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FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2001

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

(State or other jurisdiction of  
incorporation or organization)

94-1499887

(I.R.S. Employer  
Identification No.)

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

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

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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  No .

The number of shares of Common Stock, \$0.01 par value per share, outstanding on February 7, 2001, was 23,123,851.

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PART I - FINANCIAL INFORMATION  
ITEM 1. Financial Statements

FAIR, ISAAC AND COMPANY, INCORPORATED  
CONSOLIDATED BALANCE SHEETS  
December 31, 2001 and September 30, 2001  
(in thousands)  
(Unaudited)

	December 31, 2001	September 30, 2001
	-----	-----
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 45,447	\$ 24,608
Short-term investments	14,155	13,800
Accounts receivable, net	56,119	51,619
Unbilled work in progress	29,924	28,452
Prepaid expenses and other current assets	10,815	10,565
Deferred income taxes	6,117	5,217
	-----	-----
Total current assets	162,577	134,261
Investments	117,522	116,143
Property and equipment, net	47,335	49,383
Intangibles, net	9,959	6,530
Deferred income taxes	5,504	5,504
Other assets	5,966	5,192
	-----	-----
	\$ 348,863	\$ 317,013
	=====	=====
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 4,670	\$ 1,415
Accrued compensation and employee benefits	14,964	18,233
Other accrued liabilities	12,872	9,959
Billings in excess of earned revenues	9,291	10,030
	-----	-----
Total current liabilities	41,797	39,637
	-----	-----
<b>Long-term liabilities:</b>		
Accrued compensation and employee benefits	4,828	4,755
Other liabilities	423	849
	-----	-----
Total long-term liabilities	5,251	5,604
	-----	-----
Total liabilities	47,048	45,241
	-----	-----
<b>Stockholders' equity:</b>		
Preferred stock	--	--
Common stock	236	233
Paid in capital in excess of par value	113,326	95,875
Retained earnings	213,828	200,737
Less treasury stock, at cost	(25,628)	(26,446)
Accumulated other comprehensive income	53	1,373
	-----	-----
Total stockholders' equity	301,815	271,772
	-----	-----
	\$ 348,863	\$ 317,013
	=====	=====

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, 2001 and 2000  
(in thousands, except per share data and number of shares)  
(Unaudited)

	Three Months Ended December 31,	
	2001	2000
Revenues	\$ 85,061	\$ 77,123
Costs and expenses:		
Cost of revenues	38,585	35,265
Research and development	7,477	7,315
Sales, general and administrative	17,942	20,146
Amortization of intangibles	525	525
Total costs and expenses	64,529	63,251
Income from operations	20,532	13,872
Other income, net	1,859	1,148
Income before income taxes	22,391	15,020
Provision for income taxes	8,844	6,203
Net income	\$ 13,547	\$ 8,817
Net Income	\$ 13,547	\$ 8,817
Other comprehensive income, net of tax:		
Unrealized gains (losses) on investments	685	(48)
Foreign currency translation adjustments	55	124
Other comprehensive income	740	76
Comprehensive income	\$ 14,287	\$ 8,893
Earnings per share:		
Diluted	\$ 0.57	\$ 0.40
Basic	\$ 0.59	\$ 0.40
Shares used in computing earnings per share:		
Diluted	23,964,000	22,168,000
Basic	22,793,000	21,801,000

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, 2001 and 2000  
(in thousands)  
(Unaudited)

	Three Months Ended December 31,	
	2001	2000
Cash flows from operating activities		
Net income	\$ 13,547	\$ 8,817
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Depreciation and amortization	6,706	5,936
Deferred compensation	249	249
Tax benefit from exercise of stock options	4,732	233
Other	(63)	169
Changes in operating assets and liabilities:		
Accounts receivable	(2,654)	(3,034)
Unbilled work in progress	(1,472)	1,538
Prepaid expenses and other assets	(720)	(1,084)
Accounts payable	6,707	5,744
Accrued compensation and employee benefits	(1,678)	1,294
Other accrued liabilities and other liabilities	(1,492)	(921)
Billings in excess of earned revenues	(1,237)	(199)
Net cash provided by operating activities	22,625	18,742
Cash flows from investing activities		
Purchases of property and equipment	(3,879)	(3,039)
Cash portion of Nykamp acquisition	(2,593)	--
Purchases of investments	(34,926)	(26,380)
Proceeds from maturities of investments	6,760	11,110
Proceeds from sales of investments	24,352	--
Net cash used in investing activities	(10,286)	(18,309)
Cash flows from financing activities		
Principal payments of capital lease obligations	--	(111)
Proceeds from the exercise of stock options and issuance of treasury stock	8,956	2,205
Dividends paid	(456)	(291)
Repurchase of company stock	--	(8,192)
Net cash provided by (used in) financing activities	8,500	(6,389)
Increase (decrease) in cash and cash equivalents	20,839	(5,956)
Cash and cash equivalents, beginning of period	24,608	39,506
Cash and cash equivalents, end of period	\$ 45,447	\$ 33,550

See accompanying notes to the consolidated financial statements.

Note 1 General

In management's opinion, the accompanying unaudited consolidated financial statements for Fair, Isaac and Company, Incorporated (the "Company") for the three months ended December 31, 2001 and 2000 have been prepared in accordance with generally accepted accounting principles for interim financial statements and include all adjustments (consisting only of normal recurring accruals unless otherwise stated) 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, 2001. Notes that would substantially duplicate the disclosures in the Company's audited financial statements for the fiscal year ended September 30, 2001, contained in the 2001 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, 2002.

Note 2 Earnings Per Share

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

(in thousands, except per share data)	Three months ended December 31,	
	2001	2000
-----		
Numerator - Net income	\$ 13,547 =====	\$ 8,817 =====
Denominator - Shares:		
Diluted weighted-average shares and assumed conversion of stock options	23,964	22,168
Effect of dilutive securities - employee stock options	(1,160)	(367)
Effect of restricted securities issued in Nykamp acquisition	(11)	--
	-----	-----
Basic weighted-average shares	22,793 =====	21,801 =====
Earnings per share:		
Diluted	\$ 0.57 =====	\$ 0.40 =====
Basic	\$ 0.59 =====	\$ 0.40 =====

The computation of diluted EPS at December 31, 2001 and 2000 respectively, excludes stock options to purchase 329,000 and 798,000 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:

(in thousands)	Three months ended December 31,	
	2001	2000
Income tax payments	\$ 140	\$ 99
Interest paid	--	100
Non-cash investing and financing activities:		
Issuance of treasury stock to ESOP and ESPP	\$1,518	\$1,032
Fair value of assets acquired from Nykamp	6,425	--
Liabilities acquired from Nykamp	787	--
Future installment share payments for acquisition of Nykamp	2,818	--

Note 4 New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 141 requires business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting, thereby eliminating use of the pooling-of-interest method. It also specifies the types of acquired intangible assets that are to be recognized and reported separately from goodwill. SFAS No. 142 requires that goodwill and certain intangibles with indefinite lives are no longer amortized, but will instead be tested for impairment at least annually or more frequently if impairment circumstances arise. SFAS No. 142 is required to be applied starting with fiscal years beginning after December 15, 2001, with early application permitted in certain circumstances. The Company is currently evaluating the impact that the adoption of SFAS No. 142 will have on its financial position, and results of its operations. Goodwill amortization was approximately \$525,000 for the first quarter of fiscal years 2002 and 2001.

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

In October 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. SFAS No. 144 establishes the accounting model for long-lived assets to be disposed of by sale applies to all long-lived assets, including discontinued operations, and replaces the provisions of APB opinion No. 30, Reporting Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, for the disposal of segments of a business. SFAS No. 144 is effective for fiscal years beginning after December 15, 2001, and early application is encouraged.

The Company implemented SFAS No. 144 in its first quarter of fiscal year 2002, which did not have any material impact on the Company's consolidated financial position, results of operations or cash flows.

#### Note 5 Segment Information

Effective October 1, 2001, the Company reorganized into four reportable segments worldwide to align with the new internal management reporting of our business operations based on its products. The Reportable segments include Scoring, Strategy Machines, Consulting and Software & Maintenance.

The Scoring segment includes our risk scoring services distributed through major credit bureaus; our ScoreNet(R), our PreScore(R) services offered through credit bureaus for large credit card issuers that contract directly with us for scores to pre-screen prospects for their mailing solicitations; and insurance bureau scores sold through credit bureaus. These products and services were previously reported in the Global Data Repositories & Processors segment in fiscal year 2001.

The Strategy Machines segment includes the TRIAD(TM) credit account management services distributed through third-party bankcard processors which were included under the Global Data Repositories & Processors segment in fiscal year 2001, and the remaining products in this new segment were included in the Global Financial Services segment or Other segment in fiscal 2001.

The Consulting segment includes all consulting services. In fiscal 2001, custom analytics was included in the Other segment and most other consulting services were reported in the segment in which the revenues from the related products and services were reported.

The Software & Maintenance segment includes TRIAD, StrategyWare(TM) and Decision System products. In fiscal 2001, our TRIAD, StrategyWare and Decision System products were included under the Global Financial Services and Other segments.

The segment information for the three months ended December 31, 2000 has been restated to conform to the fiscal year 2002 presentation.

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

(in thousands)	Scoring	Strategy Machines	Consulting	Software & Maintenance	Total
-----					
Three months ended December 31, 2001					
Revenue	\$30,089 =====	\$34,345 =====	\$12,704 =====	\$ 7,923 =====	\$85,061 =====
Operating income	\$14,177	\$ 3,277	\$ 622	\$ 2,456	\$20,532
Unallocated other income, net					1,859 -----
Income before income taxes					\$22,391 =====
Depreciation and Amortization	\$ 1,724 =====	\$ 3,646 =====	\$ 843 =====	\$ 493 =====	\$ 6,706 =====
Three months ended December 31, 2000					
Revenue	\$27,057 =====	\$32,424 =====	\$ 9,229 =====	\$ 8,413 =====	\$77,123 =====
Operating income	\$11,221	\$ 1,493	\$ 263	\$ 895	\$13,872
Unallocated other income, net					1,148 -----
Income before income taxes					\$15,020 =====
Depreciation and Amortization	\$ 1,480 =====	\$ 3,347 =====	\$ 598 =====	\$ 511 =====	\$ 5,936 =====

The Company's revenue and percentage of revenue by reportable market segments are as follows:

	Three Months Ended December 31, 2001		Three Months Ended December 31, 2000	
	-----	-----	-----	-----
Scoring	\$30,089	35%	\$27,057	35%
Strategy Machines	34,345	41%	32,424	42%
Consulting	12,704	15%	9,229	12%
Software & Maintenance	7,923	9%	8,413	11%
	-----	-----	-----	-----
	\$85,061	100%	\$77,123	100%
	=====	=====	=====	=====

In addition, the Company's revenues and percentage of revenues on geographical basis are set out as follows:

	Three Months Ended December 31, 2001		Three Months Ended December 31, 2000	
	-----	-----	-----	-----
United States	\$70,819	83%	\$63,305	82%
International	14,242	17%	13,818	18%
	-----	-----	-----	-----
	\$85,061	100%	\$77,123	100%
	=====	=====	=====	=====



Note 6 Acquisition of Nykamp

On December 11, 2001, the Company announced that it was acquiring substantially all of the assets of Nykamp Consulting Group, Inc. (Nykamp), a privately held company based in Chicago. Nykamp provides customer relationship management strategy and implementation services. The agreement was signed on December 10, 2001 and the acquisition was completed on December 17, 2001. The assets acquired and liabilities assumed are recorded at estimated fair values as determined by the Company's management based on information currently available and on current assumptions as to future operations. Under the acquisition agreement, the Company will pay total consideration valued at approximately \$5.6 million, including cash and common stock over the next three years. As a result of the acquisition, assets and liabilities are recorded as follows:

	(in thousands)
	-----
Current assets acquired	\$ 2,144
Fixed and other assets acquired	327
Other intangible assets (including trade name, non-compete agreement, and customer base, amortizable between approximately 3 to 5 years)	1,359
Goodwill	2,595
	-----
Fair value of assets acquired	6,425
Liabilities assumed	(787)
	-----
Net assets acquired	\$ 5,638
	=====

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

### Forward Looking Statements

Certain statements contained in this Report that are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act (the "Act"). In addition, certain statements in our future filings with the Securities and Exchange Commission, in press releases, and in oral and written statements made by us or with our approval that are not statements of historical fact constitute forward-looking statements within the meaning of the Act. Examples of forward-looking statements include, but are not limited to: (i) projections of revenue, income or loss, earnings or loss per share, the payment or nonpayment of dividends, capital structure and other financial items; (ii) statements of our plans and objectives by our management or Board of Directors, including those relating to products or services; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Words such as "believes," "anticipates," "expects," "intends," "targeted," and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements involve risks and uncertainties that may cause actual results to differ from those in such statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to, those described in this Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations-Risk Factors, below. Such forward-looking statements speak only as of the date on which statements are made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made to reflect the occurrence of unanticipated events or circumstances. Readers should carefully review the disclosures and the risk factors described in this and other documents the Company files from time to time with the Securities and Exchange Commission, including our Reports on Forms 10-Q, 10-K and 8-K to be filed by the Company in fiscal year 2002.

### Business Overview

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

## RESULTS OF OPERATIONS

### Revenues

Effective October 1, 2001, we reorganized into four reportable segments worldwide to align with the new internal management reporting of our business operations based on products. These four reportable segments are Scoring, Strategy Machines, Consulting, and Software and Maintenance, which are further described below.

- o Scoring. This segment includes our risk scoring services distributed through major credit bureaus, including TransUnion Corporation, Experian Information Solutions, Inc., Equifax Inc., ChoicePoint and Call Credit; our ScoreNet(R) service sold directly to credit grantors which allows credit grantors to obtain our credit bureau scores and related data from the credit bureaus on their existing accounts for use in their account management system or for integration with the services of a credit card processor; our PreScore(R) services offered through credit bureaus for large credit card issuers that contract directly with us for scores to pre-screen prospects for their mailing solicitations; and insurance bureau scores sold through credit bureaus. These services primarily generate usage revenues. Scoring segment products were included under the Global Data Repositories & Processors segment in fiscal year 2001.
- o Strategy Machines. These products can deliver a complete solution, encompassing software, data, analytics and operations, for a specific function for the customer. The lines of products and services in this segment are our TRIAD credit account management services distributed through third-party bankcard processors who include First Data Resources, Inc., Total System Services, Inc. and Electronic Data Systems, Inc. Fair, Isaac MarketSmart Decision System(TM) ("MarketSmart"), LiquidCredit(TM), TelAdaptive(TM), Score Power(TM), and Strategy Science. These products and services are generally sold on a usage basis. Our TRIAD credit account management services distributed through third-party bankcard processors products were included under the Global Data Repositories & Processors segment in fiscal 2001, and the remaining products in this new segment were included under either the Global Financial Services segment or Other segment.
- o Consulting. This segment includes revenues from all consulting services. Revenues in this segment are derived from analytics, custom applications, data warehousing, integration, and risk management consulting services. We undertake consulting engagements primarily with companies that are users of our analytics, software and netsourced solutions, and with companies deemed to be attractive prospective clients for those solutions. Consulting services include building custom analytic models for clients, advising clients on how to develop and implement sound analytic solutions, providing expert analysis of model development and assisting with successful implementation or repositioning of predictive modeling within the business for greater effectiveness. These services are generally offered on an hourly fee basis. In fiscal 2001, custom analytics products were included in the Other segment and most other consulting services revenues were reported in the segment with the associated products and services.
- o Software and Maintenance. This segment is comprised of our software products that are sold directly to an end user, who is responsible for installing, operating and supporting them. The principal products in this segment are TRIAD(TM), StrategyWare and Decision System(TM) products. These products are generally licensed to a single user on a fixed-price basis. This segment also includes ongoing maintenance revenue related to installed software systems. In fiscal 2001, TRIAD, StrategyWare and Decision System products were included under the Global Financial Services Other segments.

Comparative segment revenues, operating income, and related financial information for this quarter ended December 31, 2001 and the corresponding period in fiscal 2001 are set forth in Note 5 to the Consolidated Financial Statements.

The following table displays (a) the percentage of revenues by segment and (b) the percentage change in revenues within each segment from the prior fiscal year.

	Percentage of Revenue		Period-to-Period
	Three Months Ended		Percentage Changes
	December 31, 2001	December 31, 2000	Three Months Ended 12/31/01 Compared to Three Months Ended 12/31/00
Scoring	35%	35%	11%
Strategy Machines	41%	42%	6%
Consulting	15%	12%	38%
Software and Maintenance	9%	11%	(6)%
	----	----	
Total Revenues	100%	100%	10%
	====	====	

The growth in Scoring segment revenues in the quarter ended December 31, 2001 compared to the same period in the prior fiscal year was primarily due to increased revenues derived from risk and insurance scoring services at the credit bureaus and the PreScore service. This growth is mainly attributable to increased marketing efforts of credit card issuers and a strong market for mortgage re-financings. These increases were partially offset by decreased revenues derived from ScoreNet. The Company believes that the decline in ScoreNet services revenues primarily reflects a shift in the purchasing patterns of customers from these products to credit scoring services at the credit bureaus.

The increases in revenues derived from our Strategy Machines segment in the three months ended December 31, 2001 compared with the same period in the prior fiscal year were due primarily to revenues from sales of our newer products, ScorePower introduced in March 2001 and CLSO introduced during the third quarter of fiscal 2001. These revenues were, in part, offset primarily by decreased revenues from TRIAD credit account management services distributed through third-party bankcard processors. Revenues generated from bankcard processors accounted for approximately 10% of our revenues in the first quarter of fiscal 2002 and 12% of revenues in the same quarter in the prior fiscal year.

Consulting revenues grew in the three months ended December 31, 2001 compared to the same period in the prior fiscal year primarily due to increased revenues derived from consulting services related to MarketSmart, Strategy Science, Decision System, StrategyWare and custom models.

The decline in revenues derived from our Software and Maintenance segment in the three months ended December 31, 2001 compared with same period in the prior fiscal year were due primarily to decreases in revenues from StrategyWare and TRIAD. These decreases were partially offset by increased sales of our Decision System product.

In the first quarter of fiscal 2002, revenues generated from our agreements with TransUnion, Equifax and Experian accounted for approximately 7%, 13% and 7% of revenues, respectively. In the first quarter of fiscal 2001, TransUnion accounted for approximately 10% of our revenues; Equifax, approximately 8%; and Experian, approximately 7%. Revenues from alliances with the credit bureaus, including services distributed through such alliances, increased 14% in fiscal 2001 and 13% in fiscal 2000, and accounted for approximately 38% of revenues in fiscal 2001 and 37% in fiscal 2000.

While we have been successful in extending or renewing our agreements with credit bureaus and credit card processors in the past, and believe we will likely be able to do so in the future, the loss of one or more

such alliances or an adverse change in terms could have a material adverse effect on revenues and operating margin.

Revenues from clients outside the United States represented approximately 17% of total revenues in the three months ended December 31, 2001 and 18% for the same period of prior fiscal year. During fiscal 2001 and 2000, we received approximately 18% of our revenues from business outside the United States. Fluctuations in currency exchange rates have not had a significant effect on revenues to date. In October 2001, we initiated a hedging program to reduce our exposure to fluctuations in certain foreign currency translation rates resulting from holding net assets denominated in foreign currencies. Foreign currency translation losses were \$164,000, and \$33,000 for the first quarter of fiscal 2002 and 2001, respectively.

For comparison purposes we present comparative data of revenues for our new and prior segments for the quarters and annual period of fiscal 2001, and the quarter ended December 31, 2001:

(in thousands)	Q101	Q201	Q301	Q401	FY01	Q102
<b>New Segments</b>						
Scoring	\$ 27,057	\$ 29,079	\$ 30,749	\$ 35,260	\$ 122,145	\$ 30,089
Strategy Machines	32,424	32,232	36,823	34,069	135,548	34,345
Consulting	9,229	9,412	9,181	11,024	38,846	12,704
Software & Maintenance	8,413	10,608	7,480	6,108	32,609	7,923
<b>Total</b>	<b>\$ 77,123</b>	<b>\$ 81,331</b>	<b>\$ 84,233</b>	<b>\$ 86,461</b>	<b>\$ 329,148</b>	<b>\$ 85,061</b>
<b>Prior Segments</b>						
Global Data Repositories & Processors	\$ 37,259	\$ 39,690	\$ 43,206	\$ 47,129	\$ 167,284	\$ 43,392
Global Financial Services	24,862	25,881	23,622	21,655	96,020	25,836
Other	15,002	15,760	17,405	17,677	65,844	15,833
<b>Total</b>	<b>\$ 77,123</b>	<b>\$ 81,331</b>	<b>\$ 84,233</b>	<b>\$ 86,461</b>	<b>\$ 329,148</b>	<b>\$ 85,061</b>

Expenses

The following table sets forth for the fiscal periods indicated (a) the percentage of revenues represented by certain line items in our Consolidated Statements of Income and Comprehensive Income and (b) the percentage change in the amount of each such line item from the prior fiscal year.

	Percentage of Revenue		Period-to-Period
	-----		Percentage Changes
	Three Months Ended December 31,		----- Three Months Ended 12/31/01 Compared to Three Months Ended 12/31/00 -----
	2001	2000	
	-----	-----	
Revenues	100%	100%	10%
Costs and expenses:			
Cost of revenues	45%	46%	9%
Research and development	9%	9%	2%
Sales, general and administrative	21%	26%	(11)%
Amortization of intangibles	1%	1%	0%
	-----	-----	
Total costs and expenses	76%	82%	2%
	-----	-----	
Income from operations	24%	18%	48%
Other income, net	2%	1%	62%
	-----	-----	
Income before income taxes	26%	19%	49%
Provision for income taxes	10%	8%	43%
	-----	-----	
Net income	16%	11%	54%
	=====	=====	

Costs and Expenses

Cost of revenues consists primarily of personnel directly involved in creating, installing and supporting revenue products; travel and related overhead costs; costs of computer service bureaus; and our payments made to credit bureaus for scores and for related outside support in connection with the ScoreNet Service. As compared with the same quarter a year earlier, the cost of revenues, as a percentage of revenues, decreased slightly in the three months ended December 31, 2001 but in absolute dollars increased primarily due to transition costs associated with a new arrangement to outsource our mainframe operations to International Business Machines Corp.

Research and development expenses include the personnel and related overhead costs incurred in development, researching mathematical and statistical models and developing software tools that are aimed at improving productivity, profitability and management control. Research and development expenses in the three months ended December 31, 2001, as a percentage of revenues, were the same as in the corresponding quarter of fiscal 2001, and in absolute dollars was up 2% due to increased costs for analytic personnel.

Sales, general and administrative expenses consist principally of personnel costs for sales and marketing and most corporate support and administrative functions, travel, overhead, advertising and other promotional expenses, corporate facilities expenses, the costs of administering certain benefit plans, legal expenses, business development expenses, and the cost of operating the computer systems. As a percentage of revenues and in absolute dollars, these expenses for the three months ended December 31, 2001 decreased as compared to the corresponding period of fiscal 2001, due primarily to lower travel, facility and consulting costs.

At December 31, 2001 we employed approximately 1,507 persons worldwide compared with approximately 1,492 employees at the end of the corresponding quarter in the prior fiscal year. The increase in personnel is primarily due to the

hiring of personnel with the acquisition of Nykamp Consulting Group, Inc., discussed below under the "Financial Condition" section.

We are amortizing the intangible assets arising from various acquisitions over periods ranging from four to fifteen years. Goodwill amortization was approximately \$525,000 for the first quarter of fiscal years 2002 and 2001.

Other income, net

Other income, net consists mainly of interest income from investments, interest expense, exchange gains/losses from holding foreign currencies in bank accounts, and other non-operating items. Other income, net increased in the three months ended December 31, 2001 compared with the corresponding period a year earlier due to sale of a long-term investment, which resulted in a gain of approximately \$580,000 and higher balances invested in interest bearing instruments. In October 2001, we initiated a hedging program to reduce our exposure to fluctuations in certain foreign currency translation rates resulting from holding net assets denominated in foreign currencies. Foreign currency translation losses were \$164,000, and \$33,000 for the first quarter of fiscal 2002 and 2001, respectively.

Provision for income taxes

The Company's effective tax rate is 39.5% for the three months ended December 31, 2001 compared to 41.3% in the same period of the prior fiscal year. The decrease is primarily due to the reduction in the valuation allowance as a result of capitalized gains, implementation of the "extraterritorial income exclusion" regime, the availability of research and development tax credit, and the revision to the state tax rate to reflect activities in states with lower tax rates.

Financial Condition

Working capital increased to \$120.8 million at December 31, 2001 from approximately \$94.6 million at September 30, 2001 primarily due to significant increase in cash inflows resulted from higher net income, proceeds from sales of investments, and proceeds from the exercise of stock options and issuance of treasury stock, partially offset by increased cash outflows made for the purchase of investments, and the acquisition of net assets from Nykamp. Cash and marketable investments increased to approximately \$177.1 million at December 31, 2001 from approximately \$154.6 million at September 30, 2001. The Company's long-term obligations are mainly related to employee incentive and benefit obligations.

On December 11, 2001, the Company announced that it was acquiring substantially all of the assets of Nykamp Consulting Group, Inc., a privately held company. Nykamp provides customer relationship management strategy and implementation services. The agreement was signed on December 10, 2001 and the acquisition was completed effective on December 17, 2001. Under the acquisition agreement, the Company will pay total consideration valued at approximately \$5.6 million over the next three years. See Note 6 to the Consolidated Financial Statements for additional information.

In fiscal 1999, we initiated a stock repurchase program to purchase up to 1.5 million shares of our common stock, to be funded by cash on hand. Since the program was initiated through December 31, 2001, we have purchased a total of 1,177,500 shares at an aggregate cost of \$32.1 million. During the current quarter to February 12, 2002, we have repurchased an additional 94,600 shares at a cost of \$5.6 million. We expect to continue to evaluate opportunities to repurchase shares under the program.

We believe that our current cash and cash equivalents, short-term cash investments and cash expected to be generated from operations will be sufficient to meet our working capital, capital expenditure, and investment needs for both the current fiscal year and the foreseeable future.

European Economic and Monetary Union (EMU)

Under the European Union's plan for Economic and Monetary Union (EMU), the euro becomes the sole accounting currency of EMU countries on January 1, 2002. The euro initially went into effect on

January 1, 1999, and has now replaced the separate currencies of 12 participating countries: Austria, Belgium, Finland, France, Greece, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. We believe that our computer systems and programs are euro-compliant. Our costs associated with compliance were not material and were expensed as they were incurred. We also believe the conversion to the euro will not have a material impact on our consolidated financial results.

#### Risk Factors

Our revenues are dependent, to a great extent, upon general economic conditions and more particularly, upon conditions in the consumer credit and the financial services industries.

Approximately 81% of our revenues are derived from sales of products and services to the consumer credit and financial services industry in the first quarter of both fiscal 2002 and 2001. A downturn in the consumer credit industry or the financial services industry caused by increases in interest rates or a tightening of credit, among other factors, could harm our results of operations. The revenue growth and profitability of our business depends on the overall demand for our existing and new products. A softening of demand for our decisioning solutions caused by a weakening of the economy generally may result in decreased revenues or lower growth rates. There can be no assurance that we will be able to effectively promote future revenue growth in our business. Since 1990, while the rate of account growth in the U.S. bankcard industry has been slowing and many of our largest institutional clients have merged and consolidated, we have generated most of our revenue growth from our bankcard-related scoring and account management business by cross-selling our products and services to large banks and other credit issuers. As this industry continues to consolidate, we may have fewer opportunities for revenue growth. For example, consolidation in the financial services industry could change the demand for our products and services that support our clients' customer acquisitions programs. There can be no assurance that we will be able to effectively promote future revenue growth in our business. In addition, recent terrorist attacks upon the U.S. have added (or exacerbated) economic, political and other uncertainties, which could adversely affect the Company's revenue growth.

Quarterly revenues and operating results have varied significantly in the past and this unpredictability will likely continue in the future.

Our revenues and operating results have varied significantly in the past. We expect fluctuations in our operating results to continue for the foreseeable future. Consequently, we believe that period-to-period comparisons of our financial results should not be relied upon as an indication of future performance. It is possible that in some future period our operating results may fall below the expectations of market analysts and investors, and in this event the market price of our common stock would likely fall. In addition, with the exception of the cost of ScoreNet service data purchased by us, most of our operating expenses are not affected by short-term fluctuations in revenues; thus, short-term fluctuations in revenues may have a significant impact on operating results. Factors that affect our revenues and operating results include the following:

- o Variability in demand from our existing customers, particularly within our Strategy Machines and Scoring segments;
- o The lengthy sales cycle of many of our products;
- o Consumer dissatisfaction with, or problems caused by, the performance of our personal credit management products;
- o Our ability to develop, introduce and market successful new products and product enhancements in a timely manner;
- o The timing of our new product announcements and introductions in comparison with our competitors;
- o The level of our operating expenses;
- o Changes in competitive conditions in the consumer credit and financial services industries;
- o Fluctuations in domestic and international economic conditions;
- o Acquisition-related expenses and charges;



- o Timing of orders for and deliveries of certain software systems; and
- o Other factors unique to our product lines.

Our ability to increase our revenues is highly dependent upon the introduction of new products and services and if our products and services are not accepted by the marketplace, our business may be harmed.

We have a significant share of the available market for our traditional products and services, such as the products and services included in our Scoring and Strategy Machines segment (specifically, account management services at credit card processors). To increase our revenues, we must enhance and improve existing products and continue to introduce new products and new versions of existing products that keep pace with technological developments, satisfy increasingly sophisticated customer requirements and achieve market acceptance. We believe much of our future growth prospects will rest on our ability to continue to expand into newer markets for our products and services, such as direct marketing, insurance, small business lending, retail, telecommunications and our newest market, personal credit management. If our current or potential customers are not willing to switch to or adopt our new products and services, our revenues will be harmed.

There are significant risks associated with the introduction of new products.

Significant undetected errors or delays in new products or new versions of a product, especially in the area of customer relationship management, may affect market acceptance of our products and could harm our business, results of operations or financial position. If we were to experience delays in the commercialization and introduction of new or enhanced products, if customers were to experience significant problems with the implementation and installation of products, or if customers were dissatisfied with product functionality or performance, our business, results of operations or financial position could be harmed.

There can be no assurance that our new products will achieve significant market acceptance or will generate significant revenue. Products that we plan to directly or indirectly market in the future are in various stages of development. We are expanding our technology into a number of new business areas to foster long-term growth, including consumer services and the design of business strategies using our new Strategy Science technology. These areas are relatively new to our product development and sales and marketing personnel. There is no assurance that we will compete effectively or will generate significant revenues in these new areas.

Failure to obtain data from our clients to update and re-develop or to create new models could harm our business.

Updates of models and development of new and enhanced models depend to a significant extent on availability of statistically relevant data. Such data is usually obtained under agreements with our clients. Refusals by clients to provide such data or to obtain permission of their customers to provide such data, and privacy and data protection restrictions, could result in loss of access to required data. Any interruption of our supply of data could have a material adverse effect on our business, financial condition or results of operations.

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

Legislation and governmental regulation inform how our business is conducted. Both our core businesses and our newer consumer initiatives are affected by regulation. In both arenas, significant regulatory areas include: federal and state regulation of consumer report data and consumer reporting agencies, like the Fair Credit Reporting Act (the "FCRA"); regulation designed to insure that lending practices are fair and non-discriminatory, like the Equal Credit Opportunity Act; and privacy law, like

provisions of the Financial Services Modernization Act of 1999. A variety of other consumer protection laws affect our business such as federal and state statutes governing the use of the Internet and telemarketing. In addition, many foreign jurisdictions relevant to our business have regulation in one or more of these general areas. For example, in the European Union (EU) the Privacy Directive (Directive 95/46/EC) creates minimum standards for the protection of personal data. In addition, some EU member states have enacted protections which go beyond the requirements of the Privacy Directive.

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

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

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

Our operations outside the United States subject us to unique risks that may harm our results of operations.

A growing portion of our revenues is derived from international sales. During both fiscal 2001 and 2000, we received approximately 18% of our revenues from business outside the United States. As part of our growth strategy, we plan to continue to pursue opportunities outside the United States. Accordingly, our future operating results could be negatively affected by a variety of factors arising out of international commerce, some of which are beyond our control. These factors include:

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

There can be no assurance that we will be able to successfully address each of these challenges in the near term. Some of our business is conducted in currencies other than the U.S. dollar. Foreign currency translation gains and losses are not currently material to our financial position, results of operations or cash flows. Foreign currency translation losses were \$164,000, and \$33,000 for the first quarter of fiscal 2002 and 2001, respectively. An increase in our foreign revenues could subject us to increased foreign currency translation risks in the future.

If we do not recruit and retain qualified personnel, our business could be harmed.

Our continued growth and success depend, to a significant extent, on the continued service of our senior management and other highly qualified key research, development, sales and marketing personnel and the hiring of new qualified personnel. Competition for highly skilled business, product development, technical and other personnel is intense. There can be no assurance that we will be successful in continually recruiting new personnel and in retaining existing personnel. In general, we do not have long-term employment or non-competition agreements with our employees. The loss of one or more key employees or our inability to attract additional qualified employees or retain other employees could harm our revenues and results of operations.

We rely upon our proprietary technology rights and if we are unable to protect them, our business could be harmed.

Because the protection of our proprietary technology is limited, our proprietary technology could be used by others without our consent. Our success depends, in part, upon our proprietary technology and other intellectual property rights. To date, we have relied primarily on a combination of copyright, patent, trade secret, and trademark laws, and nondisclosure and other contractual restrictions on copying and distribution to protect our proprietary technology. We cannot assure you that our means of protecting our intellectual property rights in the United States or abroad will be adequate or that others, including our competitors, will not use our proprietary technology without our consent. Furthermore, litigation may be necessary to enforce our intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement or invalidity. Such litigation could result in substantial costs and diversion of resources and could harm our business, operating results and financial condition.

We may be subject to possible infringement claims that could harm our business.

With recent developments in the law that permit patenting of business methods, we expect that products in the industry segments in which we compete will increasingly be subject to claims of patent infringement as the number of products and competitors in our industry segments grow and the functionality of products overlaps. Similarly, we expect more software products will be subject to patent infringement claims in light of recent developments in the law that extend the ability to patent software. Regardless of the merits, responding to any such claim made against us could be time-consuming, result in costly litigation and require us to enter into royalty and licensing agreements on terms unfavorable to us. If a successful claim is made against us and we fail to develop or license a substitute technology, our business, results of operations or financial position could be harmed.

Security is important to our business, and breaches of security, or the perception that e-commerce is not secure could harm our business.

Internet-based, business-to-business electronic commerce requires the secure transmission of confidential information over public networks. Several of our products, including our new personal credit management product, are accessed through the Internet. Consumers using the Internet to access their personal information will demand the secure transmission of such data. Security breaches in connection with the delivery of our products and services, including our netsourced products and Score Power service, or well-publicized security breaches affecting the Internet in general, could significantly harm our business, operating results and financial condition. We cannot be certain that advances in computer capabilities, new

discoveries in the field of cryptography, or other developments will not result in a compromise or breach of the technology we use to protect content and transactions on the networks on which the netsourced products and the proprietary information in our databases are accessed or on which the Score Power service is made available. Anyone who is able to circumvent our security measures or the security measures of our business partners could misappropriate proprietary, confidential customer information or cause interruptions in our operations. We may be required to incur significant costs to protect against security breaches or to alleviate problems caused by such breaches. Further, a well-publicized compromise of security could deter people and businesses from using the Internet to conduct transactions that involve transmitting confidential information.

We are dependent upon major contracts with credit bureaus.

A substantial portion of our revenues is derived from alliances with the three major credit bureaus. These contracts, which normally have a term of five years or less, accounted for approximately 38% and 37% of our revenues in fiscal 2001 and 2000, respectively. If we are unable to renew any of these contracts on the same or similar terms, our revenues and results of operations would be harmed.

We may incur risks related to acquisitions or significant investment in businesses.

As part of our business strategy, we have made in the past, and may make in the future, acquisitions of, or significant investments in, businesses that offer complementary products, services and technologies. Any acquisitions or investments will be accompanied by the risks commonly encountered in acquisitions of businesses. Such risks include, among other things, the possibility that we will pay more than the acquired company or assets are worth, the difficulty of assimilating the operations and personnel of the acquired businesses, the potential product liability associated with the sale of the acquired company's products, the potential disruption of our ongoing business, the distraction of management from our business, and the impairment of relationships with employees and clients as a result of any integration of new management personnel. These factors could harm our business, results of operations or financial position, particularly in the case of a larger acquisition. Consideration paid for future acquisitions, if any, could be in the form of cash, stock, and rights to purchase stock or a combination thereof. Dilution to existing stockholders and to earnings per share may result in connection with any such future acquisitions.

Backlog orders may be cancelled or delayed.

There is no assurance that backlog will result in revenues. We believe that increased revenue growth in fiscal 2002 and later years will depend to a significant extent on sales of newly developed products.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk Disclosures

The following discussion about our market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. We are exposed to market risk related to changes in interest rates, foreign currency exchange rates and equity security price risk. We do not use derivative financial instruments for speculative or trading purposes.

Interest Rate Sensitivity

We maintain an investment portfolio consisting mainly of income securities with an average maturity of less than five years. These available-for-sale securities are subject to interest rate risk and will fall in value if market interest rates increase. We have the ability to hold our fixed income investments until maturity, and therefore we would not expect our operating results or cash flows to be affected to any significant degree by the effect of a sudden change in market interest rates on our securities portfolio. We believe that our foreign currency and equity risks are not material.

The following table presents the principal amounts and related weighted-average yields for our fixed rate investment portfolio at December 31, 2001 and September 30, 2001:

(in thousands)	December 31, 2001		September 30, 2001	
	Book/Market Value	Average Yield	Book/Market Value	Average Yield
Cash and cash equivalents	\$ 36,883	1.97%	\$ 16,918	2.87%
Short-term investments	14,155	2.20%	13,800	2.57%
Long-term investments	112,284	4.05%	110,709	3.78%
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	\$163,322	3.42%	\$141,427	3.55%
	=====		=====	

PART II - OTHER INFORMATION

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

Set forth below is information concerning each matter submitted to a vote at the Annual Meeting of Stockholders held on February 5, 2002.

1. Election of Directors

Stockholders elected seven incumbent directors for one-year terms. The vote tabulation for individual directors was:

Matter - - - - -	For ---	Withheld -----
A. George Battle	19,774,049	1,145,988
Tony J. Christianson	19,314,752	1,605,285
Thomas G. Grudnowski	19,817,583	1,102,454
Philip G. Heasley	19,786,050	1,133,987
Guy R. Henshaw	19,889,350	1,030,687
David S.P. Hopkins	19,889,104	1,030,933
Margaret L. Taylor	19,781,379	1,138,658

2. Amendment to the Restated Certificate of Incorporation, as amended, to Increase the Number of shares of Common Stock Authorized for issuance from 35,000,000 to 100,000,000

The stockholders approved the Amendment to the Restated Certificate of Incorporation, as amended, to increase the number of shares of common stock authorized for issuance from 35,000,000 shares to 100,000,000 shares (with 17,063,129 affirmative votes, 3,837,838 negative votes, 19,070 votes abstaining, and no broker non-votes).

3. Amendments to the Company's Long-term Incentive Plan

The stockholders approved the Amendments to increase the maximum number of shares of common stock subject to annual stock option grants to 250,000 shares and to allow outside directors to take stock options in lieu of an annual cash retainer (with 11,717,454 affirmative votes, 8,760,708 negative votes, 441,875 abstaining and no broker non-votes).

4. Ratification of Auditors

The stockholders ratified the appointment of KPMG LLP as the Company's independent auditors for the fiscal year ended September 30, 2002 (with 12,586,776 affirmative votes, 723,855 negative votes, and 8,225 votes abstaining).

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

(a) Exhibits:

3.1 Amended and Restated Bylaws

3.2 Certificate of Amendment of Amended and Restated Articles of Incorporation

(b) Reports on Form 8-K:

No report on Form 8-K was filed during the quarter ended December 31, 2001.

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, 2002

By /s/ Henk J. Evenhuis

-----  
Henk J. Evenhuis  
Vice President and Chief Financial Officer

EXHIBIT INDEX

TO FAIR, ISAAC AND COMPANY, INCORPORATED

REPORT ON FORM 10-Q FOR THE QUARTER ENDED DECEMBER 31, 2001

Exhibit No. -----	Exhibit -----
3.1	Amended and Restated Bylaws
3.2	Certificate of Amendment of Amended and Restated Articles of Incorporation



B Y - L A W S  
OF  
FAIR, ISAAC AND COMPANY, INCORPORATED

(as amended and restated effective February 5, 2002)

ARTICLE I

Offices

1.1 Registered Office. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

1.2 Additional Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

Stockholders

2.1 Annual Meetings. An annual meeting of stockholders shall be held for the election of directors and scheduled for the first Tuesday of February of each year, at 10:00 A.M. or, should such day fall upon a legal holiday, at the same time on the next business day thereafter that is not a legal holiday, or at such other date and time as may be designated by the Board of Directors from time to time. The annual meeting of stockholders may be held at such place either within or without the State of Delaware, or by means of remote communication, as may be designated by the Board of Directors from time to time; in the absence of any such designation, the annual meeting shall be held at the principal executive offices of the Corporation. At such meeting, the stockholders shall elect directors and transact such other business as may be properly brought before the meeting.

To be properly brought before the annual meeting, business must be either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a stockholder of record. In addition to any other applicable requirements, for business to be properly brought before the annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered by a nationally recognized courier service or mailed by first class United States mail, postage or delivery charges prepaid, and received at the principal executive offices of the Corporation, addressed to the attention of the Secretary of the Corporation, not less than 60 days nor more than 90 days prior to the scheduled date of the meeting (regardless of any postponements, deferrals or adjournments of that meeting to a later date); provided, however, that in the event that the annual meeting is held at a date other than the first Tuesday of February, or the next business day if such Tuesday is a legal holiday and less than 70 days' notice or prior public disclosure of the date of the scheduled meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the earlier of (a) the close of business on the 10th day following the day on which such notice of the date of the scheduled annual meeting was mailed or such public disclosure was made, whichever first occurs, and (b) two days prior to the date of the scheduled meeting. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class, series and number of shares of the Corporation that are owned beneficially by the stockholder, and (iv) any material interest of the stockholder in such business. Notwithstanding anything in these by-laws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in

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this Section 2.1; provided, however, that nothing in this Section 2.1 shall be deemed to preclude discussion by any stockholder of any business properly brought before the annual meeting.

The Chairman of the Board of Directors (or such other person presiding at the meeting in accordance with Section 2.7 of these by-laws) shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 2.1, and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

2.2 Special Meetings. Special meetings of stockholders may be called at any time only by the Chairman of the Board of Directors, if any, the Vice

Chairman of the Board of Directors, if any, the President or the Board of Directors, to be held at such date, time and place (if any) as may be stated in the notice of the meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice of the meeting.

2.3 Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, notice of the meeting shall be given in accordance with Section 2.4 which shall state the place (if any), date and hour of the meeting, the means of remote communication (if any) by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the notice of any meeting shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting.

2.4 Manner Of Giving Notice. Notice of any meeting of stockholders shall be given personally, by mail, by electronic transmission or by other written communication, addressed to the stockholder at the address, number, electronic mail address or other location of that stockholder appearing on the books of the Corporation or given by the stockholder to the Corporation for the purpose of notice. If no such address, number, email address or other location appears on the Corporation's books or is given, notice shall be deemed to have been given if sent to that stockholder by mail or telegraphic or other written communication to the Corporation's principal executive office, or if published at least once in a newspaper of general circulation in the county where that office is located. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or, if sent by electronic transmission, as follows: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice, (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice, (iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (a) such posting and (b) the giving of such separate notice, and (iv) if by any other form of electronic transmission, when directed to the stockholder.

An affidavit of mailing or of electronic transmission of any notice or report in accordance with the provisions of this Section 2.4, executed by the Secretary, Assistant Secretary or any transfer agent or other agent, shall be prima facie evidence of the giving of the notice.

2.5 Adjournments. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place (if any), and notice need not be given of any such adjourned meeting if the time and place (if any) thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

2.6 Quorum. At each meeting of stockholders, except where otherwise provided by law or the certificate of incorporation or these by-laws, the holders of a majority of the outstanding shares of each class of stock entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum. For purposes of the foregoing, two or more classes or series of stock shall be considered a single class if the holders thereof are entitled to vote together as a single class at the meeting. In the absence of a quorum the stockholders so present may, by majority vote, adjourn the meeting from time to time in the manner provided by Section 2.5 of these by-laws until a quorum shall attend. Shares of its own capital stock belonging on the record date for the meeting to

the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication:

(1) participate in a meeting of stockholders; and

(2) be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

2.7 Organization. Meetings of stockholders shall be presided over by the Chairman of the Board of Directors, if any, or in the absence of the Chairman of the Board of Directors by the President, or in the absence of the President by a Vice President, or in the absence of the foregoing persons by a chairman designated by the Board of Directors, or in the absence of such designation by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, or in the absence of the Secretary by an Assistant Secretary, or in their absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

2.8 Voting; Proxies. Unless otherwise provided in the certificate of incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by such stockholder which has voting power upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting, whether in person or by other means provided for in these by-laws or the certificate of incorporation, and voting or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the Corporation. Voting at meetings of stockholders need not be by written ballot and need not be conducted by inspectors unless the holders of a majority of the outstanding shares of all classes of stock entitled to vote thereon present in person or by proxy at such meeting shall so determine. If authorized by the Board of Directors, votes may be submitted by electronic transmission, provided that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder or proxyholder. At all meetings of stockholders for the election of directors a plurality of the votes cast shall be sufficient to elect. With respect to other matters, unless otherwise provided by law or by the certificate of incorporation or these by-laws, the affirmative vote of the holders of a majority of the shares of all classes of stock present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders, provided that (except as otherwise required by law or by the certificate of incorporation) the Board of Directors may require a larger vote upon any such matter. Where a separate vote by class is required, the affirmative vote of the holders of a majority of the shares of each class present in person or represented by proxy at the meeting shall be the act of such class, except as otherwise provided by law or by the certificate of incorporation or these by-laws.

2.9 Fixing Date for Determination of Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment

thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. If no record date is fixed: (1) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; (2) the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed; and (3) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

2.10 List of Stockholders Entitled To Vote. The Secretary shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Nothing contained herein shall require the Corporation to include electronic mail address or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours at the principal place of business of the Corporation. In the event the meeting is to be held at a place, the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

2.11 Consent of Stockholders in Lieu of Meeting. Unless otherwise provided in the certificate of incorporation, any action required by law to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

### ARTICLE III

#### Board of Directors

3.1 Powers; Number; Qualifications. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, except as may be otherwise provided by law or in the certificate of incorporation. The number of directors which shall constitute the Board of Directors shall be seven (7). Directors need not be stockholders.

3.2 Election; Term of Office; Resignation; Removal; Vacancies; Nominations. Each director shall hold office until the annual meeting of stockholders next succeeding his or her election and until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any director may resign at any time upon notice in writing or electronic transmission to the Board of Directors or to the President or the Secretary of the Corporation. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein

no acceptance of such resignation shall be necessary to make it effective. Any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors. Unless otherwise provided in the certificate of incorporation or these by-laws, vacancies and newly created directorships resulting from any increase in the authorized number of directors or from any other cause may be filled by a majority of the directors then in office, although less than a quorum, or by the sole remaining director.

Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to the Board of Directors at the annual meeting, by or at the direction of the Board of Directors, may be made by any Nominating Committee or person appointed by the Board of Directors; nominations may also be made by any stockholder of record of the Corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 3.2. Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered by a nationally recognized courier service or mailed by first class United States mail, postage or delivery charges prepaid, and received at the principal executive offices of the Corporation addressed to the attention of the Secretary of the Corporation not less than 60 days nor more than 90 days prior to the scheduled date of the meeting (regardless of any postponements, deferrals or adjournments of that meeting to a later date); provided, however, that, in the case of an annual meeting and in the event that the annual meeting is held at a date other than the first Tuesday of February, or the next business day if such Tuesday is a legal holiday and less than 70 days' notice or prior public disclosure of the date of the scheduled meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the earlier of (a) the close of business on the 10th day following the day on which such notice of the date of the scheduled meeting was mailed or such public disclosure was made, whichever first occurs, or (b) two days prior to the date of the scheduled meeting. Such stockholder's notice to the Secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class, series and number of shares of capital stock of the Corporation that are owned beneficially by the person, (iv) a statement as to the person's citizenship, and (v) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice, (i) the name and record address of the stockholder and (ii) the class, series and number of shares of capital stock of the Corporation that are owned beneficially by the stockholder. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as director of the Corporation. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth herein.

In connection with any annual meeting, the Chairman of the Board of Directors (or such other person presiding at such meeting in accordance with Section 2.7 of these by-laws) shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he or she should so determine, he or she shall so declare to the meeting and the defective nomination shall be disregarded.

3.3 Regular meetings. Regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board of Directors may from time to time determine, and if so determined notice thereof need not be given.

3.4 Special Meetings. Special meetings of the Board of Directors may be held at any time or place within or without the State of Delaware whenever called by the Chairman of the Board of Directors, if any, by the Vice Chairman of the Board of Directors, if any, by the President or by any two directors. Reasonable notice thereof shall be given by the person or persons calling the meeting.

3.5 Participation in Meetings by Conference Telephone Permitted. Unless otherwise restricted by the certificate of incorporation or these by-laws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or of such committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating

in the meeting can hear each other, and participation in a meeting pursuant to this by-law shall constitute presence in person at such meeting.

3.6 Quorum; Vote Required for Action. At all meetings of the Board of Directors one third of the entire Board of Directors, but not less than two shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless the certificate of incorporation or these by-laws shall require a vote of a greater number. In case at any meeting of the Board of Directors a quorum shall not be present, the members of the Board of Directors present may adjourn the meeting from time to time until a quorum shall attend.

3.7 Organization. Meetings of the Board of Directors shall be presided over by the Chairman of the Board of Directors, if any, or in the absence of the Chairman of the Board of Directors by the Vice Chairman of the Board of Directors, if any, or in the absence of the Vice Chairman of the Board of Directors by the President, or in their absence by a chairman chosen at the meeting. The Secretary, or in the absence of the Secretary an Assistant Secretary, shall act as secretary of the meeting, but in the absence of the Secretary and any Assistant Secretary the chairman of the meeting may appoint any person to act as secretary of the meeting.

3.8 Action by Directors Without a Meeting. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or of such committee, as the case may be, consent thereto in writing or electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. All such actions by written consent or electronic transmission shall have the same force and effect as a unanimous vote of such directors.

3.9 Compensation of Directors. The Board of Directors shall have the authority to fix the compensation of directors.

#### ARTICLE IV

##### Committees

4.1 Executive Committee. The Board of Directors may, by resolution approved by at least a majority of the authorized number of directors, establish and appoint one or more members of the Board of Directors to constitute an Executive Committee (the "Executive Committee"), with such powers as may be expressly delegated to it by resolution of the Board of Directors. The Executive Committee shall act only in the intervals between meetings of the Board of Directors and shall be subject at all times to the control of the Board of Directors.

4.2 Committees. In addition to the Executive Committee, the Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more other committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have power or authority in reference to amending the certificate of incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors as provided in Section 151(a) of the General Corporation Law of Delaware fix any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the

Corporation), adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of dissolution, removing or indemnifying directors or amending these by-laws; and, unless the resolution expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock or adopt a certificate of ownership and merger.

4.3 Committee Rules. Unless the Board of Directors otherwise provides, the committee designated by the Board of Directors may adopt, amend and repeal rules for the conduct of its business. In the absence of a provision by the Board of Directors or a provision in the rules of such committee to the contrary, a majority of the entire authorized number of members of such committee shall constitute a quorum for the transaction of business, the vote of a majority of the members present at a meeting at the time of such vote if a quorum is then present shall be the act of such committee, and in other respects each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article III of these by-laws.

## ARTICLE V

### Officers

5.1 Officers; Election. As soon as practicable after the annual meeting of stockholders in each year, the Board of Directors shall elect a President and a Secretary, and it may, if it so determines, elect from among its members a Chairman of the Board of Directors. The Board of Directors may also elect one or more Vice Presidents, one or more Assistant Vice Presidents, one or more Assistant Secretaries, a Treasurer and one or more Assistant Treasurers and such other officers as the Board of Directors may deem desirable or appropriate and may give any of them such further designations or alternate titles as it considers desirable. Any number of offices may be held by the same person; provided, however, that the offices of President and Secretary shall not be held by the same person.

5.2 Term of Office; Resignation; Removal; Vacancies. Except as otherwise provided in the resolution of the Board of Directors electing any officer, each officer shall hold office until the first meeting of the Board of Directors after the annual meeting of stockholders next succeeding his or her election, and until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any officer may resign at any time upon written notice to the Board of Directors or to the President or the Secretary of the Corporation. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein no acceptance of such resignation shall be necessary to make it effective. The Board of Directors may remove any officer with or without cause at any time. Any such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation, but the election of an officer shall not of itself create contractual rights. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting.

5.3 Powers and Duties. The officers of the Corporation shall have such powers and duties in the management of the Corporation as shall be stated in these by-laws or in a resolution of the Board of Directors which is not inconsistent with these by-laws and, to the extent not so stated, as generally pertain to their respective offices, subject to the control of the Board of Directors. The Board of Directors may require any officer, agent or employee to give security for the faithful performance of his or her duties.

5.4 Chairman of the Board of Directors. The Chairman of the Board of Directors, if there shall be such an officer, shall, if present, preside at all meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors or prescribed by the by-laws.

5.5 President. The President shall be the chief executive officer of the Corporation. Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board of Directors, if there be such an officer, and subject to the provisions of these by-laws and to the direction of the Board of Directors, the President shall have supervision over and may exercise general executive powers of the business and affairs of the Corporation and shall perform all duties and have all powers which are commonly incident to the office of chief

executive or which are delegated to him by the Board of Directors. He shall have power to sign all stock certificates, contracts and other instruments of the Corporation which are authorized and shall have general supervision and direction of all of the other officers, employees and agents of the Corporation. The President shall be ex officio, a member of all the standing committees, including the Executive Committee. In the absence of the Chairman of the Board of Directors, the President shall preside at all meetings of the Board of Directors.

5.6 Vice President. In the absence of the President or in his inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated by the directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

5.7 Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the Corporation and he, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

5.8 Assistant Secretary. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

5.9 Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

5.10 Assistant Treasurer. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the Treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

## ARTICLE VI

### Stock

6.1 Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman or Vice Chairman of the Board of Directors, if any, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the Corporation, certifying the number of shares owned by such holder in the Corporation. If such certificate is manually signed by one officer or manually countersigned by a transfer agent or by a registrar, any other signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or



registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Upon the face or back of each stock certificate issued to represent any partly paid shares, or upon the books and records of the Corporation in the case of uncertificated partly paid shares, shall be set forth the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualification, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the General Corporation Law of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

6.2 Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

6.3 Transfer of Stock. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Upon receipt of proper transfer instructions from the registered owner of uncertified shares such uncertified shares shall be canceled and issuance of new equivalent uncertificated shares or certificated shares shall be made to the person entitled thereto and the transaction shall be recorded upon the books of the Corporation.

6.4 Fixing Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

6.5 Registered Stockholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

## ARTICLE VII

### Miscellaneous

7.1 Fiscal Year. The fiscal year of the Corporation shall be determined by the Board of Directors.

7.2 Seal. The Corporation may have a corporate seal which shall have the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors. The corporate seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

7.3 Waiver of Notice of Meetings of Stockholders, Directors and Committees. Whenever notice is required to be given by law or under any provision of the certificate of incorporation or these by-laws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice unless so required by the certificate of incorporation or these by-laws.

7.4 Interested Directors; Quorum. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or her or their votes are counted for such purpose, if: (1) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (2) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (3) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

7.5 Amendment of By-Laws. These by-laws may be amended or repealed, and new by-laws adopted, by the Board of Directors, but the stockholders entitled to vote may adopt additional by-laws and may amend or repeal any by-law whether or not adopted by them.

CERTIFICATE OF SECRETARY

I hereby certify that:

I am the duly elected and acting Secretary of Fair, Isaac and Company, Incorporated, a Delaware corporation (the "Corporation"); and

Attached hereto is a complete and accurate copy of the by-laws of the Corporation as duly adopted by the Board of Directors at a meeting held on February 5, 2001 and said by-laws are presently in effect.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Corporation this 5th day of February, 2002.

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Andrea M. Fike  
Secretary

CERTIFICATE OF AMENDMENT

OF

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

FAIR, ISAAC AND COMPANY, INCORPORATED

FAIR, ISAAC AND COMPANY, INCORPORATED, a Delaware corporation (the "Corporation"), does hereby certify:

First: That the Amended and Restated Certificate of Incorporation of the Corporation is hereby amended by deleting in its entirety Article 4. (a) and inserting the following in lieu thereof:

"4. (a) The total number of shares of all classes of stock which the Corporation shall have authority to issue is one hundred one million (101,000,000), of which one million (1,000,000) shares shall be Preferred Stock of the par value of \$.01 per share, and one hundred million (100,000,000) shares shall be Common Stock of the par value of \$.01 per share. The number of authorized shares of Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) if the increase or decrease is approved by the holders of a majority of the shares of Common Stock, without the vote of the holders of the shares of Preferred Stock or any series thereof, unless any such Preferred holders are entitled to vote thereon pursuant to the provisions established by the Board of Directors in the resolution or resolutions providing for the issue of such Preferred Stock, and if such holders of such Preferred Stock are so entitled to vote thereon, then, except as may otherwise be set forth in this Certificate of Incorporation, the only stockholder approval required shall be that of a majority of the combined voting power of the Common and Preferred Stock so entitled to vote."

Second: The foregoing amendment was duly adopted in accordance with the provisions of Section 242 of the Delaware General Corporation Law.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed by THOMAS G. GRUDNOWSKI, its President, and attested by ANDREA M. FIKE, its Secretary, on this 7th day of February, 2002.

/s/ Thomas G. Grudnowski

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THOMAS G. GRUDNOWSKI  
President

ATTEST:

/s/ Andrea M. Fike

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ANDREA M. FIKE  
Secretary