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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) January 25, 2006

FAIR ISAAC CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

0-16439

94-1499887

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

901 Marquette Avenue, Suite 3200
Minneapolis, Minnesota

55402-3232

(Address of principal executive offices)

(Zip Code)

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 2.02 Results of Operations and Financial Condition.

On January 25, 2006, Fair Isaac Corporation (the "Company") reported its financial results for the quarter ended December 31, 2005. See the Company's press release dated January 25, 2006, which is furnished as Exhibit 99.1 hereto and incorporated by reference in this Item 2.02.

The press release attached as Exhibit 99.1 hereto includes the non-GAAP financial measure "EPS before Share-Based Compensation" which excludes the expense related to all stock-based compensation. The Company excludes these amounts in order to facilitate the comparison of current results with those of prior periods and with previous guidance provided by the Company, which did not include such expenses, and because these amounts are non-cash expenses. Wherever this non-GAAP financial measure has been included in the press release, the Company has reconciled it to GAAP EPS. This non-GAAP financial measure is not prepared in accordance with accounting principles generally accepted in the United States of America and may be different from non-GAAP financial measures used by other companies. Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

Exhibit Number	Description
99.1	Press Release dated January 25, 2006

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
Vice President and Chief Financial Officer

Date: January 25, 2006

EXHIBIT INDEX

Exhibit Number	Description	Method of Filing
99.1	Press Release dated January 25, 2006	Filed Electronically

Fair Isaac Announces First Quarter Fiscal 2006 Results

MINNEAPOLIS--(BUSINESS WIRE)--Jan. 25, 2006--

The company begins expensing stock options in the first quarter as required by SFAS 123(R); GAAP EPS of \$0.43; EPS of \$0.52 before share-based compensation expense

Fair Isaac Corporation (NYSE:FIC), the leading provider of analytics and decision technology, today announced financial results for its first quarter ended December 31, 2005.

The company was required during the first quarter to adopt Statement of Financial Accounting Standards No. 123(R), Share-Based Payment (SFAS 123 (R)). As a result, effective October 1, 2005, the company began recording compensation expense for stock options and purchases under its Employee Stock Purchase Plan on that date in the consolidated statement of income. Results for prior periods have not been restated. Financial guidance previously provided by the company of \$0.50 per diluted share for the first quarter 2006 and \$2.15 per diluted share for fiscal 2006, excluded share-based compensation expense related to SFAS 123(R).

First Quarter Fiscal 2006 Results

The company reported first quarter revenues of \$202.8 million in fiscal 2006 versus \$195.5 million reported in the prior year period. Net income for the first quarter of fiscal 2006 totaled \$28.5 million or \$0.43 per diluted share in accordance with generally accepted accounting principles (GAAP). First quarter fiscal 2006 results included compensation expense of approximately \$6.1 million after-tax, or \$0.09 per diluted share, due to the adoption of SFAS 123(R). Excluding the effect of this expense, net income for the first quarter of fiscal 2006 was \$34.6 million, or \$0.52 per diluted share, on a non-GAAP basis. Net income for the first quarter of fiscal 2005 totaled \$27.9 million, or \$0.36 per diluted share. First quarter fiscal 2005 results were reduced by \$0.03 per diluted share from the adoption last year of EITF 04-8, The Effect of Contingently Convertible Instruments on Diluted Earnings Per Share. SFAS 123(R) was not effective for the first quarter of fiscal 2005.

"We are pleased with our continued management of expenses and our strong performance in earnings per share growth," said Thomas Grudnowski, Fair Isaac's chief executive officer.

First Quarter Fiscal 2006 Revenues Highlights

Revenues for first quarter fiscal 2006 across each of the company's four operating segments were as follows:

- Strategy Machine Solutions revenues were \$112.0 million in the first quarter of 2006, compared to \$117.8 million in the prior year quarter, or a decrease of 5.0%, primarily due to a decline in revenues associated with marketing services and insurance solutions. These declines were partially offset by solid growth in consumer scoring products, and collections and recovery solutions.
- Scoring Solutions revenues increased to \$46.2 million in the first quarter from \$39.4 million in the prior year quarter, or by 17.1%, primarily due to an increase in revenues derived from risk scoring services at the credit reporting agencies, and PreScore(R) Service.
- Professional Services revenues increased to \$32.8 million in the first quarter from \$29.5 million in the prior year quarter, or by 11.4%, primarily due to revenues from industry strategic consulting services and implementation services for our Blaze Advisor products.
- Analytic Software Tools revenues increased to \$11.8 million in the first quarter from \$8.8 million in the prior year quarter, or by 33.7%, due to revenues generated from the sales of Blaze Advisor and Model Builder products.

Bookings Highlights

The company achieved bookings of \$127.8 million for first quarter fiscal 2006 versus \$115.4 million in the same period last year, an increase of 10.8%. The company defines a "new booking" as estimated future contractual revenues, including agreements with perpetual, multi-year and annual terms. Management regards the volume of new bookings achieved, among other factors, as an important indicator of future revenues, but they are not comparable to, nor should they be substituted for, an analysis of the company's revenues.

Balance Sheet and Cash Flow Highlights

Cash and cash equivalents, and marketable security investments were \$372.2 million at December 31, 2005, as compared to \$288.1 million at September 30, 2005. Significant changes in cash and cash equivalents from September 30, 2005 include cash provided by operations of \$60.7 million for the first quarter fiscal 2006 and \$36.2 million received from the exercise of stock options and stock issued under an employee stock purchase plan. Cash used during the first quarter of fiscal 2006 includes \$2.5 million related to purchases of property and equipment and \$12.8 million to repurchase company stock under the current authorized share repurchase plan. The remaining balance of the existing share repurchase authorization is \$158.7 million.

Outlook

Second quarter fiscal 2006

The company expects revenue for second quarter fiscal 2006 of approximately \$210.0 million, of which Product (Scoring, Strategy Machines and Analytic Software Tools) revenue will account for approximately \$174.0 million and Services revenue will account for approximately \$36.0 million. The company also expects GAAP earnings per diluted share for the quarter to be approximately \$0.42, which includes an after-tax compensation expense of approximately \$6.6 million, or \$0.10 per diluted share, related to SFAS 123(R). Excluding the effect of SFAS 123(R), non-GAAP earnings per diluted share for the quarter would be \$0.52.

Fiscal 2006

The company expects revenue for fiscal year 2006 to remain in line with prior guidance of approximately \$860.0 million to \$900.0 million. The company also expects GAAP earnings per diluted share for fiscal 2006 to be approximately \$1.77, which includes an after-tax compensation expense of approximately \$26.0 million, or \$0.38 per diluted share, related to SFAS 123(R). Excluding the effect of SFAS 123(R), non-GAAP earnings per diluted share for fiscal 2006 is expected to be approximately \$2.15.

Guidance reflects top-line growth in our core market units and operating margins consistent with prior quarters.

"We continue to respond to the growing demand for our industry-standard solutions in areas like fraud management, scoring, and customer account management," said Grudnowski. "We have seen terrific response from existing and prospective customers in these areas. Furthermore, we continue to experience growing market appreciation for our Enterprise Decision Management capabilities."

Non-GAAP Financial Measures

This news release includes the non-GAAP financial measure "EPS before Share-Based Compensation" which excludes the expense related to all stock-based compensation. The company excludes these amounts in order to facilitate the comparison of current results with those of prior periods and with previous guidance provided by the company, which did not include such expenses, and because these amounts are non-cash expenses. Wherever this non-GAAP financial measure has been included in this news release, the company has reconciled it to GAAP EPS. This non-GAAP financial measure is not prepared in accordance with accounting principles generally accepted in the United States of America and may be different from non-GAAP financial measures used by other companies. Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

Company to Host Conference Call

The company will host a conference call today at 5:00 p.m. Eastern Time (4:00 p.m. Central Time/2:00 p.m. Pacific Time) to discuss its first quarter fiscal 2006 results, and outlook for the remainder of fiscal 2006. The call can be accessed live on the Investor Relations section of the company's Web site at www.fairisaac.com, and a replay will be available approximately two hours after the completion of the call through February 22, 2006.

About Fair Isaac Corporation

Fair Isaac Corporation (NYSE:FIC) makes decisions smarter. The company's solutions and technologies for Enterprise Decision Management give businesses the power to automate more processes, and apply more intelligence to every customer interaction. Through increasing the precision, consistency and agility of their decisions, Fair Isaac clients worldwide increase sales, build customer value, cut fraud losses, manage credit risk, reduce operational costs, meet changing compliance demands and enter new markets more profitably. Founded in 1956, Fair Isaac powers hundreds of billions of decisions each year in financial services, insurance, telecommunications, retail, consumer branded goods, healthcare and the public sector. Fair Isaac also helps millions of individuals manage their credit health through the www.myfico.com website. Visit Fair Isaac online at www.fairisaac.com.

Statement Concerning Forward-Looking Information

Except for historical information contained herein, the statements contained in this news release that relate to Fair Isaac or its business are forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including the 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 acquisitions, including expected synergies, will not be realized 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, 2005. If any of these risks or uncertainties materialize, Fair Isaac's results could differ materially from its expectations. Fair Isaac disclaims any intent or obligation to update these forward-looking statements.

Fair Isaac 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.

FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the Quarters Ended December 31, 2005 and 2004
(In thousands, except per share data)
(Unaudited)

	Quarter Ended December 31,	
	2005	2004
Revenues	\$202,790	\$195,546
Operating expenses:		
Cost of revenues	67,045	69,770
Research and development	22,730	20,998
Selling, general and administrative	63,383	53,568
Amortization of intangible assets	6,263	6,784
Restructuring and merger related	(674)	-
Total operating expenses	158,747	151,120
Operating income	44,043	44,426
Other income (expense), net	845	330
Income before income taxes	44,888	44,756
Provision for income taxes	16,431	16,895
Net income	\$28,457	\$27,861
Earnings per share:		
Basic	\$0.44	\$0.41
Diluted	\$0.43	\$0.36 (a)
Shares used in computing earnings per share:		
Basic	64,211	68,570
Diluted	66,219	80,056 (a)

Share-based compensation expense included in the above operating expense captions are as follows (b):

Cost of revenues	\$2,826	\$111
Research and development	1,835	29

Selling, general and administrative	4,853	293
	-----	-----
Total share-based compensation expense	\$9,514	\$433
	=====	=====

- (a) The computation of diluted earnings per share for the quarter ended December 31, 2004, includes 9.1 million shares of common stock issuable upon conversion of our senior convertible notes, along with a corresponding adjustment to net income to add back related interest expense, net of tax, of approximately \$1.3 million. On March 31, 2005, the company successfully completed an exchange offer for approximately 99.9% of the principal amount of its senior convertible notes for new senior convertible notes. The dilutive effect of the new senior convertible notes has been calculated using the treasury stock method since the effective date of the exchange.
- (b) Effective October 1, 2005, the company adopted SFAS 123(R), "Share- Based Payment", which required the company to record compensation expense for all share-based awards. Results from prior periods have not been restated.

FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
December 31, 2005 and September 30, 2005
(In thousands)
(Unaudited)

	December 31, 2005	September 30, 2005
	-----	-----
ASSETS:		
Current assets:		
Cash and cash equivalents	\$189,296	\$82,880
Marketable securities	130,567	146,088
Receivables, net	156,403	156,375
Prepaid expenses and other current assets	25,772	27,337
	-----	-----
Total current assets	502,038	412,680
Marketable securities and investments	52,360	59,087
Property and equipment, net	45,020	48,436
Goodwill and intangible assets, net	794,076	803,306
Other noncurrent assets	29,540	27,552
	-----	-----
	\$1,423,034	\$1,351,061
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable and other accrued liabilities	\$57,956	\$50,947
Accrued compensation and employee benefits	33,897	31,373
Deferred revenue	56,087	55,837
	-----	-----
Total current liabilities	147,940	138,157
Senior convertible notes	400,000	400,000
Other noncurrent liabilities	5,577	7,810
	-----	-----
Total liabilities	553,517	545,967
Stockholders' equity	869,517	805,094
	-----	-----
	\$1,423,034	\$1,351,061
	=====	=====

(Unaudited)

	Quarter Ended December 31,	
	2005	2004
Strategy machine solutions	\$111,986	\$117,812
Scoring solutions	46,156	39,424
Professional services	32,831	29,470
Analytic software tools	11,817	8,840
Total revenues	\$202,790	\$195,546

FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Quarters Ended December 31, 2005 and 2004
(In thousands)
(Unaudited)

	Quarter Ended December 31,	
	2005	2004
Cash flows from operating activities:		
Net income	\$28,457	\$27,861
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,059	13,472
Share-based compensation expense	9,514	433
Changes in operating assets and liabilities, net of acquisitions	10,366	33,705
Other, net	348	4,439
Net cash provided by operating activities	60,744	79,910
Cash flows from investing activities:		
Purchases of property and equipment	(2,545)	(3,089)
Cash paid for acquisitions, net of cash acquired	-	(33,800)
Net activity from marketable securities	22,587	12,297
Other, net	249	23,250
Net cash provided by (used in) investing activities	20,291	(1,342)
Cash flows from financing activities:		
Proceeds from issuances of common stock	36,154	17,868
Repurchases of common stock	(12,766)	(109,892)
Other, net	2,352	(1,371)
Net cash used in financing activities	25,740	(93,395)
Effect of exchange rate changes on cash	(359)	407
Increase (decrease) in cash and cash equivalents	106,416	(14,420)
Cash and cash equivalents, beginning of period	82,880	134,070
Cash and cash equivalents, end of period	\$189,296	\$119,650

Fair Isaac Corporation
Baseline Revenue Analysis
(in thousands)

E = Estimate, A = Actual

BKG'05 Q1A Q2A Q3A Q4A FY05

Total Baseline						
Prior to '05	\$176,161	\$164,445	\$158,912	\$150,950	\$650,468	

Q1-2005A	\$115,363	19,385	12,916	9,120	7,622	49,043
Q2-2005A	136,560		18,660	12,402	8,312	39,374
Q3-2005A	143,318			23,373	16,259	39,632
Q4-2005A	109,728				20,154	20,154

Total FY05	504,969	19,385	31,576	44,895	52,347	148,203

Total Baseline						
Prior to '06	504,969	195,546	196,021	203,807	203,297	798,671

Q1-2006E						
Q2-2006E						
Q3-2006E						
Q4-2006E						

Total FY06						

Grand Total	\$504,969	\$195,546	\$196,021	\$203,807	\$203,297	\$798,671
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	BKG '06	Q1A	Q2E	Q3E	Q4E	FY06E

Total Baseline						
Prior to '05	\$149,484	\$145,000	\$141,000	\$139,000	\$574,484	

Q1-2005A	6,205	3,000	2,750	2,500	14,455	
Q2-2005A	6,194	6,000	5,000	4,500	21,694	
Q3-2005A	7,404	7,000	6,500	5,500	26,404	
Q4-2005A	11,482	9,000	7,500	5,500	33,482	

Total FY05	31,285	25,000	21,750	18,000	96,035	

Total Baseline						
Prior to '06	180,769	170,000	162,750	157,000	670,519	

Q1-2006E	\$127,778	22,021	14,000	9,000	7,000	52,021
Q2-2006E			26,000			

Q3-2006E						
Q4-2006E						

Total FY06	22,021	40,000				

Grand Total	\$605,000	\$202,790	\$210,000			
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