
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported) October 18, 2007

FAIR ISAAC CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

0-16439

(Commission
File Number)

94-1499887

(IRS Employer
Identification No.)

901 Marquette Avenue, Suite 3200
Minneapolis, Minnesota

(Address of principal executive offices)

55402-3232

(Zip Code)

Registrant's telephone number, including area code

612-758-5200

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) On October 18, 2007, Fair Isaac Corporation (the “Corporation”) entered into a letter agreement (the “Letter Agreement”) with Michael H. Campbell, the Corporation’s Executive Vice President and Chief Operating Officer, covering certain terms of his employment. The Letter Agreement has a term expiring on October 11, 2010 (the “Term”) and provides for an initial base salary of \$375,000, subject to annual review and upward adjustment by the Compensation Committee of the Corporation’s Board of Directors (the “Committee”). The Letter Agreement further provides that Mr. Campbell will be eligible for an annual cash incentive award of 0% to 100% of his base salary, as in effect at the end of the fiscal year, with a target payout of 50% of his base salary. Mr. Campbell will also be eligible for an annual equity grant based upon the achievement of objectives established by the Committee with target performance resulting in an annual equity grant of 100,000 stock options at an exercise price equal to fair market value on the date of grant. In the event of an involuntary termination of Mr. Campbell’s employment without “Cause” prior to the expiration of the Term or in the event of a voluntary resignation for “Good Reason” prior to the expiration of the Term, the Corporation will pay Mr. Campbell a severance amount equal to one times his then-current annual base salary, plus the total incentive payments made to him during the preceding twelve months, and Mr. Campbell will be eligible to participate in certain of the Corporation’s benefit plans for twelve months following his termination date at the Corporation’s expense. Mr. Campbell’s receipt of these severance amounts is conditioned on his delivery of an agreed upon form of release and certain other conditions specified in the Letter Agreement.

The Management Agreement dated April 18, 2007 by and between the Corporation and Mr. Campbell remains in full force and effect and was not amended or replaced by the Letter Agreement. The full text of the Letter Agreement is filed herewith as Exhibit 10 and is incorporated by reference into this Item 5.02(e).

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit</u>	<u>Description</u>
10	Letter Agreement entered into on October 18, 2007 by and between Fair Isaac Corporation and Michael H. Campbell.

SIGNATURE

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

FAIR ISAAC CORPORATION

By /s/ Charles M. Osborne

Charles M. Osborne
Chief Financial Officer

Date: October 22, 2007

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>	<u>Manner of Filing</u>
10	Letter Agreement entered into on October 18, 2007 by and between Fair Isaac Corporation and Michael H. Campbell.	Electronic

October 12, 2007

Mr. Michael H. Campbell
495 Ash Street
Winneteka, IL 60093

Dear Mike:

This letter agreement confirms our discussions regarding our desire to retain your employment at Fair Isaac Corporation (the "Company") as Chief Operating Officer of the Company, and sets out the terms and conditions of your continuing employment with the Company, as follows:

- Title:** You will continue to serve as the Company's Executive Vice President and Chief Operating Officer.
- Term:** The term of this letter agreement shall be for a period commencing on October 12, 2007 and ending on October 11, 2010, unless earlier terminated by either party as provided in this letter agreement (the "Term").
- Responsibilities:** During your employment with the Company as Chief Operating Officer, you will report to the Company's Chief Executive Officer ("CEO") and will be responsible for the growth and strategic leadership of the various business units or functions to which you may be assigned from time to time by the CEO of the Company. You agree to serve the Company faithfully and to the best of your ability, and to devote your full working time, attention and efforts to the business of the Company. You may participate in charitable activities and personal investment activities to a reasonable extent, so long as such activities and directorships do not interfere with the performance of your duties and responsibilities to the Company.
- Representations:** By accepting the terms of this letter agreement and signing below, you represent and confirm that you are under no contractual or legal commitments that would prevent you from fulfilling your duties and responsibilities to the Company as Chief Operating Officer.
- Initial Base Salary:** You will be paid a base salary at the rate of \$375,000 per year for services performed, in accordance with the regular payroll practices of the Company with annual review by the Compensation Committee of the Board (the "Committee"). Your performance and base salary will be reviewed by the Committee annually during the first quarter of each fiscal year and may be adjusted upward from time to time in the discretion of the Committee, but will not be reduced during the Term.

- Incentive Bonus:** For each full fiscal year of the Company that you are employed during the Term, you will be eligible for an annual incentive award opportunity payable from 0% to 100% of your base salary at the rate in effect at the end of such fiscal year, pursuant to the terms and conditions established by the Committee from time to time. You will be eligible for an incentive award payable at target equal to 50% of your annual base salary. Objectives will be established during the first quarter of the fiscal year. Any annual incentive bonus earned for a fiscal year will be paid to you by December 31 following the end of such fiscal year.
- Annual Equity:** For each full fiscal year of the Company that you are employed during the Term, you will be eligible for an annual equity grant based on achievement of objectives established by the Committee. Objectives will be established during the first quarter of the fiscal year. At target performance, the annual equity grant will be for an option to purchase 100,000 shares of the Company's common stock at fair market value as of the date of grant, and on such other terms established by the Committee. In accordance with the policies and practices of the Company, some or all of such annual equity grant may be in the form of restricted stock units or other equity that is an economic equivalent to an option award. Such equivalency will be determined by the Company in its sole discretion.
- Benefits:** During the Term of this letter agreement, you will be eligible to participate in the employee benefit plans and programs generally available to other executive officers of the Company, and in such other employee benefit plans and programs to the extent that you meet the eligibility requirements for each individual plan or program and subject to the provisions, rules and regulations applicable to each such plan or program as in effect from time to time. The plans and programs of the Company may be modified or terminated by the Company in its discretion.
- Vacation:** During the Term of this letter agreement, you will receive vacation time off in accordance with the policies and practices of the Company, except that your annual accrual rate shall not be less than four weeks paid vacation off per year. Vacation time shall be taken at such times so as not to unduly disrupt the operations of the Company.
- Office Location:** Your office will be located at the Company's location in Minneapolis, Minnesota. Of course, in your position regular travel will be required in the course of performing your duties and responsibilities as Chief Operating Officer.
- Inventions Agreement:** As a condition of receiving payments and benefits in accordance with this Agreement, you will be required to sign the enclosed Proprietary Information and Inventions Agreement (the "PIIA"), the terms of which are incorporated herein by reference.

Change in Control: During the term of this letter agreement, the Management Agreement between you and the Company dated as of April 18, 2007, as may be amended from time to time (the "Management Agreement"), will continue to be in full force and effect in accordance with its terms, the terms of which are incorporated herein by reference (except that terms defined in the Management Agreement apply only to the use of such terms in the Management Agreement, and terms defined in this letter agreement apply only to the use of such terms in this letter agreement). You and the Company agree that the Management Agreement between you and the Company dated as of April 19, 2005 has no further force or effect.

Termination: Either you or the Company may terminate the employment relationship during the Term or after the Term at any time and for any reason. Upon termination of your employment by either party for any reason, you will promptly resign any and all positions you then hold as officer or director of the Company or any of its affiliates.

Severance: In case of involuntary termination of your employment by the Company without Cause prior to the expiration of the Term or in the case of voluntary resignation of your employment for Good Reason prior to the expiration of the Term (each a "Qualifying Termination"), the Company will pay you as severance pay an amount equal to one (1) times the sum of (a) your annual base salary at the rate in effect on your last day of employment plus (b) the total incentive bonus payments paid to you within the twelve-month period preceding the Qualifying Termination. In addition, upon a Qualifying Termination the Company will, for a period of twelve (12) months following the effective date of termination of your employment, allow you to continue to participate in the Company's group medical and dental plans at the Company's expense, to the extent you were a participant as of your last day of employment; however, if your participation in any such plan is barred, the Company will arrange to provide you with substantially similar coverage at its expense. Benefits provided by the Company may be reduced if you become eligible for comparable benefits from another employer or third party.

Payment by the Company of any severance pay or premium reimbursements under this paragraph will be conditioned upon you (1) signing and not revoking a full release of all claims against the Company, its affiliates, officers, directors, employees, agents and assigns, substantially in the form attached to this letter agreement as Exhibit A, (2) complying with your obligations under the PIIA or any other agreement between you and the Company then in effect, (3) cooperating with the Company in the transition of your duties, and (4) agreeing not to disparage or defame the Company, its affiliates, officers, directors, employees, agents, assigns, products or services. Any severance payable will be paid to you in a lump sum on the first day of the seventh month following your "separation from service" as determined under Section 409A of the Internal Revenue Code, but not earlier than expiration of any rescission periods.

For purposes of this letter agreement, "Cause" and "Good Reason" have the following definitions:

"Cause" means a determination in good faith by the Company of the existence of one or more of the following: (i) commission by you of any act constituting a felony; (ii) any intentional and/or willful act of fraud or material dishonesty by you related to, connected with or otherwise affecting your employment with the Company, or otherwise likely to cause material harm to the Company or its reputation; (iii) the willful and/or continued failure, neglect, or refusal by you to perform in all material respects your duties with the Company as an employee, officer or director, or to fulfill your fiduciary responsibilities to the Company, which failure, neglect or refusal has not been cured within fifteen (15) days after written notice thereof to you from the Company; or (iv) a material breach by you of the Company's material policies or codes of conduct or of your material obligations under the PIIA or other agreement between you and the Company.

"Good Reason" means any one or more of the following occur without your consent: (i) the assignment to you of material duties inconsistent with your duties or responsibilities as Chief Operating Officer, or other action that results in a substantial diminution in your status or position; or (ii) material breach by the Company of any terms or conditions of this letter agreement, which breach has not been caused by you and which has not been cured by the Company within fifteen (15) days after written notice thereof to the Company from you.

In the event of termination of your employment by the Company for Cause, resignation by you other than for Good Reason, or termination due to your death or any disability for which you are qualified for benefits under the Company's group long-term disability program, the Company's only obligation hereunder shall be to pay such compensation and provide such benefits as are earned by you through the date of termination of employment.

In the event that you are eligible for any benefits under the Management Agreement following termination of your employment, you shall not be eligible for any severance pay under this letter agreement.

- Indemnification: The Indemnification Agreement you signed on April 19, 2005 will remain in full force and effect, the terms of which are incorporated herein by reference.
- Taxes: The Company may withhold from any compensation payable to you in connection with your employment such federal, state and local income and employment taxes as the Company shall determine are required to be withheld pursuant to any applicable law or regulation.
- Applicable Law: This letter agreement shall be interpreted and construed in accordance with the laws of the State of Minnesota.
- Entire Agreement: This letter agreement, the PIIA, the Management Agreement and the Indemnification Agreement constitute the entire agreement between the parties, and supersedes all prior discussions, agreements and negotiations between us. No amendment or modification of this letter agreement will be effective unless made in writing and signed by you and an authorized officer of the Company.

If you have any questions about the terms of this letter agreement, please contact me or Richard Deal.

Sincerely,

/s/ Mark N. Greene

Mark N. Greene
Chief Executive Officer

I accept and agree to the terms and conditions of employment with Fair Isaac Corporation as set forth above.

/s/ Michael H. Campbell

Michael H. Campbell

October 18, 2007

Dated

EXHIBIT A

RELEASE BY MICHAEL H. CAMPBELL

Definitions. I intend all words used in this Release to have their plain meanings in ordinary English. Specific terms that I use in this Release have the following meanings:

- A. I, me, and my include both me (Michael H. Campbell) and anyone who has or obtains any legal rights or claims through me.
- B. FIC means Fair Isaac Corporation, any company related to Fair Isaac Corporation in the present or past (including without limitation, its predecessors, parents, subsidiaries, affiliates, joint venture partners, and divisions), and any successors of Fair Isaac Corporation.
- C. Company means FIC; the present and past officers, directors, committees, shareholders, and employees of FIC; any company providing insurance to FIC in the present or past; the present and past fiduciaries of any employee benefit plan sponsored or maintained by FIC (other than multiemployer plans); the attorneys for FIC; and anyone who acted on behalf of FIC or on instructions from FIC.
- D. Agreement means the *[letter agreement / Management Agreement / or other relevant agreement]* between me and FIC dated *[date]*, including all of the documents attached to such agreement.
- E. My Claims mean all of my rights that I now have to any relief of any kind from the Company, whether I now know about such rights or not, including without limitation:
 - 1. all claims arising out of or relating to my employment with FIC or the termination of that employment;
 - 2. all claims arising out of or relating to the statements, actions, or omissions of the Company;
 - 3. all claims for any alleged unlawful discrimination, harassment, retaliation or reprisal, or other alleged unlawful practices arising under any federal, state, or local statute, ordinance, or regulation, including without limitation, claims under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, 42 U.S.C. § 1981, the Employee Retirement Income Security Act, the Equal Pay Act, the Worker Adjustment and Retraining Notification Act, the Sarbanes-Oxley Act, the Family and Medical Leave Act, the Fair Credit Reporting Act, the Minnesota Human Rights Act, the California Fair Employment and Housing Act, the Minneapolis Civil Rights Ordinance, and workers' compensation non-interference or non-retaliation statutes (such as Minn. Stat. § 176.82);
 - 4. all claims for alleged wrongful discharge; breach of contract; breach of implied contract; failure to keep any promise; breach of a covenant of good faith and fair dealing; breach of fiduciary duty; estoppel; my activities, if any, as a "whistleblower"; defamation; infliction of emotional distress; fraud; misrepresentation; negligence; harassment; retaliation or reprisal; constructive

- discharge; assault; battery; false imprisonment; invasion of privacy; interference with contractual or business relationships; any other wrongful employment practices; and violation of any other principle of common law;
5. all claims for compensation of any kind, including without limitation, bonuses, commissions, stock-based compensation or stock options, vacation pay and paid time off, perquisites, and expense reimbursements;
 6. all rights I have under California Civil Code section 1542, which states that: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor;"
 7. all claims for back pay, front pay, reinstatement, other equitable relief, compensatory damages, damages for alleged personal injury, liquidated damages, and punitive damages; and
 8. all claims for attorneys' fees, costs, and interest.

However, My Claims do not include any claims that the law does not allow to be waived; any claims that may arise after the date on which I sign this Release; any rights I may have to indemnification from FIC as a current or former officer, director or employee of FIC; any claims for payment of severance benefits under the Agreement; any rights I have to severance pay or benefits under the Agreement; or any claims I may have for earned and accrued benefits under any employee benefit plan sponsored by the Company in which I am a participant as of the date of termination of my employment with FIC.

Consideration. I am entering into this Release in consideration of FIC's obligations to provide me certain severance benefits as specified in the Agreement. I will receive consideration from FIC as set forth in the Agreement if I sign and do not rescind this Release as provided below. I understand and acknowledge that I would not be entitled to the consideration under the Agreement if I did not sign this Release. The consideration is in addition to anything of value that I would be entitled to receive from FIC if I did not sign this Release or if I rescinded this Release. I acknowledge and represent that I have received all payments and benefits that I am entitled to receive (as of the date of this Release) by virtue of any employment by the Company.

Agreement to Release My Claims. In exchange for the consideration described in the Agreement, I give up and release all of My Claims. I will not make any demands or claims against the Company for compensation or damages relating to My Claims. The consideration that I am receiving is a fair compromise for the release of My Claims.

Cooperation. Upon the reasonable request of the Company, I agree that I will (i) timely execute and deliver such acknowledgements, instruments, certificates, and other ministerial documents (including without limitation, certification as to specific actions performed by me in my capacity as an officer of the Company) as may be necessary or appropriate to formalize and complete the applicable corporate records; (ii) reasonably consult with the Company regarding business matters that I was involved with while employed by the Company; and (iii) be reasonably available, with or without subpoena, to be interviewed, review documents or things, give depositions, testify, or engage in other reasonable activities in connection with any litigation or investigation, with respect to matters that I may have knowledge of by virtue of my employment by or service to the Company. In performing my obligations under this paragraph to testify or otherwise provide information, I will honestly, truthfully, forthrightly, and

completely provide the information requested, volunteer pertinent information and turn over to the Company all relevant documents which are or may come into my possession.

My Continuing Obligations. I understand and acknowledge that I must comply with all of my post-employment obligations under the Agreement and under the Proprietary Information and Inventions Agreement dated *[date]*. I will not defame or disparage the reputation, character, image, products, or services of FIC, or the reputation or character of FIC's directors, officers, employees and agents, and I will refrain from making public comment about the Company except upon the express written consent of an officer of FIC.

Additional Agreements and Understandings. Even though FIC will provide consideration for me to settle and release My Claims, the Company does not admit that it is responsible or legally obligated to me. In fact, the Company denies that it is responsible or legally obligated to me for My Claims, denies that it engaged in any unlawful or improper conduct toward me, and denies that it treated me unfairly.

Advice to Consult with an Attorney. I understand and acknowledge that I am hereby being advised by the Company to consult with an attorney prior to signing this Release and I have done so. My decision whether to sign this Release is my own voluntary decision made with full knowledge that the Company has advised me to consult with an attorney.

Period to Consider the Release. I understand that I have 21 days from the date I received this Release (or 21 days after the last day of my employment with FIC, if later) to consider whether I wish to sign this Release. If I sign this Release before the end of the 21-day period, it will be my voluntary decision to do so because I have decided that I do not need any additional time to decide whether to sign this Release. I understand and agree that if I sign this Release prior to my last day of employment with FIC it will not be valid and FIC will not be obligated to provide the consideration described in the Release.

My Right to Rescind this Release. I understand that I may rescind this Release at any time within 15 days after I sign it, not counting the day upon which I sign it. This Release will not become effective or enforceable unless and until the 15-day rescission period has expired without my rescinding it. I understand that if I rescind this Release FIC will not be obligated to provide the consideration described in the Release.

Procedure for Accepting or Rescinding the Release. To accept the terms of this Release, I must deliver the Release, after I have signed and dated it, to FIC by hand or by mail within the 21-day period that I have to consider this Release. To rescind my acceptance, I must deliver a written, signed statement that I rescind my acceptance to FIC by hand or by mail within the 15-day rescission period. All deliveries must be made to FIC at the following address:

Vice President of Human Resources
Fair Isaac Corporation
901 Marquette Avenue
Suite 3200
Minneapolis, MN 55402

If I choose to deliver my acceptance or the rescission by mail, it must be postmarked within the period stated above and properly addressed to FIC at the address stated above.

Interpretation of the Release. This Release should be interpreted as broadly as possible to achieve my intention to resolve all of My Claims against the Company. If this Release is held by a court to be inadequate to release a particular claim encompassed within My Claims, this Release will remain in full

force and effect with respect to all the rest of My Claims. I agree that the provisions of this Release may not be amended, waived, changed or modified except by an instrument in writing signed by an authorized representative of FIC and by me.

My Representations. I am legally able and entitled to receive the consideration being provided to me in settlement of My Claims. I have not been involved in any personal bankruptcy or other insolvency proceedings at any time since I began my employment with FIC. No child support orders, garnishment orders, or other orders requiring that money owed to me by FIC be paid to any other person are now in effect.

I have read this Release carefully. I understand all of its terms. In signing this Release, I have not relied on any statements or explanations made by the Company except as specifically set forth in the Agreement. I am voluntarily releasing My Claims against the Company. I intend this Release and the Agreement to be legally binding.

Dated:

Michael H. Campbell