

=====

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) April 26, 2006  
-----

FAIR ISAAC CORPORATION  
-----

(Exact name of registrant as specified in its charter)

Delaware  
-----

0-16439  
-----

94-1499887  
-----

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(IRS Employer  
Identification No.)

901 Marquette Avenue, Suite 3200  
Minneapolis, Minnesota  
-----

55402-3232  
-----

(Address of principal executive offices)

(Zip Code)

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

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

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

=====

TABLE OF CONTENTS

Item 2.02 Results of Operations and Financial Condition.  
Item 9.01 Financial Statements and Exhibits.

Signature  
Exhibit Index  
Exhibit 99.1

Item 2.02 Results of Operations and Financial Condition.

On April 26, 2006, Fair Isaac Corporation (the "Company") reported its financial results for the quarter and six months ended March 31, 2006. See the Company's press release dated April 26, 2006, which is furnished as Exhibit 99.1 hereto and incorporated by reference in this Item 2.02.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

Exhibit Number	Description
99.1	Press Release dated April 26, 2006

SIGNATURE

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

FAIR ISAAC CORPORATION

By /s/ CHARLES M. OSBORNE

-----  
Charles M. Osborne  
Vice President and Chief Financial Officer

Date: April 26, 2006

EXHIBIT INDEX

Exhibit Number	Description	Method of Filing
99.1	Press Release dated April 26, 2006	Filed Electronically

## Fair Isaac Announces Second Quarter Fiscal 2006 Results

MINNEAPOLIS--(BUSINESS WIRE)--April 26, 2006--

Record Revenue of \$208.2 Million;  
 EPS of \$0.40 after \$0.12 from SFAS 123(R) Expense  
 and Costs Related to an Abandoned Acquisition

Fair Isaac Corporation (NYSE:FIC), the leading provider of analytics and decision technology, today announced financial results for its second quarter ended March 31, 2006.

The company adopted Statement of Financial Accounting Standards No. 123(R), Share-Based Payment (SFAS 123 (R)) for fiscal 2006. As a result, effective October 1, 2005, the company began recording compensation expense for stock options and purchases under its Employee Stock Purchase Plan in the consolidated statement of income. Results for prior periods have not been restated.

"We are pleased with the year-over-year growth in earnings, excluding special items," said Thomas Grudnowski, Fair Isaac's chief executive officer. "We had continued strong revenue performance from our Enterprise Decision Management (EDM) services, and consumer, scoring, and fraud products."

## Second Quarter Fiscal 2006 Results

The company reported second quarter revenues of \$208.2 million in fiscal 2006 versus \$196.0 million reported in the prior year period. Net income for the second quarter of fiscal 2006 totaled \$27.0 million, or \$0.40 per diluted share versus \$34.3 million, or \$0.45 per diluted share reported in the prior year period.

Second quarter fiscal 2006 results included share-based compensation expense of approximately \$6.5 million after-tax, or \$0.10 per diluted share, due to the adoption of SFAS 123(R), and costs associated with an abandoned acquisition of approximately \$1.4 million after-tax, or \$0.02 per diluted share.

Second quarter fiscal 2005 results included a decrease in diluted earnings per share of \$0.05 related to the adoption of EITF Issue No. 04-8, and an increase to net income due to a reduction to income tax expense of \$6.0 million, or \$0.08 per diluted share, related to revisions made to estimates of prior years' tax liabilities.

## Fiscal 2006 Year-to-date Results

The company reported year-to-date revenues of \$410.9 million versus \$391.6 million in the prior year period. Net income for year-to-date fiscal 2006 totaled \$55.4 million, or \$0.83 per diluted share versus \$62.2 million, or \$0.82 per diluted share reported in the prior year period.

Year-to-date fiscal 2006 results included share-based compensation expense of approximately \$12.6 million after-tax, or \$0.19 per diluted share, due to the adoption of SFAS 123(R).

Year-to-date fiscal 2005 results included a decrease in diluted earnings per share of \$0.08 related to the adoption of EITF Issue No. 04-8, and the reduction to income tax expense of \$0.08 per diluted share for the reason described above.

## Second Quarter Fiscal 2006 Revenues Highlights

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

- Strategy Machine Solutions revenues increased to \$118.9 million in the second quarter from \$111.3 million in the prior year quarter, or by 6.8%, primarily due to an increase in revenues derived from consumer scoring products and fraud solutions, partially offset by decreases associated with marketing services and insurance solutions.
- Scoring Solutions revenues increased to \$41.8 million in the second quarter from \$39.3 million in the prior year quarter, or an increase of 6.2%, primarily due to an increase in revenues derived from risk scoring services at the credit reporting agencies, and PreScore(R) Service.
- Professional Services revenues increased to \$38.7 million in the second quarter from \$33.6 million in the prior year quarter, or by 15.2%, primarily due to revenues from industry strategic consulting services and implementation services for EDM products.

- Analytic Software Tools revenues were \$8.8 million in the second quarter compared to \$11.8 million in the prior year quarter, or a decrease of 25.3%, due to a decline in revenues generated from sales of the Blaze Advisor(TM) product.

#### Fiscal 2006 Year-to-date Revenues Highlights

Year-to-date revenues for fiscal 2006 across each of the company's four operating segments were as follows:

- Strategy Machine Solutions revenues increased to \$230.8 million from \$229.1 million in the prior year period, or by 0.8%, primarily due to solid growth in consumer scoring products, fraud products, and collection & recovery products, offset by declines in marketing services and insurance solutions.
- Scoring Solutions revenues increased to \$87.9 million from \$78.8 million in the prior year period, or by 11.6%, primarily due to an increase in revenues derived from risk scoring services at the credit reporting agencies, and PreScore(R) Service.
- Professional Services revenues increased to \$71.5 million from \$63.0 million in the prior year period, or by 13.4%, primarily due to revenues from industry strategic consulting services and implementation services for EDM products.
- Analytic Software Tools revenues were \$20.7 million compared to \$20.7 million in the prior year period, or virtually unchanged.

#### Bookings Highlights

The company achieved bookings of \$106.0 million for second quarter fiscal 2006 versus \$136.6 million in the same period last year. However, the bookings yield (current quarter revenue divided by new bookings) increased to 20.0% for second quarter fiscal 2006 from 13.7% in the same period last year. The company defines a "new booking" as estimated future contractual revenues, including agreements with perpetual, multi-year and annual terms. Management regards the volume of new bookings achieved, among other factors, as an important indicator of future revenues, but they are not comparable to, nor should they be substituted for, an analysis of the company's revenues.

#### Balance Sheet and Cash Flow Highlights

Cash and cash equivalents, and marketable security investments were \$425.7 million at March 31, 2006, as compared to \$288.1 million at September 30, 2005. Significant changes in cash and cash equivalents from September 30, 2005 include cash provided by operations of \$109.7 million for fiscal 2006 and \$45.6 million received from the exercise of stock options and stock issued under an employee stock purchase plan. Cash used during fiscal 2006 includes \$8.1 million related to purchases of property and equipment and \$12.8 million to repurchase company stock under the currently authorized share repurchase plan. The remaining balance of the existing share repurchase authorization is \$158.7 million.

#### Outlook

##### Third quarter fiscal 2006

The company expects revenues for third quarter fiscal 2006 of approximately \$210.0 million, of which Product (Scoring, Strategy Machines and Analytic Software Tools) revenues will account for approximately \$170.0 million and Services revenues will account for approximately \$40.0 million. The company also expects earnings per diluted share for the quarter to be approximately \$0.44, which includes an expected after-tax compensation expense of approximately \$6.6 million, or \$0.10 per diluted share, related to SFAS 123(R).

##### Fiscal 2006

The company expects revenues for fiscal year 2006 of approximately \$836.0 million to \$846.0 million. The company also expects earnings per diluted share for fiscal 2006 to be approximately \$1.75, which includes an expected after-tax compensation expense of approximately \$26.0 million, or \$0.38 per diluted share, related to SFAS 123(R) and costs associated with an abandoned acquisition of approximately \$1.4

million after-tax, or \$0.02 per diluted share.

"As we anticipated, we continue to see strong global performance and continued market leadership in our core product areas including FICO(R) scores, our Falcon(TM) Fraud detection franchise and TRIAD(TM) account management systems," said Grudnowski. "This ongoing demand for our industry-standard solutions in a competitive environment is a testament to the marketplace's continued recognition and appreciation."

#### Company to Host Conference Call

The company will host a conference call today at 5:00 p.m. Eastern Time (4:00 p.m. Central Time/2:00 p.m. Pacific Time) to discuss its second quarter fiscal 2006 results, and outlook for the remainder of fiscal 2006. The call can be accessed live on the Investor Relations section of the company's Web site at [www.fairisaac.com](http://www.fairisaac.com), and a replay will be available approximately two hours after the completion of the call through May 24, 2006.

#### About Fair Isaac Corporation

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

#### Statement Concerning Forward-Looking Information

Except for historical information contained herein, the statements contained in this news release that relate to Fair Isaac or its business are forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including the company's ability to recruit and retain key technical and managerial personnel, the maintenance of its existing relationships and ability to create new relationships with customers and key alliance partners, its ability to continue to develop new and enhanced products and services, competition, regulatory changes applicable to the use of consumer credit and other data, the possibility that the anticipated benefits of acquisitions, including expected synergies, will not be realized and other risks described from time to time in Fair Isaac's SEC reports, including its Annual Report on Form 10-K for the year ended September 30, 2005 and quarterly report on Form 10-Q for the period ended December 31, 2005. If any of these risks or uncertainties materialize, Fair Isaac's results could differ materially from its expectations. Fair Isaac disclaims any intent or obligation to update these forward-looking statements.

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

FAIR ISAAC CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
For the Quarters and Six Months Ended March 31, 2006 and 2005  
(In thousands, except per share data)  
(Unaudited)

	Quarter Ended March 31,		Six Months Ended March 31,	
	2006	2005	2006	2005
Revenues	\$208,157	\$196,021	\$410,947	\$391,567

Operating expenses:				
Cost of revenues	73,144	69,648	140,189	139,418
Research and development	21,694	18,123	44,424	39,121
Selling, general and administrative	64,157	55,085	127,540	108,653
Amortization of intangible assets	6,260	6,536	12,523	13,320
Restructuring and acquisition related	2,184	-	1,510	-
	-----	-----	-----	-----
Total operating expenses	167,439	149,392	326,186	300,512
	-----	-----	-----	-----
Operating income	40,718	46,629	84,761	91,055
Other income (expense), net	1,495	(490)	2,340	(160)
	-----	-----	-----	-----
Income before income taxes	42,213	46,139	87,101	90,895
Provision for income taxes	15,240	11,812	31,671	28,707
	-----	-----	-----	-----
Net income	\$26,973	\$34,327	\$55,430	\$62,188
	=====	=====	=====	=====

Earnings per share:				
Basic	\$0.41	\$0.51	\$0.86	\$0.92
	=====	=====	=====	=====
Diluted	\$0.40	\$0.45 (a)	\$0.83	\$0.82 (a)
	=====	=====	=====	=====

Shares used in computing earnings per share:				
Basic	65,052	66,979	64,626	67,769
	=====	=====	=====	=====
Diluted	66,834	78,385 (a)	66,521	79,231 (a)
	=====	=====	=====	=====

Share-based compensation expense included in the above operating expense captions are as follows (b):				
Cost of revenues	\$2,717	\$-	\$5,543	\$111
Research and development	1,565	22	3,400	51
Selling, general and administrative	5,844	176	10,697	469
	-----	-----	-----	-----
Total share-based compensation expense	\$10,126	\$198	\$19,640	\$631
	=====	=====	=====	=====

(a) The computation of diluted earnings per share for the quarter and six months ended March 31, 2005, include 9.0 and 9.1 million shares of common stock, respectively, issuable upon conversion of our senior convertible notes, along with a corresponding adjustment to net income to add back related interest expense, net of tax, of approximately \$1.2 and \$2.5 million, respectively. On March 31, 2005, the company successfully completed an exchange offer for approximately 99.9% of the principal amount of its senior convertible notes for new senior convertible notes. The dilutive effect of the new senior convertible notes has been calculated using the treasury stock method since the effective date of the exchange.

(b) Effective October 1, 2005, the company adopted SFAS 123(R), "Share- Based Payment", which required the company to record compensation expense for all share-based awards. Results from



prior periods have not been restated.

FAIR ISAAC CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
March 31, 2006 and September 30, 2005  
(In thousands)  
(Unaudited)

	March 31, 2006	September 30, 2005
	-----	-----
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$223,463	\$82,880
Marketable securities	164,997	146,088
Receivables, net	160,621	156,375
Prepaid expenses and other current assets	23,814	27,337
	-----	-----
Total current assets	572,895	412,680
Marketable securities and investments	37,195	59,087
Property and equipment, net	44,725	48,436
Goodwill and intangible assets, net	788,689	803,306
Other noncurrent assets	31,607	27,552
	-----	-----
	\$1,475,111	\$1,351,061
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>		
Current liabilities:		
Accounts payable and other accrued liabilities	\$62,826	\$50,947
Accrued compensation and employee benefits	31,795	31,373
Deferred revenue	57,038	55,837
	-----	-----
Total current liabilities	151,659	138,157
Senior convertible notes	400,000	400,000
Other noncurrent liabilities	5,406	7,810
	-----	-----
Total liabilities	557,065	545,967
Stockholders' equity	918,046	805,094
	-----	-----
	\$1,475,111	\$1,351,061
	=====	=====

FAIR ISAAC CORPORATION  
REVENUES BY SEGMENT  
For the Quarters and Six Months Ended March 31, 2006 and 2005  
(In thousands)  
(Unaudited)

	Quarter Ended March 31,		Six Months Ended March 31,	
	2006	2005	2006	2005
	-----	-----	-----	-----
Strategy machine solutions	\$118,852	\$111,252	\$230,838	\$229,064
Scoring solutions	41,768	39,347	87,924	78,771
Professional services	38,691	33,580	71,522	63,050
Analytic software tools	8,846	11,842	20,663	20,682
	-----	-----	-----	-----
Total revenues	\$208,157	\$196,021	\$410,947	\$391,567
	=====	=====	=====	=====

FAIR ISAAC CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Six Months Ended March 31, 2006 and 2005

(In thousands)  
(Unaudited)

	Six Months Ended March 31,	
	2006	2005
Cash flows from operating activities:		
Net income	\$55,430	\$62,188
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	24,237	26,539
Changes in operating assets and liabilities, net of acquisitions	9,370	19,701
Other, net	20,648	11,129
Net cash provided by operating activities	109,685	119,557
Cash flows from investing activities:		
Purchases of property and equipment	(8,125)	(10,012)
Cash paid for acquisitions, net of cash acquired	-	(33,800)
Net activity from marketable securities	3,339	35,143
Other, net	500	24,156
Net cash provided by (used in) investing activities	(4,286)	15,487
Cash flows from financing activities:		
Proceeds from issuances of common stock	45,577	27,353
Repurchases of common stock	(12,766)	(127,048)
Other, net	2,708	(2,716)
Net cash provided by (used in) financing activities	35,519	(102,411)
Effect of exchange rate changes on cash	(335)	656
Increase in cash and cash equivalents	140,583	33,289
Cash and cash equivalents, beginning of period	82,880	134,070
Cash and cash equivalents, end of period	\$223,463	\$167,359

Fair Isaac Corporation  
Baseline Revenue Analysis  
(In thousands)

	BKG'05	Q1A	Q2A	Q3A	Q4A	FY05
Total Baseline Prior to '05	\$176,161	\$164,445	\$158,912	\$150,950	\$650,468	
Q1-2005A	\$115,363	19,385	12,916	9,120	7,622	49,043
Q2-2005A	136,560		18,660	12,402	8,312	39,374
Q3-2005A	143,318			23,373	16,259	39,632
Q4-2005A	109,728				20,154	20,154
Total FY05	504,969	19,385	31,576	44,895	52,347	148,203
Total Baseline Prior to '06	504,969	195,546	196,021	203,807	203,297	798,671
Q1-2006E						
Q2-2006E						
Q3-2006E						
Q4-2006E						
Total FY06						

