Landlord reserves the right from time to time to make all reasonable modifications to said rules. The additions and modifications to those rules shall be binding upon Tenant upon delivery of a copy of them to Tenant. Landlord shall not be responsible for the nonperformance of any said rules by any other tenants or occupants. The rules and regulations shall be applied equally to all tenants occupying Regency Center.
20. HOLDING OVER If Tenant remains in possession of the Premises or any part thereof after the expiration of the term hereof, with the express written consent of Landlord, such occupancy shall be a tenancy from month-to-month at a rental in the amount of the last monthly rental, plus all other charges payable hereunder, and upon all the terms hereof applicable to a month-to-month tenancy.
21. ENTRY BY LANDLORD Landlord reserves and shall at any and all times have the right to enter the Premises, inspect the same, supply janitorial service and any other service to be provided by Landlord to Tenant hereunder, to submit said Premises to prospective purchasers or tenants, to post notices of non-responsibility, and to alter, improve or repair the Premises and any portion of the Building of which the Premises are a part that Landlord may deem necessary or desirable, without abatement of rent and may for that purpose erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed, always providing that the entrance to the Premises shall not be blocked thereby, and further providing that the business of the Tenant shall not be interfered with unreasonably. Tenant hereby waives any claim for damages or for any injury or inconvenience to or interference with Tenant's business any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises, excluding Tenant's vaults, safes and files,

and specific, secured, sensitive and confidential offices and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in any emergency, in order to obtain entry to the Premises without liability to Tenant except for any failure to exercise due care for Tenant's property. Any entry to the Premises obtained by Landlord by any of said means, or otherwise shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction of Tenant from the Premises or any portion thereof.

22. RECONSTRUCTION In the event the Premises or the Building of which the Premises are a part are damaged by fire or other perils covered by extended coverage insurance, Landlord agrees to forthwith repair the same, and this Lease shall remain in full force and effect, except that Tenant shall be entitled to a proportionate reduction of the rent while such repairs are being made, such proportionate reduction to be based upon the extent to which the making of such repairs shall materially interfere with the business carried on by the Tenant in the Premises. If the damage is due to the fault or neglect of Tenant or its employees, there shall be no abatement of rent.

In the event the Premises or the Building of which the Premises are a part are damaged as a result of any cause other than the perils covered by fire or extended coverage insurance, then Landlord shall forthwith repair the same provided the extent of the destruction be less than ten (10%) of the then full replacement cost of the Premises or the Building of which the Premises are a part. In the event the destruction of the Premises or the Building is to an extent greater than ten (10%) of the full replacement cost, then Landlord shall have the option (1) to repair or restore such damage, this Lease continuing in full force and effect, but the rent to be proportionately reduced as hereinabove in this Article provided; or (2) give notice to Tenant at any time within sixty (60) days after such damage terminating this Lease as of the date specified in such notice, which date shall be no less than thirty (30) and no more than sixty (60) days after the giving of such notice. In the event of giving such notice, this Lease shall expire and all interest of the Tenant in the Premises shall terminate on the date so specified in such notice and the Rent, reduced by a proportionate amount, based upon the extent, if any, to which such damage materially interfered with the business carried on by the Tenant in the Premises, shall be paid up to date of said such termination.

Notwithstanding anything to the contrary contained in this Article, Landlord shall not have any obligation whatsoever to repair, reconstruct or restore the damage to the Premises resulting from any casualty covered under this Article which occurs during the last twelve (12) months of the term of this Lease or any extension thereof.

Landlord shall not be required to repair any injury or damage by fire or other cause, or to make any repairs to replacements of any over-standard tenant improvements (specifically those exceeding Landlord's tenant improvement allowance as defined in Addendum to Lease, P.4.B) or Tenant's trade fixtures, equipment, furniture or personal property.

Except for abatement of rent as provided above, the Tenant shall not be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the premises, Tenant's personal property or any inconvenience or annoyance occasioned by such damage, repair, reconstruction or restoration.

23. DEFAULT The occurrence of any or more of the following events shall constitute a default and breach of this Lease by Tenant:

- A. The vacating or abandonment of the Premises by Tenant, except in cases when Tenant is current with all rental payments.
- B. The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of ten (10) days after written notice thereof by Landlord to Tenant.
- C. The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by the Tenant, other than described in Article 23.B. above, where such failure shall continue for a period of thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.
- D. The making by Tenant of any general assignment or general arrangement for the benefit of creditors, or the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt, or a petition or reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); or the appointment of a trustee or a receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interests in this Lease, where such seizure is not discharged in thirty (30) days.

24. REMEDIES IN DEFAULT In the event of any such material default or breach by Tenant, Landlord may at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of a right or remedy which Landlord may have by reason of such default or breach:

- A. Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all damages incurred by necessary renovation and alteration of the Premises, reasonable attorney's fees, any real estate commission actually paid, the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided, that portion of the leasing commission paid by Landlord and applicable to the unexpired term of this Lease. Unpaid installments of rent or other sums shall bear interest from the date due at the rate of ten (10%) percent per annum. In the event Tenant shall have abandoned the Premises, Landlord shall have the option of (a) taking possession of the Premises and recovering from Tenant the amount specified in this paragraph, or (b) proceeding under the provisions of the following Article 24.B.
- B. Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event Landlord shall be entitled to enforce all of Landlord's right and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

C. Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decision of the State in which the Premises are located.

25. EMINENT DOMAIN If more than twenty-five (25%) percent of the Premises shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, either party hereto shall have the right, at its option, to terminate this Lease, and Landlord shall be entitled to any and all income, rent, award or any interest therein whatsoever which may be paid or made in connection with such public or quasi-public use or purpose, and Tenant shall have no claim against Landlord for the value of any unexpired term of this Lease. If either less than or more than twenty-five (25%) percent of the Premises is taken, and neither party elects to terminate as herein provided, the rental thereafter to be paid shall be equitably reduced. If any part of the Building other than the Premises may be so taken or appropriated, Landlord shall have the right at its option to terminate this Lease and shall be entitled to the entire award as above provided. Notwithstanding the foregoing, Tenant shall be entitled to that portion of any condemnation award made specifically on account of Tenant's relocation expenses, increased rental costs, improvements contracted at Tenant's expense or disruption of Tenant's business.
26. OFFSET STATEMENT Tenant shall at any time and from time to time upon not less than ten (10) days prior written notice from Landlord execute, acknowledge and deliver to Landlord a statement in writing (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the date to which the rental and other charges are paid in advance, if any, and (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of the Landlord hereunder or specifying such defaults if any are claimed. Any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the real property of which the Premises are a part.
27. PARKING Tenant shall have the right to use in common with other tenants or occupants of the Building the parking facilities of the Building.
28. AUTHORITY OF PARTIES
- A. Corporate Authority. If Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said corporation, in accordance with a duly adopted resolution of the board of directors of said corporation or in accordance with the by-laws of said corporation, and that this Lease is binding upon said corporation in accordance with its terms.
- B. Limited Partnerships. If the Landlord herein is a limited partnership, it is understood and agreed that any claims by Tenant on Landlord shall be limited to the assets of the limited partnership, and furthermore, Tenant expressly waives any and all rights to proceed against the individual partners or the officers, directors or shareholders of any corporate partner, except to the extent of their interest in said limited partnership.

29. GENERAL PROVISIONS

- (i) Plats and Riders. Clauses, plats and riders, if any, signed by the Landlord and the Tenant and endorsed on or affixed to this Lease are a part hereof.
- (ii) Waiver. The waiver by Landlord of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptances of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of the Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of the acceptance of such rent.
- (iii) Notices. All notices and demands which may or are to be required or permitted to be given by either party to the other hereunder shall be in writing. All notices and demands by the Landlord to the Tenant shall be sent by United States Mail, postage prepaid, addressed to the Tenant at 120 North Redwood Drive, San Rafael, California 94903, or to such other places as Tenant may from time to time designate in a notice to the Landlord. All notices and demands by the Tenant to the Landlord shall be sent by United States Mail, postage prepaid, addressed to the Landlord at 100 Smith Ranch Road, Suite 325, San Rafael, California 94903, or to such other person or place as the Landlord may from time to time designate in a notice to the Tenant.
- (iv) Joint Obligation. If there be more than one Tenant the obligations hereunder imposed upon Tenants shall be joint and several.
- (v) Marginal Headings. The marginal headings and titles to the Articles of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.
- (vi) Time. Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.
- (vii) Successors and Assigns. The covenants and conditions herein contained, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.
- (viii) Recordation. Neither Landlord nor Tenant shall record this Lease or a short form memorandum hereof without the prior written consent of the other party.
- (ix) Quiet Possession. Upon Tenant paying the rent reserved hereunder and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire term hereof, subject to all the provisions of this Lease.
- (x) Late Charges. Tenant hereby acknowledges that late payment by Tenant to Landlord of rent or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting

charges, and late charges which may be imposed upon Landlord by terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or of a sum due from Tenant shall not be received by Landlord or Landlord's designee within ten (10) days after said amount is past due, then Tenant shall pay to Landlord a late charge equal to ten (10%) percent of such overdue amount. The parties hereby agree that such late charges represent a fair and reasonable estimate of the cost that Landlord will incur by reason of the late payment by Tenant. Acceptance of such late charges by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

- (xi) Prior Agreements. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understanding pertaining to any such matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.
- (xii) Inability to Perform. This Lease and the obligations of the Tenant hereunder shall not be affected or impaired because the Landlord is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of God, or any other cause beyond the reasonable control of the Landlord.
- (xiii) Attorney's Fees. In the event of any action or proceeding brought by either party against the other under this Lease the prevailing party shall be entitled to recover all costs and expenses including the fees of its attorneys in such action or proceeding in such amount as the court may adjudge reasonable as attorney's fees.
- (xiv) Sale of Premises by Landlord. In the event of any sale of the Building, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale; and the purchaser, at such sale or any subsequent sale of the Premises shall be deemed, without any further agreement between the parties or their successors in interest or between the parties and any such purchaser to have assumed and agreed to carry out any and all of the covenants and obligations of the Landlord under this Lease.
- (xv) Subordination Attornment. Upon request of the Landlord, Tenant will in writing subordinate its rights hereunder to the lien of any first mortgage, or first deed of trust to any bank, insurance company or other lending institution, now or hereafter in force against the land and Building of which the Premises are a part, and upon any buildings hereafter placed upon the land of which the Premises are a part, and to all advances made or hereafter to be made upon the security thereof.

Notwithstanding such subordination, neither Tenant's right to quiet possession of the Premises nor this Lease shall be disturbed or affected if Tenant is not in default hereunder and so long as Tenant shall pay the rent and observe and

perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms.

(xvi) In the event any proceedings are brought for foreclosure, or in the event of the exercise of power of sale under any mortgage or deed of trust made by the Landlord covering the Premises, the Tenant shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Landlord under this Lease.

(xvii) Name. Tenant shall not use the name of the Building or of the development in which the Building is situated for any purpose other than as an address of the business to be conducted by the Tenant in the Premises.

(xviii) Separability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way effect, impair or invalidate any other provision hereof and such other provision shall remain in full force and effect.

(xix) Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

(xx) Choice of Law. This Lease shall be governed by the laws of the State in which the Premises are located.

(xxi) Signs and Auctions. Tenant shall not place any sign upon the Premises or Building or conduct any auction thereon without Landlord's prior written consent.

30. BROKERS Tenant warrants that it has had no dealings with any real estate broker or agents in connection with the negotiation of this Lease and it knows no real estate broker or agent who is entitled to a commission in connection with this Lease.

The Joseph and Eda Pell
Revocable Trust

Fair, Isaac and Company,
Incorporated

By: Joseph Pell

Joseph Pell

By: Robert D. Sanderson

Its: -----

Its: Executive Vice President

By: Eda Pell

Eda Pell

Date: December 28, 1993

Its: -----

Date: January 14, 1994

RULES AND REGULATIONS

1. No sign, placard, picture, advertisement, name or placard shall be inscribed, displayed or printed or affixed on or to any part of the outside or inside of the Building without the written consent of the Landlord first had and obtained and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant.

All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of Tenant by a person approved of by Landlord.

Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall which may appear unsightly from outside the Premises; provided, however, that Landlord may furnish and install a Building standard window covering at all exterior windows. Tenant shall not without prior written consent of Landlord cause or otherwise sunscreen any window.

2. The sidewalks, halls, passages, exits, entrances, elevators and stairways shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress and egress from their respective Premises.
3. Tenant shall not alter any lock or install any new or additional locks without permission of Landlord, whose consent shall not be unreasonably withheld, or any bolts on any doors or windows of the Premises.
4. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage, damage resulting from the violation of this rule shall be borne by the Tenant who, or whose employees or invitees shall have caused it.
5. Tenant shall not overload the floor of the Premises or in any way deface the Premises or any part thereof.
6. No furniture, freight or equipment of any kind shall be brought into the Building without the prior notice to Landlord and all moving of the same into or out of the Building shall be done at such time and in such manner as Landlord shall designate. Notwithstanding the above, Tenant shall have the right to move furniture, freight or equipment into and out of the building without prior notice to Landlord, provided that such moves do not involve exclusive use of an elevator for an extended period of time, nor does the move interfere with the operation of other tenants in the building. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy equipment brought into the Building and also the times and manner of moving the same in and out of the Building. Safes or other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause and all damage done to the Building by moving or maintaining any such safe or other property shall be repaired at the expense of the Tenant.

7. Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to the Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be brought in or kept in or about the Premises or the Building.
8. No cooking, except for microwave and coffee machines, shall be done or permitted by any Tenant on the Premises, nor shall the Premises be used for the storage of merchandise, for washing clothes, for lodging, or for any improper, objectionable or immoral purposes.
9. Tenant shall not use or keep in the Premises of the Building any kerosene, gasoline or inflammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied by Landlord.
10. Landlord will direct electricians as to where and how telephone and telegraph wires are to be introduced. No boring or cutting for wires will be allowed without the consent of the Landlord. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord, which shall not be unreasonably withheld.
11. On Saturdays, Sundays and legal holidays, and on other days between the hours of 6:00 P.m. and 8:00 a.m. the following day, access to the Building, or to the halls, corridors, elevators or stairways in the Building, or to the Premises may be refused unless the person seeking access is known to the person or employee of the Building in charge and has a pass or is properly identified. The Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, the Landlord reserves the right to prevent access to the Building during the continuance of the same by closing of the doors or otherwise, for the safety of the tenants and protection of property in the Building and the Building.
12. Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.
13. No vending machine or machines of any description shall be installed, maintained or operated upon the Premises without the written consent of the Landlord, which shall not be unreasonably withheld.
14. Landlord shall have the right, exercisable without notice and without liability to Tenant, to change the name and street address of the Building of which the Premises are a part.
15. Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate to prevent same.
16. Without the written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address.

17. Landlord shall have the right to control and operate the public portions of the Building, and the public facilities, and heating and air conditioning, as well as facilities furnished for the common use of the tenants, in such manner as it deems best for the benefit of the tenants generally.
18. All entrance doors in the Premises shall be left locked when the Premises are not in use, and all doors opening to public corridors shall be kept closed except for normal ingress and egress from the Premises, unless suite entry doors are controlled by UL and municipally approved hold-open devices which are connected to building life-safety systems.

FIRST ADDENDUM TO LEASE
BY AND BETWEEN
THE JOSEPH & EDA PELL REVOCABLE TRUST, LANDLORD
AND
FAIR, ISAAC AND COMPANY, INCORPORATED, TENANT
DATED OCTOBER 11, 1993

1. OPERATING EXPENSE ADJUSTMENTS (Continued from Article 7 of the Lease.)
 - A. During the initial term of this Lease, management costs for the building shall not exceed three percent (3%) of the gross rental income for the building.
 - B. Landlord shall keep full, accurate and separate books of account and records covering all Direct Expenses, which books of accounts and records shall accurately reflect the total Direct Expenses and Landlord's billings to Tenant for Operating Expense Adjustments.
 - C. Tenant shall have the right to protest any charge to Tenant by Landlord for Operating Expense Adjustments, provided that said protest is made within thirty (30) days after receipt of Landlord's notice of such charge. In the event that Tenant shall protest, Tenant shall be entitled to audit Landlord's books of account, records and other pertinent data regarding Direct Expenses. The audit shall be limited to the determination of direct Expenses and charges to Tenant for Operating Expense Adjustments and shall be conducted during normal business hours. If the audit shows that there has been an overpayment by Tenant, the overpayment shall be immediately due and repayable by Landlord to Tenant.

2. OPTION TO EXTEND
 - A. Landlord grants to Tenant the option to extend the term of this Lease for two 3-year periods commencing when the prior term expires upon each and all of the following terms and conditions:
 - (i) Tenant gives to Landlord and Landlord receives notice of the exercise of the option to extend this Lease for said additional term no later than twelve (12) months prior to the time that the option period would commence if the option were exercised, time being of the essence. If said notification of the exercise of said option is not so given and received, this option shall automatically expire;
 - (ii) At the time said written notification of exercise of option is given and received, Tenant shall not be in default under any of the material obligations of this Lease to be performed by Tenant and this Lease shall not have previously terminated nor terminated prior to the commencement of the option term;
 - (iii) All of the terms and conditions of this Lease except where specifically modified by this option shall apply;

- (iv) The monthly rent for each month of the option period shall be calculated as follows:

The rent payable by Tenant during the first option period shall be the Fair Market Rental Value of the Premises (as defined below) at the commencement date of the option period. There shall be an annual C. P.I. increase not to exceed four percent (4%) in each subsequent year of the first option period. The rent in the first year of the second option period shall be the rent in the last year of the first option period to which will be added a C. P.I. increase not to exceed four percent (4%). There shall be an annual C. P.I. increase not to exceed four percent (4%) in each subsequent year of the second option period. All of the C. P.I. increases during the option periods shall be calculated on the basis of the formula provided in the Lease P.5.B.

If Landlord and Tenant cannot agree on the Fair Market Rental Value of the Premises for the extension periods within forty-five (45) days after the Tenant has notified Landlord of its exercise of the option, Landlord and Tenant shall each select, within forty-five (45) days of such notification, an appraiser who must be a qualified M.A.I. appraiser to determine said Fair Market Rental Value. If one party fails to so designate an appraiser within the time required, the determination of Fair Market Rental Value of the one appraiser who has been designated by the other party hereto within the time required shall be binding upon both parties. The appraisers shall submit their determinations of Fair Market Rental Value to both parties within thirty (30) days after their selection. If the difference between the two determinations is ten percent (10%) or less of the higher appraisal, then the average between the two determinations shall be the Fair Market Rental Value of the Premises. If said difference is greater than ten percent (10%), then the two appraisers shall within twenty (20) days of the date that the later submittal is submitted to the parties designate a third appraiser who must also be a qualified M.A.I. appraiser. The sole responsibility of the third appraiser will be to determine which of the determinations made by the first appraisers is most accurate. The third appraiser shall have no right to propose a middle ground or any modification of either of the determinations made by the first two appraisers. The third appraiser's choice shall be submitted to the parties within thirty (30) days after his or her selection. Such determination shall bind both of the parties and shall establish the Fair Market Rental Value of the Premises. Each party shall pay for their own appraiser and shall pay an equal share of the fees and expenses of the third appraiser.

Fair Market Rental Value for purpose of this Lease shall mean the then prevailing rent for premises comparable in size, quality, and orientation to the demised Premises, located in buildings comparable in size to, and in the general vicinity of, the building which the demised Premises are located, leased on terms comparable to the terms contained in this Lease.

3. RIGHT OF FIRST OPPORTUNITY TO LEASE ADDITIONAL PREMISES AT 100 SMITH RANCH ROAD, SAN RAFAEL

At any time during the term hereof, or any options to extend which Tenant has exercised, provided that Tenant is not in default as defined herein, Tenant shall have a right of first opportunity to lease all office space that becomes available for lease at 100 Smith Ranch Road, San Rafael, based on the terms and conditions as outlined below. Landlord and Tenant acknowledge that there are existing tenants at 100 Smith Ranch Road, which tenants have options to renew or who wish to renew their respective leases, and that these existing options and requests to renew would take precedent over the first opportunity to lease described herein.

Landlord and Tenant further acknowledge that this right of first opportunity to lease shall apply only to premises, from which existing tenants vacate or which is currently vacant.

Landlord shall notify Tenant in writing of the availability of additional office premises at 100 Smith Ranch Road, San Rafael within 30 days of Landlord receiving notice from an existing Tenant at 100 Smith Ranch Road of that Tenant's intent to vacate their premises. Landlord's notice to Tenant shall include the size of premises, the projected date at which the premises may be available, and a floor plan indicating the current configuration of the premises.

Tenant shall have 30 days after receipt of notice from Landlord to notify Landlord of Tenant's intent to lease the premises which was the subject of the notice. In the event Landlord does not receive notice from Tenant of Tenant's intent to lease said available space, Landlord shall have the right to lease said space to any other Tenant which Landlord chooses, and Tenant's right of first opportunity to lease that specific premises shall be deemed waived.

In the event Tenant notifies Landlord of its intent to lease said premises, Landlord and Tenant shall proceed as soon as is reasonably possible to execute a lease agreement for the specific premises that became available. Terms and conditions of the Lease shall be based on the same terms and conditions of the lease(s) on the other space Tenant occupies in the Building at the time the lease is executed. Landlord and Tenant shall make a good faith effort to execute a Lease for the specific available space within 30 days after Tenant has notified Landlord of its intent to lease said space.

This right of first opportunity to lease shall in no way limit the Landlord from executing leases with new tenants for terms of any length, with options to renew for any length, for those spaces for which Tenant has not exercised its right of first opportunity to lease as defined herein.

4. TENANT IMPROVEMENTS

A. Construction: Landlord shall, prior to the Commencement Date (as defined in Addendum P.6.A), construct the tenant improvements in Tenant's Premises based on the space plan prepared by Tenant's Architect dated _____, Exhibit B to the Lease, and working drawings prepared by _____, dated _____, which will be attached to the Lease as Exhibit C.

- B. Allowance: Landlord shall contribute Eighty Thousand Six Hundred Thirty-eight Dollars (\$80,638.00) (\$23.00 x 3,506 useable sq. ft.) toward the construction of the tenant improvements for Tenant's Premises. The Tenant Improvement Allowance shall include all architectural, engineering and consultant fees. In the event that the total cost of the tenant improvements including architectural, engineering and consulting fees, exceeds the Tenant Improvement Allowance, Tenant shall pay Landlord the amount of such excess within thirty (30) days after receipt by Tenant of an invoice from Landlord documenting the cost of the tenant improvement work. In the event the total cost of the tenant improvements in Tenant's Premises is less than \$80,638.00, Landlord shall provide Tenant with a credit for the unused balance which Tenant can apply to the Tenant Improvement Allowance for the build-out in Tenant's Premises on the Second Floor of the Building (See Lease dated July 10, 1993).
- C. Contractor: The contractor for the tenant improvements in Tenant's Premises shall be Mike Donovan. Tenant shall approve the budget figures for the build-out prior to commencement of the work.

If Tenant chooses, WBE Electrical and WBE Telecom shall provide the electrical and data communication system cabling services, Peerless Lighting will provide lighting fixtures, and Warren Security shall provide the security systems.

- D. Change Orders: Tenant may, but only by written instructions or drawings issued to Landlord and Contractor ("Change Order Request"), make changes to the work specified in the working drawings, including without limitation, requiring additional work, directing the omission of work previously ordered or changing the quantity or type of any materials, equipment or services. Promptly upon receipt of a Change Order Request, Contractor will provide Tenant with a statement in detail setting forth the cost of said change (including a breakdown of costs attributable to labor and materials, construction equipment exclusively necessary for the change, and preparation or amendment to shop drawings resulting from said change and any time delays anticipated to result from said change). Tenant will have two (2) days after receipt of such statement in which to confirm the Change Order Request and authorize the work to be performed or to withdraw such request. Change Orders will be signed by Landlord and Tenant in advance of any work being performed on a Change Order.
- E. Substantial Completion: For purposes of this Lease, "Substantial Completion" shall mean that construction of the tenant improvements has been completed in accordance with the working drawings, except for minor finishing details of construction, decoration, mechanical adjustment, minor replacement of defective or damaged materials, and other items of a type commonly found on architectural punchlists, all of which do not materially interfere with the occupancy and use of the Premises by Tenant or with Tenant's ability to complete the improvements to the Premises to be made by Tenant.

Within seven calendar (7) days after Substantial Completion of the tenant improvements, Tenant shall make an inspection of the Premises and prepare a punchlist of items needing additional work by the Contractor. Landlord's Contractor shall complete all punchlist items reasonably identified by Tenant or Landlord within thirty calendar (30) days after the inspection or as soon as

practicable thereafter. If there is any dispute as to whether Contractor has substantially completed the work, a good faith decision of Tenant's Architect shall be final and binding on the parties.

Landlord's Contractor will perform the tenant improvement work and Landlord will notify Tenant in writing that the work is Substantially Complete. If Tenant fails to object in writing within seven calendar (7) days thereafter specifying in reasonable detail the items of work needed to be performed in order to achieve Substantial Completion, then Tenant shall be deemed conclusively to have agreed that the work is Substantially Complete, for purposes of Commencement under the Lease. Substantial Completion shall not prejudice Tenant's rights to require full completion of any remaining items of work.

- F. Ownership of Tenant Improvements: Upon termination of the Lease, all of the tenant improvements shall remain in the Premises unless Landlord shall consent in writing to the removal thereof by Tenant. All trade fixtures, equipment, furniture and personal property installed by or at the expense of Tenant shall remain the property of Tenant.
- G. Life Safety: With respect to Life Safety System, Landlord believes to the best of its knowledge that Regency Center meets all current code requirements including handicap access compliance. If any code requirements are not met with respect to the Building's Life Safety System all costs to accomplish changes necessary to the Building shall be covered by Landlord. All code compliance costs with respect to Tenant's Premises shall be covered by the Tenant Improvement Allowance or by Tenant.

5. POSSESSION

- A. If for any reason whatsoever, Landlord cannot deliver possession of the Premises to Tenant as of the Commencement Date as defined in Addendum, P.6.A, this Lease shall not be void or voidable, nor shall Landlord be liable to Tenant for any loss or damage resulting therefrom, nor shall the expiration date of the above term be in any way extended, but in that event, all rent shall be abated during the period between the Commencement Date and the date when Landlord actually delivers possession.
- B. In the event Landlord shall permit Tenant to occupy the Premises prior to the Commencement Date, such occupancy shall be subject to all of the provisions of this Lease. Said early possession shall not advance the termination date hereinabove provided.
- C. If Landlord shall not have delivered possession of the Premises within ninety (90) days after the Commencement Date (as defined in Addendum P.6.), Tenant may, at Tenant's option, by notice in writing to Landlord within ten (10) days thereafter, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder; provided, however, that if such written notice by Tenant is not received by Landlord within said ten (10) day period, Tenant's right to cancel this lease hereunder shall terminate and be of no further force or effect. If there are Tenant Caused Delays (as defined in Addendum P.6.C.), the number of days of

delay shall be added to the ninety (90) days in which Landlord has to deliver possession of the Premises before Tenant has the right to cancel this Lease.

6. COMMENCEMENT

- A. The Commencement Date shall be defined as five (5) business days after Landlord delivers possession of the Premises to Tenant, after Substantial Completion of the tenant improvement work (as defined in Addendum P.4.E) and in no event later than January 5, 1994. Thirty (30) days after Substantial Completion, Landlord shall notify Tenant in writing of the actual Commencement Date. In the event Substantial Completion is delayed by Tenant Caused Delays (as defined in Addendum P.6.C.) the same number of days shall be deducted from total number of days of the build-out and that date shall be the Commencement Date.
- B. The following shall be deemed "Tenant Caused Delays" for purposes of this lease:
- (i) Tenant's or Tenant's Architect's failure to timely complete, approve or reasonably object to any proposed plans, specifications or drawings for the Premises, or the tenant improvement work.
 - (ii) Tenant's requests for changes, alterations or additions with respect to the layout of the Premises, the build-out of the tenant improvements and the materials or finish of the improvements which result in delay.
 - (iii) Any upgrades, special work, fixtures or equipment or other items to the extent that the same involve longer lead times, installation times or other delays not encountered in standard office improvements or as a result of any materials not readily available or unusually difficult to install or apply.
 - (iv) The performance by Tenant, or by any company or person employed by Tenant, of any work at the Premises which in any manner disrupts or delays the work at the Premises that Landlord or Contractor shall be performing; or
 - (v) Any failure of Tenant to cooperate with Landlord or otherwise act in good faith in order to cause the Work to be designed and performed in a timely manner.

7. SERVICES AND UTILITIES

- A. Provided that Tenant is not in default hereunder, Landlord agrees to furnish to the Premises five-day per week janitorial service. Landlord shall also maintain and keep lighted, heated and air conditioned during reasonable hours of generally recognized business days, the common entries, common corridors, common stairs and toilet rooms in the building of which Premises are a part. Landlord shall not be liable for, and Tenant shall not be entitled to, any reduction of rental by reason of Landlord's failure to furnish any of the foregoing when such failure is caused by accident, breakage, repairs, strikes, lockouts or other labor disturbances or labor disputes of any character, or by any other cause, similar or dissimilar, beyond the reasonable control of Landlord. Landlord shall not be liable under any circumstances for a loss of or injury to property, however occurring, through or in connection with or incidental to failure to furnish any of the foregoing.

- B. Tenant shall have 24-hour per day, seven-day per week access to its Premises.
- C. Landlord shall provide Tenant a monthly allowance of \$350.60 (3,506 useable square feet x \$.10) for Tenant's electrical service. This allowance is included in the Base Rent as defined in Article 5 of the Lease.

Landlord and Tenant recognize that Tenant's electrical service may cost in excess of \$.10 per square foot per month due to Tenant's heavy electrical requirements. Landlord's electrical engineer shall provide an estimate of Tenant's electrical usage. Electrical engineer's estimate shall be based on a computation of Tenant's electrical equipment and special heating and air conditioning requirements, the amount of amps required by Tenant's use of the premises and the building kilowatt charge from Pacific Gas and Electric.

Electrical engineer shall document his calculations and shall submit these calculations to Tenant for Tenant's review. In the event Tenant questions any of the variables used in engineer's estimate, the Tenant shall submit information to the electrical engineer sufficient to establish Tenant's electrical use at premises. Electrical engineer, Tenant and Landlord shall then agree upon correct data to be used in computation of Tenant's electrical usage and electrical engineer, if necessary, shall submit new calculations for Tenant's electrical use.

Landlord shall bill Tenant monthly for this excess electrical usage. After the first year of Tenant's occupancy, or sooner should Landlord or Tenant require it, electrical engineer shall recalculate the estimate of Tenant's electrical usage to determine the monthly charge for the following year. At this time, any excess payments made by Tenant during the preceding year would be refunded, or any shortfalls for the preceding year would be paid by Tenant.

- D. The hours of operation of the heating and air conditioning system for the building are as follows:

Monday thru Friday:	7:00 a.m. to 6:00 p.m.
Saturdays:	8:00 a.m. to 3:00 p.m.

- E. In the event Tenant requires the operation of the heating and air conditioning system beyond the normal hours of operation for the building, Tenant shall notify the building manager in advance of the required extended hour usage, and the building manager shall program the heating and air conditioning system to operate during the time period requested by Tenant.
- F. In the event Tenant shall request that an override mechanism be installed during the term of the Lease, an override mechanism shall be installed on the heating and air conditioning system which services Tenant's premises. The cost of this mechanism shall be paid by the Tenant at the time of the installation. This mechanism shall allow Tenant to have control of the heating and air conditioning system for its premises in hours other than the normal building hours stated above.

Along with the override mechanism, an hourly meter shall be attached to the override mechanism which shall measure Tenant's use of the heating and air

conditioning system beyond the normal building hours. On a monthly basis, Landlord shall charge Tenant for this usage by multiplying the number of hours used by the per hour charge for operating the heating and air conditioning system which shall be determined by Landlord's electrical engineer and heating and air conditioning contractor.

8. COMMUNICATIONS INSTALLATION

Tenant has installed certain communications equipment on the roof of the Building. Prior to the end of the term of this Lease, Tenant, at Tenant's sole cost and expense, shall remove the communications equipment and shall, forthwith and with all due diligence, repair any damage to the Premises caused by such removal.

9. CONSENT

Landlord and Tenant agree that in the event their consent is required pursuant to the provisions of the Lease, such consent shall not be unreasonably withheld.

LANDLORD

The Joseph and Eda Pell Revocable Trust

By: Joseph Pell

Joseph Pell

Its: -----

By: Eda Pell

Eda Pell

Its: -----

Date: January 14, 1994

TENANT

Fair, Isaac and Company, Incorporated

By: Robert D. Sanderson

Its: Executive Vice President

Date: December 28, 1993

1.01 PLAN INFORMATION

- (a) Name of Plan:
This is the Fair, Isaac Supplemental Retirement and

Savings Plan Plan (the "Plan").

- (b) Name of Plan Administrator, if not the Employer:

Address:

Phone Number:

The Plan Administrator is the agent for service of legal process
for the Plan.

- (c) Three Digit Plan Number: 004

- (d) Plan Year End (month/day): 9/30

- (e) Plan Status (check one):
- (1) Effective Date of new Plan: 11/1/94

- (2) Amendment Effective Date:

The original effective date of the Plan: 11/1/94

1.02 EMPLOYER

- (a) The Employer is: Fair, Isaac and Company, Incorporated
Address: 120 North Redwood Drive
San Rafael, CA 94903
Contact's Name: John Waller
Telephone Number: (415) 491-5282

- (1) Employer's Tax Identification Number: 94-1499887
- (2) Business form of Employer (check one):
(A) Corporation
(B) Sole proprietor or partnership
(C) Subchapter S Corporation
- (3) Employer's fiscal year end: 9/30

- (b) The term "Employer" includes the following Related Employer(s)
(as defined in Section 2.01(a)(21)):

Fair, Isaac International Corporation, Fair, Isaac
International Ltd Fair, Isaac International, S.A.
Corporation, Fair, Isaac International Canada
Corporation, Fair, Isaac International France
Corporation, Fair, Isaac International Germany
Corporation, Fair, Isaac International Japan Corporation,
Fair, Isaac International UK Corporation.

1.03 COVERAGE

- (a) Only those Employees listed in Attachment A will be eligible to participate in the Plan.
- (b) The Entry Date(s) shall be (check one):
 - (1) the first day of each Plan Year.
 - (2) the first day of each Plan Year and the date six months later.
 - (3) the first day of each Plan Year and the first day of the fourth, seventh, and tenth months.
 - (4) the first day of each month.

1.04 COMPENSATION

For purposes of determining Contributions under the Plan, Compensation shall be as defined in Section 2.01(a)(6), but excluding (check the appropriate box(es)):

- (a) Overtime Pay.
- (b) Bonuses.
- (c) Commissions.
- (d) The value of a qualified or a non-qualified stock option granted to an Employee by the Employer to the extent such value is includable in the Employee's taxable income.
- (e) No exclusions.

1.05 CONTRIBUTIONS

- (a) Deferral Contributions. The Employer shall make a Deferral Contribution in accordance with Section 4.01 on behalf of each Participant who has an executed salary reduction agreement in effect with the Employer for the Plan Year (or portion of the Plan Year) in question, not to exceed 25% of Compensation for that Plan Year.

Section 2.01(a)(6):

"Compensation" shall mean for purposes of Article 4 (Contributions) wages as defined in Section 3401(a) of the Code and all other payments of compensation to an Employee by the Employer (in the course of the Employer's trade or business) in excess of \$150,000 in any Plan Year for which the Employer is required to furnish the Employee a written statement under Sections 6041(d) and 6051(a)(3) of the Code, excluding overtime pay, the value of a qualified or non-qualified stock option granted to an Employee by the Employer, reimbursements or other expense allowances, fringe benefits (cash and non-cash), moving expenses, deferred compensation and welfare benefits, but including amounts that are not includable in the gross income of the Participant under a salary reduction agreement by reason of the application of Sections 125, 401(a)(8), 401(h), or 403(b) of the Code. Compensation must be determined without regard to any rules under Section 3401(a) of the Code that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Section 3401(a)(2) of the Code).

Compensation shall generally be based on the amount that would have been actually paid to the Participant during the Plan Year but for an election under Section 4.01.

In the case of any Self-Employed Individual or an Owner-Employee, Compensation shall mean the Individual's Earned Income.

(b) Matching Contributions

(1) The Employer shall make a Matching Contribution on behalf of each Participant in an amount equal to the following percentage of a Participant's Deferral Contributions during the Plan Year (check one):

- (A) 50%
- (B) 100%
- (C) ____%

(D) (Tiered Match) _____% of the first _____% of the Participant's Compensation contributed to the Plan,
_____% of the next _____% of the Participant's Compensation contributed to the Plan,
_____% of the next _____% of the Participant's Compensation contributed to the Plan.

(E) The percentage declared for the year, if any, by a Board of Directors' resolution.

(F) Other; _____

(2) Matching Contribution Limits (check the appropriate box(es)):

(A) Deferral Contributions in excess of 6% of the Participant's Compensation for the period in question shall not be considered for Matching Contributions.

Note: If the Employer elects a percentage limit in (A) above and requests the Trustee to account separately for matched and unmatched Deferral Contributions, the Matching Contributions allocated to each Participant must be computed, and the percentage limit applied, based upon each period.

(B) Matching Contributions for each Participant for each Plan Year shall be limited to \$7,500.

(3) Eligibility Requirement(s) for Matching Contributions

A Participant who makes Deferral Contributions during the Plan Year under Section 1.05(a) shall be entitled to Matching Contributions for that Plan Year if the Participant satisfies the following requirement(s) (Check the appropriate box(es). Options (B) and (C) may not be elected together):

- (A) Is employed by the Employer on the last day of the Plan Year.
- (B) Earns at least 500 Hours of Service during the Plan Year.
- (C) Earns at least 1,000 Hours of Service during the Plan Year.
- (D) No requirements.

Note: If option (A), (B) or (C) above is selected then Matching Contributions can only be made by the Employer after the Plan Year ends. Any Matching Contribution made before Plan Year end shall not be subject to the eligibility requirements of this Section 1.05(b)(3).

1.06 DISTRIBUTION DATES

A Participant may elect to receive a distribution or commence distributions from his Account pursuant to Section 8.02 upon the following date(s) (check the appropriate box(es). If Option (c) is elected, then options (a) and (b) may not be elected):

- (a) Attainment of Normal Retirement Age. Normal Retirement Age under the Plan is (check one):
 - (1) age 65.
 - (2) age ___ (specify from 55 through 64).
 - (3) Later of the age ___ (can not exceed 65) or the fifth anniversary of the Participant's Commencement Date.
- (b) Attainment of Early Retirement Age. Early Retirement Age is the first day of the month after the Participant attains age 55 (specify 55 or greater) and completes 10 Years of Service for Vesting.
- (c) Termination of employment with the Employer.

Section 1.05(b)(3):

Eligibility Requirement(s) for Matching Contributions

A Participant who makes Deferral Contributions during the Plan Year under Section 1.05(a) shall be entitled to Matching Contributions for that Plan Year if the Participant earns at least 1,000 Hours of Service during the Plan Year. A Participant who makes Deferral Contributions during the Plan Year shall also be entitled to Matching Contributions for that Plan Year if the Participant ceases employment after having attained age 65, or having attained age 55 with at least ten Years of Service for Vesting, or by reason of disability or death.

1.07 VESTING SCHEDULE

(a) The Participant's vested percentage in Matching Contributions elected in Section 1.05(b) shall be based upon the schedule(s) selected below.

- (1) N/A-No Matching Contributions
- (2) 100% Vesting immediately
- (3) 3 year cliff (see C below)
- (4) 5 year cliff (see D below)
- (5) 6 year graduated (see E below)
- (6) 7 year graduated (see F below)
- (7) G below
- (8) Other (Attachment "B")

Years of Service for Vesting	Vesting Schedule				
	C	D	E	F	G
0	0%	0%	0%	0%	--
1	0%	0%	0%	0%	--
2	0%	0%	20%	0%	--
3	100%	0%	40%	20%	--
4	100%	0%	60%	40%	--
5	100%	100%	80%	60%	--
6	100%	100%	100%	80%	--
7	100%	100%	100%	100%	100%

(b) Years of Service for Vesting shall exclude (check one):

- (1) for new plans, service prior to the Effective Date as defined in Section 1.01(e)(1).
- (2) for existing plans converting from another plan document, service prior to the original Effective Date as defined in Section 1.01(e)(2).

(c) A Participant will forfeit his Matching Contributions upon the Occurance of the following event(s): _____

(d) A Participant will be 100% vested in his Matching Contributions upon (check the appropriate box(es), if any):

- (1) Normal Retirement Age (as defined in Section 1.06(a)).
- (2) Early Retirement Age (as defined in Section 1.06(b)).
- (3) Death

1.08 PREDECESSOR EMPLOYER SERVICE

Service for purposes of vesting in Section 1.07(a) shall include service with the following employer(s):

- (a) _____
- (b) _____
- (c) _____
- (d) _____

1.09 HARDSHIP WITHDRAWALS

Participant withdrawals for hardship prior to termination of employment (check one):

- (a) will be allowed in accordance with Section 7.07, subject to a \$_____ minimum amount. (Must be at least \$1,000)
- (b) will not be allowed.

1.10 DISTRIBUTIONS

Subject to Articles 7 and 8, distributions under the Plan will be paid (check the appropriate box(es)):

- (a) as a lump sum
- (b) under a systematic withdrawal plan (installments) not to exceed 10 years.

1.11 INVESTMENT DECISIONS

(a) Investment Directions

Investments in which the Accounts of Participants shall be treated as invested and reinvested shall be directed (check one):

- (1) by the Employer among the options listed in (b) below.
- (2) by each Participant among the options listed in (b) below.
- (3) by each Participant with respect to Deferral Contributions and by the Employer with respect to Employer Matching Contributions. The Employer must direct the Employer Matching Contributions among the same investment options made available for Participant directed sources listed in (b) below.

(b) Plan Investment Options

Participant Accounts will be treated as invested among the Fidelity Funds listed below pursuant to Participant and/or Employer directions.

	Fund Name -----	Fund Number -----
(1)	Fidelity Retirement Government Money Market Portfolio	0631
(2)	Fidelity Investment Grade Bond Fund	0026
(3)	Fidelity Puritan(TM) Fund	0004
(4)	Fidelity Growth & Income Portfolio	0027
(5)	Fidelity U.S. Equity Index Portfolio	0650
(6)	Fidelity Maqellan(R) Fund	0021
(7)	Fidelity Contrafund	0022
(8)	_____	_____
(9)	_____	_____
(10)	_____	_____

Note: An additional annual recordkeeping fee will be charged for each fund in excess of five funds.

Note: The method and frequency for change of investments will be determined under the rules applicable to the selected funds. Information will be provided regarding expenses, if any, for changes in investment options.

1.12 RELIANCE ON PLAN

An adopting Employer may not rely solely on this Plan to ensure that the Plan is "unfunded and maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" and exempt from Parts 2 through 4 of Title I of the Employee Retirement Income Security Act of 1974 with respect to the Employer's particular situation. This Agreement must be reviewed by your attorney and/or accountant before it is executed.

This Adoption Agreement may be used only in conjunction with the CORPORATEplan for Retirement Select Basic Plan Document.

EXECUTION PAGE
(Fidelity's Copy)

IN WITNESS WHEREOF, the Employer has caused this Adoption Agreement to be executed this 6th day of October, 1994.

Employer Fair, Isaac and Company, Incorporated

By /s/ Peter L. McCorkell

Peter L. McCorkell

Title Vice President and Secretary

Employer Fair, Isaac and Company, Incorporated

By /s/ John C. Waller

John C. Waller

Title Vice President, Human Resources

Attachment A

Pursuant to Section 1.03(a), the following are the Employees who are eligible to participate in the Plan:

Rosenberger, Larry B.
Sanderson, Robert D.
Woldrich, John D.
Culhane, Patrick G.
Hopper, Mary A.
De Kerchove, Gerald
Kaye Gordon
Robinson, Jeffrey F.
Nelson, O. D.
Roach, Barrett B.
Shediac, Rawy R.
Wier, Henry W.
Gerbino, John C.
Mc Corkell, Peter L.
Collins, Lauren
Barry, Michael C.
Sleath, Martin D.
Salvatto, Richard D.
Kreis, Joseph D.
Perlis, John H.
Morgan, Richard L.

Employer Fair, Isaac and Company, Incorporated

By /s/ John C. Waller

John C. Waller
Title Vice President, Human Resources

Date October 6, 1994

Note: The Employer must revise Attachment A to add employees as they become eligible or delete employees who are no longer eligible.

The CORPORATEplan for Retirement Select Plan

BASIC PLAN DOCUMENT

IMPORTANT NOTE

This document is not an IRS approved Prototype Plan. An Adopting Employer may not rely solely on this Plan to ensure that the Plan is "unfunded and maintained primarily for the purpose of providing deferred compensation to a select group of management or highly compensated employees" and exempt from parts 2 through 4 of Title I of the Employee Retirement Income Security Act of 1974 with respect to the Employer's particular situation. Fidelity Management Trust Company, its affiliates and employees may not provide you with legal advice in connection with the execution of this document. This document should be reviewed by your attorney and/or accountant prior to execution.

CPR SELECT
BASIC PLAN DOCUMENT

ARTICLE 1
ADOPTION AGREEMENT

ARTICLE 2
DEFINITIONS

2.01 - Definitions

ARTICLE 3
PARTICIPATION

3.01 - Date of Participation
3.02 - Resumption of Participation Following Re employment
3.03 - Cessation or Resumption of Participation Following a Change in Status

ARTICLE 4
CONTRIBUTIONS

4.01 - Deferral Contributions
4.02 - Matching Contributions
4.03 - Time of Making Employer contributions

ARTICLE 5
PARTICIPANTS' ACCOUNTS

5.01 - Individual Accounts

ARTICLE 6
INVESTMENT OF CONTRIBUTIONS

6.01 - Manner of Investment
6.02 - Investment Decisions

ARTICLE 7
RIGHT TO BENEFITS

7.01 - Normal or Early Retirement
7.02 - Death
7.03 - Other Termination of Employment
7.04 - Separate Account
7.05 - Forfeitures
7.06 - Adjustment for Investment Experience
7.07 - Hardship Withdrawals

ARTICLE 8
DISTRIBUTION OF BENEFITS PAYABLE AFTER TERMINATION OF SERVICE

8.01 - Distribution of Benefits to Participants and Beneficiaries
8.02 - Determination of Method of Distribution
8.03 - Notice to Trustee
8.04 - Time of Distribution

ARTICLE 9
AMENDMENT AND TERMINATION

9.01 - Amendment by Employer
9.02 - Retroactive Amendments
9.03 - Termination
9.04 - Distribution Upon Termination of the Plan

ARTICLE 10
MISCELLANEOUS

- 10.01 - Communication to Participants
- 10.02 - Limitation of Rights
- 10.03 - Nonalienability of Benefits
- 10.04 - Facility of Payment
- 10.05 - Information between Employer and Trustee
- 10.06 - Notices
- 10.07 - Governing Law

ARTICLE 11
PLAN ADMINISTRATION

- 11.01 - Powers and Responsibilities of the Administrator
- 11.02 - Nondiscriminatory Exercise of Authority
- 11.03 - Claims and Review Procedures
- 11.04 - Cost of Administration

PREAMBLE

It is the intention of the Employer to establish herein an unfunded plan maintained solely for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of ERISA.

Article 1. Adoption Agreement.

Article 2. Definitions.

2.01. Definitions.

(a) Wherever used herein, the following terms have the meanings set forth below, unless a different meaning is clearly required by the context:

(1) "Account" means an account established on the books of the Employer for the purpose of recording amounts credited on behalf of a Participant and any income, expenses, gains or losses included thereon.

(2) "Administrator" means the Employer adopting this Plan, or other person designated by the Employer in Section 1.01(b).

(3) "Adoption Agreement" means Article 1 under which the Employer establishes and adopts or amends the Plan and designates the optional provisions selected by the Employer. The provisions of the Adoption Agreement shall be an integral part of the Plan.

(4) "Beneficiary" means the person or persons entitled under Section 7.02 to receive benefits under the Plan upon the death of a Participant.

(5) "Code" means the Internal Revenue Code of 1986, as amended from time to time.

(6) "Compensation" shall mean for purposes of Article 4 (Contributions) wages as defined in Section 3401(a) of the Code and all other payments of compensation to an employee by the employer (in the course of the employer's trade or business) for which the employer is required to furnish the employee a written statement under Section 6041(d) and 6051(a)(3) of the Code, excluding any items elected by the Employer in Section 1.04, reimbursements or other expense allowances, fringe benefits (cash and non-cash), moving expenses, deferred compensation and welfare benefits, but including amounts that are not includable in the gross income of the Participant under a salary reduction agreement by reason of the application of Sections 125, 402(a)(8), 402(h), or 403(b) of the Code. Compensation must be determined without regard to any rules under Section 3401(a) of the Code that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Section 3401(a)(2) of the Code).

Compensation shall generally be based on the amount that would have been actually paid to the Participant during the Plan Year but for an election under Section 4.01.

In the case of any Self-Employed Individual or an Owner-Employee Compensation shall mean the Individual's Earned Income.

(7) "Earned Income" means the net earnings of a Self-Employed Individual derived from the trade or business with respect to which the Plan is established and for which the personal services of such individual are a material income-providing factor, excluding any items not included in gross income and the deductions allocated to such items, except that for taxable years beginning after December 31, 1989 net earnings shall be determined with regard to the deduction allowed under Section 164(f) of the Code, to the extent applicable, to the Employer. Net earnings shall be reduced by contributions of the Employer to any qualified plan, to the extent a deduction is allowed to the Employer for such contributions under Section 404 of the Code.

(8) "Employee" means any employee of the Employer, Self-Employed Individual or Owner-Employee.

(9) "Employer" means the employer named in Section 1.02(a) and any Related Employers designated in Section 1.02(b).

(10) "Employment Commencement Date" means the date on which the Employee first performs an Hour of Service.

(11) "ERISA" means the Employee Retirement Income Security Act of 1974, as from time to time amended.

(12) "Fidelity Fund" means any Registered Investment Company which is made available to plans utilizing the CORPORATEplan for Retirement Select Plan.

(13) "Fund Share" means the share, unit, or other evidence of ownership in a Fidelity Fund.

(14) "Hour of Service" means, with respect to any Employee,

(A) Each hour for which the Employee is directly or indirectly paid, or entitled to payment, for the performance of duties for the Employer or a Related Employer, each such hour to be credited to the Employee for the computation period in which the duties were performed;

(B) Each hour for which the Employee is directly or indirectly paid, or entitled to payment, by the Employer or Related Employer (including payments made or due from a trust fund or insurer to which the Employer contributes or pays premiums) on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity, disability, layoff, jury duty, military duty, or leave of absence, each such hour to be credited to the Employee for the Eligibility Computation Period in which such period of time occurs, subject to the following rules:

(i) No more than 501 Hours of Service shall be credited under this paragraph (B) on account of any single continuous period during which the Employee performs no duties;

(ii) Hours of Service shall not be credited under this paragraph (B) for a payment which solely reimburses the Employee for medically-related expenses, or which is made or due under a plan maintained solely for the purpose of complying with applicable workmen's compensation, unemployment compensation or disability insurance laws; and

(iii) If the period during which the Employee performs no duties falls within two or more computation periods and if the payment made on account of such period is not calculated on the basis of units of time, the Hours of Service credited with respect to such period shall be allocated between not more than the first two such computation periods on any reasonable basis consistently applied with respect to similarly situated Employees; and

(C) Each hour not counted under paragraph (A) or (B) for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to be paid by the Employer or a Related Employer, each such hour to be credited to the Employee for the computation period to which the award or agreement pertains rather than the computation period in which the award agreement or payment is made.

For purposes of determining Hours of Service, Employees of the Employer and of all Related Employers will be treated as employed by a single employer. For purposes of paragraphs (B) and (C) above, Hours of Service will be calculated in accordance with the provisions of Section 2530.200b-2(b) of the Department of Labor regulations which are incorporated herein by reference.

Solely for purposes of determining whether a break in service for participation purposes has occurred in a computation period, an individual who is absent from work for maternity or paternity reasons shall receive credit for the hours of service which would otherwise been credited to such individual but for such absence, or in any case in which such hours cannot be determined, 8 hours of service per day of such absence. For purposes of this paragraph, an absence from work for maternity reasons means an absence (1) by reason of the pregnancy of the individual, (2) by reason of a birth of a child of the individual, (3) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual, or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement. The hours of service credited under this paragraph shall be credited (1) in the computation period in which the absence begins if the crediting is necessary to prevent a break in service in that period, or (2) in all other cases, in the following computation period.

(15) "Normal Retirement Age" means the normal retirement age specified in Section 1.06(a) of the Adoption Agreement.

(16) "Owner-Employee" means, if the Employer is a sole proprietorship, the individual who is the sole proprietor, or if the Employer is a partnership, a partner who owns more than 10 percent of either the capital interest or the profits interest of the partnership.

(17) "Participant" means any Employee who participates in the Plan in accordance with Article 3 hereof.

(18) "Plan" means the plan established by the Employer as set forth herein as a new plan or as an amendment to an existing plan, by executing the Adoption Agreement, together with any and all amendments hereto.

(19) "Plan Year" means the 12-consecutive month period designated by the Employer in Section 1.01(d).

(20) "Registered Investment Company" means any one or more corporations, partnerships or trusts registered under the Investment Company Act of 1940 for which Fidelity Management and Research Company serves as investment advisor.

(21) "Related Employer" means any employer other than the Employer named in Section 1.02(a), if the Employer and such other employer are members of a controlled group of corporations (as defined in Section 414(b) of the Code) or an affiliated service group (as defined in Section 414(m)), or are trades or businesses (whether or not incorporated) which are under common control (as defined in Section 414(c)), or such other employer is required to be aggregated with the Employer pursuant to regulations issued under Section 414(o).

(22) "Self-Employed Individual" means an individual who has Earned Income for the taxable year from the Employer or who would have had Earned Income but for the fact that the trade or business had no net profits for the taxable year.

(23) "Trust" means the trust created by the Employer.

(24) "Trust Agreement" means the agreement between the Employer and the Trustee, as set forth in a separate agreement, under which assets are held, administered, and managed subject to the claims of the Employer's creditors in the event of the Employer's insolvency, until paid to Plan Participants and their Beneficiaries as specified in the Plan.

(25) "Trust Fund" means the property held in the Trust by the Trustee.

(26) "Trustee" means the corporation or individuals appointed by the Employer to administer the Trust in accordance with the Trust Agreement.

(27) "Years of Service for Vesting" means, with respect to any Employee, the number of whole years of his periods of service with the Employer or a Related Employer (the elapsed time method to compute vesting service), subject to any exclusions elected by the Employer in Section 1.07(b). An Employee will receive credit for the aggregate of all time period(s) commencing with the Employee's Employment Commencement Date and ending on the date a break in service begins, unless any such years are excluded by Section 1.07(b). An Employee will also receive credit for any period of severance of less than 12 consecutive months. Fractional periods of a year will be expressed in terms of days.

In the case of a Participant who has 5 consecutive 1-year breaks in service, all years of service after such breaks in service will be disregarded for the purpose of vesting the Employer-derived account balance that accrued before such breaks, but both pre-break and post-break service will count for the purposes of vesting the Employer-derived account balance that accrues after such breaks. Both accounts will share in the earnings and losses of the fund.

In the case of a Participant who does not have 5 consecutive 1-year breaks in service, both the pre-break and post-break service will count in vesting both the pre-break and post-break employer-derived account balance.

A break in service is a period of severance of at least 12 consecutive months. Period of severance is a continuous period of time during which the Employee is not employed by the Employer. Such period begins on the date the Employee retires, quits or is discharged, or if earlier, the 12 month anniversary of the date on which the Employee was otherwise first absent from service.

In the case of an individual who is absent from work for maternity or paternity reasons, the 12-consecutive month period beginning on the first anniversary of the first date of such absence shall not constitute a break in service. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence (1) by reason of the pregnancy of the individual, (2) by reason of the birth of a child of the individual, (3) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual, or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement.

If the Plan maintained by the Employer is the plan of a predecessor employer, an Employee's Years of Service for Vesting shall include years of service with such predecessor employer. In any case in which the Plan maintained by the Employer is not the plan maintained by a predecessor employer, service for such predecessor shall be treated as service for the Employer to the extent provided in Section 1.08.

(b) Pronouns used in the Plan are in the masculine gender but include the feminine gender unless the context clearly indicates otherwise.

Article 3. Participation.

3.01. Date of Participation. An eligible Employee (as set forth in Section 1.03(a)) will become a Participant in the Plan on the first Entry Date after which he becomes an eligible Employee if he has filed an election pursuant to Section 4.01. If the eligible Employee does not file an election pursuant to Section 4.01 prior to his first Entry Date, then the eligible Employee will become a Participant in the Plan as of the first day of a Plan Year for which he has filed an election.

3.02. Resumption of Participation Following Re employment. If a Participant ceases to be an Employee and thereafter returns to the employ of the Employer he will again become a Participant as of an Entry Date following the date on which he completes an Hour of Service for the Employer following his re employment, if he is an eligible Employee as defined in Section 1.03(a), and has filed an election pursuant to Section 4.01.

3.03. Cessation or Resumption of Participation Following a Change in Status. If any Participant continues in the employ of the Employer or Related Employer but ceases to be an eligible Employee as defined in Section 1.03(a), the individual shall continue to be a Participant until the entire amount of his benefit is distributed; however, the individual shall not be entitled to make Deferral Contributions or receive an allocation of Matching contributions during the period that he is not an eligible Employee. Such Participant shall continue to receive credit for service completed during the period for purposes of determining his vested interest in his Accounts. In the event that the individual subsequently again becomes an eligible Employee, the individual shall resume full participation in accordance with Section 3.01.

Article 4. Contributions.

4.01. Deferral Contributions. Each Participant may elect to execute a salary reduction agreement with the Employer to reduce his Compensation by a specified percentage not exceeding the percentage set forth in Section 1.05(a) and equal to a whole number multiple of one (1) percent. Such agreement shall become effective on the first day of the period as set forth in the Participant's election. The election will be effective to defer Compensation relating to all services performed in a Plan Year subsequent to the filing of such an election. An election once made will remain in effect until a new election is made. A new election will be effective as of the first day of the following Plan Year and will apply only to Compensation payable with respect to services rendered after such date. Amounts credited to a Participant's account prior to the effective date of any new election will not be affected and will be paid in accordance with that prior election. The Employer shall credit an amount to the account maintained on behalf of the Participant corresponding to the amount of said reduction. Under no circumstances may a salary reduction agreement be adopted retroactively. A Participant may not revoke a salary reduction agreement for a Plan Year during that year.

4.02. Matching Contributions. If so provided by the Employer in Section 1.05(b), the Employer shall make a Matching Contribution to be credited to the account maintained on behalf of each Participant who had Deferral Contributions made on his behalf during the year and who meets the requirement, if any, of Section 1.05(b)(3). The amount of the Matching Contribution shall be determined in accordance with Section 1.05(b).

4.03. Time of Making Employer Contributions. The Employer will from time to time make a transfer of assets to the Trustee for each Plan Year. The Employer shall provide the Trustee with information on the amount to be credited to the separate account of each Participant maintained under the Trust.

Article 5. Participants' Accounts.

5.01. Individual Accounts. The Administrator will establish and maintain an Account for each Participant which will reflect Matching and Deferral Contributions credited to the Account on behalf of the Participant and earnings, expenses, gains and losses credited thereto, and deemed investments made with amounts in the Participant's Account. The Administrator will establish and maintain such other accounts and records as it decides in its discretion to be reasonably required or appropriate in order to discharge its duties under the Plan. Participants will be furnished statements of their Account values at least once each Plan Year.

Article 6. Investment of Contributions.

6.01. Manner of Investment. All amounts credited to the Accounts of Participants shall be treated as though invested and reinvested only in eligible investments selected by the Employer in Section 1.11(b).

6.02. Investment Decisions. Investments in which the Accounts of Participants shall be treated as invested and reinvested shall be directed by the Employer or by each Participant, or, both, in accordance with the Employer's election in Section 1.11(a)

(a) All dividends, interest, gains and distributions of any nature earned in respect of Fund Shares in which the Account is treated as investing shall be credited to the Account as though reinvested in additional shares of that Fidelity Fund.

(b) Expenses attributable to the acquisition of investments shall be charged to the Account of the Participant for which such investment is made.

Article 7. Right to Benefits.

7.01. Normal or Early Retirement. If provided by the Employer in Section 1.07(d), each Participant who attains his Normal Retirement Age or Early Retirement Age will have a nonforfeitable interest in his Account in accordance with the vesting schedule elected in Section 1.07. If a Participant retires on or after attainment of Normal or Early Retirement Age, such retirement is referred to as a normal retirement. On or after his normal retirement, the balance of the Participant's Account, plus any amounts thereafter credited to his Account, subject to the provisions of Section 7.06, will be distributed to him in accordance with Article 8.

If provided by the Employer in Section 1.06, a Participant who separates from service before satisfying the age requirements for early retirement, but has satisfied the service requirement will be entitled to the distribution of his Account, subject to the provisions of Section 7.06, in accordance with Article 8, upon satisfaction of such age requirement.

7.02. Death. If a Participant dies before the distribution of his Account has commenced, or before such distribution has been completed, his Account shall become vested in accordance with the vesting schedule elected in Section 1.07 and his designated Beneficiary or Beneficiaries will be entitled to receive the balance or remaining balance of his Account, plus any amounts thereafter credited to his Account, subject to the provisions of Section 7.06. Distribution to the Beneficiary or Beneficiaries will be made in accordance with Article 8.

A Participant may designate a Beneficiary or Beneficiaries, or change any prior designation of Beneficiary or Beneficiaries by giving notice to the Administrator on a form designated by the Administrator. If more than one person is designated as the Beneficiary, their respective interests shall be as indicated on the designation form.

A copy of the death notice or other sufficient documentation must be filed with and approved by the Administrator. If upon the death of the Participant there is, in the opinion of the Administrator, no designated Beneficiary for part or all of the Participant's Account, such amount will be paid to his surviving spouse or, if none, to his estate (such spouse or estate shall be deemed to be the Beneficiary for purposes of the Plan). If a Beneficiary dies after benefits to such Beneficiary have commenced, but before they have been completed, and, in the opinion of the Administrator, no person has been designated to receive such remaining benefits, then such benefits shall be paid to the deceased Beneficiary's estate.

7.03. Other Termination of Employment. If provided by the Employer in Section 1.06, if a Participant terminates his employment for any reason other than death or normal retirement, he will be entitled to a termination benefit equal to (i) the vested percentage(s) of the value of the Matching Contributions to his Account, as adjusted for income, expense, gain, or loss, such percentage(s) determined in accordance with the vesting schedule(s) selected by the Employer in Section 1.07, and (ii) the value of the Deferral Contributions to his Account as adjusted for income, expense, gain or loss. The amount payable under this Section 7.03 will be subject to the provisions of Section 7.06 and will be distributed in accordance with Article 8.

7.04. Separate Account. If a distribution from a Participant's Account has been made to him at a time when he has a nonforfeitable right to less than 100 percent of his Account, the vesting schedule in Section 1.07 will thereafter apply only to amounts in his Account attributable to Matching Contributions allocated after such distribution. The balance of his Account immediately after such distribution will be transferred to a separate account which will be maintained for the purpose of determining his interest therein according to the following provisions.

At any relevant time prior to a forfeiture of any portion thereof under Section 7.05, a Participant's nonforfeitable interest in his Account held in a separate account described in the preceding paragraph will be equal to $P(AB + (RxD)) - (RxD)$, where P is the nonforfeitable percentage at the relevant time determined under Section 7.05; AR is the account balance of the separate account at the relevant time; D is the amount of the distribution; and R is the ratio of the account balance at the relevant time to the account balance after distribution. Following a forfeiture of any portion of such separate account under Section 7.05 below, any balance in the Participant's separate account will remain fully vested and nonforfeitable.

7.05. Forfeitures. If a Participant terminates his employment, any portion of his Account (including any amounts credited after his termination of employment) not payable to him under Section 7.03 will be forfeited by him. For purposes of this paragraph, if the value of a Participant's vested account balance is zero, the Participant shall be deemed to have received a distribution of his vested interest immediately following termination of employment. Such forfeitures will be applied to reduce the contributions of the Employer under the Plan (or administrative expenses of the Plan).

7.06. Adjustment for Investment Experience. If any distribution under this Article 7 is not made in a single payment, the amount remaining in the Account after the distribution will be subject to adjustment until distributed to reflect the income and gain or loss on the investments in which such amount is treated as invested and any expenses properly charged under the Plan and Trust to such amounts.

7.07. Hardship Withdrawals. Subject to the provisions of Article 8, a Participant shall not be permitted to withdraw his Account (and earnings thereon) prior to retirement or termination of employment, except if permitted under Section 1.09, a Participant may apply to the Administrator to withdraw some or all of his Account if such withdrawal is made on account of a hardship as determined by the Employer.

Article 8. Distribution of Benefits Payable after Termination of Service.

8.01. Distribution of Benefits to Participants and Beneficiaries.

(a) Distributions under the Plan to a Participant or to the Beneficiary of the Participant shall be made in a lump sum in cash or, if elected by the Employer in Section 1.10 and specified in the Participant's deferral election, under a systematic withdrawal plan (installment(s))not exceeding 10 years upon retirement, death or other termination of employment.

(b) Distributions under a systematic withdrawal plan must be made in substantially equal annual, or more frequent, installments, in cash, over a period certain which does not extend 10 years. The period certain specified in a Participant's first deferral election specifying distribution under a systematic withdrawal plan shall apply to all subsequent elections of distributions under a systematic withdrawal plan made by the Participant.

8.02. Determination of Method of Distribution. The Participant will determine the method of distribution of benefits to himself and the method of distribution to his Beneficiary. Such determination will be made at the time the Participant makes a deferral election. If the Participant does not determine the method of distribution to him or his Beneficiary, the method shall be a lump sum.

8.03. Notice to Trustee. The Administrator will notify the Trustee in writing whenever any Participant or Beneficiary is entitled to receive benefits under the Plan. The Administrator's notice shall indicate the form, amount and frequency of benefits that such Participant or Beneficiary shall receive.

8.04. Time of Distribution. In no event will distribution to a Participant be made later than the date specified by the Participant in his salary reduction agreement.

Article 9. Amendment and Termination.

9.01 Amendment by Employer. The Employer reserves the authority to amend the Plan by filing with the Trustee an amended Adoption Agreement, executed by the Employer only, on which said Employer has indicated a change or changes in provisions previously elected by it. Such changes are to be effective on the effective date of such amended Adoption Agreement. Any such change notwithstanding, no Participant's Account shall be reduced by such change below the amount to which the Participant would have been entitled if he had voluntarily left the employ of the Employer immediately prior to the date of the change. The Employer may from time to time make any amendment to the Plan that may be necessary to satisfy the Code or ERISA. The Employer's board of directors or other individual specified in the resolution adopting this Plan shall act on behalf of the Employer for purposes of this Section 9.01.

9.02 Retroactive Amendments. An amendment made by the Employer in accordance with Section 9.01 may be made effective on a date prior to the first day of the Plan Year in which it is adopted if such amendment is necessary or appropriate to enable the Plan and Trust to satisfy the applicable requirements of the Code or ERISA or to conform the Plan to any change in federal law or to any regulations or ruling thereunder. Any retroactive amendment by the Employer shall be subject to the provisions of Section 9.01.

9.03. Termination. The Employer has adopted the Plan with the intention and expectation that contributions will be continued indefinitely. However, said Employer has no obligation or liability whatsoever to maintain the Plan for any length of time and may discontinue contributions under the Plan or terminate the Plan at any time by written notice delivered to the Trustee without any liability hereunder for any such discontinuance or termination.

9.04. Distribution upon Termination of the Plan. Upon termination of the Plan, no further Deferral Contributions or Matching Contributions shall be made under the Plan, but Accounts of Participants maintained under the Plan at the time of termination shall continue to be governed by the terms of the Plan until paid out in accordance with the terms of the Plan.

Article 10. Miscellaneous.

10.01. Communication to Participants. The Plan will be communicated to all Participants by the Employer promptly after the Plan is adopted.

10.02. Limitation of Rights. Neither the establishment of the Plan and the Trust, nor any amendment thereof, nor the creation of any fund or account, nor the payment of any benefits, will be construed as giving to any Participant or other person any legal or equitable right against the Employer, Administrator or Trustee, except as provided herein; and in no event will the terms of employment or service of any Participant be modified or in any way affected hereby.

10.03. Nonalienability of Benefits. The benefits provided hereunder will not be subject to alienation, assignment, garnishment, attachment, execution or levy of any kind, either voluntarily or involuntarily, and any attempt to cause such benefits to be so subjected will not be recognized, except to such extent as may be required by law.

10.04. Facility to Payment. In the event the Administrator determines, on the basis of medical reports or other evidence satisfactory to the Administrator, that the recipient of any benefit payments under the Plan is incapable of handling his affairs by reason of minority, illness, infirmity or other incapacity, the Administrator may direct the Trustee to disburse such payments to a person or institution designated by a court which has jurisdiction over such recipient or a person or institution otherwise having the legal authority under State law for the care and control of such recipient. The receipt by such person or institution of any such payments shall be complete acquittance therefore, and any such payment to the extent thereof, shall discharge the liability of the Trust for the payment of benefits hereunder to such recipient.

10.05. Information between Employer and Trustee. The Employer agrees to furnish the Trustee, and the Trustee agrees to furnish the Employer with such information relating to the Plan and Trust as may be required by the other in order to carry out their respective duties hereunder, including without limitation information required under the Code or ERISA and any regulations issued or forms adopted thereunder.

10.06. Notices. Any notice or other communication in connection with this Plan shall be deemed delivered in writing if addressed as provided below and if either actually delivered at said address or, in the case of a letter, three business days shall have elapsed after the same shall have been deposited in the United States mails, first-class postage prepaid and registered or certified:

(a) If to the Employer or Administrator, to it at the address set forth in the Adoption Agreement, to the attention of the person specified to receive notice in the Adoption Agreement;

(b) If to the Trustee, to it at the address set forth in the Trust Agreement;

or, in each case at such other address as the addressee shall have specified by written notice delivered in accordance with the foregoing to the addressor's then effective notice address.

10.07. Governing Law. The Plan and the accompanying Adoption Agreement will be construed, administered and enforced according to ERISA, and to the extent not preempted thereby, the laws of the Commonwealth of Massachusetts.

Article 11. Plan Administration.

11.01. Powers and responsibilities of the Administrator. The Administrator has the full power and the full responsibility to administer the Plan in all of its details, subject, however, to the applicable requirements of ERISA. The Administrator's powers and responsibilities include, but are not limited to, the following:

(a) To make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan;

(b) To interpret the Plan, its interpretation thereof in good faith to be final and conclusive on all persons claiming benefits under the Plan;

(c) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan;

(d) To administer the claims and review procedures specified in Section 11.03;

(e) To compute the amount of benefits which will be payable to any Participant, former Participant or Beneficiary in accordance with the provisions of the Plan;

(f) To determine the person or persons to whom such benefits will be paid;

(g) To authorize the payment of benefits;

(h) To comply with the reporting and disclosure requirements of Part 1 of Subtitle B of Title I of ERISA;

(i) To appoint such agents, counsel, accountants, and consultants as may be required to assist in administering the Plan;

(j) By written instrument, to allocate and delegate its responsibilities, including the formation of an Administrative Committee to administer the Plan;

11.02. Nondiscriminatory Exercise of Authority. Whenever, in the administration of the Plan, any discretionary action by the Administrator is required, the Administrator shall exercise its authority in a nondiscriminatory manner so that all persons similarly situated will receive substantially the same treatment.

11.03. Claims and Review Procedures.

(a) Claims Procedure. If any person believes he is being denied any rights or benefits under the Plan, such person may file a claim in writing with the Administrator. If any such claim is wholly or partially denied, the Administrator will notify such person of its decision in writing. Such notification will contain (i) specific reasons for the denial, (ii) specific reference to pertinent Plan provisions, (iii) a description of any additional material or information necessary for such person to perfect such claim and an explanation of why such material or information is necessary, and (iv) information as to the steps to be taken if the person wishes to submit a request for review. Such notification will be given within 90 days after the claim is received by the Administrator (or within 180 days, if special circumstances require an extension of time for processing the claim, and if written notice of such extension and circumstances is given to such person within the initial 90-day period). If such notification is not given within such period, the claim will be considered denied as of the last day of such period and such person may request a review of his claim.

(b) Review Procedure. Within 60 days after the date on which a person receives a written notice of a denied claim (or, if applicable, within 60 days after the date on which such denial is considered to have occurred), such person (or his duly authorized representative) may (i) file a written request with the Administrator for a review of his denied claim and of pertinent documents and (ii) submit written issues and comments to the Administrator. The Administrator will notify such person of its decision in writing. Such notification will be written in a manner calculated to be understood by such person and will contain specific reasons for the decision as well as specific references to pertinent Plan provisions. The decision on review will be made within 60 days after the request for review is received by the Administrator (or within 120 days, if special circumstances require an extension of time for processing the request, such as an

election by the Administrator to hold a hearing, and if written notice of such extension and circumstances is given to such person within the initial 60-day period). If the decision on review is not made within such period, the claim will be considered denied.

11.04. Costs of Administration. Unless some or all costs and expenses are paid by the Employer, all reasonable costs and expenses (including legal, accounting, and employee communication fees) incurred by the Administrator and the Trustee in administering the Plan and Trust will be paid first from the forfeitures (if any) resulting under Section 7.05, then from the remaining Trust Fund. All such costs and expenses paid from the Trust Fund will, unless allocable to the Accounts of particular Participants, be charged against the Accounts of all Participants on a prorata basis or in such other reasonable manner as may be directed by the Employer.

TRUST AGREEMENT
Between

Fair, Isaac and Company, Incorporated
[Sponsor]

and

FIDELITY MANAGEMENT TRUST COMPANY
[Trustee]

Dated as of November 1, 1994

IMPORTANT NOTE

This Trust Agreement may only be used in conjunction with the CORPORATE Plan for Retirement Select Plan Adoption Agreement and Basic Plan Document. An Employer may not rely solely on said documents to ensure that the Plan is "unfunded and maintained primarily for the purpose of providing deferred compensation to a select group of management or highly compensated employees" and exempt from parts 2 through 4 of Title I of the Employee Retirement Income Security Act of 1974 with respect to the Employer's particular situation. Fidelity Management Trust Company, its affiliates and employees may not provide you with legal advice in connection with the execution of this document. This document should be reviewed by your attorney and or accountant prior to execution.

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TRUST AGREEMENT, dated as of the 1st day of November 1994 between Fair, Isaac and Company, Incorporated a Delaware corporation, having an office at 120 North Redwood Dr., San Rafael, CA 94903 (the "Sponsor"), and FIDELITY MANAGEMENT TRUST COMPANY, a Massachusetts trust company, having an office at 82 Devonshire Street, Boston, Massachusetts 02109 (the "Trustee").

WITNESSETH:

WHEREAS, the Sponsor is the sponsor of the Fair, Isaac Supplemental Retirement and Savings Plan (the "Plan"); and

WHEREAS, the Sponsor wishes to establish an irrevocable trust and to contribute to the trust assets that shall be held therein, subject to the claims of Sponsor's creditors in the event of Sponsor's Insolvency, as herein defined, until paid to Plan participants and their beneficiaries in such manner and at such times as specified in the Plan; and

WHEREAS, it is the intention of the sponsor that this Trust shall constitute an unfunded arrangement and shall not affect the status of the Plan as an unfunded plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974 ("ERISA"); and

WHEREAS, it is the intention of the Sponsor to make contributions to the trust to provide itself with a source of funds to assist it in the meeting of its liabilities under the Plan; and

WHEREAS, the trustee is willing to hold and invest the aforesaid plan assets in trust among several investment options selected by the Sponsor; and

WHEREAS, the Sponsor wishes to have the Trustee perform certain ministerial recordkeeping and administrative functions under the Plan; and

WHEREAS, the Employer or such other individual named in the Plan is the Administrator of the plan; and

WHEREAS, the Trustee is willing to perform recordkeeping and administrative services for the Plan if the services are purely ministerial in nature and are provided within a framework of plan provisions, guidelines and interpretations conveyed in writing to the Trustee by the Administrator.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements set forth below, the Sponsor and the Trustee agree as follows:

SECTION 1.

1.Trust.

(a) Establishment.

The Sponsor hereby establishes a trust (hereinafter the "Trust"), with the Trustee. The Trust shall consist of an initial contribution of money or other property acceptable to the Trustee in its sole discretion, made by the Sponsor or transferred from a previous trustee under the Plan, such additional sums of money as shall from time to time be delivered to the Trustee under the Plan, all investments made therewith and proceeds thereof, and all earnings and profits thereon, less the payments that are made by the Trustee as provided herein, without distinction between principal and income. The Trustee hereby accepts the Trust on the terms and conditions set forth in this Agreement. In accepting this Trust, the Trustee shall be accountable for the assets received by it, subject to the terms and conditions of this Agreement.

(b) Grantor Trust

The Trust is intended to be a grantor trust, of which the Sponsor is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.

(c) Trust Assets.

The principal of the Trust, and any earnings thereon shall be held separate and apart from other funds of the Sponsor and shall be used exclusively for the uses and purposes of Plan participants and general creditors as herein set forth. Plan participants and their beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plan and this Trust Agreement shall be mere unsecured contractual rights of Plan participants and their beneficiaries against the Sponsor. Any assets held by the Trust will be subject to the claims of the Sponsor's general creditors under federal and state law in the event of Insolvency, as defined in Section 13(a).

(d) Non-Assignment.

Benefit payments to Plan participants and their beneficiaries funded under this Trust may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered, or subjected to attachment, garnishment, levy, execution, or other legal or equitable process.

SECTION 2.

2. Payments to Sponsor.

Except as provided under Section 13, the Sponsor shall have no right to retain or divert to others any of the Trust assets before all payment of benefits have been made to the participants and their beneficiaries pursuant to the terms of the Plan.

SECTION 3.

3. Disbursements.

(a) Directions from Administrator.

The Trustee shall disburse monies to the Sponsor for benefit payments in the amounts that the Administrator directs from time to time in writing. The Trustee shall have no responsibility to ascertain any direction's compliance with the terms of the Plan or of any applicable law. The Trustee shall not be responsible for making benefit payments to participants under the Plan, nor shall the Trustee be responsible for any Social Security or Federal, State or local income tax reporting or withholding with respect to such Plan benefits.

(b) Limitations.

The Trustee shall not be required to make any disbursement in excess of the net realizable value of the assets of the Trust at the time of the disbursement. The Trustee shall not be required to make any disbursement in cash unless the Administrator has provided a written direction as to the assets to be converted to cash for the purpose of making the disbursement.

SECTION 4.

4. Investment of Trust.

(a) Selection of Investment Options.

The Trustee shall have no responsibility for the selection of investment options under the Trust and shall not render investment advice to any person in connection with the selection of such options.

(b) Available Investment Options.

In accordance with Section 1.14 of the Plan, the Sponsor shall direct the Trustee as to the investment options available under the Trust provided, however, that the Trustee shall not be considered a fiduciary with investment discretion. The Sponsor may add additional investment options with the consent of the Trustee and upon amendment of the Plan.

(c) Investment Direction.

In order to provide for an accumulation of assets comparable to the contractual liabilities accruing under the Plan, the Sponsor may direct the Trustee in writing to invest the assets held in the Trust to correspond to the hypothetical investments made for Participants under the Plan. Such directions may be made by Plan participants by use of the telephone exchange system maintained for such purposes by the Trustee or its agent. In the event that the Trustee fails to receive a proper direction from the Sponsor or from Participants, the assets in question shall be invested in Fidelity Retirement Money Market Fund, or such other fund designated by the Sponsor for this purpose, until the Trustee receives a proper direction.

(d) Mutual Funds.

The Sponsor hereby acknowledges that it has received from the Trustee a copy of the prospectus for each Mutual Fund selected by the Sponsor as a Plan investment option. Trust investment in Mutual Funds shall be subject to the following limitations:

(i) Execution of Purchases and Sales.

Purchase and sales of Mutual Funds (other than for Exchanges) shall be made on the date on which the Trustee receives from the Sponsor in good order all information and documentation necessary to accurately effect such purchases and sales (or in the case of a purchase, the subsequent date on which the Trustee has received a wire transfer of funds necessary to make such purchase). Exchanges of Mutual Funds shall be made on the same business day that the Trustee receives a proper direction if received before 4:00 p.m. eastern time; if the direction is received after 4:00 p.m. eastern time, the exchange shall be made the following day.

(ii) Voting.

At the time of mailing of notice of each annual or special stockholders' meeting of any Mutual Fund, the Trustee shall send a copy of the notice and all proxy solicitation materials to each Plan participant who has shares of the Mutual Fund credited to the participants account, together with a voting direction form for return to the Trustee or its designee. The participant shall have the right to direct the Trustee as to the manner in which the Trustee is to vote the shares credited to the participant's accounts (both vested and unvested). The Trustee shall vote the shares as directed by the participant. The Trustee shall not vote shares for which it has received no directions from the participant. During the participant recordkeeping reconciliation ("transition") period, the Sponsor shall have the right to direct the Trustee as to the manner in which the Trustee is to vote the shares of the Mutual Funds in the Trust. With respect to all rights other than the right to vote, the Trustee shall follow the directions of the participant and if no such directions are received, the directions of the Sponsor. The Trustee shall have no duty to solicit directions from participants or the Sponsor.

(e) Trustee Powers.

The Trustee shall have the following powers and authority:

(i) Subject to paragraphs (b),(c) and (d) of this Section 4, to sell, exchange, convey, transfer, or otherwise dispose of any property held in the Trust, by private contract or at public auction. No person dealing with the Trustee shall be bound to see to the application of the purchase money or other property delivered to the Trustee or to inquire into the validity, expediency, or propriety of any such sale or other disposition.

(ii) To cause any securities or other property held as part of the Trust to be registered in the Trustee's own name, in the name of one or more of its nominees, or in the Trustee's account with the Depository Trust Company of New York and to hold any investments in bearer form, but the books and records of the Trustee shall at all times show that all such investments are part of the Trust.

(iii) To keep that portion of the Trust in cash or cash balances as the Sponsor or Administrator may, from time to time, deem to be in the best interest of the Trust.

(iv) To make, execute, acknowledge, and deliver any and all documents of transfer or conveyance and to carry out the powers herein granted.

(v) To settle, compromise, or submit to arbitration any claims, debts, or damages due to or arising from the Trust; to commence or defend suits or legal or administrative proceedings; to represent the Trust in all suits and legal and administrative hearings; and to pay all reasonable expenses arising from any such action, from the Trust if not paid by the Sponsor.

(vi) To employ legal, accounting, clerical, and other assistance as may be required in carrying out the provisions of this Agreement and to pay their reasonable expenses and compensation from the Trust if not paid by the Sponsor.

(vii) To do all other acts although not specifically mentioned herein, as the Trustee may deem necessary to carry out any of the foregoing powers and the purposes of the Trust.

Notwithstanding any powers granted to Trustee pursuant to this Trust Agreement or to applicable law, Trustee shall not have any power that could give this trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of Section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code.

SECTION 5.

5. Recordkeeping and Administrative Services to be Performed

(a) General

The Trustee shall perform those recordkeeping and administrative functions described in the CORPORATE plan for Retirement Select Plan Service Agreement between the The Trustee and the Sponsor ("Service Agreement").

(b) Accounts.

The Trustee shall keep accurate accounts of all investments, receipts, disbursements, and other transactions hereunder and shall report the value of the assets held in the Trust as of the last day of each fiscal quarter of the Plan and, if not on the last day of a fiscal quarter, the date on which the Trustee resigns or is removed as provided in Section 8 of this Agreement or is terminated as provided in Section 10 (the "Reporting Date"). Within thirty(30) days following each Reporting Date or within sixty (60) days in the case of a Reporting date caused by the resignation or removal of the Trustee, or the termination of this Agreement, the Trustee shall file with the Administrator a written account setting forth all investments, receipts, disbursements, and other transactions effected by the Trustee between the Reporting Date and the prior Reporting Date, and setting forth the value of the Trust as of the Reporting date. Except as otherwise required under applicable Law, upon the expiration of six(6) months from the date of filing such account with the Administrator, the Trustee shall have no liability or further accountability to anyone with respect to the propriety of its acts or transactions shown in such account, except with respect to such acts or transactions as to which the Sponsor shall within such six(6) month period file with the Trustee written objections.

(c) Inspection and Audit

All records generated by the Trustee in accordance with paragraphs(a) and (b) shall be open to inspection and audit, during the Trustee's regular business hours prior to the termination of this Agreement, by the Administrator or any person designated by the Administrator. Upon the resignation or removal of the Trustee or the termination of this Agreement, the Trustee shall provide to the Administrator, at no expense to the Sponsor, in the format regularly provided to the Administrator, a statement of each participant's accounts as of the resignation, removal, or termination, and the Trustee shall provide to the Administrator or the Plan's new recordkeeper such further records as are reasonable, at the Sponsor's expense.

(d) Effect of Plan Amendment

The Trustee's provision of the recordkeeping and administrative services set forth in this Section 5 shall be conditioned on the Sponsor delivering to the Trustee a copy of any amendment to the Plan as soon as administratively feasible following the amendment's adoption, and on the Administrator providing the Trustee on a timely basis with all the information the Administrator deems necessary for the Trustee to perform the recordkeeping and administrative services and such other information as the Trustee may reasonably request.

(e) Returns, Reports and Information

The Administrator shall be responsible for the preparation and filing of all returns, reports, and information required of the Trust or Plan by law including but not limited to any annual fiduciary tax return. The Trustee shall provide the Administrator with such information as the Administrator may reasonably request to make these filings. The Administrator shall also be responsible for making any disclosures to participants required by law.

SECTION 6.

6. Compensation and Expenses.

As consideration for its services, the Trustee shall be entitled to the fees computed and billed in accordance with the Service Agreement. All expenses of the Trustee relating directly to the acquisition and disposition of investments constituting part of the Trust, and all taxes of any kind whatsoever that may be levied or assessed under existing or future laws upon or in respect of the Trust or the income thereof, shall be a charge against and paid from the appropriate Plan participants' accounts

SECTION 7.

7. Directions and Indemnification

(a) Identity of Administrator.

The Trustee shall be fully protected in relying on the fact that the Administrator under the Plan is the individual or persons named as such above or such other individuals or persons as the Sponsor may notify the Trustee in writing.

(b) Directions from Administrator.

Whenever the Administrator provides a direction to the Trustee, the Trustee shall not be liable for any loss, or by reason of any breach, arising from the direction if the direction is contained in a writing (or is oral and immediately confirmed in written) signed by any individual whose name and signature have been submitted (and not withdrawn) in writing to the Trustee in the Service Agreement provided the Trustee reasonably believes the signature of the individual to be genuine. Such direction may be made via EDT in accordance with procedures agreed to by the Administrator and the Trustee; provided, however, that the Trustee shall be fully protected in relying on such direction as if it were a direction made in writing by the Administrator. The Trustee shall have no responsibility to ascertain any direction's (i) accuracy, (ii) compliance with the terms of the Plan or any applicable law, or (iii) effect for tax purposes or otherwise.

(c) Directions from Sponsor

The Trustee shall not be liable for any loss which arises from the Sponsor's exercise or non-exercise of rights under Section 4 over the assets in a participant's account.

(d) Indemnification.

The Sponsor shall indemnify the Trustee against, and hold the Trustee harmless from, any and all loss, damage, penalty, liability, cost, and expense, including without limitation, reasonable attorneys' fees and disbursements, that may be incurred by, imposed upon, or asserted against the Trustee by reason of any claim, regulatory proceeding or litigation arising from any act done or omitted to be done by any individual or person with respect to the Plan or Trust, excepting only any and all loss, etc., arising solely from the Trustee's negligence or bad faith.

(e) Survival.

The provisions of this Section 7 shall survive the termination of this Agreement.

SECTION 8.

8. Resignation or Removal if Trustee.

(a) Resignation.

The Trustee may resign at any time upon sixty (60) days' notice in writing to the Sponsor, unless a shorter period of notice is agreed upon by the Sponsor.

(b) Removal.

The Sponsor may remove the Trustee at any time upon sixty(60) days' notice in writing to the Trustee, unless a shorter period of notice is agreed upon by the Trustee.

SECTION 9.

9. Successor Trustee.

(a) Appointment

If the office of Trustee becomes vacant for any reason, the Sponsor may in writing appoint a successor trustee under this Agreement. The successor trustee shall have all of the rights, powers, privileges, obligations, duties, liabilities, and immunities granted to the Trustee under this Agreement. The successor trustee and predecessor trustee shall not be liable for the acts or omissions of the other with respect to the Trust.

(b) Acceptance.

When the successor trustee accepts its appointment under this Agreement, title to and possession of the Trust assets shall immediately vest in the successor trustee without any further action on the part of the predecessor trustee. The predecessor trustee shall execute all instruments and do all acts that reasonably may be necessary or reasonably may be requested in writing by the Sponsor or the successor trustee to vest title to all Trust assets in the successor trustee or to deliver all Trust assets to the successor trustee.

(c) Corporate Action.

Any successor of the Trustee or successor trustee, through sale or transfer of the business or trust department of the Trustee or successor trustee, or through reorganization, consolidation, or merger, or any similar transaction, shall, upon consummation of the transaction, become the successor trustee under the Agreement.

SECTION 10.

10. Termination.

This Agreement may be terminated at any time by the Sponsor upon sixty (60) days' notice in writing to the Trustee. On the date of the termination of this Agreement, the Trustee shall forthwith transfer and deliver to such individual or entity as the Sponsor shall designate, all cash and assets then constituting the Trust. If, by the termination date, the Sponsor has not notified the Trustee in writing as to whom the assets and cash are to be transferred and delivered, the Trustee may bring an appropriate action or proceeding for leave to deposit the assets and cash in a court of competent jurisdiction. The Trustee shall be reimbursed by the Sponsor for all costs and expenses of the action or proceeding including, without limitation, reasonable attorneys' fees and disbursements.

SECTION 11.

11. Resignation, Removal, and Termination Notices.

All notices of resignation, removal, or termination under this Agreement must be in writing and mailed to the party to which the notice is being given by certified or registered mail, return receipt requested, to the Sponsor at the address designated in the Service Agreement, and to the Trustee at the afore-mentioned address or to such other addresses as the parties have notified each other of in the foregoing manner.

SECTION 12.

12. Duration.

This Trust shall continue in effect without limit as to time, subject, however, to the provisions of this Agreement relating to amendment, modification, and termination thereof

SECTION 13.

13. Insolvency of Sponsor

(a) Trustee shall cease disbursement of funds for payment of benefits to Plan participants and their beneficiaries if the Sponsor is Insolvent. Sponsor shall be considered "Insolvent" for purposes of this Trust Agreement if (i) Sponsor is unable to pay its debts as they become due or (ii) Sponsor is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

(b) All times during the continuance of this Trust, the principal and income of the Trust shall be subject to claims of general creditors of the Sponsor under federal and state Law as set forth below.

(i) The Board of Directors and the Chief Executive Officer of the Sponsor shall have the duty to inform Trustee in writing of Sponsor's Insolvency. If a person claiming to be a creditor of the Sponsor alleges in writing to trustee that Sponsor has become Insolvent, Trustee shall determine whether Sponsor is Insolvent and pending such determination, Trustee shall discontinue disbursements for payment of benefits to Plan participants or their beneficiaries.

(ii) Unless Trustee has actual knowledge of Sponsor's Insolvency, or has received notice from Sponsor or a person claiming to be a creditor alleging that Company is Insolvent, Trustee shall have no duty to inquire whether Sponsor is Insolvent. Trustee may in all events rely on such evidence concerning Sponsor's solvency as may be furnished to Trustee and that provides Trustee with a reasonable basis for making a determination concerning Sponsor's solvency.

(iii) If any time Trustee has determined that Sponsor is Insolvent, Trustee shall discontinue disbursements for payments to Plan participants or their beneficiaries and shall hold the assets of the Trust for the benefit of Sponsor's general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of Plan participants or their beneficiaries to pursue their rights as general creditors of Sponsor with respect to benefits due under the Plan or otherwise.

(iv) Trustee shall resume disbursement for the payment of benefits to Plan participants or their beneficiaries in accordance with Section 2 of this Trust Agreement only after Trustee has determined that Sponsor is not Insolvent (or is no longer Insolvent).

(c) Provided that there are sufficient assets, if Trustee discontinues the payment of benefits from the Trust pursuant to (a) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Plan participants or their beneficiaries under the terms of the Plan for the period of such discontinuance, less the aggregate amount of any payments made to Plan participants or their beneficiaries by Sponsor in lieu of the payments provided for hereunder during any such period of discontinuance.

SECTION 14.

14. Amendment or Modification

This agreement may be amended or modified at any time and from time to time only by an instrument executed by both the Sponsor and the Trustee.

SECTION 15.

15. General

(a) Performance by Trustee, its Agents or Affiliates

The sponsor acknowledges and authorizes that the services to be provided under this Agreement shall be provided by the Trustee, its agents or affiliates, including Fidelity Investments Institutional Operations Company or its successor, and that certain of such services may be provided pursuant to one or more other contractual agreements or relationships.

(b) Entire Agreement.

This Agreement contains all of the terms agreed upon between the parties with respect to the subject matter hereof.

(c) Waiver

No waiver by either party of any failure or refuse all to comply with an obligation hereunder shall be deemed a waiver of any other or subsequent failure or refusal to so comply.

(d) Successors and Assigns

The stipulations in this Agreement shall inure to the benefit of:, and shall bind, the successors and assigns of the respective parties.

(e) Partial Invalidity.

If any term or provision of this Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(f) Section Headings.

The heading of the various sections and subsections of this Agreement have been inserted only for the purposes of convenience and are not part of this Agreement and shall not be deemed in any manner to modify, explain, expand or restrict any of the provision of this Agreement.

SECTION 16.

16. Governing Law.

(a) Massachusetts Law Controls.

This Agreement is being made in the Commonwealth of Massachusetts, and the Trust shall be administered as a Massachusetts trust. The validity, construction, effect and administration of this Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Massachusetts, except to the extent those laws are superseded under Section 514 of ERISA.

(b) Trust Agreement Controls.

The Trustee is not a party to the Plan, and in the event of any conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of this Agreement shall control.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

Attest: Peri Sarganis

[Title) Assistant Secretary

[SPONSOR]
By John C. Waller

[Title) Vice President

FIDELITY MANAGEMENT TRUST
COMPANY
[TRUSTEE)

By Wayne C. Isaacs

[Title}
Legal Counsel/
Authorized Signatory

Subsidiaries of
Fair, Isaac and Company, Incorporated

Name of Company and Name under which it Does Business =====	Jurisdiction of Incorporation or Organization =====
Fair, Isaac International Corporation(1)	California
Fair, Isaac International Germany Corporation(2)	California
Fair, Isaac International Canada Corporation(2)	California
Fair, Isaac International UK Corporation(2)	California
Fair, Isaac International Japan Corporation(2)	California
Fair, Isaac International Ltd(2)	England
Fair, Isaac International France Corporation(2)	California
Fair, Isaac International Mexico Corporation(2)	California
Fair, Isaac UK Limited(2)	England
Fair, Isaac International, S. A.(3)	Monaco

(1) 100% owned by Fair, Isaac and Company, Incorporated.

(2) 100% owned by Fair, Isaac International Corporation.

(3) 100% owned by Fair, Isaac International Corporation except for
qualifying shares.

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

This Second Amendment to Employment Agreement (the "Second Amendment") is made and entered into as of December __, 2001, by and between Fair, Isaac and Company, Incorporated ("Company") and Thomas G. Grudnowski ("Employee").

WHEREAS, Company and Employee entered into an Employment Agreement dated August 23, 1999, and amended that Employment Agreement as of December 3, 1999 (the Employment Agreement as thus amended is herein "the Agreement"); and

WHEREAS, the Compensation Committee of the Company's Board of Directors has reviewed information concerning the base and contingent compensation paid to chief executive officers of companies similar to the Company and, based on that review, has made certain recommendations to the Board, which the Board has reviewed and which are reflected herein; and

WHEREAS, (a) pursuant to the Agreement Section 5.0 the Company undertook to reimburse Employee for all reasonable costs of relocating Employee's family and household to the greater San Francisco, California Bay Area; (b) Company and Employee have determined that it is not necessary or desirable for Employee to relocate; (c) it is desirable to the Company that Employee spend substantial amounts of time in the San Raphael area in connection with Company business; and (d) it is desirable to both Company and Employee that Employee have a regular place of residence while on business in the San Raphael area, to minimize the costs of Employee's travel, and to maximize the efficiency of Employee's travel on Company's behalf;

THEREFORE, the parties agree as follows:

1. Section 2.3 of the Agreement is amended to re-caption that Section "Base Salary-October 1, 2000 and Thereafter", and to add the following at the end of that Section:

Effective December 1, 2001, Employee's Base Salary is an annual rate of Five Hundred Fifty Thousand Dollars (\$550,000.00).

2. Section 2.4 of the Agreement, Incentive Awards, is amended to add the following at the conclusion thereof:

Commencing with the Company's fiscal year 2002 and thereafter during the term of Employee's employment under this Agreement, in addition to the Base Salary payable hereunder, Employee shall be eligible to receive an annual bonus ("Incentive Award") with an annual target amount equal to Employee's Base Salary, to be paid if Employee's achievements are "at plan". Commencing with the Company's fiscal year 2001, portions of the Incentive Award may be earned and paid more frequently than annually and/or under the provisions of the Company's other employee incentive award plans in which Employee is eligible to participate, as determined by the Compensation Committee of the Company's

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Exhibit 10.31

Board of Directors, following discussion with Employee. The actual amount of the Incentive Award for each fiscal year may range from \$0 to twice Base Salary, based on the achievement of objectives that the Employee and the Company's Board of Directors will mutually determine in good faith not later than ninety (90) days after the beginning of each fiscal year of the Company. The Incentive Award shall be due and payable to Employee, in full, no later than November 15th of each year of the term of Employee's employment and so long as Employee is eligible for the Incentive Award and subject to Section 3.0 of this Agreement.

3. Section 5.0 of the Agreement is amended to read in its entirety as follows:

Section 5.0 COVERAGE OF CERTAIN TRAVEL EXPENSES

In lieu of the relocation benefits contemplated when this Agreement was first executed, effective as of February 1, 2001, and for so long as Employee is Chief Executive Officer of the Company, the Company shall make available to Employee, on a non-exclusive basis, a place of lodging in the San Raphael, California area. If, as of February 1, 2001, or thereafter, Employee has incurred any expenses in connection with the acquisition of such lodging, the Company will reimburse Employee for such expenses, in accordance with the Company's policies.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed by its duly authorized officer, and Employee has executed this Amendment, as of the day and year first above written.

FAIR, ISAAC AND COMPANY, INCORPORATED

By: /s/ A. George Battle

Its: Compensation Committee Chairperson

EMPLOYEE

/s/ Thomas G. Grudnowski
