

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) April 23, 2003

FAIR ISAAC CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

**200 Smith Ranch Road
San Rafael, California**

(Address of principal executive offices)

0-16439

(Commission File Number)

94-1499887

(IRS Employer
Identification No.)

94903

(Zip Code)

Registrant's telephone number, including area code (415) 472-2211

TABLE OF CONTENTS

[Item 7. Financial Statements and Exhibits.](#)

[Item 9. Regulation FD Disclosure.](#)

[SIGNATURE](#)

[EXHIBIT INDEX](#)

[EXHIBIT 99](#)

Table of Contents

Item 7. Financial Statements and Exhibits.

(c) Exhibits

99 Press Release dated April 23, 2003

Item 9. Regulation FD Disclosure.

The following information is furnished pursuant to Item 12, “Results of Operations and Financial Condition.”

On April 23, 2003, Fair Isaac Corporation (the “Company”) reported its financial results for the quarter and six months ended March 31, 2003. See the Company’s press release dated April 23, 2003, which is furnished as Exhibit 99 hereto and incorporated by reference in this Current Report on Form 8-K. In the press release, the Company provides the amount of charges resulting from the HNC Software Inc. acquisition included in its financial results for the periods presented and the impact of these charges on earnings per share. This information may be considered to be a “non-GAAP financial measure” under Regulation G recently adopted by the Securities and Exchange Commission. The Company believes that this information is useful in that it helps investors evaluate the Company’s operating performance and compare this performance between periods.

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, thereunto duly authorized.

Dated: April 23, 2003

FAIR ISAAC CORPORATION

By /s/ Kenneth J. Saunders

Kenneth J. Saunders
Vice President and Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>	<u>Method of Filing</u>
99	Press Release dated April 23, 2003.	Filed Electronically

[FAIRISAAC LOGO]

Contacts: INVESTORS & ANALYSTS:
Heidi Flannery
Fair Isaac Corporation
(800) 213-5542
investor@fairisaac.com

FAIR ISAAC REPORTS STRONG SECOND QUARTER RESULTS

82% Year-over-Year Revenue Growth with HNC Revenues

SAN RAFAEL, Calif. -- April 23, 2003 -- Fair Isaac Corporation (NYSE:FIC), the leader in customer analytics and decision technology, today announced financial results for the second fiscal quarter ended March 31, 2003.

The company achieved second quarter revenues of \$158.6 million versus \$87.1 million reported in the second quarter of fiscal 2002, and above the company's previous guidance. Revenues for the six months ended March 31, 2003 totaled \$305.3 million as compared to revenues of \$172.1 million reported in the same period last year. Net income for the second quarter of fiscal 2003 totaled \$25.6 million, or \$0.51 per share on 50.5 million diluted shares outstanding, compared with \$14.2 million, or \$0.39 per share on 36.3 million diluted shares outstanding reported in the same quarter last year. Net income for the six months ended March 31, 2003 totaled \$45.4 million, or \$0.89 per share on 51.3 million diluted shares outstanding, compared with \$27.7 million, or \$0.77 per share on 36.1 million diluted shares outstanding reported in the same period last year.

Results for the second quarter and six months ended March 31, 2003 include \$0.6 million and \$2.6 million in merger-related charges, respectively, resulting from the HNC Software acquisition, which resulted in a negative one-cent(1) and a negative three-cent(2) impact to diluted earnings per share during these periods, respectively.

"I'm very pleased with our results this quarter, producing both revenue and earnings above our previous guidance," said Tom Grudnowski, President and CEO of Fair Isaac. "Now with two full quarters behind us as a combined company, we are proud to say that we have delivered positive results in both revenue and expense synergies. I think our results demonstrate how the predictive analytics market is heating up, and we're right in the middle of it all. Our strategy to sell transaction-based services around analytically-based solutions now in nine different markets gives us even greater stability and opportunities for future growth."

The company will host a conference call today at 2:00 p.m. Pacific Time / 5:00 p.m. Eastern Time to discuss its second quarter results and provide guidance for the remainder of fiscal 2003.

The call can be accessed live on the Investor Relations' section of the company's Web site at www.fairisaac.com, and will be archived on the site immediately following the call.

ABOUT FAIR ISAAC

Fair Isaac Corporation (NYSE:FIC) is the preeminent provider of creative analytics that unlock value for people, businesses and industries. The company's predictive modeling, decision analysis, intelligence management, decision management systems and consulting services power more than 25 billion mission-critical customer decisions a year. Founded in 1956, Fair Isaac helps thousands of companies in over 60 countries acquire customers more efficiently, increase customer value, reduce fraud and credit losses, lower operating expenses and enter new markets more profitably. Most leading banks and credit card issuers rely on Fair Isaac solutions, as do insurers, retailers, telecommunications providers, healthcare organizations and government agencies. Through the www.myfico.com Web site, consumers use the company's FICO(R) scores, the standard measure of credit risk, to manage their financial health. As of August 5, 2002, the business of HNC Software Inc., a leading provider of high-end analytic and decision management software, is part of Fair Isaac. For more information, visit www.fairisaac.com.

FORWARD-LOOKING STATEMENTS

Except for historical information contained herein, the statements contained in this press release that relate to Fair Isaac, including statements regarding our ability to build and maintain customer and other business relationships, are forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including the company's ability to recruit and retain key technical and managerial personnel, the maintenance of its existing relationships and ability to create new relationships with customers and key alliance partners, its ability to continue to develop new and enhanced products and services, competition, regulatory changes applicable to the use of consumer credit and other data, the possibility that the anticipated benefits of its recent merger with HNC, including expected synergies, cannot be fully realized, the possibility that costs or difficulties related to the integration of our business and HNC's business will be greater than expected, and other risks described from time to time in Fair Isaac's SEC reports, including its Annual Report on Form 10-K for the year ended September 30, 2002. If any of these risks or uncertainties materializes, Fair Isaac's results could differ materially from Fair Isaac's expectations in these statements. Fair Isaac disclaims any intent or obligation to update these forward-looking statements.

Fair Isaac, HNC and FICO are trademarks or registered trademarks of Fair Isaac Corporation, in the United States and/or in other countries. Other product and company names herein may be trademarks of their respective owners.

- - - - -
(1) Calculated as \$0.6 million in merger-related charges less \$0.2 million income tax benefit (by application of the company's 37.6 percent effective tax rate for the quarter), or \$0.4 million, divided by 50.5 million diluted shares outstanding for the quarter.

(2) Calculated as \$2.6 million in merger-related charges less \$1.0 million income tax benefit (by application of the company's 38.0 percent effective tax rate for the six month period), or \$1.6 million, divided by 51.3 million diluted shares outstanding for the six month period.

FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE QUARTERS AND SIX MONTHS ENDED MARCH 31, 2003 AND 2002
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	Quarter Ended March 31,		Six Months Ended March 31,	
	2003	2002	2003	2002
Revenues	\$ 158,598	\$87,050	\$305,330	\$172,111
Operating expenses:				
Cost of revenues	64,041	39,127	124,695	77,712
Research and development	17,119	7,301	34,366	14,778
Selling, general and administrative	31,724	18,719	63,898	36,661
Amortization of intangibles	3,419	609	6,681	1,134
Merger-related expenses	606	--	2,616	--
Total operating expenses	116,909	65,756	232,256	130,285
Operating income	41,689	21,294	73,074	41,826
Other (expense) income, net	(585)	1,964	208	3,823
Income before income taxes	41,104	23,258	73,282	45,649
Provision for income taxes	15,459	9,073	27,847	17,917
Net income	\$ 25,645	\$14,185	\$ 45,435	\$ 27,732
Earnings per share:				
Basic	\$ 0.54	\$ 0.41	\$ 0.93	\$ 0.81
Diluted	\$ 0.51	\$ 0.39	\$ 0.89	\$ 0.77
Shares used in computing earnings per share:				
Basic	47,898	34,532	49,042	34,359
Diluted	50,453	36,287	51,291	36,120

FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
MARCH 31, 2003 AND SEPTEMBER 30, 2002
(IN THOUSANDS)
(UNAUDITED)

	March 31, 2003	September 30, 2002
	-----	-----
ASSETS:		
Current assets:		
Cash and investments	\$ 165,817	\$ 281,211
Receivables, net	124,820	121,456
Other current assets	27,923	25,507
	-----	-----
Total current assets	318,560	428,174
Investments	136,459	150,202
Property and equipment, net	53,792	63,898
Goodwill and intangibles, net	515,894	520,114
Other noncurrent assets	52,051	50,125
	-----	-----
	\$1,076,756	\$1,212,513
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 44,711	\$ 44,135
Accrued compensation and employee benefits	26,409	28,153
Deferred revenue	19,735	17,921
	-----	-----
Total current liabilities	90,855	90,209
Convertible subordinated notes	140,631	139,922
Other noncurrent liabilities	6,261	8,910
	-----	-----
Total liabilities	237,747	239,041
Stockholders' equity	839,009	973,472
	-----	-----
	\$1,076,756	\$1,212,513
	=====	=====

FAIR ISAAC CORPORATION
REVENUES BY SEGMENT
FOR THE QUARTERS AND SIX MONTHS ENDED MARCH 31, 2003 AND 2002
(IN THOUSANDS)
(UNAUDITED)

	Quarter Ended March 31,		Six Months Ended March 31,	
	----- 2003 -----	2002 -----	----- 2003 -----	2002 -----
Scoring Solutions	\$ 32,868	\$30,165	\$ 66,960	\$ 60,710
Strategy Machine Solutions	100,563	39,657	186,552	80,122
Professional Services	20,231	14,590	40,481	26,838
Analytic Software Tools	4,936	2,638	11,337	4,441
	-----	-----	-----	-----
Total Revenues	\$158,598	\$87,050	\$305,330	\$172,111
	=====	=====	=====	=====