SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 1999

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission File Number
0-16439

FAIR, ISAAC AND COMPANY, INCORPORATED
(Exact name of registrant as specified in its charter)

DELAWARE	94-1499887
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

200 Smith Ranch Road, San Rafael, California 94903
(Address of principal executive offices) (Zip Code)

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

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

The number of shares of Common Stock, $0.01 par value per share, outstanding on February 7, 2000, was 14,152,947.

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PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements.

FAIR, ISAAC AND COMPANY, INCORPORATED
CONSOLIDATED BALANCE SHEETS
December 31, 1999 and September 30, 1999

(dollars in thousands)

(Unaudited)

	December 31	September 30
Assets		
Current assets:		
Cash and cash equivalents	$ 11,630	$ 20,715
Short-term investments	18,677	5,216
Accounts receivable, net	36,547	36,007
Unbilled work in progress	24,956	26,859
Prepaid expenses and other current assets	4,411	6,509
Deferred income taxes	6,125	6,021
Total current assets	102,346	101,327
Investments	39,763	43,934
Property and equipment, net	41,857	39,353
Intangibles, net	10,205	10,730
Deferred income taxes	5,932	5,932
Other assets	9,098	9,077
	$ 209,201	$ 210,353
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 1,912	$ 3,340
Accrued compensation and employee benefits	15,764	23,436
Other accrued liabilities	8,159	9,339
Billings in excess of earned revenues	10,809	8,898
Capital lease obligations	431	429
Total current liabilities	37,075	45,442
Long-term liabilities:		
Accrued compensation and employee benefits	3,894	6,104
Other liabilities	1,645	1,944
Capital lease obligations	253	364
	5,792	8,412
Total liabilities	42,867	53,854
Stockholders' equity:		
Preferred stock	--	--
Common stock	144	143
Paid in capital in excess of par value	41,968	38,287
Retained earnings	134,183	129,530
Less treasury stock	(9,573)	(11,290)
Accumulated other comprehensive loss	(388)	(171)
Total stockholders' equity	166,334	156,499
	$ 209,201	$ 210,353

See accompanying notes to the consolidated financial statements.

FAIR, ISAAC AND COMPANY, INCORPORATED

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the three months ended December 31, 1999 and 1998
(dollars in thousands, except per share data)
(Unaudited)

	Three Months Ended December 31 1999	Three Months Ended December 31 1998
Revenues	$ 70,094	$ 67,977
Costs and expenses:		
Cost of revenues	29,117	25,071
Research and development	10,609	7,744
Sales general and administrative	20,629	23,276
Amortization of intangibles	525	421
Restructuring charge	1,674	--
Total costs and expenses	62,554	56,512
Income from operations	7,540	11,465
Other income, net	866	686
Income before income taxes	8,406	12,151
Provision for income taxes	3,472	5,103
Net income	$ 4,934	$ 7,048
Net Income	$ 4,934	$ 7,048
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on investments	(150)	115
Foreign currency translation adjustments	(67)	21
Other comprehensive income (loss)	(217)	136
Comprehensive income	$ 4,717	$ 7,184
Earnings per share:		
Diluted	$ .34	$ .49
Basic	$ .35	$ .50
Shares used in computing earnings per share:		
Diluted	14,392,000	14,354,000
Basic	14,028,000	14,014,000

See accompanying notes to the consolidated financial statements.

FAIR, ISAAC AND COMPANY, INCORPORATED

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended December 31, 1999 and 1998
(dollars in thousands)
(Unaudited)

	Three Months Ended December 31	
	1999	1998
Cash flows from operating activities		
Net income	$ 4,934	$ 7,048
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	4,624	4,150
Deferred compensation	122	61
Deferred income taxes	--	99
Other	135	100
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(565)	4,021
Decrease (increase) in unbilled work in progress	1,903	(761)
Decrease (increase) in prepaid expenses and other assets	2,097	(319)
Increase in other assets	(19)	(7)
Decrease in accounts payable	(784)	(1,448)
Decrease in accrued compensation and employee benefits	(8,173)	(4,204)
Increase (decrease) in other accrued liabilities	(1,182)	2,074
Increase in billings in excess of earned revenues	1,911	766
Decrease in other liabilities	(1,393)	(1,839)
Net cash provided by operating activities	3,610	9,741
Cash flows from investing activities		
Purchases of property and equipment	(5,591)	(3,053)
Purchases of investments	(12,240)	(18,002)
Proceeds from sale of investments	--	502
Proceeds from maturities of investments	2,606	14,015
Net cash used in investing activities	(15,225)	(6,538)
Cash flows from financing activities		
Principal payments of capital lease obligations	(108)	(100)
Proceeds from the exercise of stock options and issuance of treasury stock	2,919	666
Dividends paid	(281)	(281)
Repurchase of company stock	--	(43)
Net cash provided by financing activities	2,530	242
Increase (decrease) in cash and cash equivalents	(9,085)	3,445
Cash and cash equivalents, beginning of period	20,715	14,242
Cash and cash equivalents, end of period	$ 11,630	$ 17,687

See accompanying notes to the consolidated financial statements.

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

Note 1 General

In management's opinion, the accompanying unaudited consolidated financial statements for Fair, Isaac & Company, Incorporated (the "Company") for the three months ended December 31, 1999 and 1998 have been prepared in accordance with generally accepted accounting principles for interim financial statements and include all adjustments (consisting only of normal recurring accruals) that the Company considers necessary for a fair presentation of its financial position, results of operations, and cash flows for such periods. However, the accompanying financial statements do not contain all of the information and footnotes required by generally accepted accounting principles for complete financial statements. All such financial statements presented herein are unaudited, however, the September 30 balance sheet has been derived from audited financial statements. This report and the accompanying financial statements should be read in connection with the Company's audited financial statements and notes thereto presented in its Annual Report on Form 10-K for the fiscal year ended September 30, 1999. Footnotes that would substantially duplicate the disclosures in the Company's audited financial statements for the fiscal year ended September 30, 1999, contained in the 1999 Form 10-K have been omitted. The interim financial information contained in this Report is not necessarily indicative of the results to be expected for any other interim period or for the full fiscal year ending September 30, 2000.

Note 2 Earnings Per Share

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

	Three months ended December 31,	
(in thousands, except per share data)	1999	1998
Numerator - Net income	$ 4,934	$ 7,048
Denominator - Shares:		
Diluted weighted-average shares and assumed conversions of stock options	14,392	14,354
Effect of dilutive securities - employee stock options	(364)	(340)
Basic weighted-average shares	14,028	14,014
Earnings per share:		
Diluted	$ .34	$ .49
Basic	$ .35	$ .50

The computation of diluted EPS at December 31, 1999 and 1998 respectively, excludes stock options to purchase 139,000 and 170,000 shares of common stock. The shares were excluded because the exercise prices for the options were greater than the respective average market price of the common shares and their inclusion would be antidilutive.

Note 3 Cash Flow Statement

Supplemental disclosure of cash flow information:

(dollars in thousands)	Three months ended December 31, 1999	1998
Income tax payments	$6,748	$4,752
Interest paid	$ 14	$ 28
Non-cash investing and financing activities:		
Tax benefit of exercised stock options	$ 648	$ 388
Issuance of treasury stock to ESOP	$ --	$1,455

Note 4 New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 is effective for all quarters of fiscal years beginning after June 15, 1999. SFAS No. 133 requires the recognition of all derivatives on the balance sheet at fair value. In July 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133, An Amendment of FASB Statement No.133." SFAS No. 137 defers the effective date of SFAS No. 133 by one year. SFAS No. 133 is now effective for all fiscal quarters of all fiscal years beginning after June 15, 2000. Because the Company currently holds no derivative instruments and does not engage in hedging activities, management expects that the adoption of SFAS No. 133 will have no material impact on our financial position, results of operations or cash flows. Management intends to conform its consolidated statements to this pronouncement beginning July 1, 2000.

Note 5 Employee Stock Purchase Plan

In November 1999, the Board of Directors adopted the 1999 Employee Stock Purchase Plan (the "Purchase Plan"), which was approved by the Company's shareholders on February 1, 2000. Under the Purchase Plan employees can purchase shares of the Company's common stock based on a percentage of their compensation. The purchase price per share must be equal to at least 85% of the market value on the date offered or the date purchased. A maximum of 1,500,000 shares of common stock can be sold under the Purchase Plan. As of December 31, 1999 no shares had been issued under the Purchase Plan.

Note 6 Segment information

Effective October 1, 1999, the Company reorganized the operating structure of the business segments. As a result, the Company changed its segment reporting structure to more closely match management's internal reporting of business operations. Significant changes included moving end-user software for clients in the U. S. and Canada from the former Credit and other segments and combining this business with the former DynaMark business to form the Netsourced Services segment, and establishing two new segments named North American Financial Services and Other International, which are comprised primarily of business formerly included in the Credit segment. The segment information for the three months ended December 31, 1998 has been restated to conform with the fiscal year 2000 presentation.

The Company's Chief Executive and Operating Officers evaluate financial performance based on measures of business segment revenues and operating profit or loss. Unallocated other income consists mainly of interest revenues and an equity loss in an investment. The Company does not evaluate the financial performance of each segment based on its assets or capital expenditures.

	Three months ended December 31, 1999			
(dollars in thousands)	North American Financial Services	Other International	Netsourced Services	Total
Revenues:				
Segment	$ 35,980	$ 7,984	$ 26,070	$ 70,034
Healthcare receivables management	--	--	60	60
	$ 35,980	$ 7,984	$ 26,130	$ 70,094
Segment income (loss) from operations	$ 14,876	$ (265)	$ (7,071)	$ 7,540
Unallocated other income, net				866
				$ 8,406

	Three months ended December 31, 1998			
(dollars in thousands)	North American Financial Services	Other International	Netsourced Services	Total
Revenues:				
Segment	$ 33,992	$ 8,191	$ 24,707	$ 66,890
Healthcare receivables management	--	--	1,087	1,087
	$ 33,992	$ 8,191	$ 25,794	$ 67,977
Segment income (loss) for operations	$ 14,694	$ (146)	$ (3,083)	$ 11,465
Unallocated other income, net				686
				$ 12,151

Note 7 Restructuring Charge

In October 1999, the Company announced a restructuring plan to discontinue its Healthcare Receivables Management System ("HRMS") product line beginning December 1999. The restructuring plan was necessitated by disappointing market acceptance and the prospect of continuing losses in fiscal 2000, and the Company's adoption of a new strategic direction. These actions resulted in a net charge during the current quarter of $1,674,000. The restructuring actions consist of terminating approximately 30 full-time employees who were terminated before the end of January 2000; canceling certain facility leases and other operating leases supporting the HRMS product line; and writing down computer hardware and leasehold improvements due to the abandonment of the HRMS facility. Restructuring actions are expected to be completed under the plan by June 30, 2000 which could potentially result in additional charges for payments on canceled contracts to HRMS product line customers. The restructuring actions under the plan have resulted in cash expenditures of $267,000 and non-cash write-downs or accruals of $1,407,000 during the first quarter of 2000.

The following table depicts the restructuring activity:

	Three months ended December 31, 1999			
(dollars in thousands)	Payments to Employees Involuntarily Terminated (A)	Write-Down of Operating Assets To Be Sold (B)	Payments on Canceled Contracts (A)	Total
Net Additions	$ 823	$ 263	$ 588	$ 1,674
Expenditures	(217)	--	(50)	(267)
Ending Balance	$ 606	$ 263	$ 538	$ 1,407

(A): Cash; (B): Noncash

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

General

Fair, Isaac and Company, Incorporated, 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. Widely recognized for its pioneering work in predictive technology, the Company provides advanced decision-making solutions to the financial services, retail, telecommunications, healthcare, eBusiness and other industries.

The Company's products include statistically derived, rule-based analytical tools; software that automates strategy design and implementation; and consulting services to help clients use and track the performance of those tools. The Company also provides a range of credit scoring and credit account management services in conjunction with credit bureaus and credit card processing agencies, and data processing and database management services to businesses engaged in direct marketing activities, many of which are in the financial services and insurance industries.

In October 1999 the Company formally adopted new organizational structure and business models to focus on growth opportunities in the retail and telecommunications markets and to implement its new initiatives. These initiatives include focusing on becoming a Web-based "analytic application service provider" or "ASP" and the business-to-business e-credit marketplace. The Company already delivers certain of its capabilities through secure Web sites and it will adopt this delivery mode whenever feasible in the future. Although not Web-based, certain other services-such as credit scores delivered through credit reporting agencies and account management services delivered through credit card processors-fall within the broader definition of an ASP. The Company is actively looking for more opportunities to deliver its Web-based capabilities in service bureau mode rather than as discrete component deliverables.

The Company's Risk Management Technologies ("RMT") subsidiary marketed enterprise-wide risk management and performance measurement solutions to major financial institutions. In January 2000 the Company announced that RMT will no longer sell its RADAR RiskManager products. The RADAR RiskManager products comprise almost all of RMT's existing products. RMT will continue to support the current version of its RADAR RiskManager software products for the approximately 20 remaining clients until these clients migrate to different vendors.

This discussion and analysis should be read in conjunction with the Company's Consolidated Financial Statements and Notes. In addition to historical information, this report includes certain forward-looking statements regarding events and trends that may affect the Company's future results. Such statements are subject to risks and uncertainties that could cause the Company's actual results to differ materially. Such factors include, but are not limited to, those described in this discussion and analysis.

RESULTS OF OPERATIONS

Revenues

Effective October 1, 1999, the Company reorganized the operating structure of the business segments. As a result, the Company changed its segment reporting structure to more closely match management's internal reporting of business operations. The new segments are North American Financial Services, NetSourced Services and Other International business units. Additional information about these segments appears in Note 6 to the Consolidated Financial Statements.

The majority of the Company's revenues are derived from its North American Financial Services unit. This unit primarily markets Alliance Products and Services and Analytics Products and Services in the United States and Canadian markets. The majority of these products generate usage revenues through third-party alliances with credit bureaus and third-party credit card processors. The NetSourced Services unit principally markets Targeting and Prospecting products, together with Origination and Underwriting, Account and Customer Management products and Standalone Consulting services in the North American market. The Other International business unit covers all of the Company's operations outside of the United States and Canadian markets.

The following table displays (a) the percentage of total revenue by products and (b) the percentage change in revenues within each products category from the corresponding period in the prior fiscal year.

	Percentage of Revenue Quarter Ended December 31,		Period-to-Period Percentage Changes Quarter Ended 12/31/99 Compared to 12/31/98
	1999	1998	
Alliance Products and Services	49%	47%	9%
Targeting and Prospecting	26%	21%	29%
Analytic Products & Services	7%	9%	(22%)
Origination and Underwriting	6%	9%	(29%)
Account & Customer Management	5%	6%	(9%)
Standalone Consulting	3%	4%	(7%)
Adaptive Control Processor	2%	2%	17%
All Other	2%	2%	(60%)
Total revenues	100%	100%	3%

The revenues of Alliance Products and Services are generated primarily by usage-priced credit scoring services distributed through major credit bureaus and credit account management services distributed through third-party bankcard processors in the United States and Canada. Alliance Products and Services also include the Company's ScoreNet(R) and PreScore(R) services, insurance bureau scores, and other related products. In the current quarter the growth in Alliance Products and Services revenues was primarily due to a strong demand for risk scoring services at the credit bureaus, and to a lesser extent from increased revenues generated by the Company's insurance bureau scores at the credit bureaus. These increases were partially offset by decreased revenues derived from the ScoreNet(R) and PreScore(R) services, and services provided through bankcard processors. The declines in ScoreNet(R) and PreScore(R) services revenues reflect shifts in the purchasing patterns of customers from these products to credit scoring services at the credit bureaus. Revenues from services provided through bankcard processors declined due to a decrease in sales volumes during the quarter.

Revenues derived from alliances with credit bureaus and credit card processors have accounted for much of the Company's revenue growth in the last three years. Revenues from credit bureau-related services increased 14% in fiscal 1999 compared with fiscal 1998, and accounted for approximately 35% and 36% of revenues in fiscal 1998 and 1999, respectively. 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 the Company has been very successful in extending or renewing such agreements in the past, and believes it will generally 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 significant impact on revenues and operating margin. Revenues generated through the Company's alliances with Equifax, Inc.; Experian Information Solutions, Inc. (formerly TRW Information Systems & Services); and Trans Union Corporation each accounted for approximately 8% to 10% of the Company's total revenues in fiscal 1997, approximately 7% to 10% in fiscal 1998 and approximately 8% to 10% in fiscal 1999.

Targeting and Prospecting Services, formerly the DynaMark business unit, include a variety of data processing and database management services to companies and organizations in direct marketing. Revenues from Targeting and Prospecting products are generated from a combination of fixed fee and usage-based pricing. The increases in Targeting and Prospecting products' revenues in the quarter compared with the same period in the prior fiscal year were due primarily to increased demand for services from customers in the financial services industry.

Analytic Products and Services include all revenues from the Company's custom models, custom software and related consulting projects used in screening lists of prospective customers, evaluating applicants for credit or insurance and managing existing credit accounts. The decrease in revenues in the quarter ending December 31, 1999 reflects the impact of bank consolidations and external marketing forces related to Year 2000.

Origination and Underwriting products automate the processing of credit applications and are primarily comprised of products which were formerly referred to as ASAP products. Revenues from Origination and Underwriting products decreased in the quarter, compared to the same period in the prior fiscal year, primarily due to reduced sales of PC-based Origination and Underwriting products (CreditDesk) and sales of StrategyWare(R) decision engine systems, and the impact of adoption of SOP 98-9. Under SOP 98-9, Origination and Underwriting revenues in the amount of $2.9 million were deferred in the current quarter, offset by $1.3 million of reported Origination and Underwriting revenues from the quarter ended September 30, 1999.

Account and Customer Management products include the Company's revenues from sales of credit account management systems (TRIAD) sold to end-users, and its fraud control systems products. The decrease in revenues, compared to the same period in the prior fiscal year, was due primarily to customers' deferral of software purchases due to external marketing forces related to year 2000 and the pending release of the new version of TRIAD (6.0). With respect to TRIAD, the Company's high degree of success in penetrating the U.S. bankcard industry with these products has limited, and may continue to limit, the revenue growth in that market. However, the Company has added functionality for the existing base of TRIAD users and is actively marketing TRIAD for other types of credit products and in overseas markets.

Standalone Consulting Services, comprised principally of the services offered by the Company's former Credit and Risk Management Associates subsidiary, consist of credit risk management consulting services. Compared to the same period in fiscal 1999, revenues declined slightly in the current quarter due to diversion of personnel to implement the reorganization.

Adaptive Control Processor products are part of the Other International unit of the Company. The Company's revenues for Adaptive Control Processor products are derived from clients outside the United States and Canada. Total revenues derived from outside of the United States represented approximately 16 percent of total revenues in the quarters ended December 31, 1998 and December 31, 1999. Gains or losses due to fluctuations in currency exchange rates have not been significant to date but may become more important if, as expected, the proportion of the Company's revenues denominated in foreign currencies increases in the future.

All Other Products include the Company's smaller, discrete product lines and revenues of RMT and the discontinued Healthcare Receivables Management ("HRMS") business. The revenues of RMT and the discontinued HRMS business were down significantly in the quarter compared with the same period in the prior fiscal year. The decline in RMT's revenues were due principally to the impact of bank consolidations and the delays in releases of new products.

Revenues from software maintenance and consulting services each accounted for less than 10% of revenues in each of the three years in the period ended September 30, 1999, and the Company does not expect revenues from either of these sources to exceed 10% of revenues in the foreseeable future.

During the period since 1990, while the rate of account growth in the U.S. bankcard industry has been slowing and many of the Company's largest institutional clients have merged and consolidated, the Company has generated most of its revenue growth from its bankcard-related scoring and account management business by deepening its penetration of large banks and other credit issuers. The Company believes much of its future growth prospects will rest on its ability to (a) develop new, high-value products, (b) increase its penetration of established or emerging credit markets outside the U.S. and Canada and (c) expand--either directly or through further acquisitions--into relatively undeveloped or underdeveloped markets for its products and services, such as direct marketing, insurance, small business lending, healthcare information management, retail, telecommunications and eBusiness. During fiscal 1998, the Company's backlog of orders for fixed-priced products declined slightly, and in fiscal 1999 this backlog declined an additional $7.3 million. During the quarters ended September 30, 1999, and December 31, 1999 this backlog increased by $2.0 million and $2.7 million, respectively. The increase in backlog for the current quarter represents a 1% increase compared with the same period in the prior fiscal year. Management believes that revenue growth in fiscal 2000 and later years will depend to a large extent on sales of newly developed products.

Over the long term, in addition to the factors discussed above, the Company's rate of revenue growth--excluding growth due to acquisitions--is limited by the rate at which it can recruit and absorb additional professional staff. Management believes this constraint will continue to exist indefinitely. On the other hand, despite the high penetration the Company has already achieved in certain markets, the opportunities for application of its core competencies are much greater than it can pursue. Thus, the Company believes it can continue to grow revenues, within the personnel constraint, for the foreseeable future. At times management may forego short-term revenue growth in order to devote limited resources to opportunities that it believes have exceptional long-term potential. This is the basis for the Company's new strategic focus of becoming an eBusiness company and implementing new growth initiatives targeted at the retail and telecommunications markets. A similar longer-range strategic initiative occurred during the period from 1988 through 1990, when the Company devoted significant resources to developing the usage-priced services distributed through credit bureaus and third-party processors.

On September 30, 1997, amendments to the federal Fair Credit Reporting Act became effective. The Company believes these changes to the federal law regulating credit reporting have been favorable to the Company and its clients. Among other things, the new law expressly permits the use of credit bureau data to prescreen consumers for offers of credit and insurance and allows affiliated companies to share consumer information with each other subject to certain conditions. There is also a seven-year moratorium on new state legislation on certain issues. However, the states remain free to regulate the use of credit bureau data in connection with insurance underwriting. The Company believes enacted or proposed state regulation of the insurance industry has had a negative impact on its efforts to sell insurance risk scores through credit reporting agencies.

The Financial Services Modernization Act of 1999 was enacted and signed into law on November 12, 1999. The statute contains several privacy provisions. The legislation also allows banks, securities firms, and insurance companies to affiliate and enter new business activities. The Company believes that this legislation will not have a material impact on its operations or revenues.

Expenses

The following table sets forth for the periods indicated (a) the percentage of revenues represented by certain line items in the Company's consolidated statements of income and (b) the percentage change in such items from the same quarter in the prior fiscal year.

	Percentage of Revenue		Period-to-Period Percentage Changes
	Quarter Ended December 31,		Quarter Ended 12/31/99 Compared to Quarter Ended
	1999	1998	12/31/98
Revenues	100%	100%	3
Costs and expenses:			
Cost of revenues	42	37	16
Research and development	15	11	37
Sales, general and administrative	29	34	(11)
Amortization of intangibles	1	1	25
Restructuring charge	2	0	NM
Total costs and expenses	89	83	11
Income from operations	11	17	(34)
Other income, net	1	1	26
Income before income taxes	12	18	(31)
Provision for income taxes	5	8	(32)
Net income	7%	10%	(30)

NM = Not Meaningful

Cost of revenues

Cost of revenues consists primarily of personnel, travel, and related overhead costs; costs of computer service bureaus; and the amounts paid by the Company to credit bureaus for scores and related information in connection with the ScoreNet(R) service. As compared with the same quarter a year earlier, the cost of revenues, as a percentage of revenues, increased in the quarter ended December 31, 1999. The increase was primarily due to costs related to the HRMS line of business and the increasing percentage of revenues coming from Targeting and Prospecting's products and services, all of which generally have a lower gross margin than the Company's other products and services.

Research and development

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

Research and development expenses increased significantly in the quarter over the corresponding three-month period of fiscal 1999, as the Company continued to emphasize development of new technologies and new products. Research and development expenditures in the three month period ending December 31, l999 were primarily related to charges for a software development license and new products. The Company expects that research and development expenses will continue to constitute a significant percentage of revenue in future periods for development of new products targeted for the telecommunications and retail markets and to implement its strategic focus on becoming an eBusiness company.

Sales, general and administrative

Sales, general and administrative expenses consist principally of personnel, travel, overhead, advertising and other promotional expenses, compensation expenses for certain senior management, corporate facilities expenses, the costs of administering certain benefit plans, legal expenses, expenses associated with the exploration of new business opportunities and the costs of operating administrative functions, such as finance and computer information systems. As a percentage of revenues, these expenses for the three-month period ended December 31, 1999, were lower than in the corresponding period of fiscal 1999, due primarily to reduction of $1.1 million in sales incentive expenses, decreases in reorganization expenses and reduction in expenses resulting from the discontinuance of the HRMS line of business. These decreases more than offset the $1.3 million price adjustment for phantom stock units for officers recorded to reflect changes in the market price of the Company's stock. Due to the early payoff of phantom stock units, if the market price of the Company's stock increases above $48.78, such early payoff will have the effect of avoiding future expenses related to phantom stock units.

Amortization of intangibles

The Company is amortizing the intangible assets arising from various acquisitions over periods ranging from four to fifteen years.

Restructuring Charge

In October 1999, the Company announced discontinuance of its (HRMS) line. As a result of exiting the HRMS line of business, the Company recorded restructuring charges totaling $1,674,000 in the quarter ended December 31, 1999. See Note 7 to the Consolidated Financial Statements for additional information.

Other income and expense

Other income and expense consist mainly of interest income from investments, interest expense, exchange rate gains/losses from holding foreign currencies in bank accounts, and other non-operating items. Interest income, derived from the investment of funds surplus to the Company's immediate operating requirements, was steady in the three-months ended December 31, 1999, compared with the corresponding period a year earlier. In the corresponding period in the prior year the Company recorded higher offsetting losses than in the current quarter.

Provision for income taxes

The Company's effective tax rate decreased from 42% to 41.3% for the three months ended December 31, 1999 compared to December 31, 1998. The decrease was due primarily to the use of a higher estimated state tax rate in the three-months ended December 31, 1998 than used in the current quarter.

Financial Condition

Working capital increased from $55,885,000 at September 30, 1999 to $65,271,000 at December 31, 1999. Cash and marketable investments increased slightly from $69,865,000 at September 30, 1999, to $70,070,000 at December 31, 1999. The Company's long-term obligations are mainly due to lease and employee incentive and benefit obligations.

In May 1998, the Company entered into a synthetic lease arrangement to construct an office complex intended to accommodate future growth, which will materially increase the Company's future operating lease expenses. Rental payments will commence upon completion of construction, which is expected to occur in fiscal 2001. With this external financing, the Company believes that the cash and marketable securities on hand, along with cash expected to be generated by operations, will be adequate to meet its capital and liquidity needs for both the current year and the foreseeable future.

In March 1999, the Company initiated a stock repurchase program under which the Company was authorized to purchase up to one million shares of its common stock, to be funded by cash on hand. Through December 31, 1999, the Company had repurchased 360,004 shares at a cost of approximately $12.2 million. In the current quarter the decrease of treasury stock was largely due to the Company's contribution of treasury shares to the Employee's Stock Ownership Plan.

Year 2000 Readiness

Year 2000 issues caused customers to slow down computer software purchases in the current quarter, as they devoted more time to preparing and testing their systems for Year 2000 readiness. The Company experienced no other significant disruption of its revenues or operations from year 2000 issues. Purchasing patterns of customers are expected to be impacted by Year 2000 issues through the first quarter of calendar 2000.

The Company's assessment of year 2000 issues is continuing and the Company has in place contingency plans to address Year 2000 issues. As part of the implementation of its contingency plans the Company has established processes to address expected increases in requests by customers for greater customer support in late 1999 and early 2000 and has notified customers of this customer support availability.

Cumulative costs expended for Year 2000 remediation (including readiness testing) of products and internal systems and contingency planning were approximately $4.9 million at December 31, 1999, and the Company currently does not expect such aggregate costs to exceed $5 million. These costs principally consist of both internal staff costs and expenses for external consultants, software and hardware, which have been or will be expensed by the Company during the period they are incurred.

The foregoing information and statements regarding the Company's Year 2000 capabilities and readiness are "Year 2000 Information and Readiness Disclosures" in conformance with the Year 2000 Information and Readiness Disclosure Act of 1998 enacted on October 19, 1998.

European Economic and Monetary Union (EMU)

Under the European Union's plan for Economic and Monetary Union (EMU), the euro becomes the sole accounting currency of EMU countries on January 1, 2002. Its initial phase went into effect on January 1, 1999, in 11 participating countries: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. In this initial phase the EMU mandated that key financial systems be able to triangulate conversion rates so that any amount booked will be logged and processed simultaneously in both the local currency and euros. The Company believes that its computer systems and programs are euro-compliant. Costs associated with compliance were not material and were expensed by the Company as they were incurred. The Company also believes the conversion to the euro will not have a material impact on the Company's consolidated financial results.

Interim Periods

Quarterly results may be affected by fluctuations in revenues associated with credit card solicitations, by the timing of orders for and deliveries of certain ASAP and TRIAD systems, and by the seasonality of ScoreNet purchases. With the exception of the cost of ScoreNet data purchased by the Company, most of its 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. However, in recent years, these fluctuations were generally offset by the strong growth in revenues from services delivered through credit bureaus and third-party bankcard processors. Management believes that neither the quarterly variation in revenues and net income, nor the results of operations for any particular quarter, are necessarily indicative of results of operations for full fiscal years. Accordingly, management believes that the Company's results should be evaluated on an annual basis.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rate Sensitivity. The Company maintains 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. The Company has the ability to hold its fixed income investments until maturity, and therefore the Company would not expect its operating results or cash flows to be affected to any significant degree by the effect of a sudden change in market interest rates on its securities portfolio. The Company believes foreign currency and equity risk is not material.

The following table presents the principal amounts and related weighted-average yields for the Company's fixed rate investment portfolio at December 31, 1999:

	Carrying Amounts	Average Yield
Cash and cash equivalents:		
Commercial paper	$ 3,021,000	5.5%
Money market funds	2,034,000	5.1%
	5,055,000	5.4%
Short-term investments:		
U.S. government obligations	18,677,000	5.4%
Long-term investments:		
U.S. government obligations	35,401,000	5.5%
Total	$59,133,000	

PART II - OTHER INFORMATION

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

At the Annual Meeting of Stockholders of the Company held on February 1, 2000, the Company's stockholders voted in favor of: (i) the election of ten directors to the Company's Board of Directors, (ii) the adoption of the Employee Stock Purchase Plan, (iii) the adoption of the amendments to the Company's 1992 Long Term Incentive Plan, and (iv) the ratification of KPMG LLP as the Company's independent auditors for the current fiscal year. The number of votes for, withheld and against, as well as the number of abstentions and broker non-votes as to each matter approved at the Annual Meeting of Stockholders were as follows:

Matter	For	Withheld	Against	Abstain	Broker Non-votes
Election of Directors					
A. George Battle	12,126,785	287,976	N/A	N/A	0
H. Robert Heller	11,972,099	442,662	N/A	N/A	0
Guy R. Henshaw	12,180,004	234,757	N/A	N/A	0
David S.P. Hopkins	12,163,934	250,827	N/A	N/A	0
Robert M. Oliver	12,109,162	305,599	N/A	N/A	0
Robert D. Sanderson	12,156,871	257,890	N/A	N/A	0
Tony J. Christianson	12,116,906	297,855	N/A	N/A	0
Margaret L. Taylor	12,122,892	291,869	N/A	N/A	0
Thomas G. Grudnowski	12,061,857	352,904	N/A	N/A	0
John D. Woldrich	12,178,470	236,291	N/A	N/A	0
Adoption of Employee Stock Purchase Plan					
	9,081,234	N/A	1,220,780	440,183	1,672,636
Adoption of Amendments to Company's 1992 Long Term Incentive Plan					
	8,174,245	N/A	2,116,670	451,209	1,672,637
Ratification of Auditors					
	12,276,258	N/A	104,530	33,974	0

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

(a) Exhibits:

24.1 Power of Attorney (see page 19 of this Form 10-Q).

27 Financial Data Schedule

(b) Reports on Form 8-K:

One report on Form 8-K was filed during the quarter ended December 31, 1999. The report on Form 8-K was filed November 1, 1999 that the Company was discontinuing its Healthcare Receivables Management System ("HRMS") business line.

SIGNATURES

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

FAIR, ISAAC AND COMPANY, INCORPORATED

DATE: February 14, 2000

By /s/ Peter L. McCorkell

Peter L. McCorkell
Executive Vice President and Secretary

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints PETER L. McCORKELL his attorney-in-fact, with full power of substitution, for him in any and all capacities, to sign any amendments to this Report on Form 10-Q and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following person on behalf of the registrant and in the capacities and on the date indicated.

DATE: February 14, 2000

By /s/ HENK J. EVENHUIS

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

EXHIBIT INDEX

TO FAIR, ISAAC AND COMPANY, INCORPORATED

REPORT ON FORM 10-Q FOR THE QUARTER ENDED DECEMBER 31, 1999

Exhibit No.	Exhibit
24.1	Power of Attorney
27	Financial Data Schedule

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND INCOME STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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3-MOS
SEP-30-2000
OCT-01-1999
DEC-31-1999
11,630
18,677
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102,346
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0
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4,934
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0.34