

FAIR ISAAC CORP
Form 8-K
March 16, 2009

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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): March 11, 2009

FAIR ISAAC CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

1-11689

94-1499887

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

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

55402-3232

(Address of principal executive offices)

(Zip Code)

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

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

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

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

Item 9.01 Financial Statements and Exhibits

SIGNATURE

EXHIBIT INDEX

EX-10.1

Table of Contents

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On March 11, 2009, Fair Isaac Corporation, a Delaware corporation (the Company), entered into a letter agreement (the Letter Agreement) with Thomas Bradley providing for his employment as Executive Vice President and Chief Financial Officer of the Company, commencing April 6, 2009. In connection with his employment, Mr. Bradley will also enter into a Management Agreement that provides for certain rights upon termination by the Company without Cause or resignation by Mr. Bradley for Good Reason in connection with a change of control Event (each as defined in the Management Agreement). In addition, he will enter into the Company's standard forms of Indemnification Agreement and Proprietary Information and Inventions Agreement.

The term of the Letter Agreement is from April 6, 2009 through April 5, 2012. Pursuant to the Letter Agreement, Mr. Bradley will be entitled to receive a base salary at an annualized rate of \$450,000, which is subject to upward adjustment from time to time during the term of the Letter Agreement as determined by the Company's Compensation Committee (the Committee). He will also be eligible to participate in benefit plans that are generally available to the Company's executives. For each full fiscal year during the term of the Letter Agreement, Mr. Bradley will be eligible for an incentive award opportunity payable from 0% to 100% of his annual base salary, with a target equal to 50% of his annual base salary, pursuant to terms and conditions established by the Committee from time to time. For fiscal year 2009, Mr. Bradley is guaranteed an incentive bonus of no less than \$112,500, provided that Mr. Bradley remains actively employed by the Company on the regular payout date for bonuses under the Company's Management Incentive Plan for fiscal year 2009.

Mr. Bradley will be entitled to receive an initial option grant (the Initial Option Award) pursuant to the Company's 1992 Long-term Incentive Plan (the 1992 LTIP). The Initial Option Award will consist of an option to purchase 225,000 shares of the Company's common stock. The exercise price of the Initial Option Award will be the fair market value of the Company's common stock as of the date of grant, which is expected to be the date Mr. Bradley commences his employment with the Company. In accordance with the policies and practices of the Company, and prior to the date of grant, Mr. Bradley may elect to receive restricted stock units (RSUs) in lieu of up to one-half of the shares of the Initial Option Award. If elected, Mr. Bradley will receive one RSU for every three shares of the Initial Option Award that he foregoes, and the RSUs will be subject to the 1992 LTIP. The Initial Option Award and RSUs granted will be subject to four-year ratable vesting. For each full fiscal year of his employment, Mr. Bradley will be eligible for an annual equity grant based on achievement of objectives established by the Committee (the Annual Equity Award). Some or all of the Annual Equity Award may be in the form of RSUs that have an equivalent economic value to an option award.

Subject to certain conditions, if Mr. Bradley's employment is terminated by the Company without Cause or if he voluntarily resigns for Good Reason (both as defined in the Letter Agreement) prior to the expiration of the term of the Letter Agreement, and such termination does not occur in connection with a change of control Event (as defined in the Management

Table of Contents

Agreement), Mr. Bradley will be entitled to the sum of his then-current annual base salary plus the total incentive bonus payment paid to him for the fiscal year preceding the termination (or, if the termination occurs before Mr. Bradley receives his incentive bonus for fiscal year 2009, the amount of Mr. Bradley's minimum guaranteed incentive bonus for fiscal year 2009). In addition, if Mr. Bradley's employment is terminated by the Company without Cause or if he voluntarily resigns for Good Reason prior to the expiration of the term of the Letter Agreement, and such termination does not occur in connection with a change of control Event, he will be entitled, for a period of 12 months following the effective date of termination, to continue to participate in any insured group health and group life insurance plan or program of the Company at the Company's expense.

If Mr. Bradley's employment is terminated by the Company without Cause or if he resigns for Good Reason within 12 months following a change of control Event that occurs during the Term of the Management Agreement (each as defined in the Management Agreement), then Mr. Bradley shall receive the same severance pay and benefits described above and all of Mr. Bradley's unvested stock options and restricted stock units will vest in full, subject to certain limitations specified in the Management Agreement. If Mr. Bradley is terminated without Cause or if he resigns for Good Reason within 90 days prior to a change of control Event that occurs during the Term of the Management Agreement, Mr. Bradley will be entitled to the corresponding benefits under the Management Agreement only if he reasonably demonstrates that such termination of employment arose in connection with or in anticipation of the Event.

The foregoing description of the terms of the Letter Agreement and the Management Agreement are summaries only and are qualified in all respects by reference to the Letter Agreement and the Management Agreement, included as Exhibits 10.1 and 10.2, respectively, and incorporated into this Item 5.02 by reference.

From 2004 to present, Mr. Bradley, age 51, has worked for Zurich Financial Services, most recently serving as Head of North American Operations. From 2005 to 2008, Mr. Bradley served as President and Chief Financial Officer of Zurich Direct Underwriters. From 2004 to 2006, he served as Zurich Financial Services' Chief Financial Officer for North America. From 2001 to 2004, Mr. Bradley worked as Chief Financial Officer of St. Paul Companies, Inc. Prior to joining St. Paul Companies, Mr. Bradley worked for USF&G Corporation, Maryland Casualty Company and Ernst & Young LLP.

There are no family relationships between Mr. Bradley and any director or executive officer of the Company that require disclosure under Item 401(d) of Regulation S-K. Other than with respect to the Letter Agreement with the Company, there are no transactions between Mr. Bradley or any of his immediate family members and the Company or any of its subsidiaries that require disclosure under Item 404(a) of Regulation S-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Table of Contents

| Exhibits | Description |
|----------|---|
| 10.1 | Letter Agreement dated March 11, 2009 by and between the Company and Thomas Bradley |
| 10.2 | Form of Management Agreement entered into with each of the Company's executive officers (except Dr. Mark N. Greene, Mark R. Scadina and Laurent F. Pacalin) (incorporated by reference to Exhibit 10.18 to the Company's report on Form 10-K for the fiscal year ended September 30, 2008.) |

Table of Contents

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
Mark R. Scadina
Executive Vice President, General Counsel
and Secretary

Date: March 16, 2009

4

Table of Contents

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| Exhibit No. | Description | Manner of Filing |
|-------------|---|---------------------------|
| 10.1 | Letter Agreement dated March 11, 2009 by and between the Company and Thomas Bradley | Filed Electronically |
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