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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

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**FORM 8-K**

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**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported) April 25, 2012**

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**FAIR ISAAC CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**0-16439**  
(Commission  
File Number)

**94-1499887**  
(IRS Employer  
Identification No.)

**901 Marquette Avenue, Suite 3200**  
**Minneapolis, Minnesota**  
(Address of principal executive offices)

**55402-3232**  
(Zip Code)

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

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

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

On April 25, 2012, Fair Isaac Corporation (the “Company”) announced that Deborah Kerr, the Company’s Executive Vice President, Chief Technology Officer, and Charles L. Ill, the Company’s Executive Vice President—Sales, Services and Marketing, both intend to transition out of their respective roles with the Company.

In connection with her separation from service, Ms. Kerr has entered into a Transition Agreement with the Company pursuant to which she resigned from her position as Executive Vice President, Chief Technology Officer effective April 25, 2012 but will remain employed by the Company in a consultative capacity through December 19, 2012 (the “Kerr Separation Date”). Ms. Kerr will receive an annual base salary of \$100,000 in her new position and will not be eligible to receive a cash incentive payment under the Company’s Management Incentive Plan (“MIP”) for fiscal year 2012.

If Ms. Kerr’s employment is not terminated before the Kerr Separation Date in accordance with the terms of her Transition Agreement, she will be entitled to the following retention pay and benefits: (1) a cash payment equal to one times the sum of (a) her annual base salary (\$100,000) and (b) the annual cash incentive payment made to Ms. Kerr under the MIP for fiscal year 2011 (\$140,000), such cash payment to be made in a lump sum following the Kerr Separation Date, and (2) continuation of certain benefits pursuant to COBRA for 12 months. Ms. Kerr’s receipt of these retention pay and benefits is conditioned on her execution of a release of claims against the Company, her compliance with the terms of her Transition Agreement (which includes non-solicitation and non-disparagement provisions) and other agreements in effect between her and the Company, and her cooperation in the transition of her duties.

In connection with his separation from service, Mr. Ill has entered into a Transition Agreement with the Company pursuant to which he will continue in his role as Executive Vice President—Sales, Services and Marketing through no later than September 30, 2012 and will subsequently remain employed by the Company to provide transition assistance through February 22, 2013 (the “Ill Separation Date”). Mr. Ill will continue to receive his current annual base salary of \$550,000 while he is employed by the Company. He also will be eligible to receive a cash incentive payment of between 0% and 100% of his annual base salary under the MIP for fiscal year 2012 but will not be eligible for a cash incentive payment under the MIP for fiscal year 2013. He will also receive a continuation of life insurance benefits for 12 months following the Ill Separation Date.

If Mr. Ill’s employment is not terminated before the Ill Separation Date in accordance with the terms of his Transition Agreement, he will be entitled to the following retention pay and benefits: (1) a cash payment equal to one times the sum of (a) his annual base salary (\$550,000) and (b) the greater of (i) the annual cash incentive payment made to Mr. Ill under the MIP for fiscal year 2011 (\$175,000) and (ii) the annual cash incentive payment Mr. Ill receives under the MIP for fiscal year 2012, such cash payment to be made in a lump sum following the Ill Separation Date, and (2) continuation of certain benefits pursuant to COBRA for 12 months. Mr. Ill’s receipt of these retention pay and benefits is conditioned on his execution of a release of claims against the Company, his compliance with the terms of his Transition Agreement (which includes non-solicitation and non-disparagement provisions) and other agreements in effect between him and the Company, and his cooperation in the transition of his duties.

Mr. Ill and the Company have also entered into an Amended and Restated Management Agreement, which amends and restates the Management Agreement dated February 1, 2010 between the parties. Pursuant to the Amended and Restated Management Agreement, if Mr. Ill’s employment is terminated by the Company without Cause or if he resigns for Good Reason within 60 days before or one

year following a change of control Event that occurs during the Term of the Amended and Restated Management Agreement (each as defined in the Amended and Restated Management Agreement), then he will be entitled to the following severance pay and benefits, subject to certain limitations specified in the Amended and Restated Management Agreement: (1) a cash payment in an amount equal to one times the sum of (a) his annual base salary and (b) the annual cash incentive payment paid to him for the preceding fiscal year, such cash payment to be made in a lump sum following Mr. Ill's separation from service, (2) continuation of certain insurance benefits for 12 months, and (3) full acceleration of all of his unvested stock options, restricted stock units and performance share units. Mr. Ill's receipt of these severance pay and benefits would be conditioned on his execution of a release of claims against the Company and a one-year nonsolicitation agreement.

The foregoing descriptions of the Transition Agreements applicable to Ms. Kerr and Mr. Ill and the Amended and Restated Management Agreement applicable to Mr. Ill are summaries only and are qualified in all respects by reference to the full text of such agreements, attached to this Current Report on Form 8-K as Exhibits 10.1, 10.2 and 10.3, respectively, and incorporated into this Item 5.02 by reference.

A copy of the press release dated April 25, 2012, announcing the transition in these management positions, is attached as Exhibit 99.1 to this Current Report on Form 8-K.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit</u>	<u>Description</u>
10.1	Transition Agreement, dated April 25, 2012, between Deborah Kerr and the Company
10.2	Transition Agreement, dated April 25, 2012, between Charles L. Ill and the Company
10.3	Amended and Restated Management Agreement, dated April 25, 2012, between Charles L. Ill and the Company
99.1	Press release dated April 25, 2012

**SIGNATURE**

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

FAIR ISAAC CORPORATION

By /s/ Mark R. Scadina

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Mark R. Scadina

Executive Vice President, General Counsel and Secretary

Date: April 25, 2012

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>	<u>Manner of Filing</u>
10.1	Transition Agreement, dated April 25, 2012, between Deborah Kerr and the Company	Filed Electronically
10.2	Transition Agreement, dated April 25, 2012, between Charles L. III and the Company	Filed Electronically
10.3	Amended and Restated Management Agreement, dated April 25, 2012, between Charles L. III and the Company	Filed Electronically
99.1	Press release dated April 25, 2012	Filed Electronically

**FAIR ISAAC CORPORATION**  
**TRANSITION AGREEMENT**  
**WITH DEBORAH KERR**

THIS TRANSITION AGREEMENT (the "Agreement") is made and entered into as of April 25, 2012 (the "Effective Date") by and between Fair Isaac Corporation, a Delaware corporation (the "Company"), and Deborah Kerr, a resident of California ("Kerr").

**BACKGROUND**

A. The Company and Kerr entered into a letter agreement dated February 6, 2012 (the "Letter Agreement").

B. The Company and Kerr entered into an Indemnification Agreement dated February 1, 2009 (the "Indemnification Agreement").

C. The Company and Kerr entered into a Proprietary Information and Inventions Agreement dated February 1, 2009 (the "Past PIIA"), and also entered into an additional Proprietary Information and Inventions Agreement dated February 6, 2012 (the "New PIIA").

D. The Company and Kerr entered into an Amended and Restated Management Agreement dated February 6, 2012 (the "Amended and Restated Management Agreement").

E. As of the Effective Date, Kerr holds options to purchase shares of common stock of the Company and holds restricted stock unit awards, pursuant to written option agreements and restricted stock unit agreements, as applicable (the "Equity Awards"), as summarized in the attached Exhibit A to this Agreement.

F. Kerr and the Company have agreed that as of the Effective Date Kerr will resign from the Company as its Executive Vice President, Chief Technology Officer.

G. At the Company's request, after the Effective Date Kerr shall remain employed with the Company until December 19, 2012 (the "Separation Date") to provide services to the Company under the terms of this Agreement in order to facilitate a smooth transition for the Company; provided, however that Kerr's employment with the Company may be terminated earlier in accordance with subparagraph 2(d) below.

H. The parties intend to mutually conclude their employment relationship amicably, but mutually recognize that such a relationship may give rise to potential claims or liabilities.

I. The parties desire to resolve all issues now in dispute between them and have agreed to a full settlement of such issues.

NOW THEREFORE, in consideration of the mutual promises and provisions contained in this Agreement, the First Release and the Second Release (defined and referred to below), the parties, intending to be legally bound, agree as follows:

### **AGREEMENT**

**1. Resignation; Transition Term.** Kerr hereby confirms her resignation from the Company as its Executive Vice President, Chief Technology Officer, as an officer of the Company for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, and as an officer of any of the Company's subsidiaries and affiliates effective as of the Effective Date. Kerr further hereby confirms her resignation as an employee of the Company and any of its subsidiaries and affiliates effective as of the Separation Date or such earlier date if Kerr's employment is terminated before the Separation Date in accordance with subparagraph 2(d) below. The Company agrees that the communication of Kerr's resignation to the public shall be in the form set forth in Schedule 1 hereto, which is incorporated herein. Kerr's employment with the Company will automatically terminate effective as of the Separation Date, unless earlier terminated in accordance with subparagraph 2(d) below. The period of Kerr's employment hereunder is referred to in this Agreement as the "Transition Term." During the Transition Term, Kerr may not be employed by or provide services to any of the following businesses, any successors of such businesses, or any of their affiliates: Experian Group Limited, Equifax Inc., TransUnion LLC, IBM, Opera Solutions, SAS, Acxiom, CGI, Actimize/Nice, Detica/BAE, ACI Worldwide or Pega. In addition, during the Transition Term Kerr may not be employed by or provide services to any other corporation, partnership or other organization, including (without limitation) as an employee, director, officer or independent contractor, unless Kerr first obtains prior written approval from the Company's Chief Executive Officer, which approval will be granted unless the Company reasonably determines in good faith based on the totality of the circumstances that such employment would be harmful to the Company's legitimate business interests.

### **2. Employment Terms During the Transition Term.**

**(a) Scope of Engagement.** Subject to the terms and conditions of this Agreement, Kerr agrees to remain in the employ of the Company, and the Company agrees to continue Kerr's employment, for the duration of the Transition Term. During the Transition Term, Kerr will report directly to the Company's Chief Executive Officer, and will, to the extent and in the manner reasonably requested by the Chief Executive Officer, assist in the transition of her duties and responsibilities. Notwithstanding the foregoing: (i) for the first ninety (90) days of the Transition Term, Kerr shall not be required to perform more than forty (40) hours of service for the Company during any thirty (30) day period, and for the balance of the Transition Term, Kerr shall not be required to perform more than sixteen (16) hours of service for the Company during any thirty (30) day period; and (ii) during the Transition Term, Kerr's only

required travel shall be to the Company's offices, and any request for her to travel to the Company's headquarters shall be on at least ten (10) days advance written notice. Kerr agrees that she shall perform any services to the Company during the Transition Term to the best of her ability. Kerr may continue her membership on the Board of Directors of Mitchell Systems, Inc. and her relationship with Aurora Capital and may serve as a director of other business organizations as approved by the Company's Chief Executive Officer, which approval will be granted unless the Company reasonably determines in good faith based on the totality of the circumstances that such Board membership would be harmful to the Company's legitimate business interests. Kerr may participate in, including as a director of, charitable and civic organizations.

**(b) Pay and Benefits.** During the Transition Term, the Company will pay Kerr a base salary for services performed at the annualized rate of \$100,000.00, subject to normal withholdings and payable in accordance with the Company's normal payroll practices. In addition, during the Transition Term Kerr will continue to be eligible to participate in the employee benefit plans and fringe benefit programs in which she participated immediately before the Effective Date; provided, however that Kerr will not be eligible to receive any incentive award under the Company's Management Incentive Plan for the Company's fiscal year 2012. The employee benefits plans and fringe benefit programs of the Company may be modified or terminated by the Company in its discretion provided that any modification or termination will be generally applicable to similarly situated employees of the Company. Kerr agrees that she is not entitled to any vacation payout upon conclusion of the Transition Term.

**(c) Expenses.** The Company shall reimburse Kerr for all reasonable and necessary out-of-pocket business, travel and entertainment expenses incurred by her in the performance of her duties and responsibilities for the Company during the Transition Term, subject to the Company's normal policies and procedures for expense verification and documentation. Any expenses that Kerr has incurred in the performance of her duties and responsibilities for the Company for which she has sought reimbursement on or before the Effective Date shall be reimbursed by the Company in accordance with the Company's standard policies and procedures addressing expense reimbursements.

**(d) Early Termination.** Notwithstanding anything in this Agreement to the contrary, Kerr's employment hereunder may be terminated before the Separation Date (i) by Kerr at any time and for any reason, (ii) by the Company for Cause (as defined below), (iii) by the Company for any reason following an Event (as such term is defined in the Amended and Restated Management Agreement), (iv) by the Company due to disability for which Kerr is qualified for benefits under the Company's group long-term disability program, or (v) because of Kerr's death. In the event of termination of Kerr's employment before the Separation Date because of any of the foregoing reasons, the Company's only obligation hereunder shall be to pay such compensation and provide such benefits as are earned by Kerr through the date of termination of employment.

**(e) Cause Definition.** For purposes of this Agreement, “Cause” means a determination in good faith by the Company’s Chief Executive Officer of the existence of one or more of the following: (i) commission by Kerr of any act constituting a felony; (ii) any intentional and/or willful act of fraud or material dishonesty by Kerr related to, connected with or otherwise affecting Kerr’s employment with the Company, or otherwise likely to cause material harm to the Company or its reputation; or (iii) a material breach by Kerr of the Company’s material policies or codes of conduct or of Kerr’s material obligations under this Agreement, the Past PIIA, the New PIIA or other written agreement signed by Kerr and the Company then in effect, which breach has not been cured within fifteen (15) days after written notice thereof to Kerr from the Company.

**(f) Coordination With Amended and Restated Management Agreement.** The parties agrees that (i) if any Event shall occur during the Term (as such term is defined in the Amended and Restated Management Agreement), and the employment of Kerr with the Company is voluntarily or involuntarily terminated under circumstances specified in Section 2(a) of the Amended and Restated Management Agreement, then Kerr shall be eligible to receive from the Company or its successor the benefits under Section 2 of the Amended and Restated Management Agreement in accordance with the terms of the Amended and Restated Management Agreement; and (ii) neither Kerr’s notice of resignation effective as of the Separation Date, nor her resignation effective as of the Separation Date, nor the modification of Kerr’s employment terms during the Transition Term, all in accordance with paragraphs 1 and 2, constitute an involuntary termination or resignation for Good Reason (as such term is defined in the Amended and Restated Management Agreement), or otherwise triggers any payments or benefits, under the Amended and Restated Management Agreement or the Letter Agreement.

**3. Equity Awards.** Kerr acknowledges and agrees that the spreadsheet set forth as Exhibit A is an accurate list of all option grants and equity-based awards received by Kerr during her employment with the Company prior to the Effective Date, and that she has no other equity or equity-based compensation rights with respect to the Company or any affiliate. The Company represents and warrants that all such equity-based awards are exempt from Section 16(b) of the Securities Act of 1934. The Equity Awards shall continue to be governed by the terms and conditions set forth in the applicable written stock option, restricted stock unit and performance share unit agreements and she shall continue to vest in such Equity Awards on the basis of being employed during the Transition Term without regard to the reduction in her level of service; provided, further that she shall be permitted to exercise all vested stock options in accordance with the terms of the applicable stock option agreements. From and after the Effective Date, Kerr shall no longer be subject to the Company share ownership guidelines applicable to officers. Notwithstanding the inclusion in Exhibit A of the 20,000 performance share units granted to Kerr in Grant Number P000003, Kerr specifically acknowledges and agrees that as of the Effective Date Kerr will no longer be an “Employee” for purposes of such Equity Award and therefore Kerr will not be entitled to any vesting of these performance share units after the Effective Date.

**4. First and Second Release by Kerr.** At the same time Kerr signs this Agreement, she also will sign a release in the form attached to this Agreement as Exhibit B (the "First Release"), in favor of the Company and its affiliates, divisions, subsidiaries, committees, trustees, directors, officers, employees, agents, predecessors, successors, and assigns. If on or within twenty-one (21) days after the Separation Date (provided Kerr's employment is not terminated early under subparagraph 2(d) above before the Separation Date) Kerr executes a second release in the form attached to this Agreement as Exhibit C (the "Second Release") and satisfies the other conditions identified in subparagraph 5(b) below, then Kerr will be eligible for the additional consideration as set out in subparagraph 5(a) below. This Agreement will not be interpreted or construed to limit the First Release or the Second Release in any manner. The existence of any dispute related to the interpretation of this Agreement or the alleged breach of this Agreement will not nullify or otherwise affect the validity or enforceability of the First Release or the Second Release.

**5. Retention Consideration.**

**(a) Retention Pay and Benefits.** If Kerr's employment is not terminated early under subparagraph 2(d) above before the Separation Date, then Kerr's employment with the Company shall end as of the Separation Date and, subject to the conditions identified in subparagraph 5(b) below, the Company will (1) pay Kerr as retention pay an amount equal to one (1) times the sum of (A) Kerr's annual base salary at the rate identified in subparagraph 2(b) above (\$100,000.00) plus (B) the annual incentive bonus paid to Kerr under the Company's Management Incentive Plan for the Company's fiscal year 2011 (\$140,000.00), payable in a lump sum on the first business day after Kerr delivers the signed Second Release to the Company, and (2) provided Kerr (and, if applicable, Kerr's eligible dependents), completes and returns the forms necessary to elect COBRA continuation coverage to the COBRA administrator for the group health plan in which Kerr participates as of the Separation Date, provide Kerr (and, if applicable, Kerr's eligible dependents) with COBRA continuation coverage at no cost to Kerr, for a period of twelve (12) months following the Separation Date, provided Kerr remains eligible for COBRA; provided that such continuation coverage will be provided only with respect to Kerr's base medical, dental, vision and Employee Assistance Program coverage under the group health plan in which Kerr receives COBRA continuation coverage (and in Minnesota only, this applies to basic life insurance coverage), and shall not apply to any medical expense reimbursement account, dental care plan, vision care plan, or other arrangement for which Kerr may be entitled to COBRA continuation coverage.

**(b) Conditions.** Payment by the Company of any retention pay or premium reimbursements under subparagraph 5(a) will be conditioned upon Kerr (1) signing and not revoking the Second Release in accordance with paragraph 4, (2) complying with Kerr's obligations under this Agreement, the Past PIIA, the New PIIA, or any other written agreement signed by Kerr and the Company then in effect, and (3) cooperating with the Company in the transition of Kerr's duties in accordance with the terms of this Agreement. If Kerr revokes the Second Release within the 15-day revocation period applicable to the Second Release, then Kerr shall immediately return to the Company any retention pay under subparagraph 5(a) already received by Kerr and shall not be entitled to receive any of the premium reimbursements under subparagraph 5(a).

**6. Confidential Information.** Kerr acknowledges entering into the Past PIIA and the New PIIA and hereby reaffirms her commitments and obligations under the Past PIIA and the New PIIA. Except as provided in paragraph 7, nothing in this Agreement is intended to modify, amend, cancel or supersede the Past PIIA or the New PIIA in any manner.

**7. Non-Solicitation.** During the Transition Term, and for a period of fifteen (15) consecutive months from and after conclusion of the Transition Term, Kerr shall not, directly or indirectly, (a) solicit, request, advise, induce or influence any person who is then employed or engaged by the Company (as an agent, employee, independent contractor, or in any other capacity), or any successor thereto, in any manner or capacity, to terminate his or her employment, agency or relationship with the Company, or any successor thereto; or (b) employ or attempt to employ in any manner or capacity any person who is then employed or engaged by the Company (as an agent, employee, independent contractor, or in any other capacity), or any successor thereto, or who was an employee of the Company, or any successor thereto, at any time during the nine (9) month period immediately prior to the date on which Kerr employs or attempts to employ any such employee; provided, however, that this subparagraph 7(b) shall not preclude Kerr from employing any person whose employment with the Company was involuntarily terminated by the Company; or (c) solicit or sell any product or service competitive with any Company product or service that Kerr solicited or sold (or had direct, indirect, or supervisory responsibility for soliciting or selling) during the 24-month period immediately preceding the termination of Kerr's employment with the Company, or about which Kerr has knowledge of or proprietary information, to (i) any then-current customer of the Company, (ii) any prospective customer of the Company that the Company was actively targeting for a business relationship at any time during the 12-month period immediately preceding the Effective Date, or (iii) any prospective customer of the Company that the Company was actively targeting during the Transition Term of which Kerr was aware; or (d) divert or take away, or attempt to divert or take away, or solicit or attempt to solicit (i) any then-current acquisition or investment candidate, customer, supplier or other business contact of the Company (whether or not Kerr directly or indirectly solicited such customer during Kerr's employment), (ii) any investment candidate, customer, supplier or other business contact of the Company that the Company was actively targeting for a business relationship at any time during the 12-month period immediately preceding the Effective Date, or (iii) any investment candidate, customer, supplier or other business contact of the Company that the Company was actively targeting for a business relationship at any time during the Transition Term of which Kerr was aware, to cancel, curtail, or otherwise adversely change its relationship with the Company, in any manner or capacity, including without limitation as a proprietor, principal, agent, partner, officer, director, stockholder, investor, employee, member of any association, consultant or otherwise.

**8. Confidentiality.**

**(a) General Standard.** The provisions of this Agreement, the First Release and the Second Release (collectively "Confidential Transition Information") will be treated by Kerr and the Company as confidential. Accordingly, Kerr and the Company will not disclose Confidential Transition Information to anyone at any time, except as provided in subparagraph 8(b) below.

**(b) Exceptions.**

(i) It will not be a violation of this Agreement for Kerr to disclose Confidential Transition Information to her immediate family, her attorneys, her accountants or tax advisors, or her financial planners. It will not be a violation of this Agreement for the Company to disclose Confidential Transition Information to its directors, officers, employees or agents in the course of performing their responsibilities for the Company, or as otherwise necessary for legitimate business purposes.

(ii) It will not be a violation of this Agreement for Kerr to inform Company employees who ask her about employment opportunities outside the Company that the terms of subparagraph 7(a) of this Agreement preclude her from engaging in certain activities that could interfere with their employment with the Company.

(iii) It will not be a violation of this Agreement for Kerr to inform prospective future employers or partners about the provisions included in paragraphs 1, 2(a), 6, 7, 8, 9, 10, 11 or 12 of this Agreement.

(iv) It will not be a violation of this Agreement for Kerr or the Company to disclose Confidential Transition Information pursuant to a legally enforceable subpoena, deposition notice, or other legal process, so long as before any disclosure is made, such party first notifies the other party and provides such other party with sufficient time to seek a protective order with respect to such Confidential Transition Information.

(v) It will not be a violation of this Agreement for Kerr or the Company to disclose Confidential Transition Information in reports to governmental agencies as required by law, including but not limited to disclosure as required by federal securities laws and regulations or to any federal or state tax or securities regulator.

**9. Records, Documents, and Property.** Kerr acknowledges and represents that she will deliver to the Company on or before the conclusion of the Transition Term any and all Company records and any and all Company property in her possession or under her control, including without limitation, manuals, books, blank forms, documents, letters, memoranda, notes, notebooks, reports, printouts, computer disks, computer tapes, data, tables, or calculations and all copies thereof, documents that in whole or in part contain any trade secrets or confidential, proprietary, or other secret information of the Company and all copies thereof, and keys, access cards, access codes, source codes, passwords, credit cards, personal computers, and other electronic equipment belonging to the Company. Notwithstanding the foregoing, during the Transition Term, the Company shall maintain in effect Kerr's Company account and email and Kerr shall be permitted to retain her Company laptop computer and cell phone. At the end of the Transition Term, Kerr shall be permitted to retain her cell phone number. Nothing in this

paragraph 9 is intended to preclude Kerr from keeping her personal possessions located on the Company's premises documents that are related solely to her compensation, benefits, rights, and other perquisites of being an officer and/or employee of the Company and/or its subsidiaries.

**10. Indemnification.** The Company will indemnify Kerr in connection with Kerr's status, duties and responsibilities for the Company, as set out in the Indemnification Agreement, which Kerr and the Company signed in connection with Kerr's initial employment with the Company.

**11. Cooperation.**

**(a) Agreement to Assist and Cooperate.** At the Company's reasonable request and upon reasonable notice, Kerr will, from time to time, timely execute and deliver such acknowledgements, instruments, certificates, and other ministerial documents (including without limitation, certification as to specific actions performed by Kerr in her capacity as an officer of the Company) as may be necessary or appropriate to formalize and complete the applicable corporate records. In addition, at the Company's reasonable request and upon reasonable notice, Kerr will, from time to time, discuss and consult with the Company regarding business matters that she was directly and substantially involved with while employed by or otherwise providing services to the Company.

**(b) Claims Involving the Company.** Kerr agrees that she will, at any future time, be available upon reasonable advance written notice from the Company, with or without subpoena, to be interviewed, review documents or things, give depositions, testify, or engage in other reasonable activities in connection with any litigation or investigation, with respect to matters that Kerr has or may have knowledge of by virtue of her employment by or service to the Company or any related entity. In performing her obligations under this subparagraph 11(b) to testify or otherwise provide information, Kerr will honestly, truthfully, forthrightly, and completely provide the information requested. Kerr will comply with this Agreement upon notice from the Company that the Company or its attorneys believe that her compliance would be helpful in the resolution of an investigation or the prosecution or defense of claims. In the event that the Company requires Kerr's services under subparagraphs 11(a) or 11(b) following the conclusion of the Transition Term, the Company shall compensate Kerr for such additional services at the hourly rate of \$300.00, except that Kerr shall not be compensated for her actual time spent testifying either at a trial or in a deposition. In addition, the Company will reimburse Kerr for all reasonable out-of-pocket expenses for her services under subparagraphs 11(a) or 11(b), including (without limitation), without regard to whether such amounts are reimbursable under the Indemnification Agreement, the cost of any reasonable attorneys' fees and costs incurred by Kerr for legal representation she reasonably elects to obtain in connection with performing her services under this subparagraph 11(b).

**12. Non-disparagement.** Kerr will not malign, defame, or disparage the reputation, character, image, products, or services of the Company, or the reputation or character of the Company's directors, officers, employees, or agents. The Company (by and through the

members of the Company's Board of Directors and the executive officers of the Company) will not at any time disparage, defame or besmirch the reputation, character or image of Kerr. It shall not be considered disparagement and nothing in this Agreement is intended to prevent or interfere with any party making any required or reasonable communications with, or providing information to, any governmental, law enforcement, or stock exchange agency or representative, or in connection with any governmental investigation, court, administrative or arbitration proceeding.

**13. Taxes.** The Company may take such action as it deems appropriate to insure that all applicable federal, state, city and other payroll, withholding, income or other taxes arising from any compensation, benefits or any other payments made pursuant to this Agreement, and in order to comply with all applicable federal, state, city and other tax laws or regulations, are withheld or collected from Kerr. This Agreement is intended to satisfy or be exempt from the requirements of Section 409A(a)(2), (3) and (4) of the Internal Revenue Code of 1986, as amended including current and future guidance and regulations interpreting such provisions. In the event Kerr becomes eligible for payment of any amounts pursuant to Section 2(a) of the Amended and Restated Management Agreement, Section 3 of the Amended and Restated Management Agreement entitled "Certain Reduction of Payments by the Company," shall continue to apply in accordance with the terms of the Amended and Restated Management Agreement. Kerr acknowledges and agrees that the Company has made no assurances or representations to her regarding the tax treatment of any consideration provided for in this Agreement and that the Company has advised her to obtain her own personal tax advice. Except for any tax amounts withheld by the Company from the payments or other consideration hereunder and any employment taxes required to be paid by the Company, Kerr shall be responsible for payment of any and all taxes owed in connection with the consideration provided for in this Agreement.

**14. Time to Consider Agreement and the First Release.** Kerr understands that she may take seven (7) calendar days after the date she receives this Agreement and the First Release to decide whether to sign this Agreement and the First Release. Kerr represents that if she signs this Agreement and the First Release before the expiration of the seven (7) day period, it is because she has decided that she does not need any additional time to decide whether to sign this Agreement and the First Release.

**15. Full Compensation.** Except as otherwise provided herein or in the First Release or in the Second Release, Kerr acknowledges and understands that the payments made and other consideration provided by the Company under this Agreement will fully compensate Kerr for and extinguish any and all of the potential claims Kerr is releasing in the First Release and the Second Release, including without limitation, her claims for attorneys' fees and costs and any and all claims for any type of legal or equitable relief.

**16. No Admission of Wrongdoing.** Kerr and the Company each understand and agree that this Agreement does not constitute an admission that the Company has violated any local ordinance, state or federal statute, or principle of common law, that any party has engaged in any unlawful or improper conduct, or that either party has been treated unfairly. Kerr will not characterize this Agreement as an admission that the Company has engaged in any unlawful or improper conduct or treated Kerr unfairly.

**17. Legal Representation.** Kerr acknowledges that she has been advised by the Company to consult with her own attorney before executing this Agreement, the First Release and the Second Release and that she has done so. Kerr further acknowledges that she has had a full opportunity to consider this Agreement, the First Release and the Second Release, that she has had a full opportunity to ask any questions that she may have concerning this Agreement, the First Release and the Second Release, or the settlement of any potential claims against the Company, and that she has not relied upon any statements or representations made by the Company or its attorneys, written or oral, other than the statements and representations that are explicitly set forth in this Agreement and the documents referenced herein.

**18. Assignment and Successors.** The rights and obligations of the Company under this Agreement shall inure to the benefit of Kerr and the Company and shall be binding upon the successors and assigns of the Company. Kerr may not assign this Agreement or any rights or obligations hereunder. Any purported or attempted assignment or transfer by Kerr of this Agreement or any of Kerr's duties, responsibilities, or obligations hereunder shall be void. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of its business and/or assets to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

**19. Notices.** For purposes of this Agreement, notices provided in this Agreement shall be in writing and shall be deemed to have been given when personally served, sent by courier or mailed by United States registered or certified mail, return receipt requested, postage prepaid, to the last known residence address of Kerr as stated in the employment records of the Company or, in the case of the Company, to its principal office, to the attention of the Company's General Counsel, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

**20. Construction and Severability.** The validity, interpretation, performance, and enforcement of this Agreement shall be governed by the laws of the State of Minnesota without regard to conflicts-of-laws provisions that would require application of any other law. In the event any provision of this Agreement shall be held illegal or invalid for any reason, said illegality or invalidity will not in any way affect the legality or validity of any other provision hereof.

## **21. Remedies.**

**(a) Remedies.** Kerr acknowledges that it would be difficult to fully compensate the Company for monetary damages resulting from any breach by her of the provisions paragraphs 6, 7, 8 or 9 of this Agreement. Accordingly, in the event of any actual or threatened breach of any such provisions, the Company shall, in addition to any other remedies it may have, be entitled to injunctive and other equitable relief to enforce such provisions, and such relief may be granted without the necessity of proving actual monetary damages.

**(b) Jurisdiction and Venue.** Kerr and the Company consent to jurisdiction of the courts of the State of Minnesota and/or the federal district courts, District of Minnesota, for the purpose of resolving all issues of law, equity, or fact arising out of or in connection with this Agreement. Any action involving claims of a breach of this Agreement, the First Release or the Second Release shall be brought solely in such courts. Each party consents to personal jurisdiction over such party in the state and/or federal courts of Minnesota and hereby waives any defense of lack of personal jurisdiction. Venue, for the purpose of all such suits commenced in state court, shall be in Hennepin County, State of Minnesota.

**22. Entire Agreement.** Except as set forth below, this Agreement sets forth the entire agreement between the Company and Kerr with respect to her employment by the Company, the termination of such employment, and the Transition Term and supersedes and all prior discussions, agreements and negotiations between the Company and Kerr related to such subject matter, including the Letter Agreement. There are no undertakings, covenants, or commitments between the Company and Kerr other than as set forth in this Agreement, the First Release, the Second Release, the written agreements applicable to the Equity Awards, the Past PIIA, the New PIIA, the Amended and Restated Management Agreement, the Indemnification Agreement, and any qualified employee benefit plans sponsored by the Company in which Kerr is a participant. This Agreement may not be altered or amended, except by a writing executed by the party against whom such alteration or amendment is to be enforced.

**23. Counterparts.** This Agreement may be simultaneously executed in any number of counterparts, and such counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

**24. Captions and Headings.** The captions and paragraph headings used in this Agreement are for convenience of reference only, and shall not affect the construction or interpretation of this Agreement or any of the provisions hereof.

**25. Survival.** The parties expressly acknowledge and agree that the provisions of this Agreement which by their express or implied terms extend beyond the termination of Kerr's employment hereunder, including without limitation paragraphs 6, 7, 8 and 9 of this Agreement shall continue in full force and effect, notwithstanding the conclusion of the Transition Term. In addition, the representations and warranties contained herein shall survive the execution and delivery hereof and the consummation of the transactions contemplated hereby.

**26. Waivers.** No failure on the part of either party to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof, or the exercise of any other right or remedy granted hereby or by any related document or by law. No single or partial waiver of rights or remedies hereunder, nor any course of conduct of the parties, shall be construed as a waiver of rights or remedies by either party (other than as expressly and specifically waived). Any waiver of rights or obligations hereunder shall be in writing signed by the waiving party.

**27. Prevailing Party.** The prevailing party in any action seeking to enforce this Agreement shall have all costs and attorneys' fees paid by the party found to have breached.

**28. Reimbursement of Attorneys Fees.** The Company shall reimburse Kerr, within fifteen (15) business days after Kerr provides supporting documentation, up to Five Thousand Dollars (\$5,000.00), for legal fees incurred by Kerr in connection with the negotiation of this Agreement.

**29. No Mitigation.** Kerr shall not be required to mitigate the amount of any payment or other benefit provided for in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Agreement be reduced by any compensation earned by Kerr as a result of her employment by another employer during or after the conclusion of the Transition Term.

*[signature page follows]*

IN WITNESS WHEREOF, the parties have signed this Transition Agreement as of the date set forth above.

**FAIR ISAAC CORPORATION**

**DEBORAH KERR**

By: /s/ William J. Lansing  
William J. Lansing  
President and Chief Executive Officer

/s/ Deborah Kerr  
Signature

**FAIR ISAAC CORPORATION**  
**TRANSITION AGREEMENT**  
**WITH CHARLES L. ILL**

THIS TRANSITION AGREEMENT (the "Agreement") is made and entered into as of April 25, 2012 (the "Effective Date") by and between Fair Isaac Corporation, a Delaware corporation (the "Company"), and Charles L. Ill, a resident of Jupiter, Florida ("Ill").

**BACKGROUND**

A. The Company and Ill entered into a letter agreement dated January 15, 2010 (the "Letter Agreement").

B. The Company and Ill entered into an Indemnification Agreement dated February 1, 2010 (the "Indemnification Agreement").

C. The Company and Ill entered into a Proprietary Information and Inventions Agreement dated February 1, 2010 (the "Past PIIA").

Contemporaneous with the execution of this Agreement, the Company and Ill are entering into a new Proprietary Information and Inventions Agreement (the "New PIIA").

D. The Company and Ill entered into a Management Agreement dated February 1, 2010 (the "Management Agreement"). Contemporaneous with the execution of this Agreement, the Company and Ill are entering into an Amended and Restated Management Agreement, which will supersede and replace the Management Agreement (the "Amended and Restated Management Agreement").

E. As of the Effective Date, Ill holds options to purchase shares of common stock of the Company and holds restricted and performance stock unit awards, pursuant to written option agreements and restricted stock unit agreements, as applicable (the "Equity Awards"), as summarized in the attached Exhibit A to this Agreement.

F. Ill and the Company have announced Ill's separation from the Company effective as of February 22, 2013.

G. Ill and the Company have agreed that Ill will continue to serve as the Company's Executive Vice President-Sales, Services and Marketing through the Transition Date (as defined in subparagraph 2(a) below); provided, however that Ill's employment with the Company may be terminated earlier in accordance with subparagraph 2(d) below.

H. At the Company's request, after the Transition Date Ill shall remain employed with the Company up through and until February 22, 2013 (the "Separation Date") to provide services to the Company under the terms of this Agreement in order to facilitate a smooth transition for the Company; provided, however that Ill's employment with the Company may be terminated earlier in accordance with subparagraph 2(d) below.

I. The parties intend to mutually conclude their employment relationship amicably, but mutually recognize that such a relationship may give rise to potential claims or liabilities.

J. The parties desire to resolve all issues now in dispute between them and have agreed to a full settlement of such issues.

NOW THEREFORE, in consideration of the mutual promises and provisions contained in this Agreement, the First Release and the Second Release (defined and referred to below), the parties, intending to be legally bound, agree as follows:

#### **AGREEMENT**

**1. Separation; Transition Term.** Ill hereby confirms his separation from the Company as its Executive Vice President-Sales, Services and Marketing and as an officer of any of the Company's subsidiaries and affiliates effective as of the Transition Date. Ill further hereby confirms his separation as an employee of the Company and any of its subsidiaries and affiliates effective as of the Separation Date or such earlier date if Ill's employment is terminated before the Separation Date in accordance with subparagraph 2(d) below. Ill's employment with the Company will automatically terminate effective as of the Separation Date, unless earlier terminated in accordance with subparagraph 2(d) below. The period of Ill's employment hereunder is referred to in this Agreement as the "Transition Term". Except as otherwise provided herein, Ill may not have any other employment or engage in any other business venture during the Transition Term unless Ill obtains prior written approval from the Company's Chief Executive Officer.

#### **2. Employment Terms During the Transition Term.**

**(a) Scope of Engagement.** Subject to the terms and conditions of this Agreement, Ill agrees to remain in the employ of the Company, and the Company agrees to continue Ill's employment, for the duration of the Transition Term. As of the Effective Date and continuing through September 30, 2012, Ill will continue to serve as the Company's Executive Vice President-Sales, Services and Marketing; provided, however, that the Company may decide in its discretion to transition Ill out of the Executive Vice President-Sales, Services and Marketing role before September 30, 2012, in which event Ill shall continue to receive the pay and benefits as described in this Agreement for the remainder of the Transition Term. Ill's last date of service as the Company's Executive Vice President-Sales, Services and Marketing, and last day as an officer of the Company for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, is referred to herein as the "Transition Date." As of the Transition Date and for the remainder of the Transition Term, Ill will continue to be employed by the Company, will continue to report directly to the Company's Chief Executive Officer, and will be

responsible for providing such transition assistance and for special project matters as may be reasonably requested by the Company's Chief Executive Officer from time to time (which Ill may perform from the location of his choosing). The Company will provide Ill with reasonable notice if Ill is required to travel to the Company's headquarters and other Company locations from time to time to provide the services described above after the Transition Date. Ill agrees to serve the Company faithfully and to the best of his ability during the Transition Term. Ill may serve as a director of business and civic organizations as approved by the Company's Chief Executive Officer, so long as they are not inconsistent with his duties as an employee of the Company or in violation of this Agreement.

**(b) Pay and Benefits.** From the Effective Date through the Transition Term, the Company will pay Ill a base salary for services performed at the annualized rate of \$550,000.00, the annualized rate in effect immediately before the Effective Date, subject to normal withholdings and payable in accordance with the Company's normal payroll practices. In addition, during the Transition Term Ill will be eligible to participate in such employee benefit plans and programs for which he may be eligible and in which he participated immediately before the Effective Date. In addition, Ill will be eligible to receive an incentive award of between 0% to 100% of Ill's annual base salary under the Company's Management Incentive Plan ("MIP") for the Company's fiscal year 2012. Ill shall not be eligible for any other incentive, bonus, option or other compensation award for the Company's fiscal year 2013. The benefits plans and programs of the Company may be modified or terminated by the Company in its discretion provided that any modification or termination will be generally applicable to other executive vice presidents of the Company. Ill agrees that he will continue to receive vacation time off in accordance with the policies and practices of the Company from the Effective Date through the Transition Date, and further agrees that he is not entitled to any vacation payout upon conclusion of the Transition Term. Further, the Company will provide Ill with continuation of basic life insurance for himself and voluntary life insurance for himself and his dependents for twelve (12) months immediately following the Transition Term, provided that this shall apply only with respect to the continuation of coverage levels Ill is enrolled in as of the Effective Date (provided Ill remains enrolled in such coverage levels immediately prior to the end of the Transition Term). At the end of such twelve (12) month period, Ill will be eligible to convert the policies to individual policies at his own cost to the extent then permitted by the applicable insurance policies and underwriting guidelines.

**(c) Expenses.** The Company shall reimburse Ill for all reasonable and necessary out-of-pocket business, travel and entertainment expenses incurred by him in the performance of his duties and responsibilities for the Company during the Transition Term, subject to the Company's normal policies and procedures for expense verification and documentation. Further, the Company agrees to reimburse Ill for up to \$5,000.00 in legal expenses related to the negotiations of this Agreement and the terms of his separation.

**(d) Early Termination.** Notwithstanding anything in this Agreement to the contrary, Ill's employment hereunder may be terminated before the Separation Date (i) by Ill at any time and for any reason, (ii) by the Company for Cause (as defined below), (iii) by the

Company for any reason following an Event (as such term is defined in the Amended and Restated Management Agreement), (iv) by the Company due to disability for which Ill is qualified for benefits under the Company's group long-term disability program, or (v) because of Ill's death. In the event of termination of Ill's employment before the Separation Date because of any of the foregoing reasons, the Company's only obligation hereunder shall be to pay such compensation and provide such benefits as are earned by Ill through the date of termination of employment. Upon the Transition Date, Ill shall promptly resign any and all positions Ill then holds as officer or director of the Company or any of its affiliates.

**(e) Cause Definition.** For purposes of this Agreement, "Cause" means a determination in good faith by the Company's Chief Executive Officer, and ratification by the Company's Board of Directors or a designated committee thereof, of the existence of one or more of the following: (i) commission by Ill of any act constituting a felony; (ii) any intentional and/or willful act of fraud or material dishonesty by Ill related to, connected with or otherwise affecting Ill's employment with the Company, or otherwise likely to cause material harm to the Company or its reputation; or (iii) a material breach by Ill of the Company's material policies or codes of conduct or of Ill's material obligations under this Agreement, the Past PIIA, the New PIIA or other agreement between Ill and the Company, which breach has not been cured within fifteen (15) days after written notice thereof to Ill from the Company.

**(f) Coordination With Amended and Restated Management Agreement.** The parties agree that (i) if any Event shall occur during the Term (as such term is defined in the Amended and Restated Management Agreement), and the employment of Ill with the Company is voluntarily or involuntarily terminated under circumstances specified in Section 2(a) of the Amended and Restated Management Agreement, then Ill shall be eligible to receive from the Company or its successor the benefits under Section 2 of the Amended and Restated Management Agreement in accordance with the terms of the Amended and Restated Management Agreement; and (ii) neither Ill's notice of resignation effective as of the Separation Date, nor his resignation effective as of the Separation Date, both in accordance with paragraph 1, constitute an involuntary termination or resignation for Good Reason (as such term is defined in the Amended and Restated Management Agreement), or otherwise triggers any payments or benefits, under the Amended and Restated Management Agreement or the Letter Agreement.

**3. Equity Awards.** Ill acknowledges and agrees that the spreadsheet set forth as Exhibit A is an accurate list of all option grants and equity-based awards received by Ill during his employment with the Company prior to the Effective Date, and that he has no other equity or equity-based compensation rights with respect to the Company or any affiliate. The Equity Awards shall continue to be governed by the terms and conditions set forth in the applicable written stock option and restricted or performance stock unit agreements.

**4. First and Second Release by Ill.** At the same time Ill signs this Agreement, he also will sign a release in the form attached to this Agreement as Exhibit B (the "First Release"), in favor of the Company and its affiliates, divisions, subsidiaries, committees, trustees, directors, officers, employees, agents, predecessors, successors, and assigns. If on or within twenty-one

(21) days after the Separation Date (provided Ill's employment is not terminated early under subparagraph 2(d) above before the Separation Date) Ill executes a second release in the form attached to this Agreement as Exhibit C (the "Second Release") and satisfies the other conditions identified in subparagraph 5(b) below, then Ill will receive the additional consideration as set out in subparagraph 5(a) below. This Agreement will not be interpreted or construed to limit the First Release or the Second Release in any manner.

**5. Retention Consideration.**

**(a) Retention Pay and Benefits.** If Ill's employment is not terminated early under subparagraph 2(d) above before the Separation Date, then Ill's employment with the Company shall end as of the Separation Date and, subject to the conditions identified below, the Company will (1) pay Ill as retention pay an amount equal to one (1) times the sum of (A) Ill's annual base salary at the rate identified in subparagraph 2(b) above (\$550,000.00) plus (B) the greater of (Y) the annual incentive bonus paid to Ill under the MIP for the Company's fiscal year 2011 (\$175,000.00) and the annual incentive bonus Ill receives under the MIP for the Company's fiscal year 2012, payable in a lump sum on the fortieth (40<sup>th</sup>) day after the Separation Date, and (2) provided Ill (and, if applicable, Ill's eligible dependents), completes and returns the forms necessary to elect COBRA continuation coverage to the COBRA administrator for the group health plan in which Ill participates as of the Separation Date, provide Ill (and, if applicable, Ill's eligible dependents) with COBRA continuation coverage at no cost to Ill, for a period of twelve (12) months following the Separation Date, provided Ill remains eligible for COBRA; provided that such continuation coverage will be provided only with respect to Ill's base medical, dental, vision and Employee Assistance Program coverage under the group health plan in which Ill receives COBRA continuation coverage (and in Minnesota only, this applies to basic life insurance coverage), and shall not apply to any medical expense reimbursement account, dental care plan, vision care plan, or other arrangement for which Ill may be entitled to COBRA continuation coverage.

**(b) Conditions.** Payment by the Company of any retention pay or premium reimbursements under subparagraph 5(a) will be conditioned upon Ill (1) signing and not revoking the Second Release in accordance with paragraph 4, (2) complying with Ill's obligations under this Agreement, the Past PIIA, the New PIIA, or any other agreement between Ill and the Company then in effect, and (3) cooperating with the Company in the transition of Ill's duties.

**6. Confidential Information.** Ill acknowledges entering into the Past PIIA and hereby reaffirms his commitments and obligations under the Past PIIA. In addition, as a condition of entering into this Agreement, Ill acknowledges entering into the New PIIA and hereby affirms his commitments and obligations under the New PIIA. Nothing in this Agreement is intended to modify, amend, cancel or supersede the Past PIIA or the New PIIA in any manner.

**7. Non-Solicitation.** During the Transition Term, and for a period of fifteen (15) consecutive months from and after conclusion of the Transition Term, Ill shall not, directly or indirectly, (a) solicit, request, advise, induce or influence any person who is then employed or engaged by the Company (as an agent, employee, independent contractor, or in any other capacity), or any successor thereto, in any manner or capacity, to terminate his or her employment, agency or relationship with the Company, or any successor thereto; or (b) employ or attempt to employ in any manner or capacity any person who is then employed or engaged by the Company (as an agent, employee, independent contractor, or in any other capacity), or any successor thereto, or who was an employee of the Company, or any successor thereto, at any time during the nine (9) month period immediately prior to the date on which Ill employs or attempts to employ any such employee; provided, however, that this subparagraph 7(b) shall not preclude Ill from employing any person whose employment with the Company was involuntarily terminated by the Company; or (c) solicit or sell any product or service competitive with any Company product or service that Ill solicited or sold (or had direct, indirect, or supervisory responsibility for soliciting or selling) during the 24-month period immediately preceding the termination of Ill's employment with the Company, or about which Ill has knowledge of or proprietary information, to any then-current customer of the Company or to any prospective customer of the Company that the Company was actively targeting for a business relationship at any time during the last twelve (12) months of Ill's employment with the Company; or (d) divert or take away, or attempt to divert or take away, or solicit or attempt to solicit, any then-current acquisition or investment candidate, customer, supplier or other business contact of the Company (whether or not Ill directly or indirectly solicited such customer during Ill's employment), or any investment candidate, customer, supplier or other business contact of the Company that the Company was actively targeting for a business relationship at any time during the last twelve (12) months of Ill's employment with the Company, to cancel, curtail, or otherwise adversely change its relationship with the Company, in any manner or capacity, including without limitation as a proprietor, principal, agent, partner, officer, director, stockholder, investor, employee, member of any association, consultant or otherwise.

**8. Confidentiality.**

**(a) General Standard.** The provisions of this Agreement, the First Release and the Second Release (collectively "Confidential Transition Information") will be treated by Ill and the Company as confidential. Accordingly, Ill and the Company will not disclose Confidential Transition Information to anyone at any time, except as provided in subparagraph 8(b) below.

**(b) Exceptions.**

(i) It will not be a violation of this Agreement for Ill to disclose Confidential Transition Information to his immediate family, his attorneys, his accountants or tax advisors, or his financial planners. It will not be a violation of this Agreement for the Company to disclose Confidential Transition Information to its directors, officers, employees or agents in the course of performing their responsibilities for the Company, or as otherwise necessary for legitimate business purposes; provided that the Company has taken reasonable steps consistent with its normal business practices to preserve the confidentiality of Confidential Transition Information.

(ii) It will not be a violation of this Agreement for Ill to inform Company employees who ask him about employment opportunities outside the Company that the terms of subparagraph 7(a) of this Agreement preclude him from engaging in certain activities that could interfere with their employment with the Company.

(iii) It will not be a violation of this Agreement for Ill to inform prospective future employers or partners about Ill's post employment restrictions and continuing obligations to the Company.

(iv) It will not be a violation of this Agreement for Ill or the Company to disclose Confidential Transition Information pursuant to a legally enforceable subpoena, deposition notice, or other legal process, so long as before any disclosure is made, such party first notifies the other party and provides such other party with sufficient time to object to such subpoena, deposition notice or other legal process, and/or to seek a protective order with respect to such Confidential Transition Information.

(v) It will not be a violation of this Agreement for Ill or the Company to disclose Confidential Transition Information in reports to governmental agencies as required by law, including but not limited to disclosure as required by federal securities laws and regulations or to any federal or state tax or securities regulator.

**9. Records, Documents, and Property.** Ill agrees to utilize his reasonable efforts to deliver to the Company on or before the conclusion of the Transition Term any and all Company records and any and all Company property in his possession or under his control, including manuals, books, blank forms, documents, letters, memoranda, reports, printouts, computer disks, computer tapes, data, tables, or calculations and all copies thereof, documents that in whole or in part contain any trade secrets or confidential, proprietary, or other secret information of the Company and all copies thereof, and keys, access cards, access codes, source codes, passwords, credit cards, personal computers (excluding the Company-provided iPad, subject to the conditions identified below), telephones, and other electronic equipment belonging to the Company. With respect to the Company-provided iPad, Ill shall be permitted to retain this iPad and his personal information stored on this iPad provided Ill first provides the iPad to the Company, no later than three (3) business days after the end of the Transition Term, so that the Company may purge all Company confidential and proprietary information from the iPad. The Company agrees that it will not purge any of Ill's personal information, property or documents maintained on the iPad, including without limitation Ill's personal music or photo files, software not licensed to the Company or Ill's personal contacts. Ill agrees that he shall not maintain copies (in whole or in part) of any Company confidential or proprietary information that was maintained on his iPad at any time during his employment with the Company. The Company-provided iPad will be provided to Ill in its "as is" condition and without warranty or guarantee of any kind. Nothing in this paragraph 9 is intended to preclude Ill from keeping his personal possessions located on the Company's premises or documents that are related solely to his compensation, benefits, rights, and other perquisites of being an officer and/or employee of the Company and/or its subsidiaries.

**10. Indemnification.** The Company will indemnify Ill in connection with Ill's status, duties and responsibilities for the Company, as set out in the Indemnification Agreement, which Ill and the Company signed in connection with Ill's initial employment with the Company. Ill states that he has no knowledge of any wrongdoing on the part of the Company or its directors, officers, employees or agents.

**11. Knowledge by Company.** The Company agrees that it has no knowledge of any wrongdoing by Ill during his employment or relating to his employment with the Company.

**12. Cooperation.**

**(a) Agreement to Assist and Cooperate.** At the Company's reasonable request and upon reasonable notice, Ill will, from time to time, timely execute and deliver such acknowledgements, instruments, certificates, and other ministerial documents (including without limitation, certification as to specific actions performed by Ill in his capacity as an officer of the Company) as may be necessary or appropriate to formalize and complete the applicable corporate records. In addition, at the Company's reasonable request and upon reasonable notice, Ill will, from time to time, discuss and consult with the Company regarding business matters that he was directly and substantially involved with while employed by or otherwise providing services to the Company.

**(b) Claims Involving the Company.** Ill agrees that he will, at any future time, be available upon reasonable notice from the Company, with or without subpoena, to be interviewed, review documents or things, give depositions, testify, or engage in other reasonable activities in connection with any litigation or investigation, with respect to matters that Ill has or may have knowledge of by virtue of his employment by or service to the Company or any related entity. In performing his obligations under this subparagraph 12(b) to testify or otherwise provide information, Ill will honestly, truthfully, forthrightly, and completely provide the information requested. Ill will comply with this Agreement upon notice from the Company that the Company or its attorneys believe that his compliance would be helpful in the resolution of an investigation or the prosecution or defense of claims. In the event that the Company requires Ill's services under subparagraphs 12(a) or 12(b) following the conclusion of the Transition Term, the Company shall compensate Ill for such additional services at the hourly rate of \$400.00, except that Ill shall not be compensated for his actual time spent testifying either at a trial or in a deposition. In addition, the Company will reimburse Ill for all reasonable out-of-pocket expenses for his services under subparagraphs 12(a) or 12(b).

**13. Non-disparagement.** Ill will not malign, defame, or disparage the reputation, character, image, products, or services of the Company, or the reputation or character of the Company's directors, officers, employees, or agents. The Company (by and through the current

members of the Company's Board of Directors and the current executive officers of the Company) will not at any time disparage, defame or besmirch the reputation, character or image of Ill. It shall not be considered disparagement and nothing in this Agreement is intended to prevent or interfere with any party making any required or reasonable communications with, or providing information to, any governmental, law enforcement, or stock exchange agency or representative, or in connection with any governmental investigation, court, administrative or arbitration proceeding.

**14. Taxes.** The Company may take such action as it deems appropriate to ensure that all applicable federal, state, city and other payroll, withholding, income or other taxes arising from any compensation, benefits or any other payments made pursuant to this Agreement, and in order to comply with all applicable federal, state, city and other tax laws or regulations, are withheld or collected from Ill. This Agreement is intended to satisfy or be exempt from the requirements of Section 409A(a)(2), (3) and (4) of the Internal Revenue Code of 1986, as amended including guidance and regulations interpreting such provisions. In the event Ill becomes eligible for payment of any amounts pursuant to Section 2(a) of the Amended and Restated Management Agreement, Section 3 of the Amended and Restated Management Agreement entitled "Certain Reduction of Payments by the Company," shall continue to apply in accordance with the terms of the Amended and Restated Management Agreement. Ill acknowledges and agrees that the Company has made no assurances or representations to him regarding the tax treatment of any consideration provided for in this Agreement and that the Company has advised him to obtain his own personal tax advice. Except for any tax amounts withheld by the Company from the payments or other consideration hereunder and any employment taxes required to be paid by the Company, Ill shall be responsible for payment of any and all taxes owed in connection with the consideration provided for in this Agreement.

**15. Time to Consider Agreement and the First Release.** Ill understands that he may take twenty-one (21) calendar days after the date he receives this Agreement and the First Release to decide whether to sign this Agreement and the First Release. Ill represents that if he signs this Agreement and the First Release before the expiration of the twenty-one (21) day period, it is because he has decided that he does not need any additional time to decide whether to sign this Agreement and the First Release.

**16. Right to Rescind or Revoke.** Ill understands that he has the right to rescind or revoke this Agreement and the First Release for any reason within fifteen (15) calendar days after he signs them. Ill understands that this Agreement and the First Release will not become effective or enforceable unless and until Ill has not rescinded them and the applicable rescission period has expired. Ill understands that if he rescinds or revokes this Agreement or the First Release, the rescission must be in writing and hand-delivered or mailed to the Company in the manner set forth in the First Release.

**17. Full Compensation.** Except as otherwise provided herein or in the First Release or in the Second Release, Ill acknowledges and understands that the payments made and other consideration provided by the Company under this Agreement will fully compensate Ill for and

extinguish any and all of the potential claims Ill is releasing in the First Release and the Second Release, including without limitation, his claims for attorneys' fees and costs and any and all claims for any type of legal or equitable relief.

**18. No Admission of Wrongdoing.** Ill and the Company each understand and agree that this Agreement does not constitute an admission that the Company has violated any local ordinance, state or federal statute, or principle of common law, that any party has engaged in any unlawful or improper conduct, or that either party has been treated unfairly. Ill will not characterize this Agreement as an admission that the Company has engaged in any unlawful or improper conduct or treated Ill unfairly.

**19. Legal Representation.** Ill acknowledges that he has been advised by the Company to consult with his own attorney before executing this Agreement, the First Release and the Second Release and that he has done so. Ill further acknowledges that he has had a full opportunity to consider this Agreement, the First Release and the Second Release, that he has had a full opportunity to ask any questions that he may have concerning this Agreement, the First Release and the Second Release, or the settlement of any potential claims against the Company, and that he has not relied upon any statements or representations made by the Company or its attorneys, written or oral, other than the statements and representations that are explicitly set forth in this Agreement and the documents referenced herein.

**20. Assignment and Successors.** The rights and obligations of the Company under this Agreement shall inure to the benefit of Ill and the Company and shall be binding upon the successors and assigns of the Company. Ill may not assign this Agreement or any rights or obligations hereunder. Any purported or attempted assignment or transfer by Ill of this Agreement or any of Ill's duties, responsibilities, or obligations hereunder shall be void. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of its business and/or assets to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

**21. Notices.** For purposes of this Agreement, notices provided in this Agreement shall be in writing and shall be deemed to have been given when personally served, sent by courier or mailed by United States registered or certified mail, return receipt requested, postage prepaid, to the last known residence address of Ill as stated in the employment records of the Company or, in the case of the Company, to its principal office, to the attention of the Company's General Counsel, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

**22. Construction and Severability.** The validity, interpretation, performance, and enforcement of this Agreement shall be governed by the laws of the State of Minnesota without regard to conflicts-of-laws provisions that would require application of any other law. In the event any provision of this Agreement shall be held illegal or invalid for any reason, said illegality or invalidity will not in any way affect the legality or validity of any other provision hereof. It is the intention of the parties hereto that the Company be given the broadest possible protection respecting its confidential information and trade secrets; and respecting competition and solicitation of employees by Ill during and following the Transition Term.

**23. Remedies.**

**(a) Remedies.** Ill acknowledges that it would be difficult to fully compensate the Company for monetary damages resulting from any breach by him of the provisions paragraphs 6, 7, 8 or 9 of this Agreement. Accordingly, in the event of any actual or threatened breach of any such provisions, the Company shall, in addition to any other remedies it may have, be entitled to injunctive and other equitable relief to enforce such provisions, and such relief may be granted without the necessity of proving actual monetary damages.

**(b) Jurisdiction and Venue.** Ill and the Company consent to jurisdiction of the courts of the States of Florida or Minnesota and/or the federal district courts of Florida or Minnesota for the purpose of resolving all issues of law, equity, or fact arising out of or in connection with this Agreement. Any action involving claims of a breach of this Agreement, the First Release or the Second Release shall be brought solely in such courts. Each party consents to personal jurisdiction over such party in the state and/or federal courts of either Florida or Minnesota and hereby waives any defense of lack of personal jurisdiction or inconvenient forum in the event either party commences a legal action in the state and/or federal courts of either Florida or Minnesota. Venue, for the purpose of all such suits commenced in state court, shall be in Hennepin County, State of Minnesota, if the suit is brought in Minnesota, and in Palm Beach County, State of Florida, if the suit is brought in Florida.

**24. Entire Agreement.** Except as set forth below, this Agreement sets forth the entire agreement between the Company and Ill with respect to his employment by the Company, the termination of such employment, and the Transition Term and supersedes and all prior discussions, agreements and negotiations between the Company and Ill related to such subject matter, including the Letter Agreement. There are no undertakings, covenants, or commitments between the Company and Ill other than as set forth in this Agreement, the First Release, the Second Release, the written agreements applicable to the Equity Awards, the Past PIIA, the New PIIA, the Amended and Restated Management Agreement, the Indemnification Agreement, and any qualified employee benefit plans sponsored by the Company in which Ill is a participant. This Agreement may not be altered or amended, except by a writing executed by the party against whom such alteration or amendment is to be enforced.

**25. Counterparts.** This Agreement may be simultaneously executed in any number of counterparts, and such counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

**26. Captions and Headings.** The captions and paragraph headings used in this Agreement are for convenience of reference only, and shall not affect the construction or interpretation of this Agreement or any of the provisions hereof.

**27. Survival.** The parties expressly acknowledge and agree that the provisions of this Agreement which by their express or implied terms extend beyond the termination of Ill's employment hereunder, including without limitation paragraphs 6, 7, 8 and 9 of this Agreement shall continue in full force and effect, notwithstanding the conclusion of the Transition Term. In addition, the representations and warranties contained herein shall survive the execution and delivery hereof and the consummation of the transactions contemplated hereby.

**28. Waivers.** No failure on the part of either party to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof, or the exercise of any other right or remedy granted hereby or by any related document or by law. No single or partial waiver of rights or remedies hereunder, nor any course of conduct of the parties, shall be construed as a waiver of rights or remedies by either party (other than as expressly and specifically waived). Any waiver of rights or obligations hereunder shall be in writing signed by the waiving party.

**29. No Mitigation.** Ill shall not be required to mitigate the amount of any payment or other benefit provided for in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Agreement be reduced by any compensation earned by Ill as a result of his employment by another employer after the conclusion of the Transition Term.

*[signature page follows]*

IN WITNESS WHEREOF, the parties have signed this Transition Agreement as of the date set forth above.

**FAIR ISAAC CORPORATION**

**CHARLES L. ILL**

By: /s/ William J. Lansing  
William J. Lansing  
President and Chief Executive Officer

/s/ Charles L. Ill  
Signature

**AMENDED AND RESTATED MANAGEMENT AGREEMENT**

This Amended and Restated Management Agreement (this “Agreement”) is entered into as of April 25, 2012, by and between Fair Isaac Corporation, a Delaware corporation (the “Company”), and Charles L. Ill (“Executive”).

WHEREAS, Executive is currently employed by the Company and it is in the best interests of the Company and its shareholders to continue to obtain the benefits of Executive’s services and attention to the affairs of the Company, pursuant to a Transition Agreement of even date herewith (the “Transition Agreement”); and

WHEREAS, the Company and Executive are parties to a Management Agreement dated February 1, 2010, which the parties desire to amend and restate in its entirety as set forth in this Agreement; and

WHEREAS, Executive is a key member of the management of the Company and has heretofore devoted substantial skill and effort to the affairs of the Company; and

WHEREAS, it is desirable and in the best interests of the Company and its shareholders to provide inducement for Executive (A) to remain in the service of the Company in the event of any proposed or anticipated change in control of the Company and (B) to remain in the service of the Company in order to facilitate an orderly transition in the event of a change in control of the Company, without regard to the effect such change in control may have on Executive’s employment with the Company; and

WHEREAS, it is desirable and in the best interests of the Company and its shareholders that Executive be in a position to make judgments and advise the Company with respect to proposed changes in control of the Company; and

WHEREAS, the Executive desires to be protected in the event of certain changes in control of the Company; and

WHEREAS, for the reasons set forth above, the Company and Executive desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, the Company and Executive agree as follows:

**1. Events.** No amounts or benefits shall be payable or provided for pursuant to this Agreement unless an Event shall occur during the Term of this Agreement.

(a) For purposes of this Agreement, an “Event” shall be deemed to have occurred if any of the following occur:

- (i) Any “person” (as defined in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, or any successor statute thereto (the “Exchange Act”)) acquires or becomes a “beneficial owner” (as defined in Rule 13d-3 or any successor rule under the Exchange Act), directly or indirectly, in one or a series of related transactions, of securities of the Company representing 30% or more of the combined voting power of the Company’s securities entitled to vote generally in the election of directors (“Voting Securities”) then outstanding or 30% or more of the shares of common stock of the Company (“Common Stock”) outstanding, provided, however, that the following shall not constitute an Event pursuant to this Section 1(a)(i):
  - (A) any acquisition or beneficial ownership by the Company or a subsidiary of the Company;
  - (B) any acquisition or beneficial ownership by any employee benefit plan (or related trust) sponsored or maintained by the Company or one or more of its subsidiaries;
  - (C) any acquisition or beneficial ownership by any corporation (including without limitation an acquisition in a transaction of the nature described in Section 1(a)(iii)) with respect to which, immediately following such acquisition, more than 70%, respectively, of (x) the combined voting power of the Company’s then outstanding Voting Securities and (y) the Common Stock is then beneficially owned, directly or indirectly, by all or substantially all of the persons who beneficially owned Voting Securities and Common Stock, respectively, of the Company immediately prior to such acquisition in substantially the same proportions as their ownership of such Voting Securities and Common Stock, as the case may be, immediately prior to such acquisition; or
  - (D) any acquisition of Voting Securities or Common Stock directly from the Company; or
- (ii) Continuing Directors shall not constitute a majority of the members of the Board of Directors of the Company. For purposes of this Section 1(a)(ii), “Continuing Directors” shall mean: (A) individuals who, on the date hereof, are directors of the Company, (B) individuals elected as directors of the Company subsequent to the date hereof for whose election proxies shall have

been solicited by the Board of Directors of the Company or (C) any individual elected or appointed by the Board of Directors of the Company to fill vacancies on the Board of Directors of the Company caused by death or resignation (but not by removal) or to fill newly-created directorships, provided that a "Continuing Director" shall not include an individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the threatened election or removal of directors (or other actual or threatened solicitation of proxies or consents) by or on behalf of any person other than the Board of Directors of the Company; or

- (iii) Consummation of a reorganization, merger or consolidation of the Company or a statutory exchange of outstanding Voting Securities of the Company (other than a merger or consolidation with a subsidiary of the Company), unless immediately following such reorganization, merger, consolidation or exchange, all or substantially all of the persons who were the beneficial owners, respectively, of Voting Securities and Common Stock immediately prior to such reorganization, merger, consolidation or exchange beneficially own, directly or indirectly, more than 70% of, respectively, (x) the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from such reorganization, merger, consolidation or exchange and (y) the then outstanding shares of common stock of the corporation resulting from such reorganization, merger, consolidation or exchange in substantially the same proportions as their ownership, immediately prior to such reorganization, merger, consolidation or exchange, of the Voting Securities and Common Stock, as the case may be; or
- (iv) (x) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company or (y) the sale or other disposition of all or substantially all of the assets of the Company (in one or a series of transactions), other than to a corporation with respect to which, immediately following such sale or other disposition, more than 70% of, respectively, (1) the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors and (2) the then outstanding shares of common stock of such corporation is then beneficially owned, directly or indirectly, by all or substantially all of the persons who were the beneficial owners, respectively, of the Voting Securities and Common Stock immediately prior to such sale or other disposition in substantially the same proportions as their ownership, immediately prior to such sale or other disposition, of the Voting Securities and Common Stock, as the case may be; or

- (v) A majority of the members of the Board of Directors of the Company shall have declared that an Event has occurred or, if a majority of the members of the Board of Directors has previously declared that an Event will occur upon satisfaction of specified conditions, such specified conditions have been satisfied.

Notwithstanding anything stated in this Section 1(a), an Event shall not be deemed to occur with respect to Executive if (x) the acquisition or beneficial ownership of the 30% or greater interest referred to in Section 1(a)(i) is by Executive or by a group, acting in concert, that includes Executive or (y) a majority of the then combined voting power of the then outstanding voting securities (or voting equity interests) of the surviving corporation or of any corporation (or other entity) acquiring all or substantially all of the assets of the Company shall, immediately after a reorganization, merger, exchange, consolidation or disposition of assets referred to in Section 1(a)(iii) or 1(a)(iv), be beneficially owned, directly or indirectly, by Executive or by a group, acting in concert, that includes Executive.

(b) For purposes of this Agreement, a “subsidiary” of the Company shall mean any entity of which securities or other ownership interests having general voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Company.

**2. Payments and Benefits.** If any Event shall occur during the Term of this Agreement and the employment of Executive with the Company is voluntarily or involuntarily terminated under circumstances specified in Section 2(a), then Executive shall be entitled to receive from the Company or its successor (which term as used herein shall include any person acquiring all or substantially all of the assets of the Company) a cash payment and other benefits on the following basis:

(a) If at any time within 60 days before, or at any time upon or after the occurrence of, the first Event to occur (the “First Event”) and prior to the end of the Transition Period, the employment of Executive with the Company is voluntarily or involuntarily terminated for any reason (unless such termination is a voluntary termination by Executive other than for Good Reason, is on account of the death or Disability of the Executive or is a termination by the Company for Cause), subject to the limitations set forth in Sections 2(d) and 2(e), Executive shall be entitled to the following:

- (i) The Company shall pay Executive’s full base salary through the Termination Date at the rate then in effect in accordance with the normal payroll practices of the Company and reimburse Executive for Executive’s business expenses incurred through the Termination Date, subject to the Company’s normal business expense and travel policies and procedures.

- (ii) The Company or its successor shall make a cash payment to Executive in an amount equal to one (1) times the sum of (A) the annual base salary of Executive in effect immediately prior to the First Event plus (B) the cash bonus or cash incentive compensation received by the Executive from the Company for the fiscal year preceding the First Event. If the employment of Executive with the Company is voluntarily or involuntarily terminated under circumstances specified in Section 2(a) and the Termination Date is on or before December 31, 2012, and the First Event occurs either before such Termination Date or within 60 days after such Termination Date, then any amount payable under this Section 2(a)(ii) will be paid to Executive in a lump sum on the first regular payroll date of the Company or its successor to occur after the first day of the seventh month following the Termination Date. If the employment of Executive with the Company is voluntarily or involuntarily terminated under circumstances specified in Section 2(a) and the Termination Date is on or after February 1, 2013, and the First Event occurs either before such Termination Date (provided the Termination Date occurs prior to the end of the Transition Period) or within 60 days after such Termination Date, then any amount payable under this Section 2(a)(ii) will be paid to Executive in a lump sum on the 70<sup>th</sup> day following the Termination Date.
- (iii) For a 12-month period after the Termination Date, the Company shall allow Executive (and Executive's eligible dependents) to participate in any group health and group life insurance plan or program in which the Executive (and Executive's eligible dependents) was entitled to participate immediately prior to the First Event as if Executive were an employee of the Company during such 12-month period; provided, however, that in the event that Executive's (or Executive's eligible dependents) participation in any such health or life insurance plan or program of the Company is barred, the Company, at its sole cost and expense, shall arrange to provide Executive (or Executive's eligible dependents, as the case may be) with benefits substantially similar to those which Executive (or Executive's eligible dependents, as the case may be) would be entitled to receive under such plan or program if Executive (or such dependents) were not barred from participation. Benefits otherwise receivable by Executive pursuant to this Section 2(a)(iii) shall be reduced to the extent comparable benefits are received by Executive from another employer or other third party during such 12-month

period, and Executive shall promptly report receipt of any such benefits to the Company. To the extent necessary in order for Executive to avoid being subject to tax under section 105(h) of the Code on any payment or reimbursement of medical or dental expenses made to Executive or for Executive's benefit pursuant to this Section 2(a)(iii), the Company shall impute as taxable income to the Executive an amount equal to that portion of the full actuarial cost of the health care benefit coverages provided to Executive and Executive's eligible dependents under this Section 2(a)(iii) as exceeds the portion of such cost that is paid for by Executive.

- (iv) As of the Termination Date or as of the First Event if the Termination Date precedes the First Event, any outstanding and unvested stock options granted to Executive shall become fully vested and immediately exercisable by Executive (and shall remain exercisable for the applicable post-termination exercise periods specified in the applicable stock option agreements); any unvested restricted stock units granted to Executive shall be accelerated and shares of Company stock shall be issued to Executive or cash shall be paid to Executive, as specified in the applicable restricted stock unit agreement as soon as practicable following the vesting date; any restricted stock awarded to Executive and subject to forfeiture shall be fully vested and shall no longer be subject to forfeiture; and any performance share units ("PSUs") that are earned but unvested shall become fully vested and any outstanding PSUs whose applicable performance period includes the Termination Date shall be deemed to be earned at target and vested as of the Termination Date or as of the First Event if the Termination Date precedes the First Event, with all vested PSUs delivered to Executive in stock as soon as practicable following the vesting date. In all events, settlement of all vested restricted stock units and PSUs shall occur within 15 days following the applicable vesting date.

(b) The Company shall also pay to Executive reimbursement for all legal fees and expenses incurred by Executive in Executive's lifetime as a result of such termination and relating to claims not barred by the applicable statutes of limitations, including, but not limited to, all such fees and expenses, if any, incurred in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement. The amount of expenses eligible for reimbursement hereunder during any given calendar year shall not affect the expenses eligible for reimbursement in any other calendar year. Executive shall submit verification of expenses to the Company within 60 days from the date the expense was incurred, and the Company shall reimburse eligible expenses within 30 days thereafter, but in any case no later than the last day of the calendar year following the calendar year in which the expense was incurred. The right to reimbursement of legal fees and expenses hereunder may not be exchanged for cash or any other benefit.

(c) In addition to all other amounts payable to Executive under this Section 2, Executive shall be entitled to receive all benefits payable to Executive under any other plan or agreement relating to retirement benefits, pursuant to the terms and conditions of such plan or agreement.

(d) Executive shall not be required to mitigate the amount of any payment or other benefit provided for in Section 2 by seeking other employment or otherwise, nor shall the amount of any payment or other benefit provided for in Section 2 be reduced by any compensation earned by Executive as the result of employment by another employer after the Termination Date or otherwise, except as specifically provided in Section 2(a)(iii) of this Agreement.

(e) Notwithstanding any other provision of this Agreement, the Company will not pay to Executive, and Executive will not be entitled to receive, any payment pursuant to Section 2(a)(ii) unless and until:

- (i) Within 45 days following Executive's Termination Date, Executive executes, and there shall be effective following any statutory period for revocation or rescission (which shall not exceed 15 days), a release that irrevocably and unconditionally releases the Company, any company acquiring the Company or its assets and their past and current shareholders, directors, officers, employees and agents from and against any and all claims, liabilities, obligations, covenants, rights and damages of any nature whatsoever, whether known or unknown, anticipated or unanticipated (provided that with respect to any individual or agent, such release shall be limited to their official relationship with the Company or any successor); provided, however, that the release shall not adversely affect Executive's rights to receive benefits to which Executive is entitled under this Agreement or, if applicable, the Transition Agreement, or pursuant to any employee benefit plan or arrangement, or Executive's rights to indemnification under applicable law, the Indemnification Agreement (as defined in the Transition Agreement), the charter documents of the Company (or any successor), any insurance policy maintained by the Company (or any successor) or any written agreement between the Company (or any successor) and Executive; and

- (ii) Executive executes an agreement prohibiting Executive for a period of one (1) year following the Termination Date from soliciting, recruiting or inducing, or attempting to solicit, recruit or induce, any employee of the Company or of any company acquiring the Company or its assets to terminate the employee's employment, which Executive has satisfied by executing a Proprietary Inventions and Information Agreement on the same date Executive signed this Agreement.

(f) The obligations of the Company under this Section 2 and the provisions of Section 3 shall survive the expiration of the Term of this Agreement.

### **3. Certain Reduction of Payments by the Company.**

(a) Notwithstanding anything contained herein to the contrary, prior to the payment of any amounts pursuant to Section 2(a) hereof, an independent national accounting firm designated by the Company (the "Accounting Firm") shall compute whether there would be any "excess parachute payments" payable to Executive, within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), taking into account the total "parachute payments," within the meaning of Section 280G of the Code, payable to Executive by the Company or any successor thereto under this Agreement and any other plan, agreement or otherwise. If there would be any excess parachute payments, the Accounting Firm will compute the net after-tax proceeds to Executive, taking into account the excise tax imposed by Section 4999 of the Code, if (i) the payments hereunder were reduced, but not below zero, such that the total parachute payments payable to Executive would not exceed three (3) times the "base amount" as defined in Section 280G of the Code, less One Dollar (\$1.00), or (ii) the payments hereunder were not reduced. If reducing the payments hereunder would result in a greater after-tax amount to Executive, such lesser amount shall be paid to Executive. If not reducing the payments hereunder would result in a greater after-tax amount to Executive, such payments shall not be reduced. The determination by the Accounting Firm shall be binding upon the Company and Executive subject to the application of Section 3(b) hereof. Notwithstanding any provision to the contrary in this Agreement or in any other applicable agreement or plan, any reduction in payments required under this Section 3(a) (the "Required Reduction") shall be implemented as follows: *first*, by reducing any cash severance payments to be made to Executive, including, but without limitation, the payments to be made to Executive under Section 2(a)(ii) above; *second*, by cancelling any outstanding PSU awards, the performance goals for which have not been met prior to the Termination Date or if later the date of the occurrence of the First Event; *third*, by cancelling the acceleration of vesting of (i) any of Executive's outstanding outstanding PSU awards the performance goals for which were met as of the Termination Date or if later the date of the occurrence of the First Event, and (ii) any of Executive's outstanding restricted stock unit and restricted stock awards, including, without limitation, the acceleration of vesting of any such awards pursuant to Section 2(a)(iv) above; *fourth*, by eliminating the Company's payment of the cost of any post-termination continuation of medical or dental benefits for Executive and Executive's dependents; and

*fifth*, by cancelling the acceleration of vesting of any of Executive's outstanding stock options, including, without limitation, the acceleration of vesting of any of such options pursuant to Section 2(a)(iv) above). In the case of the reductions to be made pursuant to each of the above- mentioned clauses, the payment amounts to be reduced, and the acceleration of vesting to be cancelled, shall be reduced or cancelled in the inverse order of their originally scheduled dates of payment or vesting, as applicable, and shall be so reduced (x) only to the extent that the payment otherwise to be made, or the vesting of the award that otherwise would be accelerated, would be treated as a "parachute payment" within the meaning section 280G(b)(2)(A) of the Code, and (y) only to the extent necessary to achieve the Required Reduction.

(b) All fees, costs and expenses (including, but not limited to, the cost of retaining experts) of the Accounting Firm shall be borne by the Company and the Company shall pay such fees, costs, and expenses as they become due. In performing the computations required hereunder, the Accounting Firm shall assume that taxes will be paid for state and federal purposes at the highest possible marginal tax rates which could be applicable to Executive in the year of receipt of the payments, unless Executive agrees otherwise.

#### **4. Definition of Certain Additional Terms.**

(a) "Cause" shall mean, and be limited to, (i) willful and gross neglect of duties by the Executive or (ii) an act or acts committed by the Executive constituting a felony and substantially detrimental to the Company or its reputation.

(b) "Disability" shall mean Executive's absence from Executive's duties with the Company on a full time basis for 180 consecutive business days, as a result of Executive's incapacity due to physical or mental illness, unless within 30 days after written notice of intent to terminate is given by the Company following such absence Executive shall have returned to the full time performance of Executive's duties.

(c) "Good Reason" shall mean if, without Executive's express written consent, any of the following shall occur:

- (i) a material reduction by the Company or any successor of Executive's authority, duties, or responsibilities, including: (A) a material reduction in Executive's budget authority, or (B) a material reduction in the authority, duties, or responsibilities of the person to whom Executive reports, but excluding any isolated, insubstantial, or inadvertent action not taken in bad faith and which is remedied by the Company or any successor within five (5) days after receipt of notice thereof from Executive;

- (ii) a material reduction by the Company or any successor in Executive's annual base salary or target incentive in effect immediately prior to the First Event;
- (iii) the taking of any action by the Company or any successor that would result in a material reduction of the aggregate benefits enjoyed by Executive under the Company's pension, life insurance, medical, health and accident, disability, deferred compensation, incentive awards, employee stock options, restricted stock or stock unit awards, performance share unit awards, or savings plans in which Executive was participating at the time of the First Event;
- (iv) the Company requiring Executive to relocate to any place other than a location within fifty miles of the location at which Executive performed Executive's primary duties immediately prior to the First Event or, if Executive is based at the Company's principal executive offices, the relocation of the Company's principal executive offices to a location more than fifty miles from its location immediately prior to the First Event, except for required travel on the Company's business to an extent substantially consistent with Executive's prior business travel obligations; or
- (v) the failure of the Company to obtain agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 5(b), unless this Agreement is otherwise assumed by any successor by operation of law.

A termination for Good Reason shall not take effect unless the following provisions are satisfied. Executive shall notify the Company within 90 days after the later of the occurrence of the event giving rise to Good Reason or Executive learning of such event, specifying such act or acts, or such failure or failures to act. The Company shall have 30 days after such notice has been given to cure such conduct. If the Company fails to cure such condition, then Executive shall be entitled to resign for Good Reason, provided such resignation shall be no later than 180 days after the events giving rise to Executive's right to so resign.

(d) As used herein, other than in Section 1(a) hereof, the term "person" shall mean an individual, partnership, corporation, estate, trust or other entity.

(e) "Termination Date" shall mean the date of termination of Executive's employment, which in the case of termination for Disability shall be the 30<sup>th</sup> day after notice is given as required in Section 4(b); provided, however, that for purposes of Section 2(a)(ii) of this Agreement only, the Termination Date shall mean the date on which a "separation from service" has occurred for purposes of Section 409A of the Internal Revenue Code and the regulations and all notices, rulings and other guidance issued by the IRS interpreting same ("Section 409A").

(f) “**Transition Period**” shall mean the one-year period commencing on the date of the First Event and ending on the first anniversary of the First Event; provided that if a Good Reason event occurs during such one-year period, the Transition Period shall be extended such that it ends 180 days after such Good Reason event.

**5. Successors and Assigns.**

(a) This Agreement shall be binding upon and inure to the benefit of the successors, legal representatives and assigns of the parties hereto; provided, however, that the Executive shall not have any right to assign, pledge or otherwise dispose of or transfer any interest in this Agreement or any payments hereunder, whether directly or indirectly or in whole or in part, without the written consent of the Company or its successor. Notwithstanding the foregoing, if Executive should die while any payment, benefit or entitlement is due to Executive hereunder, such payment, benefit or entitlement shall be paid or provided to Executive’s designated beneficiary or, if there is no designated beneficiary, to Executive’s estate.

(b) The Company will require any successor (whether direct or indirect, by purchase of a majority of the outstanding voting stock of the Company or all or substantially all of the assets of the Company, or by merger, consolidation or otherwise), by agreement in form and substance satisfactory to Executive, to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession (other than in the case of a merger or consolidation) shall be a breach of this Agreement. As used in this Agreement, “Company” shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that is required to execute and deliver the agreement as provided for in this Section 5(b) or that otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

**6. Governing Law.** This Agreement shall be construed in accordance with the laws of the State of Minnesota.

**7. Notices.** All notices, requests and demands given to or made pursuant to this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered or certified mail, return receipt requested, postage pre-paid, addressed to the last known residence address of Executive or in the case of the Company, to its principal executive office to the attention of each of the then directors of the Company with a copy to its Secretary, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

**8. Remedies and Claim Process.** If Executive disputes any determination made by the Company regarding Executive's eligibility for any benefits under this Agreement, the amount or terms of payment of any benefits under this Agreement, or the Company's application of any provision of this Agreement, then Executive shall, before pursuing any other remedies that may be available to Executive, seek to resolve such dispute by submitting a written claim notice to the Company. The notice by Executive shall explain the specific reasons for Executive's claim and basis therefore. The Board of Directors shall review such claim and the Company will notify Executive in writing of its response within 60 days of the date on which Executive's notice of claim was given. The notice responding to Executive's claim will explain the specific reasons for the decision. Executive shall submit a written claim hereunder before pursuing any other process for resolution of such claim. This Section 8 does not otherwise affect any rights that Executive or the Company may have in law or equity to seek any right or benefit under this Agreement.

**9. Severability; Survivability.** In the event that any portion of this Agreement is held to be invalid or unenforceable for any reason, it is hereby agreed that such invalidity or unenforceability shall not affect the other portions of this Agreement and that the remaining covenants, terms and conditions or portions hereof shall remain in full force and effect. The provisions of this Agreement shall survive any expiration of the Term or any termination of Executive's employment with the Company to the extent necessary to preserve or implement the intentions of the parties hereunder.

**10. Integration.** In the event that any payment or benefit becomes payable to Executive pursuant to Section 2 of this Agreement, then Executive shall not be entitled to receive a comparable payment or benefit under the Transition Agreement so as to prevent any duplication of payments or benefits under this Agreement and the Transition Agreement. In addition, the acceleration of stock options and lapsing of forfeiture provisions of restricted stock units or other equity awards provided pursuant to Section 2(a)(iv) of this Agreement shall not be subject to the provisions of Article 13 of the Company's 1992 Long-Term Incentive Plan (or similar successor provision or plan).

**11. Miscellaneous.** No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the parties in the case of any modification and by the party against whom the waiver or discharge is being enforced in the case of any waiver or discharge. No waiver by either party hereto at any time of any breach by the other party to this Agreement of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior to similar time.

**12. Term.** Subject to Section 9 of this Agreement, the Term of this Agreement shall commence on the date of this Agreement and shall terminate, and the Term of this Agreement shall end, on the later of (A) December 31, 2016, provided that such period shall be automatically extended for one year and from year to year thereafter until notice of termination is given that such Term shall not be extended by the Company or Executive to the other party hereto at least 180 days prior to December 31, 2016 or the one-year extension period then in effect, as the case may be, or (B) if the First Event occurs on or prior to December 31, 2016 (or prior to the end of the extension year then in effect as provided for in clause (A) hereof), the later of the first anniversary of the First Event or the last day of the Transition Period.

**13. Section 409A.** The parties hereto intend that all payments and benefits to be made or provided to Executive will be paid or provided in compliance with all applicable requirements of Section 409A, and the provisions of this Agreement shall be construed and administered in accordance with and to implement such intent. In furtherance of the foregoing, the provisions set forth below shall apply notwithstanding any other provision in this Agreement.

(a) All payments to be made to Executive hereunder, to the extent they constitute a deferral of compensation subject to the requirements of Section 409A (after taking into account all exclusions applicable to such payments under Section 409A), shall be made no later, and shall not be made any earlier, than at the time or times specified herein or in any applicable plan for such payments to be made, except as otherwise permitted or required under Section 409A.

(b) The date of Executive's "separation from service", as defined in Section 409A (and as determined by applying the default presumptions in Treas. Reg. §1.409A-1(h)(1)(ii)), shall be treated as the date of Executive's termination of employment for purposes of determining the time of payment of any amount that becomes payable to Executive related to Executive's termination of employment and that is properly treated as a deferral of compensation subject to Section 409A after taking into account all exclusions applicable to such payment under Section 409A.

(c) To the extent any payment or delivery otherwise required to be made to Executive hereunder on account of Executive's separation from service is properly treated as a deferral of compensation subject to Section 409A after taking into account all exclusions applicable to such payment and delivery under Section 409A, and if Executive is a "specified employee" under Section 409A at the time of Executive's separation from service, then such payment and delivery shall not be made prior to the first business day after the earlier of (i) the expiration of six months from the date of Executive's separation from service, or (ii) the date of Executive's death (such first business day, the "Delayed Payment Date"). On the Delayed Payment Date, there shall be paid or delivered to Executive or, if Executive has died, to Executive's estate, in a single payment or delivery (as applicable) all entitlements so delayed, and in the case of cash payments, in a single cash lump sum, an amount equal to aggregate amount of all payments delayed pursuant to the preceding sentence.

(d) In the case of any amounts payable to Executive under this Agreement that may be treated as payable in the form of "a series of installment payments", as defined in Treas. Reg. §1.409A-2(b)(2)(iii), Executive's right to receive such payments shall be treated as a right to receive a series of separate payments for purposes of Treas. Reg. §1.409A-2(b)(2)(iii).

(e) To the extent that the reimbursement of any expenses eligible for reimbursement or the provision of any in-kind benefits under any provision of this Agreement would be considered deferred compensation under Section 409A (after taking into account all exclusions

applicable to such reimbursements and benefits under Section 409A): (i) reimbursement of any such expense shall be made by the Company as soon as practicable after such expense has been incurred, but in any event no later than December 31<sup>st</sup> of the year following the year in which Executive incurs such expense; (ii) the amount of such expenses eligible for reimbursement, or in-kind benefits to be provided, during any calendar year shall not affect the amount of such expenses eligible for reimbursement, or in-kind benefits to be provided, in any calendar year; and (iii) Executive's right to receive such reimbursements or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

**14. Taxes.** Executive acknowledges and agrees that the Company has made no assurances or representations to Executive regarding the tax treatment of any consideration provided for in this Agreement and that the Company has advised Executive to obtain Executive's own personal tax advice. Except for any tax amounts withheld by the Company from the payments or other consideration hereunder and any employment taxes required to be paid by the Company or any tax liabilities for Executive that are the direct result of the Company failing to make payments or to provide other consideration hereunder in accordance with the terms of this Agreement, Executive shall be responsible for payment of any and all taxes owed in connection with the consideration provided for in this Agreement.

*[signature page follows]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

**Fair Isaac Corporation**

By /s/ William J. Lansing

Its Chief Executive Officer

**Charles L. III**

By /s/ Charles L. III



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### **FICO Announces Leadership Successions**

*Executive management team aligned for growth and innovation*

MINNEAPOLIS—April 25, 2012—FICO (NYSE:FICO), the leading provider of analytics and decision management technology, today announced several changes to the executive management team as part of its succession planning designed to accelerate growth and innovation. Effective immediately, Stuart Wells has been named executive vice-president and chief technology officer, succeeding Deborah Kerr, who will serve in a consultative capacity until her departure from the company at the end of the calendar year. Charlie Ill, executive vice-president for sales, services and marketing, has announced his intention to retire at the end of the current fiscal year. He will be succeeded by Mike Gordon, who is currently managing director for Europe, the Middle East and Africa, on October 1, 2012. Mr. Ill will remain with the company through February, 2013, in order to ensure a successful transition of responsibility.

In addition to these changes, chief financial officer Mike Pung has been promoted to executive vice-president. And finally, as previously announced, James M. Wehmann joined the company earlier this month as executive vice-president responsible for the Scores business unit.

“We have great depth and breadth of talent at FICO,” said William Lansing, chief executive officer. “I am pleased that we have strong internal leaders to round out the executive team. We have been successful in reigniting growth, and given the growing market demand for big data analytics, now is a good time to ensure that we have a leadership team focused on aggressively capitalizing on the opportunities before us.”

Dr. Wells, who has been consulting with FICO for the past two years, is a software industry veteran who has led product development, product marketing, market development, consulting services, business strategy and sales initiatives for Sun Microsystems, Avaya and other technology businesses. His proven ability to catalyze and commercialize innovative technologies will be particularly valuable as he leads FICO’s Product and Technology Organization.

Mr. Gordon has been with FICO since 2005. For the past three years he has led the company’s EMEA business from a base in London, growing revenue steadily despite severe economic uncertainty in that part of the world. Previously, he served as vice president of FICO’s Emerging Industries and Technologies businesses, which included the insurance, retail, consumer branded goods, healthcare and pharmaceuticals markets as well as FICO’s Decision

Management Tools business. Before joining FICO, Mr. Gordon was a vice president at Cap Gemini (formerly Ernst & Young Consulting), where he provided strategic and operational solutions to banking and insurance businesses. Mr. Gordon, a U.S. citizen, will repatriate his family to the U.S. over the next several months and be based at FICO's New York office. Efforts to identify and name his successor as managing director for the EMEA region are well underway.

Mr. Pung joined FICO in 2004 as vice president, finance, and in November 2010 was promoted to senior vice president and chief financial officer, with responsibilities that span accounting and financial reporting, treasury management, budget planning, audit controls, tax and investor relations. He has more than 20 years of financial leadership experience, including work for early-stage as well as Fortune 500 companies.

### **About FICO**

FICO (NYSE:FICO) delivers superior predictive analytics that drive smarter decisions. The company's groundbreaking use of mathematics to predict consumer behavior has transformed entire industries and revolutionized the way risk is managed and products are marketed. FICO's innovative solutions include the FICO® Score — the standard measure of consumer credit risk in the United States — along with the industry-leading solutions for managing credit accounts, identifying and minimizing the impact of fraud, and customizing consumer offers with pinpoint accuracy. Most of the world's top banks, as well as leading insurers, retailers, pharma businesses and government agencies rely on FICO solutions to accelerate growth, control risk, boost profits and meet regulatory and competitive demands. FICO also helps millions of individuals manage their personal credit health through [www.myFICO.com](http://www.myFICO.com). Learn more at [www.fico.com](http://www.fico.com). FICO: Make every decision count.

### **Statement Concerning Forward-Looking Information**

Except for historical information contained herein, the statements contained in this news release that relate to FICO or its business are forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including the success of the Company's Decision Management strategy and reengineering plan, the maintenance of its existing relationships and ability to create new relationships with customers and key alliance partners, its ability to continue to develop new and enhanced products and services, its ability to recruit and retain key technical and managerial personnel, competition, regulatory changes applicable to the use of consumer credit and other data, the failure to realize the anticipated benefits of any acquisitions, continuing material adverse developments in global economic conditions, and other risks described from time to time in FICO's SEC reports, including its Annual Report on Form 10-K for the year ended September 30, 2011 and its last quarterly report on Form 10-Q for the period ended December 31, 2011. If any of these risks or uncertainties materializes, FICO's results could differ materially from its expectations. FICO disclaims any intent or obligation to update these forward-looking statements.

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